

SEPTEMBER 22ND-28TH 2018

Africa's dangerous baby boom

Get ready for a long trade war

Why storms are getting worse

The science of vaping

Latin America's latest menace



**BOLSONARO
DDECIDENTE**

The Economist

2018-09-22

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The world this week

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KAL's cartoon.

Politics this week



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Russia and **Turkey** agreed to patrol a buffer zone around the province of Idlib, the **Syrian** rebels' last bastion, where 2m-3m civilians fear they may be caught up in a final onslaught by the regime's forces. The zone is supposed to be demilitarised by October 10th. No one knows if the deal will be upheld. See [article](#).

Rwanda's president, Paul Kagame, approved the release of more than 2,000 prisoners, including Victoire Ingabire Umuhoza, a prominent opposition leader who had been sentenced to eight years in jail in 2012, a term later increased to 15 years.

Liberia's government has banned 15 people, including a son of the previous president, Ellen Johnson Sirleaf, from leaving the country while it investigates the alleged disappearance of millions of dollars meant for the central bank.

First comes love

Cuba's president, Miguel Díaz-Canel, announced his support for a proposal to include the legalisation of same-sex marriage in the country's new constitution, on which a referendum will be held in 2019. If the proposal succeeds, Cuba will become the sixth country in the Americas to allow same-sex unions.

The UN Office on Drugs and Crime warned that growing cocaine production in **Colombia** could harm the country's peace-building efforts. It said that the area under coca cultivation rose to 171,000 hectares last year, a record high and an increase of 17% from 2016.

Argentina's former president, Cristina Fernández de Kirchner, faces new charges of corruption in connection with bribes her administration is accused of accepting from construction firms in return for public contracts. The charges come on top of ones laid in 2016. Although Ms Fernández is immune from arrest because she is a serving senator, the proceedings may harm her chance of success if she runs for president in 2019.

Poverty-stricken **Venezuelans** are furious after a film emerged on the internet of President Nicolás Maduro eating a sumptuous meat feast at a famous restaurant in Istanbul. Almost two-thirds of the country's citizens have reported losing weight as a result of food shortages.



Reuters

A woman has said that Brett Kavanaugh, President Donald Trump's nomination for the Supreme Court, sexually assaulted her when they were both at high school in the 1980s. Mr Kavanaugh denies the allegations. **American** lawmakers have given Mr Kavanaugh's accuser until September 21st to decide whether to testify against him. See [article](#).

Paul Manafort, Donald Trump's former campaign chairman, pleaded guilty to two federal crimes, including conspiracy against the United States. He also agreed to co-operate with the investigation conducted by the special counsel, Robert Mueller, who is looking into Russian interference in the presidential election in 2016. See [article](#).

Some 37 people died after **Hurricane Florence** made landfall in North Carolina on September 14th. An estimate by Moody's Analytics, a research firm, suggests the cost of the storm could reach \$22bn—far less than the damage from Hurricanes Katrina and Maria. See [article](#).

A hard rain fell

After killing at least 81 people in the Philippines, **Typhoon Mangkhut** roared over Hong Kong and the neighbouring Chinese province of

Guangdong, where it killed at least two others. More than 2.4m people in Guangdong moved into emergency shelters to escape the storm. See [article](#).

The United States government ordered the American operations of two **Chinese** state-controlled news organisations, Xinhua and China Global Television Network, to register as “foreign agents”, the *Wall Street Journal* and Bloomberg reported. This could limit the Chinese journalists’ access to American officials. China’s foreign ministry urged America not to put up barriers to gathering news.

Jaw-jaw

The leaders of **North** and **South Korea** held their third summit in six months and pledged to reduce tensions along their border. North Korea also offered to allow foreign inspections of a missile-testing facility—a step far short of what American negotiators have been demanding in talks on its nuclear weapons programme.

Shinzo Abe overcame cronyism scandals to win a third term as leader of **Japan’s** ruling Liberal Democratic Party, and is thus on course to become the country’s longest-serving prime minister. He hopes to use the time to amend the constitution’s clause on pacifism. See [article](#).

A court in **Pakistan** ordered the release of Nawaz Sharif, a former prime minister, while it hears his appeal against a conviction for corruption. Mr Nawaz had been expected to serve 11 years in prison. Lawyers say that an acquittal is now more likely than previously thought. See [article](#).

An imperfect spy

The head of **Germany’s** domestic intelligence bureau, Hans-Georg Maassen, was forced to resign following comments in which he appeared to play down the significance of violence against migrants in the eastern city of Chemnitz. Mr Maassen had previously been accused of close links with a right-wing populist party. A political row developed after it became clear that he had in fact received a promotion to a better-paid job. See [article](#).

In a fresh blow to President Emmanuel Macron of **France**, a close ally,

Gerard Collomb, the interior minister, said he would stand down next May to run for mayor of Toulouse. The move follows the abrupt resignation last month of Nicolas Hulot, his popular environment minister.

A leading member of France's right-wing National Rally indicated that the party, until recently called the National Front, is planning to join **Steve Bannon**'s alliance of European nationalist parties, the Movement. Mr Bannon, a former adviser to Donald Trump, hopes for success in next year's European Parliament elections.



Members of the **European Union** met in Austria to discuss migration, relations with Arab countries and internal security. Theresa May, the British prime minister, was given ten minutes at the end of dinner to talk about Brexit. Michel Barnier, the EU's negotiator, had said he was “ready to improve” his offer over Northern Ireland. But during the meeting Mrs May complained that his plans were “not credible”.

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Business this week



Sep 22nd 2018

The **trade war** between China and America ratcheted up again. The Trump administration announced that tariffs would be imposed on a further \$189bn-worth of Chinese imports, including furniture and car parts. A rate of 10% will apply from September 24th, rising to 25% from January 1st if there is no peace deal by then. China retaliated, slapping duties on another \$60bn-worth of American goods.

Russia experienced its first interest-rate rise in four years, an increase of 0.25 percentage points to 7.5%. The country's central bank blamed inflation of 3.1% in August.

Britain also saw higher **inflation** than expected, 2.7%, in August. **House prices** in London moved in the opposite direction, falling by 0.7% in the year to July, the largest drop since September 2009.

The **European Central Bank** confirmed plans to wind down its programme of quantitative easing by halving monthly bond purchases, to €15bn

(\$17.5bn), from October. It pointed to the robustness of European labour markets as explanation for the move.

Dredging up the Baltic

In the wake of a money-laundering scandal that saw an estimated €200bn in questionable, much of it Russian, funds flow through its Estonian branch between 2007 and 2015, Thomas Borgen, the chief executive of **Danske Bank**, resigned. The bank was warned by Russian regulators about the branch as early as 2007. Despite further warnings from an internal whistleblower in 2013 and Estonian regulators in 2014, the bank only began its own internal investigation in 2017, commissioning a report from an external law firm that concluded that executives “did not breach their legal obligations”. See [article](#).

On its trading debut in Hong Kong, the shares of **Meituan Dianping** jumped by over 7%. The loss-making firm, which has 340m users, is known as China’s “everything app”. It is also the world’s largest food-delivery firm.

A leading manufacturer of brakes used in lorries and trains, **Knorr-Bremse**, announced plans to list in Frankfurt. Valued at €10bn, it may be Germany’s biggest IPO of 2018.

Tesla confirmed that America’s Department of Justice had requested documents relating to the announcement in August by its boss, Elon Musk, that he had secured funding to take the company private. See [article](#).

The European Commission announced it was investigating **BMW**, **Daimler** and **VW** over possible collusion to avoid competing to develop emissions-limiting devices, such as ones that can clean nitrous oxides from diesel cars, or particles from petrol ones.

Separately, the commission also announced that it would investigate whether **Amazon** used data from sales by third-party sellers on its platform to gain an edge in deciding what products it should sell itself, and at what price. No formal case has yet been begun.

Marc Benioff, a founder of Salesforce, a software company, and his wife,

Lynne, bought *Time* magazine from Meredith, a publisher, for \$190m. Mr Benioff follows in the footsteps of Jeff Bezos, Amazon's founder and fellow-billionaire, who bought the *Washington Post* in 2013. See [article](#).

Jack's beanstalks

Tesco announced it was launching a new discount chain, Jack's, to compete head-on with two German discount retailers, Aldi and Lidl. In recent years, the pair have gained an ever-growing share of the fiercely competitive British grocery market.

Einar Aas, a Norwegian trader, made enormous losses in derivatives tied to **Nordic electricity markets**, after his bet that prices in Scandinavia would stay high relative to German ones was scuppered by forecasts of rain. Beyond consigning him to bankruptcy, the soured bets also burned through over €100m, or two-thirds, of the mutual default fund at Nasdaq's commodities exchange, where the futures contracts were traded. Swedish regulators promised to investigate how one trader almost wiped out the pot.

The Public Investment Fund, **Saudi Arabia**'s main sovereign-wealth fund, took on \$11bn of debt from a consortium of banks in its first-ever borrowing. The fund is tasked not just with safekeeping the kingdom's wealth but also with diversifying away from oil and into new industries.

Getting high on valuations

Canadian cannabis companies are blooming in the lead-up to the legalisation of recreational use of the drug in October. **Tilray**, a British Columbia-based and Nasdaq-listed firm, surged by 38% on September 19th alone, giving the firm, with \$20m in revenue in 2017, a valuation of over \$16bn. Its value thereby surpassed that of **Canopy**, a fellow Canadian rival worth a mere \$11.2bn. Dreamy stuff.

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KAL's cartoon



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Kal

Sep 20th 2018

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Brazil's presidential election

Jair Bolsonaro, Latin America's latest menace

He would make a disastrous president



Sep 20th 2018

“GOD is Brazilian,” goes a saying that became the title of a popular film. Brazil’s beauty, natural wealth and music often make it seem uniquely blessed. But these days Brazilians must wonder whether, like the deity in the film, God has gone on holiday. The economy is a disaster, the public finances are under strain and politics are thoroughly rotten. Street crime is rising, too. Seven Brazilian cities feature in the world’s 20 most violent.

The national elections next month give Brazil the chance to start afresh. Yet if, as seems all too possible, victory goes to Jair Bolsonaro, a right-wing populist, they risk making everything worse. Mr Bolsonaro, whose middle name is Messias, or “Messiah”, promises salvation; in fact, he is a menace to Brazil and to Latin America.

Mr Bolsonaro is the latest in a parade of populists—from Donald Trump in

America, to Rodrigo Duterte in the Philippines and a left-right coalition featuring Matteo Salvini in Italy. In Latin America, Andrés Manuel López Obrador, a left-wing firebrand, will take office in Mexico in December. Mr Bolsonaro would be a particularly nasty addition to the club (see [Briefing](#)). Were he to win, it might put the very survival of democracy in Latin America's largest country at risk.

Brazilian bitterness

Populists draw on similar grievances. A failing economy is one—and in Brazil the failure has been catastrophic. In the worst recession in its history, GDP per person shrank by 10% in 2014-16 and has yet to recover. The unemployment rate is 12%. The whiff of elite self-dealing and corruption is another grievance—and in Brazil it is a stench. The interlocking investigations known as Lava Jato (Car Wash) have discredited the entire political class. Scores of politicians are under investigation. Michel Temer, who became Brazil's president in 2016 after his predecessor, Dilma Rousseff, was impeached on unrelated charges, has avoided trial by the supreme court only because congress voted to spare him. Luiz Inácio Lula da Silva, another former president, was jailed for corruption and disqualified from running in the election. Brazilians tell pollsters that the words which best sum up their country are “corruption”, “shame” and “disappointment”.

Mr Bolsonaro has exploited their fury brilliantly. Until the Lava Jato scandals, he was an undistinguished seven-term congressman from the state of Rio de Janeiro. He has a long history of being grossly offensive. He said he would not rape a congresswoman because she was “very ugly”; he said he would prefer a dead son to a gay one; and he suggested that people who live in settlements founded by escaped slaves are fat and lazy. Suddenly that willingness to break taboos is being taken as evidence that he is different from the political hacks in the capital city, Brasília.

To Brazilians desperate to rid themselves of corrupt politicians and murderous drug dealers, Mr Bolsonaro presents himself as a no-nonsense sheriff. An evangelical Christian, he mixes social conservatism with economic liberalism, to which he has recently converted. His main economic adviser is Paulo Guedes, who was educated at the University of Chicago, a bastion of free-market ideas. He favours the privatisation of all Brazil's state-

owned companies and “brutal” simplification of taxes. Mr Bolsonaro proposes to slash the number of ministries from 29 to 15, and to put generals in charge of some of them.

His formula is winning support. Polls give him 28% of the vote and he is the clear front-runner in a crowded field for the first round of the elections on October 7th. This month he was stabbed in the stomach at a rally, which put him in hospital. That only made him more popular—and shielded him from closer scrutiny by the media and his opponents. If he faces Fernando Haddad, the nominee of Lula’s left-wing Workers’ Party (PT) in the second round at the end of the month, many middle- and upper-class voters, who blame Lula and the PT above all for Brazil’s troubles, could be driven into his arms.

The Pinochet temptation

They should not be fooled. In addition to his illiberal social views, Mr Bolsonaro has a worrying admiration for dictatorship. He dedicated his vote to impeach Ms Rousseff to the commander of a unit responsible for 500 cases of torture and 40 murders under the military regime, which governed Brazil from 1964 to 1985. Mr Bolsonaro’s running-mate is Hamilton Mourão, a retired general, who last year, while in uniform, mused that the army might intervene to solve Brazil’s problems. Mr Bolsonaro’s answer to crime is, in effect, to kill more criminals—though, in 2016, police killed over 4,000 people.

Latin America has experimented before with mixing authoritarian politics and liberal economics. Augusto Pinochet, a brutal ruler of Chile between 1973 and 1990, was advised by the free-marketeer “Chicago boys”. They helped lay the ground for today’s relative prosperity in Chile, but at terrible human and social cost. Brazilians have a fatalism about corruption, summed up in the phrase “rouba, mas faz” (“he steals, but he acts”). They should not fall for Mr Bolsonaro—whose dictum might be “they tortured, but they acted”. Latin America has known all sorts of strongmen, most of them awful. For recent proof, look only to the disasters in Venezuela and Nicaragua.

Mr Bolsonaro might not be able to convert his populism into Pinochet-style dictatorship even if he wanted to. But Brazil’s democracy is still young. Even a flirtation with authoritarianism is worrying. All Brazilian presidents need a

coalition in congress to pass legislation. Mr Bolsonaro has few political friends. To govern, he could be driven to degrade politics still further, potentially paving the way for someone still worse.

Instead of falling for the vain promises of a dangerous politician in the hope that he can solve all their problems, Brazilians should realise that the task of healing their democracy and reforming their economy will be neither easy nor quick. Some progress has been made—such as a ban on corporate donations to parties and a freeze on federal spending. A lot more reform is needed. Mr Bolsonaro is not the man to provide it.

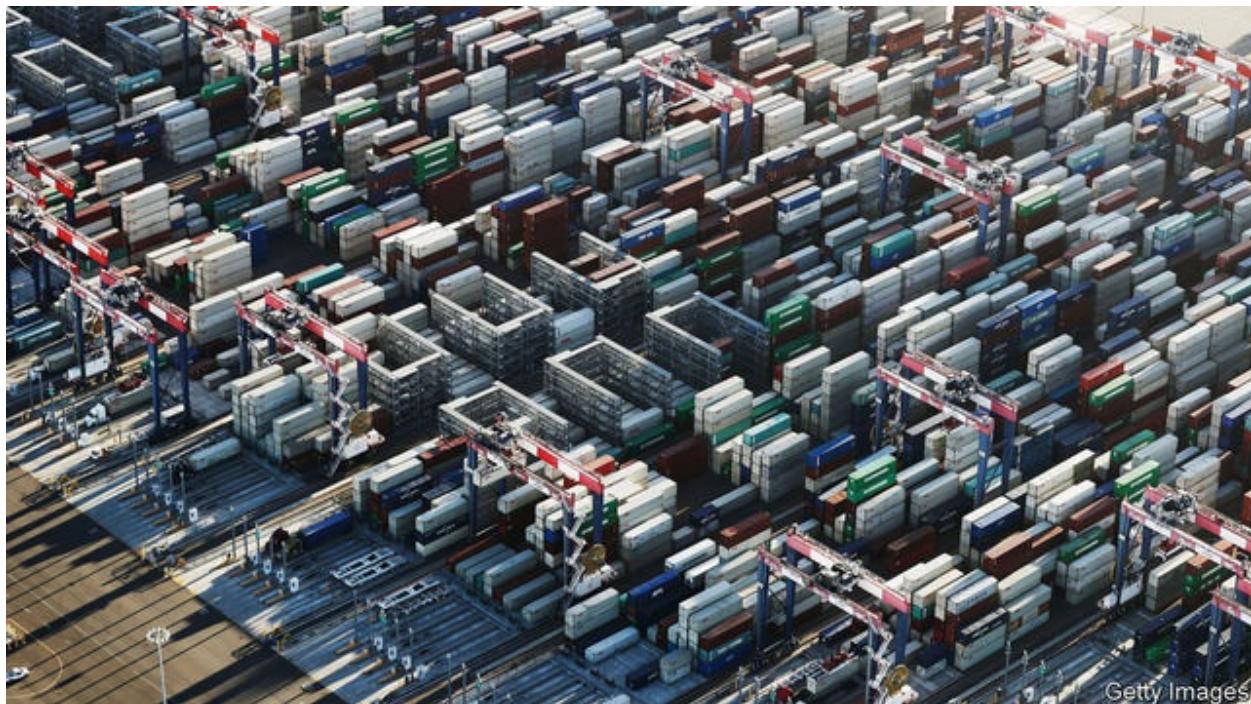
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Hunker down

America's tariffs on China are likely to last for some time

That is bad news for everyone



Getty Images

Sep 22nd 2018

IN HIS trade war with China, President Donald Trump appears to have the upper hand. The new tariffs his administration unveiled this week, which will raise the share of Chinese imports subject to levies to at least 44%, are unlikely to dampen America's sizzling economy, or to boost inflation by much. Though some firms will be disrupted, most Americans will not notice the damage (see [article](#)). China, however, is under pressure. Its growth seems to be slowing and its stockmarket is down almost a quarter from its peak in January. China's government has announced retaliatory tariffs against American goods, but it is fast running out of imports to tax.

During conflict, an imbalance in strength should lead to a swift resolution. Here the side with the advantage may prolong the war. That is because America has several goals, some of them unachievable.

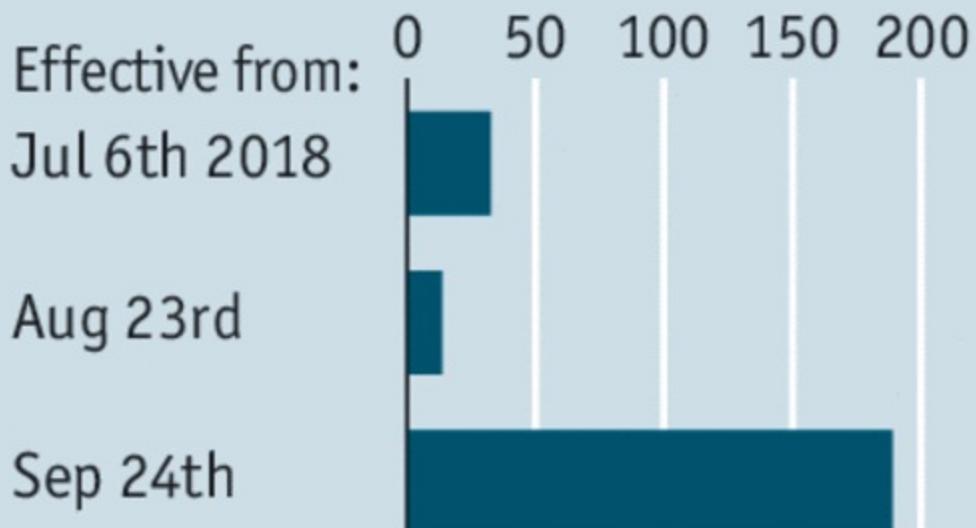
Unjust war

The official justification for the tariffs is rooted in anger about Chinese mercantilism—anger which is shared across the rich world. China gives vast and opaque subsidies to its state-owned firms. It requires exporters to hand over intellectual property as a condition of access to its market. The world's consumers benefit from the artificially cheap imports that result. But trade of this sort is unsustainable, politically and economically. America is right to demand that China play fair.

That is not the limit of Mr Trump's ambition, however. He also wants to eliminate America's trade deficit with China, which he mistakenly sees as a transfer of wealth. He has broadcast his desire to force manufacturing supply chains back to America. And his administration has identified China as a strategic competitor. Some of the president's advisers seem to relish the chance to do it economic harm.

US tariffs on China

Value of imports, 2017, \$bn



The Economist

The White House may argue that China's abuse of the rules, the trade deficit and the decline of American industry are one and the same. They are not. Even without subsidies, China, like most other emerging markets, would enjoy a substantial cost advantage over America. The trade deficit, meanwhile, is tied to the difference between domestic saving and investment. Tariffs might cut the bilateral deficit with China, but America would find it nearly impossible to shrink its overall deficit without engineering a domestic recession.

The goal of rolling back decades of American deindustrialisation is a pipe-dream. Should America succeed in forcing supply chains back onshore, it will find that many fewer jobs are attached, because of rapid automation and productivity growth. American manufacturing's share of GDP has fallen only by a fifth since 2000, while its share of employment is down by a third. Besides, the lowest-skilled jobs would not go to America, but to low-wage

Asian countries, like Vietnam.

There is a faint hope that Mr Trump's advisers and allies will play good cop to his bad cop, using tariffs as a bargaining chip in rewriting global trading rules to constrain China's mercantilism—a legitimate goal. More probably, the bad cop—who is, after all, in charge—will refuse to be stood down, because of his obsession with trade deficits and jobs and because Chinese leaders seem unwilling or unable to contemplate reforms that would strengthen moderate voices in Team Trump.

The prospects for any truce with China look grim. Recent history suggests that trade disputes are hard to settle. Tariffs imposed on Chinese tyres in 2009 under President Barack Obama, a free-trader, lasted three years. Mr Trump's recent trade agreement with Mexico does not include an end to levies on its steel and aluminium. America's latest escalation against China is no more likely to be speedily reversed.

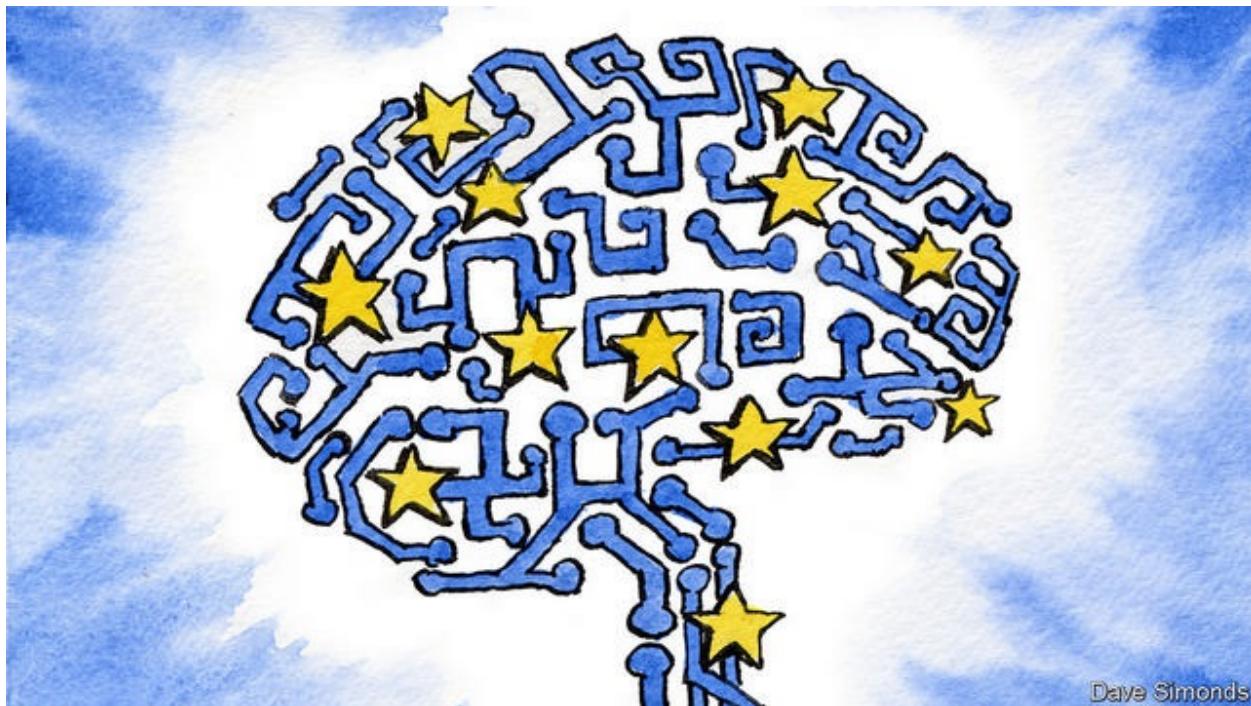
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AI, EU, go

How Europe can improve the development of AI

Its real clout comes from its power to set standards



Sep 20th 2018

THE two superpowers of artificial intelligence (AI) are America and China. Their tech giants have collected the most data, attracted the best talent and boast the biggest computing clouds—the main ingredients needed to develop AI services from facial recognition to self-driving cars. Their dominance deeply worries the European Union, the world's second-largest economic power (see [article](#)). It is busily concocting plans to close the gap.

That Europe wants to foster its own AI industry is understandable. Artificial intelligence is much more than another Silicon Valley buzzword—more, even, than seminal products like the smartphone. It is better seen as a resource, a bit like electricity, that will touch every part of the economy and society. Plenty of people fret that, without its own cutting-edge research and AI champions, big digital platforms based abroad will siphon off profits and jobs and leave the EU a lot poorer. The technology also looms large in

military planning. China's big bet on AI is partly a bet on autonomous weapons; America is likely to follow the same path. Given the doubt over whether America will always be willing to come to Europe's defence, some see spending on AI as a matter of national security.

Both arguments make sense. But can Europe support AI without wasting money or lapsing into protectionism? The EU has a dismal record in high-tech industrial policy. Witness Quaero, a failed attempt to build a European alternative to Google, or the Human Brain Project, which has spent over €1bn (\$1.17bn) with little to show for it. Experts warn against the rise of "AI nationalism", whereby countries increasingly try to keep their data and their algorithms to themselves.

Two aims should guide EU policy. Instead of focusing its financing on high-profile individual projects, Europe should create the environment for its AI industry to thrive. And instead of keeping foreign providers out, it should use its clout to improve their behaviour.

Creating the right environment means, above all, working to overcome the fragmentation that bedevils Europe. Big and homogeneous home markets give America and China the huge advantage of scale. According to one estimate, China will hold 30% of the world's data by 2030; America is likely to have just as much. Europe has data, too, but needs to pool its resources. To its credit, the European Commission is arguing for a common market for data. But much more needs to be done, such as laying down rules about how data held by companies and governments can be shared.

National faultlines also cut deep in research and development. Germany has downgraded plans to co-operate with France in AI research, for example. In addition, Europe's existing research bureaucracy is adept at sucking up funds, to the detriment of startups and outsiders. Better to encourage grass-roots initiatives such as CLAIRE and ELLIS, which seek to create Europe-wide networks of research labs. France has launched JEDI, short for Joint European Disruptive Initiative, an attempt to mimic America's Defence Advanced Research Projects Agency (DARPA), which allocates money using open competitions and does not hesitate to cull programmes that fail to show promise. More opportunities of this sort, plus an accommodating immigration regime, would attract and retain AI researchers, who often decamp to

America (and sometimes even to China).

European policymakers can also make better use of the one area where they are world-class—setting standards. Europe’s market of 500m relatively wealthy consumers is still enticing enough that firms will generally comply with EU rules rather than pull out. An example is a strict new privacy law, the General Data Protection Regulation; the principles of the GDPR are now being used as a benchmark for good data practice in markets well beyond Europe. By imposing common rules, such standards can help the EU’s indigenous AI industry flourish. But they could also have a more subtle effect —of making AI from outside the EU more benign.

By the rule book

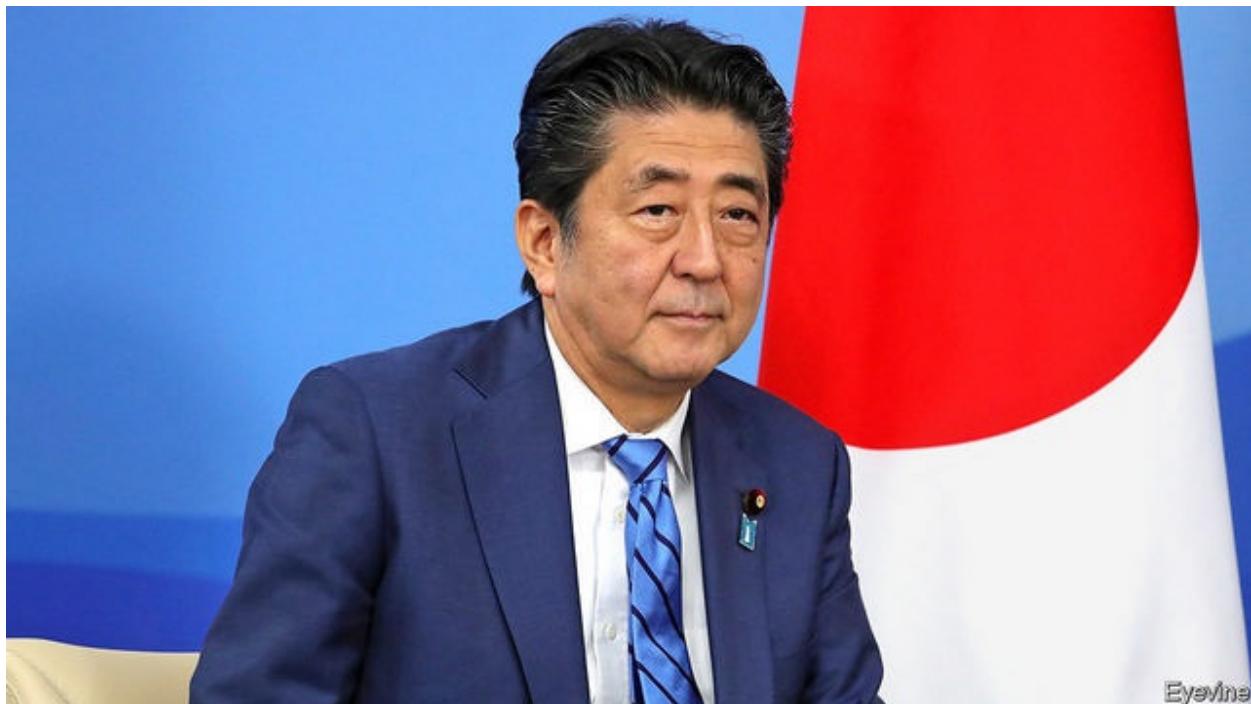
America and China both represent flawed models of data collection and governance. China sees AI as a powerful tool to monitor, manage and control its citizens. America’s tech titans scoop up users’ data with insufficient regard for their privacy. The GDPR is just the start. Robust standards are needed to ensure that AI services are transparent and fair and that they do not discriminate against particular groups. Europe has a chance to shape the development of AI so that this vital technology takes more goals into account than simply maximising advertising income and minimising dissent. Even if it comes up with policies that help its native AI industry thrive, Europe may never match America and China. But it can nonetheless help guide AI onto a path that benefits its own citizens, and those in the rest of the world.

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A long haul

Japan's prime minister is more of a survivor than a reformer

Shinzo Abe needs to move faster in his last three years in office



Sep 20th 2018

JAPANESE prime ministers used to come and go in the blink of an eye, but Shinzo Abe has been in office for longer than the previous five combined. This week he easily won a third consecutive term as head of the ruling Liberal Democratic Party (see [article](#)). Given the LDP's landslide victory in last year's parliamentary election, Mr Abe is now secure in office until 2021.

If he completes his new term, he would be the longest-serving prime minister since the job was created, in 1885. Under him, the LDP has convincingly won three elections for the lower house and two for the upper house. With his coalition partners, he commands more than two-thirds of the Diet. Perhaps most impressively, he has quelled the factionalism that used to plague his party. Despite various scandals, he is firmly in charge, as he showed by engineering a change in party rules to allow himself to have a third term. Now that he has been re-elected, Mr Abe should use this unrivalled power to

complete his economic programme. The danger is that he will get bogged down in changing Japan's pacifist constitution instead.

Mr Abe's longevity has been a blessing for Japan. It has allowed a consistency in policymaking. After a decades-long swoon, GDP is growing, albeit modestly. Inflation, although low, is at least positive and has been for most of Mr Abe's tenure. As wan as this performance sounds, it is the best Japan has managed since the 1980s. For that, thank lavish government spending and bend-over-backwards monetary policy—integral parts of Mr Abe's economic platform.

Loose that arrow

Under Mr Abe, Japan has also tried to play a more muscular role in world affairs. He has beefed up Japan's “self-defence forces”, and sent troops to join UN peacekeeping missions. This week, for the first time, his government admitted sending a submarine into the South China Sea, part of a broader effort to rebuff Chinese expansionism. And he has passed laws allowing Japan to come to the defence of allies if they are attacked—something previously considered taboo.

Mr Abe wants to amend the constitutional clause that bars Japan from keeping an army, since that is what the “self-defence forces” patently are. This is a perfectly reasonable idea, given China's muscle-flexing. Yet the amendment will be more controversial than it sounds, since it strikes many Japanese as a signal of an uncomfortably assertive foreign policy. Mr Abe might easily end up devoting his final years in office to securing its approval, first from the Diet and then from voters.

That would be a mistake. Mr Abe may be burning to give Japan a more normal foreign policy, but what it needs most is a more normal economy. His signature policy—Abenomics—is far from complete. The fiscal and monetary expansion, his first two “arrows”, were supposed to buy time for the third and most important one: sweeping structural reforms, leading to enduring growth. Mr Abe has taken some steps, most notably by agreeing to expose coddled industries to foreign competition via the Trans-Pacific Partnership, a 12-nation trade deal that America abandoned and which Mr Abe pursued without it. He has pledged to do more, such as raising the

retirement age and getting some pensioners to pay more for health care.

Mr Abe must honour that pledge, and then go much further. In many areas, his reforms are too timid. To keep women in work—a must given Japan's shrinking population—he has done little more than increase the number of nursery places, and not by enough. He has not even tried to persuade ordinary Japanese of the benefits of immigration. Granted, he has quietly admitted more guest-workers, but they are not able to stay long even if they learn Japanese. The labour market, meanwhile, remains unduly rigid. Workers are hard to dismiss and tax rules discourage married women from working full-time.

In short, like the Japanese workforce, Mr Abe's government is ageing and, although skilled, insufficiently productive. He should put his political strength to better use. The economy should take precedence over constitutional reform—not least because that extra wealth would do more to help Japan stand up to China. Otherwise, Mr Abe will be remembered less for his long tenure than for wasting it.

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Not so fast

What to do about Africa's dangerous baby boom

African countries do not need to resort to Asian-style illiberalism



Sep 22nd 2018

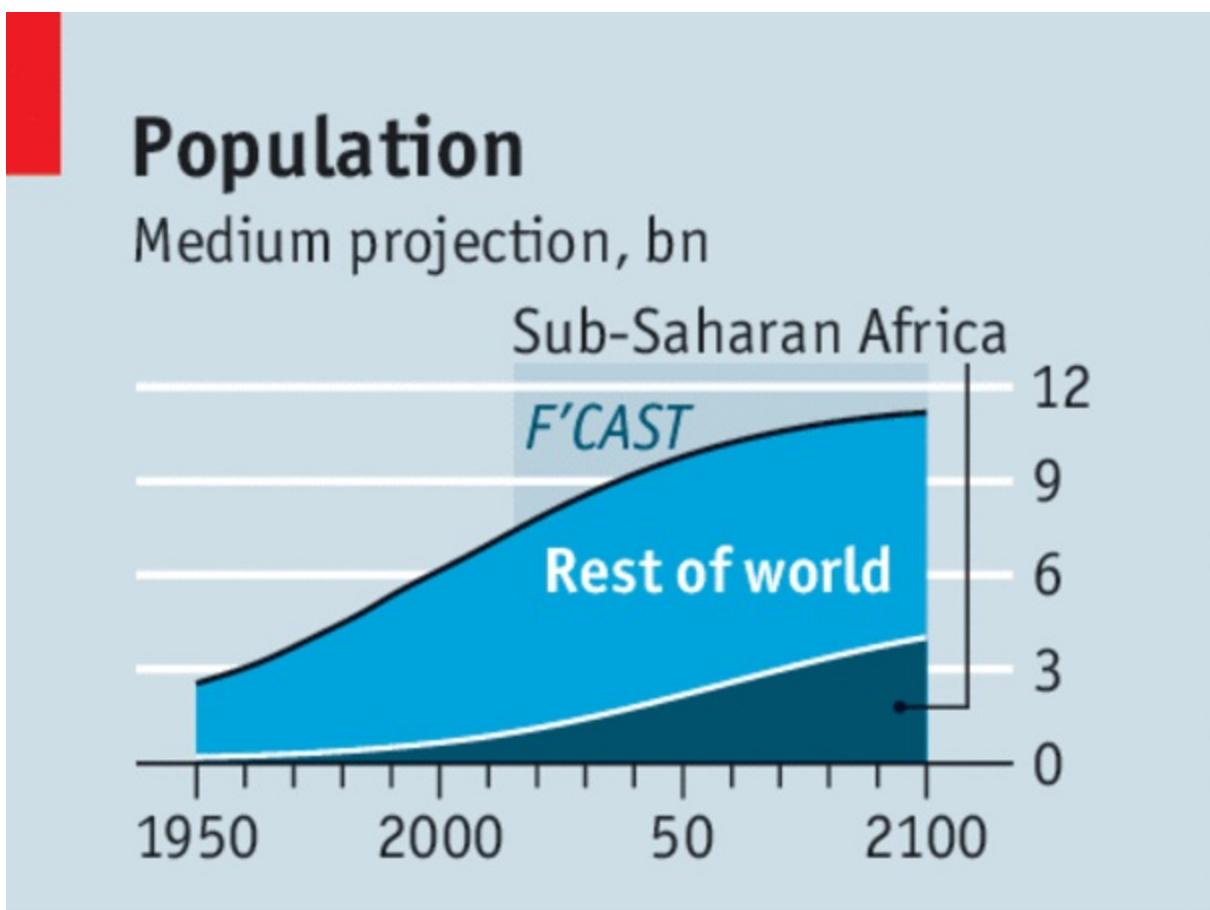
THE 21st century, in one way at least, will be African. In 1990 sub-Saharan Africa accounted for 16% of the world's births. Because African birth rates are so much higher than elsewhere, the proportion has risen to 27% and is expected to hit 37% in 2050. About a decade later, more babies will be born in sub-Saharan Africa than in the whole of Asia, including India and China. These projections by the UN, if correct, are astounding (see [article](#)). There is good reason for the world to worry about Africa's baby boom.

The danger is not a Malthusian crisis, in which countries run out of food or farmland at some point in the future. It is true that Africa, although vast, is already a net food importer. But that would be fine if Africans were otherwise productive.

The real problem is that too many babies sap economic development and

make it harder to lift Africans out of poverty. In the world as a whole, the dependency ratio—the share of people under the age of 20 or older than 64, who are provided for by working-age people—stands at 74:100. In sub-Saharan Africa it is a staggering 129:100.

In stark contrast with most of the world, notably Asia, the number of extremely poor Africans is rising, in part because the highest birth rates are in the poorest parts of the continent. On September 19th the World Bank reported that the number of people living in extreme poverty rose in sub-Saharan Africa between 2013 and 2015, from 405m to 413m (see [article](#)). Many African countries already struggle to build enough schools and medical clinics for their existing children, let alone the masses to come.



The Economist

The experience of other countries where birth rates have fallen sharply is that the number of babies is determined more by parents' wishes than by anything

else. As people move from villages to cities, children become more costly, so couples want fewer of them. As they become wealthier, they have less fear that their children will die. So, on the face of it, economic and social forces should be left to do their work. Moreover, an odd chorus of leftists (who hate racism and Western meddling) and Christian conservatives (who hate abortion and some kinds of contraception) argue that nothing should be done.

The trouble is that the reduction in fertility—the number of births per woman—is happening much more slowly in Africa than elsewhere. Half of Nigerians already live in cities, compared with one-third of Indians. Yet Nigeria’s fertility rate is more than double India’s. Overall, the fertility rate in sub-Saharan Africa is dropping about half as quickly as it did in Asia or Latin America when families were the same size.

Four mouths good, two mouths better

African countries need not, and should not, go down the coercive route to smaller families once taken by India, which carried out mass-sterilisation campaigns, or China, which long enforced a one-child policy. This led to, among other horrors, large-scale sex-selective abortions.

Instead there are good examples from within Africa of how to make things better. These involve “small is beautiful” public-information campaigns combined with a government drive to get varied birth control to poor rural areas. Many African governments already have fine-sounding policies to promote contraceptive use, yet too few act on them. Where such policies are a priority, as in Ethiopia, Malawi and Rwanda, fertility rates fall faster than average (though they are still high). Just as many Africans leapfrogged from no phones to mobile phones, and from no power to solar power, so they can jump to innovations like self-injected contraceptives.

High fertility can also be tackled indirectly, by concentrating on the things that are known to affect it—above all, education for girls. Granted, many African schools are awful, with ill-educated teachers who rarely turn up. One way to change that is to encourage private providers, as Liberia has done. Better schools would bring many other benefits to African children—the living as well as the yet-to-be conceived.

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Letters

· **[On farming, Syria, immigration, Nike, the armed forces: Letters to the editor](#)**

[Fri, 21 Sep 16:03]

Letters to the editor. On farming, Syria, immigration, Nike, the armed forces.

Letters

Letters to the editor

On farming, Syria, immigration, Nike, the armed forces

Sep 20th 2018

Letters are welcome and should be addressed to the Editor at
letters@economist.com



Getty Images

Reforming the CAP

It is true that one part of the European Union's common agricultural policy subsidises farmers based on the size of their estates ("A new furrow", September 1st). This creates artificially high land-prices, making it costly for successful farmers to expand and reach a more efficient scale. It also stops younger, poorer farmers from entering the industry and replacing ageing cohorts. This is unfortunate. The CAP can be a powerful tool to support inclusive growth, casting a very wide net that reaches farmers in every far-flung corner of the EU. As a result, farming and poverty are no longer synonymous in about half of EU member states. The income gap between agriculture and other industries is closing even though many workers across

the bloc are in better-paid jobs.

Governments should consider placing a ceiling on land-based payments. Many agriculturally successful countries, such as Poland and the Netherlands already do. Others, such as Britain, do not. Capping the CAP would reduce some of the pressure on land prices and help ensure the money that goes to those farmers who need it most.

ROGIER VAN DEN BRINK

Lead economist European Union member states
World Bank
Brussels



Whither Syria?

You seem to suggest that the United States should have taken sides in what quickly became a sectarian civil war in Syria and removed yet another dictator by force (“[Idlib is falling](#)”, September 8th). Since 2001, “regime change” has brought, on balance, more death, destruction and chaos than stability or prosperity. In Afghanistan the Taliban is resurgent and has become the de facto opposition party with which peace must be negotiated to

bring an end to 17 years of war. In Iraq the removal of Saddam Hussein and the disbanding of his army created the conditions for civil war and was a contributing factor in the rise of Islamic State. In Libya the fall of Muammar Qaddafi produced a shell of a state riven by anarchy, where various militias and human-trafficking now thrive.

There are bad guys and there are really bad guys. Can we really say with honesty and certainty that some sort of Western intervention in Syria would have been any better in the long run? If we remove strong men and take sides in civil wars, we had better be sure that we have an adequate replacement. Horrid as he is, there has never been a viable alternative to Bashar al-Assad.

JOHN KALLEEN
Sacramento, California



Immigration is worth it

Your otherwise sound advice on immigration was marred by some bad ideas (“[Crossing continents](#)”, August 25th). One is that migrants should pay more tax to pay for the infrastructure and other services they consume. Yet migrants are already net contributors to public finances, not least because,

whereas three-quarters of migrants are of working age, less than half of the host countries' populations are of working age. Moreover, the costs associated with migrants' education and old age typically are borne by the sending countries. Rich countries recruit doctors, nurses, plumbers or other skilled people, but have not had to pay for their education. And although foreigners contribute to pensions and taxes, they tend not to take their pension and other statutory contributions when leaving ([see report](#)).

The idea that people should pay high fees to migrate is highly regressive and would not only discriminate against poor people but also undermine growth and productivity in the receiving country. In America and Britain migrants are two to three times as likely as natives to start their own business, to found firms that grow into listed companies, to get an innovation patented, or to win a Nobel prize or Academy Award. Migration policy should focus on managing admission, and the distributional consequences and assimilation, but should not be based on rationing the rest on financial hurdles.

PROFESSOR IAN GOLDIN

Oxford University

In many countries it is hard to have a decent debate about migration, as people have very different ideas as to what the word "immigrant" means. Some think of displaced civilians and highly skilled PhDs, others think of migrants who steal jobs and welfare. The cultural right has done an excellent job of owning the language of migration, and as a result it has taken on a toxic connotation. Those arguing for liberal immigration need to stake a claim to some positive terminology. Recovering terms like "expatriate" for skilled migrants to the West, regardless of their country of origin, would be a first step.

VARDHAN KAPOOR

Singapore



Nike just did it

In an era in which divisions run deep, people identify with brands as a reflection of their own position in the world. Nike has shrewdly used this fact in its latest ad (“[Nike invites controversy](#)”, September 8th). As an allegory for the fallout from the ad itself, the line: “Believe in something, even if it means sacrificing everything”, contains a *double entendre*. North America is by far Nike’s biggest market. Its marketers knew exactly what they were doing. After the success of its recent support for Serena Williams, Nike seems to have been emboldened to take its activism further.

Brands in Nike’s position have the clout to dominate the news agenda. Colin Kaepernick has been lambasted by the highest echelons of power. He may never work in the NFL again. The debate had petered out, but thanks to Nike, it has been rekindled across thousands of news websites. If you ever wanted an example of the impact of purpose-led advertising that has the potential to generate political discourse, this is it.

JEM FAWKUS
Chief executive
Firefish

London



Army divisions

I can only assume that [Bagehot](#) was in a truly curmudgeonly post-holiday mood when he penned the column on why Parliament needs more MPs from the armed forces (September 1st). To be fair, Britain surely needs some replacement at the top; one can only think of the current crop of politicians as a coalition of none of the talents.

But the armed forces? I imagine this was a subtle piece of satire to boot the rest of us awake after, quite possibly, our last visa-free trips to European holidays. The last thing Britain needs is the simple rule of the military mind. Look at what it has done for everywhere from Argentina to Zimbabwe, with triumphs like Myanmar and Pakistan along the way. Britain is still riven with class division. Brexit is class war and the middle class have lost. A system built on officers and ranks will not help.

The only thing to be said for Bagehot's ouzo-drenched rant was that it allowed him to take a journalistic shot at Gavin Williamson. In that cause much can be forgiven.

DESMOND HICKEY
Nash, Buckinghamshire

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Briefing

. **[Latin America: The noise from Brazil](#)**

[Fri, 21 Sep 16:03]

A scary election in Brazil. The country's next president could save or sabotage Latin America's biggest democracy.

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Many parties, lots of pork

A scary election in Brazil

The country's next president could save or sabotage Latin America's biggest democracy



Sep 20th 2018 | MURICI

BY 9.00am on September 6th a crowd has appeared outside Fábio Gaia's one-storey house in Murici, a town surrounded by sugar-cane fields. The councilman attends to a stream of constituents who proffer crumpled bits of paper: prescriptions, receipts for ultrasound scans and electricity bills. It is a month before Brazil's general election, so he promises to pay them all. "We go door to door with our electoral programme, but people ask what we have to give," says Mr Gaia, who is campaigning for candidates from the conservative Progressive Party (PP). "If we don't, the other guys will."

The other guys are the Calheiros clan, ranchers from Murici who have dominated politics in Alagoas, a poor state in north-eastern Brazil, for more than three decades. Their chief, Renan Calheiros, is a three-time senator who belongs to the country's largest party, the Brazilian Democratic Movement

(MDB). His son is the governor, his brother is a state legislator, his nephew is Murici's mayor and his sister-in-law runs the town's social-assistance centre. In the weeks before the elections, whose first round takes place on October 7th, the centre is distributing sacks of food.

This is how politics works in much of Brazil. The money that flows into party coffers flows out in the form of handouts or vote-buying. The going rate in Alagoas is said to be 100 reais (\$25). While vote-buying is rarer in richer places, Alagoas's cash-fed web of political alliances has equivalents in other parts of the country.

No dynasty has played the game better than the Calheiroses. In the previous national election, in 2014, the MDB in Alagoas was the party's fourth-biggest fund-raiser, even though, by population, the state ranks 17th. This helped Mr Calheiros to become justice minister and president of the senate under three administrations. To fight the forthcoming election the family has assembled a coalition of 19 parties, the biggest state-level alliance.

Nearly all of Alagoas's 102 mayors back the Calheiros clan. They count on the family to extract money from the federal government for roads, hospitals and other projects, which will help them win re-election when their turn comes (in 2020 for municipal offices). "Renan has perfect domination on a local level," says Geraldo de Majella, a historian of Alagoas.

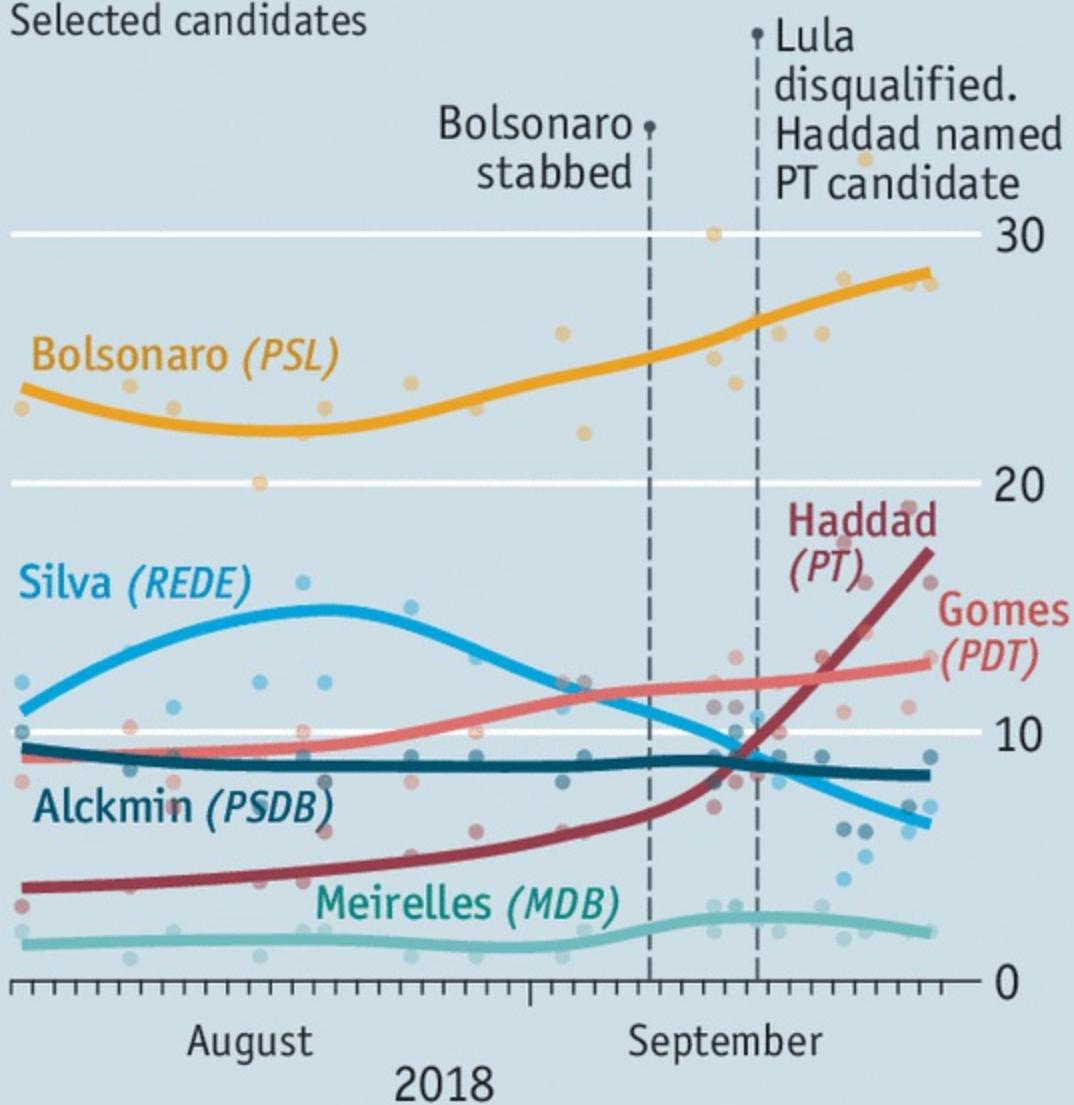
Despite the largesse, Murici remains poor. Just a tenth of its residents have formal jobs; the mayor's office is the biggest employer. The sugar-cane plantations provide seasonal work. More than half the town's inhabitants get welfare benefits from the federal government.

The pursuit of politics as usual in Murici and places like it is one reason that next month's general election is anything but ordinary. The front-runner in the presidential race is Jair Bolsonaro, a right-wing former army captain who rails against conventional politics, praises dictators and has gun-slinging notions of how to fight crime. After a lunatic knifed him at a rally on September 6th, he is campaigning from a hospital bed. Regardless, he is widely expected to enter a run-off vote, which would be held on October 28th (see chart).

Jairborne

Brazil, presidential election voting intention*, %

Selected candidates



Sources: National polls;
The Economist

* Aug 8th-Sep 19th 2018

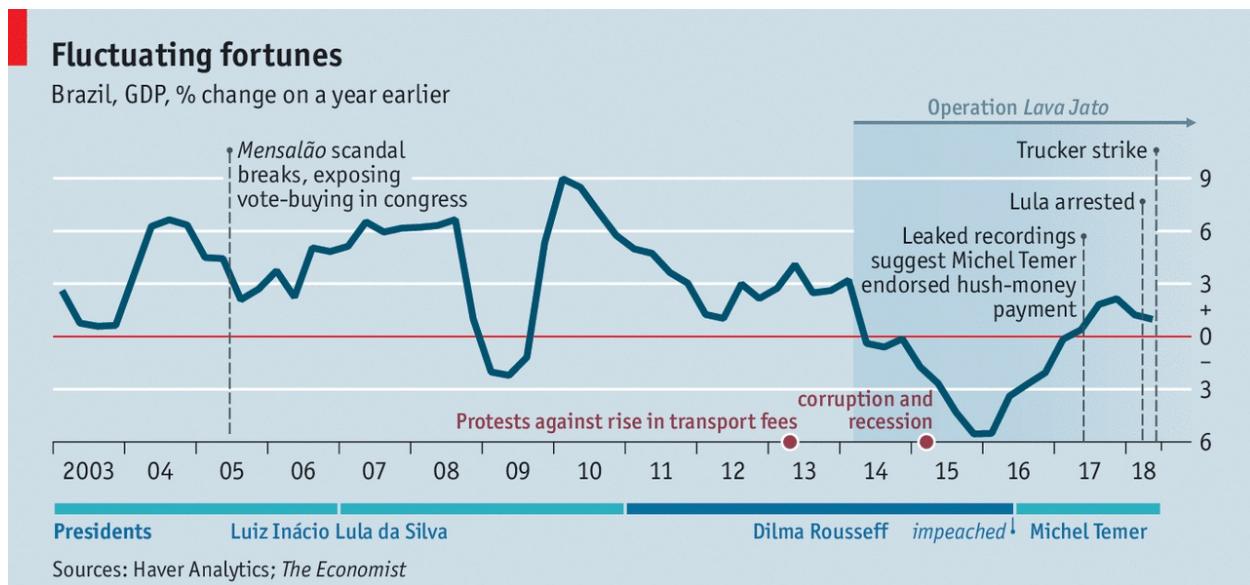
The Economist

The other dominating personality is Luiz Inácio Lula da Silva, a left-wing former president who is in jail after being convicted of corruption. He led the

presidential race until August 31st, when Brazil's top electoral court disqualified him from running. He remains the country's most popular politician, and its most despised. His replacement as the nominee of the Workers' Party (PT) is Fernando Haddad, a former mayor of the city of São Paulo. Polls suggest he has the best chance of meeting Mr Bolsonaro in the run-off.

If that happens, the presidential election will be a contest between Lula's party, which is more responsible than any other for the deepest traumas Brazil has suffered since the end of the dictatorship in 1985, and a candidate who represents an extreme response to them. The first of those traumas is the corruption unearthed by the Lava Jato ("Car Wash") investigations. It involved politicians and parties taking kickbacks from private-sector companies that won contracts from state-owned firms or extracted other benefits from the state. More than a hundred politicians have been investigated; 12 have been convicted, including Lula. His successor, Dilma Rousseff, was impeached in 2016 on unrelated charges. The current president, Michel Temer, a member of the MDB, has avoided trial in the supreme court only because congress voted to protect him from it. The suspects in Alagoas include Mr Calheiros, who faces several inquiries, and Benedito de Lira, a PP senator backed by Mr Gaia who is running for re-election.

The second trauma is Brazil's worst-ever recession, which started as Lava Jato was getting under way in 2014 (see chart). It slashed GDP per person by 10% and dragged back into poverty millions of Brazilians who had entered the middle class. Although growth has resumed, it is a feeble 1.4% a year. A further cause of dismay is crime. The number of murders rose 3% last year, to a record of nearly 64,000.



The Economist

These crises have shaken Brazilians' faith in democracy. Just 13% were satisfied with their democracy last year, the lowest share in Latin America, according to Latinobarómetro, a pollster. Rebelliousness has been evident since 2013, when demonstrations in São Paulo over a rise in bus fares spread to other cities and over other issues, including the poor quality of public services. A ten-day strike by lorry drivers in May this year over a rise in fuel prices paralysed the economy and forced the government to restore subsidies temporarily.

At stake in the elections is whether Brazil's next cohort of leaders can provide good enough governance to contain such conflicts and restore trust in the country's institutions. That depends in turn on making progress on three big tasks. The first is to rid politics as much as possible of the graft that has brought democracy into disrepute. The second is to avert a slow-moving economic crisis that threatens to condemn Brazil to slow growth, high inflation and impotent government. The third is to reduce violence.

Any government that tries to stabilise Brazil will provoke conflict with groups that lose from reforms. Expect another round with lorry drivers over fuel subsidies, which are scheduled to expire in December. A president serious about cleaning up politics will clash with congressmen whose support he or she will need to pass economic reform. Fighting crime will require better co-ordination between the federal government and the states, and

between separate police forces within states. If Mr Bolsonaro becomes president, the next government might accomplish none of the above. Worse, his authoritarian instincts might weaken Brazilian democracy still further.

In theory, the elections offer the possibility of renewal. Brazilians will choose the president, all 513 members of the lower house of congress, two-thirds of the 81-member senate and governors and legislatures in all 27 states. But the way politicking is done in Alagoas shows why renewal will be hard. Voters face a bewildering array of parties, most of which stand for nothing, and candidates, most of whom are non-entities. Nationwide, the number of parties has expanded from seven in 1988 when the constitution was adopted to 35 now; 28 are represented in congress. Most exist only because they are entitled to public money and time on 25-minute-long programmes of advertising, which are broadcast twice a day during campaigns. Aggregator parties like the MDB assemble smaller ones into pre-election coalitions, acquiring their broadcast time in exchange for future government jobs.

Tears of a clown

The plethora of candidates comes from Brazil's unusual system of "open-list proportional representation" for electing deputies to the lower house of congress and state legislatures. If a candidate amasses more votes than he needs to get elected, the excess is distributed to others in his coalition. Brazilians call this the "Tiririca effect", after a clown whose spare votes in 2010 brought in three other deputies. Lower-house deputies represent their entire states. This means they have to spend lots of money to get elected and have little connection to their constituents.

In Alagoas, 441 candidates are running for 40 legislative and executive jobs. To anyone concerned about political consistency, their alliances make no sense. On September 6th a drum-banging, flag-waving throng held a march on the outskirts of Maceió, Alagoas's capital, for Mr Calheiros and his son, Renan Calheiros Filho, the governor. Among the marchers were politicians from the Communist Party as well as the conservative Party of the Republic. A week earlier, the Calheiroses held a rally with Mr Haddad, even though the MDB has its own presidential candidate, Henrique Meirelles, a former finance minister. That is because Lula, Mr Haddad's mentor, is remembered as a president who brought prosperity to many poor Brazilians, especially in

the north-east. “It’s a calculus for political survival,” says an adviser to the Calheiros campaign.

Rather than a mandate for governing, elections held under these conditions produce the opening positions of a game played between the president and a fragmented congress, which Brazilians call *presidencialismo de coalição* (“coalition presidentialism”). This entails the president assembling a coalition of parties, which has little to do with ideology and may not be the same as the pre-election coalitions, to enact his or her governing programme. The glue is government jobs for supporters, money for crowd-pleasing projects and, especially in recent years, graft on an epic scale.

Brazilians have reached the end of their patience with this system. In a poll conducted late last year, 62% of respondents identified corruption as Brazil’s biggest problem. It is the biggest reason for the rise of Mr Bolsonaro, who portrays himself as a scourge of the establishment, even though he has been a congressman for 28 years and belonged to nine different parties.

Despite the despair, the system has shown that it has some capacity to reform itself. Lava Jato shows that prosecutors and judges are eager to exercise the independence guaranteed to them under the constitution by going after the most powerful people in the country. Politicians and the courts have made modest changes to the electoral system. The supreme court has banned corporate donations to parties, which has cut the cost of this year’s election by 70-80%, estimates Chris Garman of Eurasia Group, a consultancy. Congress has enacted a “performance clause”, which eliminates public funding and media time for parties that get less than 1.5% of the national vote distributed across at least nine states (the threshold will eventually rise to 3%). This may reduce the number of parties in congress.

But the changes these reforms will bring about will be gradual, if they happen at all. One reason is that Lava Jato has sharpened the incentive for politicians to cling to office. That is because sitting politicians can be tried only by the supreme court. At least 30 people suspected of wrongdoing are running for re-election, according to *Folha de S.Paulo*, a newspaper. Mr Garman estimates that 70% of the new lower house will consist of holdovers from the current one, up from a re-election rate in the current congress of 55%. The ban on corporate donations has made it harder for newcomers to challenge

incumbents.

The next congress and president will be caught between the pressure for further reform and a desire for self-preservation. The bolder ideas range from carving up states into electoral districts to scrapping Brazil's presidential system in favour of a parliamentary one, but it is hard to see legislators changing so drastically the system that elected them. More feasible are proposals to improve regulation of lobbying and procurement by government agencies and state firms. Voters will demand that Lava Jato continue unimpeded; politicians may try to put grit in the judicial machinery. "The political system will try to limit the power of legal institutions whatever the results of the election," predicts Oscar Vilhena, dean of the law school at Fundação Getulio Vargas, a university. If the next government continues to buy support with pork and patronage, but limits outright bribery, that would be a big improvement.

Bringing economic relief may be easier than attempting political renewal. That is what Mr Temer tried to do after he took over from Ms Rousseff in 2016, with some success. Congress enacted a constitutional amendment that freezes federal spending in real terms at least until 2026. Another reform made the labour market more flexible. Mr Temer came close to a reform of the pension system in May last year, when a newspaper made public an audio tape on which he appeared to endorse the payment of hush money to a politician convicted of taking bribes. Mr Temer spent his political capital to avoid prosecution.

The aborted reform leaves Brazil's economy in a parlous state. The budget deficit is equivalent to 7% of GDP. Spending on pensions for retired public employees and formal-sector workers accounts for 56% of federal spending and is growing at a rate four percentage points above inflation. Tax giveaways, expanded by Ms Rousseff's government, are more than 4% of GDP. This, plus the slow growth of the economy, is raising debt to unsustainable levels. Gross public-sector debt rose from 78% of GDP in 2016 to 84% last year.

The danger is not that Brazil will go the way of next-door Argentina, which has had to seek help from the IMF (see [article](#)). Unlike Argentina, Brazil owes money mainly in its own currency and to its own citizens, so declines in

the value of the real do not greatly increase its net indebtedness. The country has \$380bn of reserves, equivalent to a fifth of GDP.

The cupboard is bare

But that does not mean that Brazil is in the clear. Doubts about its financial stability will weigh on the real, which in turn will raise inflation. Real incomes, investment and growth will suffer. With non-discretionary spending such as pension benefits consuming more than 90% of the federal budget, little is left over for such services as health. Many state governments, which are responsible for policing and education among other things, are in even worse fiscal shape. Economists reckon that Brazil needs spending cuts or revenue rises of 300bn reais a year, equivalent to 4% of GDP, to stabilise federal debt.

Most presidential candidates now accept that pensions need to change. That is partly because voters have come to resent a system that lets bureaucrats retire in their 50s, often with full salary. Opposition to the sort of reform that Mr Temer proposed dropped from 68% to 44%, according to polls commissioned by the government. There is also agreement on the need to raise tax revenue, although the details vary among candidates.



Her pension, or his education?

Despite this glimmer of consensus, markets are pessimistic. The real has fallen to a record low against the dollar. In part that is because the candidates likeliest to win the presidency are least equipped to govern. Both the front-runners represent polarising forces. They will have a hard time getting support for reforms. Candidates with the best economic ideas are unlikely to make it into the second round.

Mr Bolsonaro's main talent is for whipping up public anger. He trumpets a newfound interest in liberal economics. His chief economic adviser is Paulo Guedes, who was educated at the University of Chicago, a nursery of market-minded economists. Mr Bolsonaro belongs to the tiny Social Liberal Party and has few allies. "Our party is the people," he declares. Unless he makes peace with the political class, he is unlikely to get his reforms through congress.

Mr Haddad, his likeliest opponent in the second round, has a bigger party behind him and was a successful mayor. He promises to put debt "on a downward path". But his party is less reform-minded than he is. He will struggle to shake the perception that he is Lula's puppet.

The other main candidates are less polarising, and less likely to push voters into the arms of Mr Bolsonaro in the run-off. All have drawbacks. Ciro Gomes, a left-wing former governor of the north-eastern state of Ceará, favours interventionist policies of the sort that aggravated Brazil's economic crisis, such as subsidised lending.

Two centrists are mirror images of each other. Geraldo Alckmin, a former governor of the state of São Paulo, is competent and backed by an enormous coalition, which bodes well for his ability to enact economic reforms. But he is colourless and belongs to the Party of Brazilian Social Democracy (PSDB), which is among the most tarnished by Lava Jato. More inspiring is Marina Silva, a former environment minister who was born into an illiterate rubber-tapping family in the Amazon and learned to read when she was 16. Ms Silva shares Mr Bolsonaro's unwillingness to engage in pork-barrel politics, which will make governing hard. She is more likely than the populist to stick to her resolve.

The voters of Alagoas seem torn between the handouts and compromises that come with old-style politics and the hope of something better. Rodrigo Cunha, a candidate for senator from the PSDB, is promising reform. Running on an anti-corruption platform, he is putting up a strong challenge for one of the two senate seats up for grabs. But Alagoans also have a pragmatic streak. Jurandi Pimentel, an unemployed taxi driver, says he will vote for Mr Cunha, but his other senatorial vote will go to Mr Calheiros. “Alagoas would die without someone who knows how to do politics like the rest of them,” he says.

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United States

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If the Democrats retake the Senate, they will do it with moderates. A walk around the mid-term map.

- **[Democratic primaries: The centre can hold](#)** [Fri, 21 Sep 16:03]

Far-left candidates did poorly in the Democratic primaries. The vast majority of democratic socialists lost to candidates approved by the party.

- **[Foreign lobbying: Crimea river](#)** [Fri, 21 Sep 16:03]

The swampy business of lobbying for foreign governments. Paul Manafort's trials have drawn attention to a dubious practice in Washington.

- **[Nevada's brothels: Bras and ballot initiatives](#)** [Fri, 21 Sep 16:03]

Nevada's most notorious brothel-keeper is also a Republican candidate. Dennis Hof's business is under threat from an intra-party feud.

- **[Activism: Beyond the hashtag](#)** [Fri, 21 Sep 16:03]

Black Lives Matter is becoming slightly more conventional. The movement confronts a dilemma: protest, or win elections?.

- **[Lexington: Her word against his](#)** [Fri, 21 Sep 16:03]

Kavanaugh and #MeToo. Confirming Brett Kavanaugh risks damaging Republicans and the Supreme Court.

No fairy tale

If the Democrats retake the Senate, they will do it with moderates

A walk around the mid-term map



Sep 20th 2018 | MEMPHIS

IN A year that has seen huge numbers of women and minority candidates step forward for the Democrats, the party's hopes of retaking the Senate may rest on the shoulders of a 74-year-old white man in a pinstripe suit. Phil Bredesen (pictured above, right) served two terms each as Tennessee's governor and Nashville's mayor; he is running against Marsha Blackburn, a staunchly conservative eight-term congresswoman, for the seat that Bob Corker's retirement has left open. Although Donald Trump won Tennessee by 26 points, and the state last elected a Democrat (Al Gore) to the Senate in 1990, polls have shown a surprisingly close race.

During an evening spent answering questions submitted by an overwhelmingly supportive audience, progressive worries rose like balloons—and Mr Bredesen wielded the pins. What would he do about health-insurance firms who deny coverage to people with pre-existing conditions?

The problem is not with insurance companies, said Mr Bredesen (a former health-insurance company boss); they have a business to run. How would he protect DREAMers? Both parties bore responsibility for their plight. Did he believe that black lives matter? Of course, but being a police officer was also a dangerous job. Since he said he would work with the president when he did something good, could he name one thing? Deregulation sounded good, and by the way, he was sorry America had withdrawn from the TPP.

To win a majority in the Senate, Democrats need a net gain of two seats (because the vice-president breaks Senate ties, a 50-50 split leaves Republicans in control). The party has no right to be even contemplating such an outcome. Every two years a third of the Senate is elected. The way the calendar falls, in 2018 Democrats ought to be in the brace position. The party is defending 26 seats—including those of Angus King and Bernie Sanders, two independents who caucus with the Democrats—compared with the Republicans' nine. The strong economy ought to be helping the president's party. And yet Mr Trump is so unpopular that Democrats have a chance of winning their majority.

Frog kissing

A handful of Democrats are in the Bredesen mould: candidates who look competitive despite the fact that Mr Trump won their states comfortably. Mr Bredesen describes the strategy in states like Tennessee thus: "If this is a race between Marsha Blackburn and me, I'll win it. If this is a race between a Democrat and a Republican...I'll lose that race." Asked how he keeps national attention to a minimum, he looks across the table at your correspondent, not quite smiling: "By spending a minimum amount of time talking to you."

Apart from Tennessee, the Democrats' best hopes of making gains are probably in Arizona and Nevada. In Arizona, Martha McSally had to tack right to win the Republican primary occasioned by Jeff Flake's retirement; her opponent, Kyrsten Sinema, grabbed the centre. And in Nevada, Dean Heller is among the least popular incumbent Republican senators.

If November brings not just a wave but a tsunami, other gains are possible. In Texas Beto O'Rourke's preternatural political gifts and hard work have

forced Ted Cruz into a tougher campaign than he probably expected. Unfortunately for the upstart, there are a lot more Republicans than Democrats in Texas. Unfortunately for Mr Cruz, he has appeared craven in begging for the president's support (Mr Cruz once called Mr Trump "a pathological liar"). There is even a narrow path to victory for Mike Espy in Mississippi. First, increase turnout from African-Americans. Then hope his opponent is Chris McDaniel, a divisive neo-Confederate who might just disgust enough white voters, as Roy Moore did in Alabama late last year.

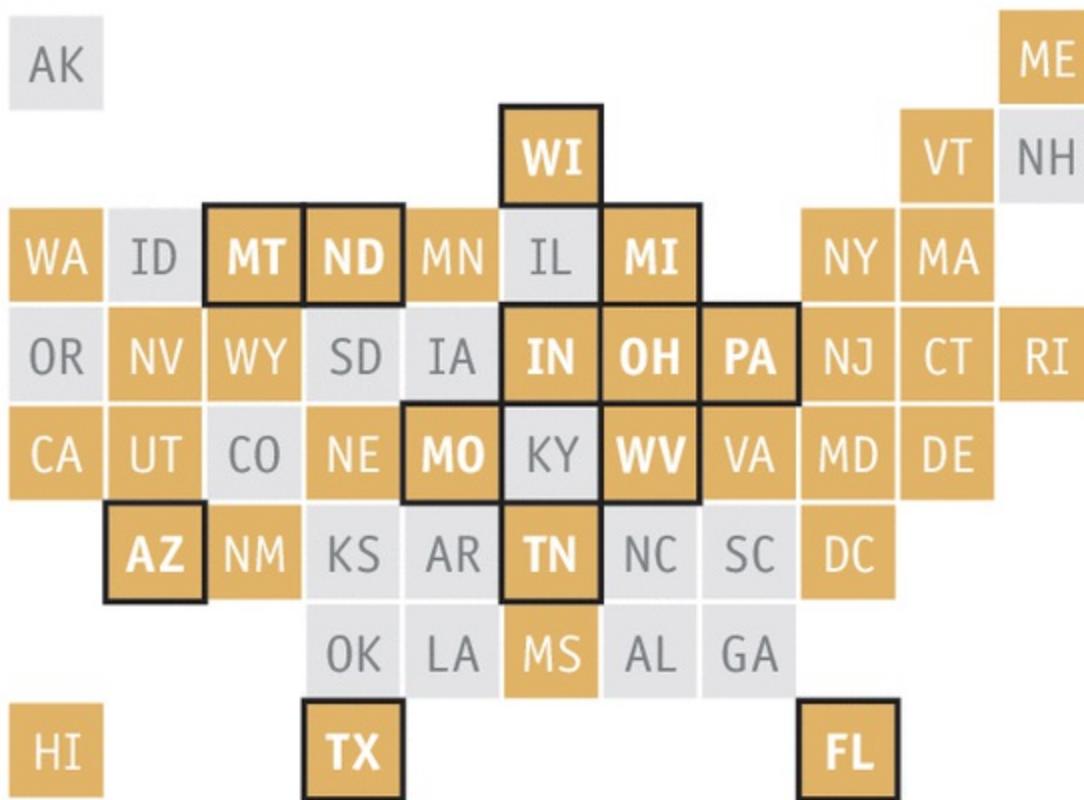
It is not hard to see how Democrats could win two seats from this selection. Their greater difficulty lies in holding on to what they have already.

Democrats will retain most of the seats they have in states Hillary Clinton won. Only New Jersey and New Mexico could give them a nasty surprise. Mr Trump lost New Jersey, which last elected a Republican to the Senate in 1972, by 14 points. But Bob Menendez, running for his third full term, was indicted on federal corruption charges three years ago. His trial ended in a hung jury. He lost nearly 40% of the vote to an obscure opponent in this year's primary. Mr Menendez's Republican challenger, Bob Hugin, has been close in some polls. In New Mexico, which Mr Trump lost by eight points, Gary Johnson—a Libertarian candidate and a popular ex-governor—could win by attracting Republicans and a critical mass of moderate Democrats disenchanted with Martin Heinrich, the Democratic incumbent. The other 14 seats in this category look fairly safe.

Golden tickets

■ Senate seats up for election, 2018

■ States won by Donald Trump in 2016 where Democratic Senate candidates are competitive



Source: *The Economist*

The Economist

There are plenty of other ways for the party to drop a seat or two, however. The most likely losses are where Democratic incumbents are running in states that Mr Trump won in 2016.

Mr Trump took the bellwether states of Pennsylvania, Ohio and Michigan, but Bob Casey, Sherrod Brown and Debbie Stabenow, the states' respective Democratic incumbents, all enjoy comfortable polling leads. Tammy

Baldwin's lead in Wisconsin is slightly shakier, but still solid. Mr Trump won Montana and West Virginia by wide margins, but the Democratic incumbents there, Jon Tester and Joe Manchin respectively, are farther ahead than either demography or their states' political leanings suggest they should be.

In North Dakota, Heidi Heitkamp is running headlong into Mr Trump's high approval rating in her state, though that could falter if manufacturers and soyabean farmers feel pain from tariffs. Joe Donnelly clings to a slim lead in Indiana and Claire McCaskill is tied in Missouri, both states which supported Mr Trump by wide margins. It is fairly likely that the Democrats will lose at least one of these, offsetting possible gains elsewhere.

And then, in a category all by itself, there is Florida. Mr Trump won the Sunshine State narrowly. Rick Scott, a two-term Republican governor with deep pockets, is trying to unseat Bill Nelson, the uninspiring Democratic incumbent, in what may become the most expensive Senate race in history. Democrats could hold what they have already and pick up a seat in Trump country yet, if Florida again has the final say, still fall short of their majority.

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The centre can hold

Far-left candidates did poorly in the Democratic primaries

The vast majority of democratic socialists lost to candidates approved by the party



AFP

Sep 20th 2018 | WASHINGTON, DC

“CHANGE can’t wait,” repeated Ayanna Pressley after defeating Michael Capuano, a ten-term incumbent, in her Democratic primary. Three months earlier, Alexandria Ocasio-Cortez pledged that her victory over Joseph Crowley, a 20-year incumbent, was “the beginning” of Medicare for all and other progressive policies in America. To the naked eye, months of left-wing victories in primary elections have placed the Democratic Party on a new path towards democratic socialism. This is misleading. The lesson of this year’s primaries is that Democratic voters are pragmatists who pick the candidate most likely to win, rather than the one who seems the most likely heir to Karl Marx.

Ever since an exodus of white conservative southerners from the Democratic Party in the 1960s, objecting to the civil- rights movement, the party has

maintained a fragile balance between a coalition of different demographic and social groups. Left-leaning college educated whites, blue-collar social conservatives and nonwhites—especially African Americans—unite under the Democratic banner to elect candidates who reflect a wide array of interests.

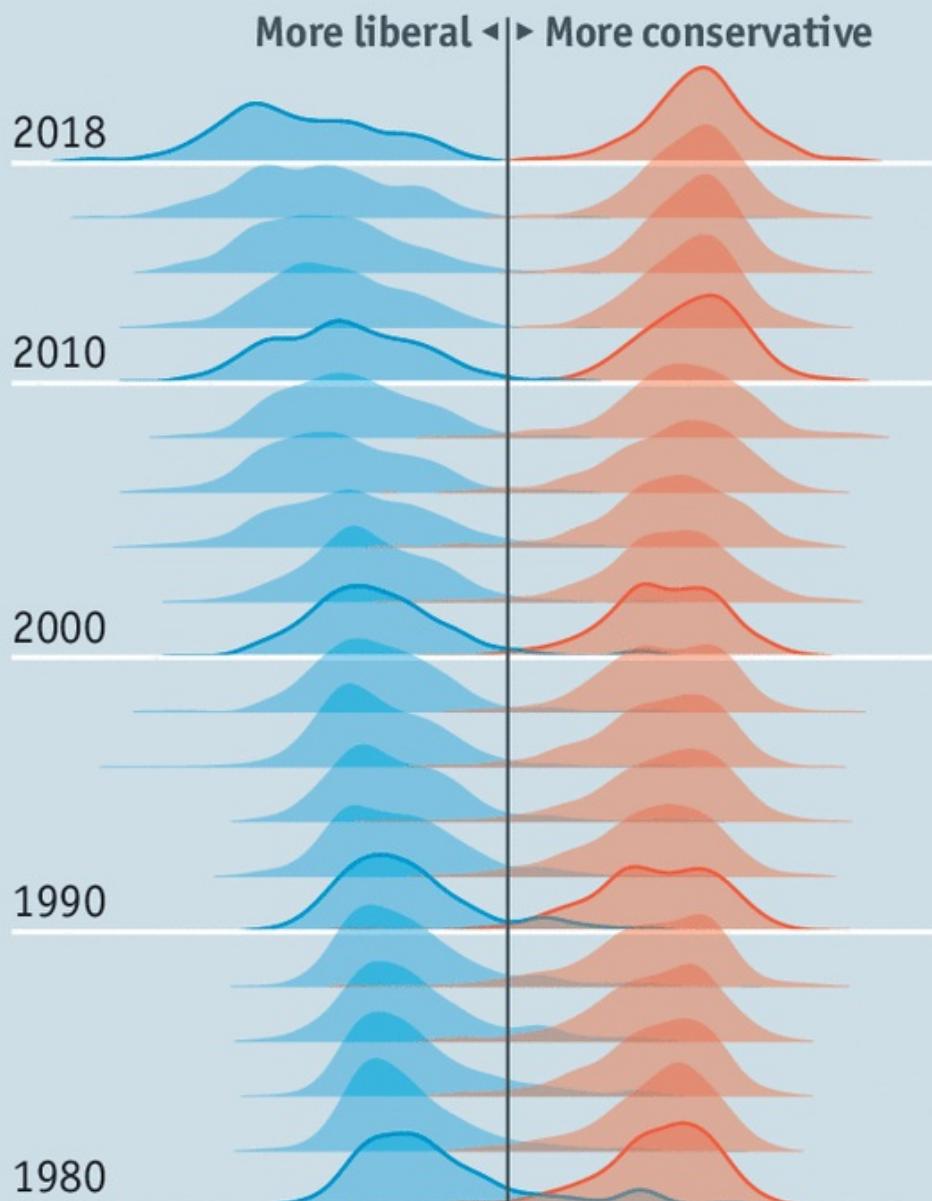
Because the party is made up of a coalition of interests from diverse backgrounds, ideological debates have not typically become wedge issues for the Democrats. Whereas being pro-choice is nearly a death sentence for a Republican candidate, a Democrat can take a pro-gun position in 2018 and still find a friendly electorate (Conor Lamb in Pennsylvania is a good example). There is plenty of room for ideological disagreement inside the Democrats' big tent. According to the Pew Research Centre, just under half of Democrats describe themselves as liberal (meaning leftish), compared with two-thirds of Republicans who say they are conservative. Democratic voters are far from being the no-compromise liberals that the victories of Ms Cortez and Ms Pressley might suggest.

That said, the party has moved leftward a bit. The same Pew Research Centre study found that 28% of partisans described themselves as liberal in 2000, compared with 46% in 2017. The candidates have moved, too. *The Economist*'s analysis of a measure of candidate ideology, developed by Adam Bonica of Stanford University, finds that the average Democratic primary-winner in 2018 is indeed more liberal than in 2016 (see chart). Democratic candidates are also more scattered over the ideological spectrum than they have been in recent years. A higher share are either extremely liberal or atypically moderate compared with previous cycles.

Swing left

United States, distribution of ideology of House candidates who won their primaries

■ Democrats ■ Republicans



Sources: Professor Adam Bonica; *The Economist*

Data from Third Way, a centre-left think-tank, show that candidates endorsed by the progressive groups Our Revolution and Justice Democrats won their primaries no more than 37% of the time. Most of those victories came in places Republicans are almost certain to win. On the other hand, candidates belonging to the moderate New Democrat Coalition or those endorsed by the party establishment won 71 of their 78 primaries. Jim Kessler of Third Way says that voters were looking for fresh faces, not necessarily for liberal ones.

A statistical analysis of Mr Bonica's ideological scores reveals that the leftward drift of the Democratic Party has not resulted in primary voters placing much weight on left-wing ideology. Voters were more inclined to reward women, incumbents and candidates who seemed a good fit for their districts.

Ms Pressley is right: change has not waited for Democrats. However, this change does not favour democratic socialists. It favours women, non-whites and party bigwigs. Indeed, to the possible dismay of the left, the centre appears to be holding.

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Crimea river

The swampy business of lobbying for foreign governments

Paul Manafort's trials have drawn attention to a dubious practice in Washington



Eyevine

Sep 22nd 2018 | WASHINGTON, DC

THE legal woes of Nisar Chaudhry, a 71-year-old Pakistani national living in Maryland, would be otherwise forgettable. But Mr Chaudhry, who as self-appointed president of the Pakistan American League had tried to parlay his title into political influence on behalf of the Pakistani government, pleaded guilty to a rare sort of crime: failing to register as a foreign agent. That was precisely the crime that Paul Manafort, President Donald Trump's disgraced former campaign-manager, pleaded guilty to on September 14th. Many have focused on what Mr Manafort, who was convicted on eight counts of financial crimes in a separate trial in August, might tell Robert Mueller, the special counsel investigating the Trump campaign's possible collusion with Russia. Of that, much is speculated, but little is known.

Yet the nature of Mr Manafort's crimes has also shed light on unregistered

foreign lobbying, the murkiest part of a swampy industry. The scheme, detailed in Mr Manafort's guilty plea, was to funnel \$11m over a decade into America to fund lobbying efforts for Viktor Yanukovych, the pro-Russian former prime minister of Ukraine. He worked to plant stories unfavourable to Yulia Tymoshenko, a political rival of Mr Yanukovych, and arranged for a "Hapsburg Group", made up of four former heads of European states, to lobby on behalf of the Ukrainian government. One of them managed to lobby Barack Obama and Joe Biden directly in the Oval Office.

The number of unregistered foreign lobbying schemes currently in effect is unknown. According to a tally from the Centre for Responsive Politics, a watchdog group, foreign governments have declared \$532m of spending on lobbyists and communications experts to influence American policy since 2017. Experts reckon that the undeclared amount is at least twice as large. "My joke is that it's like seeing a mouse. For every one, there are five others in the house," says Ben Freeman, director of the Foreign Influence Transparency Initiative at the Centre for International Policy, a think-tank.

The principal defence against secret foreign influence over American politics is the Foreign Agents Registration Act (FARA). It is a rickety piece of legislation, constructed in 1938 to combat Nazi propaganda. It explicitly mentions typewriters, parchment paper and the copying press—the technology to duplicate papers that George Washington used. Worse, it is extremely vague, and could potentially sweep all sorts of harmless behaviour into illegality. For much of its existence FARA has been ignored, because it requires lots of pesky paperwork and the Department of Justice (DoJ) did not care much. Between 1966 and 2015 the agency brought only seven criminal cases for violations. Then Mr Mueller made it great again, charging senior Trump associates like Mr Manafort, Rick Gates, the campaign's deputy chairman, and Michael Flynn, the president's short-lived national security adviser. New registrations have nearly doubled, from 550 in 2016 to an estimated 920 this year.

Ukraine-drain

Few attempts at disclosed foreign lobbying are as brazen as Mr Manafort's undisclosed venture was. More often they reside in the murky exemptions provided in FARA. One is for people solely engaged in "bona-fide religious,

scholastic, academic or scientific pursuits". How bona-fide scholarship differs from political activity is unclear in the statute and barely considered in the case law. Many institutions tread this blurry line. Confucius Institutes, centres for Chinese language instruction overseen by the Chinese Ministry of Education, established at many universities worldwide, have been criticised as propaganda outlets. A Korean-funded think-tank at Johns Hopkins University closed in May; the South Korean government withdrew funds after officials reportedly tried to fire the director over a difference of opinion.

Think-tanks can also serve as vehicles for influence-peddling. Prominent think-tanks, like Brookings and the Centre for Strategic and International Studies, have been embarrassed after revelations that they accepted millions of dollars from foreign governments while also producing seemingly objective research on subjects dear to them. Lesser-known outfits can project more seriousness than an out-and-out lobbyist. The Arabia Foundation, a recently founded think-tank often quoted in American media, is thought to be close to the Saudi government. Ali Shihabi, the founder, says the think-tank is funded by private Saudi citizens and that "we are not involved in any manner of lobbying".

Another think-tank, the National Council on US-Arab Relations, retains an international fellow named Fahad Nazer who has written for prominent think-tanks and newspapers. A filing to the DoJ made by Mr Nazeer shows that he became a paid consultant to the Saudi Arabian embassy in November 2016, receiving a salary of \$7,000 a month. The think-tank at which Mr Nazer is a fellow declined to comment on the arrangement; Mr Nazer says he complies with all the laws and regulations, and is careful to mention his deal with the Saudi embassy in media appearances.

Rather than pursuing think-tanks, the DoJ has focused its attention on government-funded news agencies. After a protracted battle, RT, a television network funded by the Russian government, was made to register as a foreign agent in November 2017. On September 18th the *Wall Street Journal* reported that the DoJ had ordered Xinhua and CGTN, two Chinese-run media outlets, to register as foreign agents. But the legal argument that compels RT to register as a foreign agent but not the BBC, which is funded by a tax, is mysterious. Decisions over who or what is subject to FARA seems largely at

the discretion of the government's lawyers. In 1983 the DoJ designated three films distributed by the National Film Board of Canada on the threats of acid rain and nuclear war as "political propaganda".

Whatever the inadequacies of Mr Mueller's quirky prosecutorial cudgel, it is clear that Mr Manafort is not the hapless victim of a bad law. His scheme would be the ideal target of any law designed to combat foreign influence. He was also convicted of a host of more humdrum tax-fraud crimes. If some of Washington's numerous "strategic consultants" are scurrying to declare themselves foreign lobbyists, then that seems a good outcome. But in the age of Twitter bots, American policymaking and elections may be defended from foreign influences only by completely rewriting FARA. The new law should probably devote as much space to computers as to parchment.

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Of bras and ballot initiatives

Nevada's most notorious brothel-keeper is also a Republican candidate

Dennis Hof's business is under threat from an intra-party feud



-Reuters

Sep 20th 2018 | CARSON CITY, NEVADA

“YOU’RE the master of your own destiny in this job, much like any small business owner.” So says Alice Little, who claims to be America’s top-earning legal prostitute, on track to book \$1.2m this year. Next to an undulating sex sofa in an otherwise homely suite at the Moonlite Bunny Ranch, she lists the perks of her trade. They include flexible hours and prices that she alone sets. “I am my own boss. Everything I do is my choice,” she adds, in the evangelising tone of an entrepreneur.

Ms Little may soon find herself jobless. Residents of Lyon County—one of seven in Nevada that has legal brothels—will vote on an advisory measure to ban them on November 6th. The county’s four bordellos may shutter, leaving several hundred registered sex workers, bartenders and maintenance staff without work.

Nevada's sex trade is the only legal one in America and is as old as the state itself. Miners arrived in the mid-19th century, soon followed by gambling and prostitution. The vices stayed: attempts to ban the brothels in the post-war years faltered. State law forbids prostitution in the more densely populated counties: it is illegal in Las Vegas and Reno, though that is where most sex-workers covertly ply their trade. Nevada currently has 21 legal brothels. They sit off dusty, rural highways.

The anti-brothel crowd is a mix: some church folk, who see the issue in moral terms; some campaigners against sexual exploitation; and some business types, who fear it will deter investment in a nearby industrial zone. Brenda Sandquist, who runs a charity called Xquisite that counsels sex-workers, says they are treated like "meat." She thinks they face abuse and that legalising prostitution brings an uptick in sex-trafficking.

Ms Little finds the idea that she is being exploited laughable. Prostitutes in Nevada are classified as independent contractors; most live elsewhere and arrive at the brothels for short stints, free to leave as they wish. They can turn down requests by clients, insists Dennis Hof, owner of Lyon County's four bordellos. He aims to cultivate "a willing buyer, a willing seller, and a repeat customer."

Prostitutes must pass a background check: felonies are disqualifying. They submit to weekly STD testing, and condoms are required. Rooms come equipped with panic buttons to guard against abusive johns, though Ms Little says she has used hers twice: once at the sight of a tarantula and once by accident. Freedom to work without fear of arrest is another relief. While stripping in Las Vegas, Tiara Tae, now a sex-worker at the Bunny Ranch, saw countless streetwalkers get "ho charges"—a "little bit of jail time and a huge-ass fine." The illegal scene there was "shady" and required too much hustle to evade penalty.

Legalised prostitution seems safer. A study from Rhode Island, which in effect decriminalised indoor prostitution between 2003 and 2009, found that reported rape offences decreased by 30% and gonorrhoea cases by over 40%. No study has yet shown a causal link between legalised prostitution and people trafficking.

Mr Hof, a publicity-courting showman, suspects an ulterior motive behind the proposed ban. He is running for a state-assembly seat in November and thinks the ballot initiative was cooked up by his opponent in the Republican primary, a three-term incumbent, whom he trounced in June. That the two counties to contemplate a ban this year happen to be those where he owns brothels is no coincidence, he speculates. (In Nye County, anti-brothel campaigners failed to win enough signatures to get the measure on the ballot.)

He seems a shoo-in for his Trumpian district, even as police investigate allegations of sexual assault against him. (“Totally absurd,” he says when asked if they are true.) Grover Norquist, the anti-tax crusader, and Roger Stone, a longtime adviser to the president, came to this arid corner of Nevada to campaign on his behalf.

In all likelihood the proposed ban will go nowhere. Just 29% of Nevadans said they would ban prostitution in a recent poll. That share drops among rural residents. Mr Hof sees this as a matter of personal liberty for both the women and their clients—like owning guns, gambling, and smoking weed. That argument deserves some scrutiny. Ms Tae went broke three times before becoming a sex-worker. Aspen North, also of the Bunny Ranch, says family debt led her to the profession. Their choice of sex work does not make them victims of trafficking, but it suggests a lack of options owing to poverty. They can make ends meet safely now and would be hurt most by a ban. Moralisers, says the Republican candidate, “need to wake up.”

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Beyond the hashtag

Black Lives Matter is becoming slightly more conventional

The movement confronts a dilemma: protest, or win elections?



Sep 20th 2018 | FERGUSON

CRUMPLED paper roses, a broken vase and a brass plaque mark the spot in Ferguson, Missouri, where a policeman shot dead Michael Brown four years ago. Kesha Burnett, a resident of a nearby housing block, gives it a glance and hurries along Canfield Drive to her bus. Has anything changed for her since the black teenager was killed and mass protests erupted? “No improvement, there’s a lot of gun violence all over,” she says. “Police are trying,” she adds, “but police still harass”. “Police? They still act the same,” complains a youngster in a grey T-shirt. He draws on an e-cigarette by a McDonald’s restaurant nearby. “Nothing going to change, they’ll still be killing. They just mess with you, for real,” he says, declining to give his name.

As patrol cars pass back and forth, residents offer contradictory views on how Ferguson has changed since the protests in 2014. Cornelius Washington, who

has lived there for 20 years, says “anger built up over time” and remains. “It was so corrupt, people were jailed for four months over a traffic ticket,” says Jamala Rogers, an activist and author of a book on the protests. She says harassment goes on. Others demur, claiming too much has changed. The owner of a liquor shop, of South Asian heritage, stomps from behind a thick glass cage over to his parking lot to show where chanting protesters spent two weeks last month trying to close his business. (Their motives were unclear.) He “called police 100 times” to shift them but officials dithered. “They don’t dare take action now,” he says. Nobody will risk another spark.

Ms Burnett does see one clear improvement over the years: “Black Lives Matter, I do think they help the community,” she says, referring to the grassroots activist group that made its name in the protests. Mr Washington says the name alone gave a welcome sense of pride. Activists first used the BLM hashtag on social media before Brown’s death—it has been deployed 30m times, says the Pew Research Centre. More important, BLM is growing into a substantial rights movement.

Patrisse Cullors, a co-founder of BLM, also set up its associated Global Network to co-ordinate groups in the “larger movement for black lives”. Members shun centralised decision-making, she says, preferring “distributed leadership” among some 40 BLM chapters nationwide. Still, a few founders, including Ms Cullors and Alicia Garza, earn most attention: Ms Garza this month called BLM “the civil rights movement of our generation”.

The activists say it has notched up tangible success. Ms Cullors sees rising social consciousness about black concerns, for example in more numerous and appealing depictions of black characters by Hollywood. The groups’ focus on police violence has also led to “a clear conversation about state repression”, she says.

Official responses to police killings, in some places, are also changing. Ms Rogers notes that St Louis, which contains Ferguson, has elected its first two black prosecuting attorneys in the past two years. They promise closer scrutiny of police behaviour. That approach has spread. In Chicago a policeman is being tried for killing a black teenager he shot 16 times while on duty. This is the first such murder trial of a policeman there since the 1970s.

Barbara Ransby, an academic in Chicago who just published a history of BLM, calls it a movement in transition. Its focus has widened from police violence to diverse social concerns, notably sexual politics and feminism. That has proved popular. Civil-rights groups used to be led by overbearing and middle-aged men, usually preachers, who hold little appeal for youngsters today. The new outfit's approach is proving far more exciting.

Still, the movement has conventional problems. Ms Rogers describes having to manage a surge in donations for her organisation in Ferguson, whereas Ms Cullors says "we don't have anywhere near enough funding" overall. The many groups nationally get by on less than \$2m in total, she estimates. BLM lacks a slick media operation and is rather chaotic.

This is partly because its activists disagree over strategy. An "abolitionist" faction wants campaigns to shut all prisons, even disbanding police forces. Moderates, such as those at the Ella Baker centre in Oakland, want a focus on pressing local municipalities to spend more on public health. The biggest doubt is the "burning question, whether to participate in this fallacy of a democracy in America", by getting involved in elections, says Ms Rogers.

Radical members, especially those disappointed by Barack Obama's presidency, argue for sticking to "direct action" such as blockades of bridges and roads. Ms Ransby recalls how activists early on scorned "respectability" and "representative politics". Nor were activists ready at first. DeRay Mckesson, who is popular on Twitter, ran for mayor of Baltimore in 2016. He flopped, winning just 2.5%.

Moderates in favour of elections, however, now have the upper hand. Ms Rogers says the elected lawyers in St Louis prove that meaningful gains can be made. Zachary Norris of Ella Baker points to elected officials who have been persuaded to help both ethnic minorities and immigrants in "freedom cities", such as Austin, Texas.

Does that mean backing down from previously strident protests? Ms Cullors denies it, promising electoral politics to go with "building power of the most vulnerable" through education, campaigns and direct action. Ms Rogers, whose Organisation for Black Struggle in St Louis has been active since the 1980s, says Black Lives Matter is the latest example of a long, two-pronged

struggle: for electoral change and more “power outside the arena” for black people. Both will come, she says.

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Lexington

Kavanaugh and #MeToo

Confirming Brett Kavanaugh risks damaging Republicans and the Supreme Court



The Economist

Sep 20th 2018

WHEN Clarence Thomas, rigid with anger, accused the Senate judiciary committee of subjecting him to a “high-tech lynching for uppity blacks”, white America winced. Late in the process to confirm Mr Thomas’s appointment to the Supreme Court bench, he had been accused of sexual harassment by a former assistant, Anita Hill. Her claims were credible. But this was 1991, and America was far more nervous about racial than gender-based discrimination. The prospect of a bunch of white senators barring Mr Thomas, a black man who had risen from poverty in the South, on the basis of an alleged sexual misdeed was too excruciating to countenance. Miss Hill was rudely sent packing by the all-male committee, and Mr Thomas confirmed.

Twenty-seven years later, the cultural tide has shifted, to Brett Kavanaugh's disadvantage. Until this week the 53-year-old judge was cruising to a berth on the court. But revelations that he stands accused of a sexual assault 35 years ago have put that in doubt. Mr Kavanaugh categorically denies the accusation. The justice committee's Republican chairman, Chuck Grassley of Iowa, one of several holdovers from 1991, postponed a vote on partisan lines to send Mr Kavanaugh's nomination to the Senate. He has invited Mr Kavanaugh and his accuser, an academic psychologist called Christine Blasey Ford, to appear before the committee.

They may not. Ms Blasey has demanded an FBI probe into her claims, which Mr Grassley is against. But this is already a major politico-cultural showdown. It involves a collision between President Donald Trump's political priority, confirming conservative judges, and the most powerful repulse to his politics, in the form of the #MeToo movement that his misogyny helped inspire. Unless Ms Blasey's allegations are discredited, the row will have lasting consequences for the standing of the court and both parties on the defining cultural issue of the Trump era.

Ms Blasey's claim looks unprovable—but also credible. She says Mr Kavanaugh, as a drunk 17-year-old, threw her onto a bed at a high-school party, groped her and stifled her screams with his hand. There are many details of the alleged attack, including where in suburban Maryland it occurred, that Ms Blasey says she cannot recall. A high-school friend of Mr Kavanaugh's, Mark Judge, who she claims was present for the assault, has denied it. Yet Mr Judge, an unreconstructed chauvinist who wrote a book about his teenage alcoholism, is not a strong defence witness.

The alleged assault is also referred to in notes taken by Ms Blasey's therapist years before Mr Kavanaugh's nomination. And though a Democrat, like most products of Maryland's affluent suburbs, Ms Blasey appears to have nothing to gain from her allegations, much to lose, and to have stepped forward reluctantly. In fear of the pillorying Ms Hill received, she says she went public only after journalists got hold of her claim. Her lawyers say she has since received "vicious harassment and even death threats".

There will probably be no clean end to this. Whoever the Senate disbelieves will feel aggrieved, and may have been badly wronged (as Ms Hill did and

perhaps was). The truth looks irretrievable. Most of Mr Kavanaugh's Republican supporters, after an instant's reflection, have therefore doubled down. They have pushed back against Ms Blasey's claims, on procedural and other grounds, and suggested she must show up next week or be ignored. "I'll listen to the lady, but we're going to bring this to a close," sniffed Lindsey Graham of South Carolina. This is worse than Ms Hill suffered. Her allegations were investigated by the FBI. Moreover, the Republicans' ulterior motive in trying to press their nominee home is more nakedly self-interested than it was in 1991. At issue is not merely a cherished Supreme Court berth. Their reputations, and their party's prospects, are also on the line.

An ambition to steer the Supreme Court to the right is the main justification many Republicans cite for backing a leader who is anathema to Republican ideas and values. It is a determination that has sustained them, with an unsulliable feeling of rightness, through the indignities Mr Trump has piled on them. Now, in the shadow of mid-term elections at which Senate Republicans could lose their judge-making majority, they are at risk of failing in their all-justifying endeavour. It is too excruciating a prospect for once-admired senators such as Mr Graham, whose fawning over Mr Trump is especially dismal, to bear.

The irony of this, which will not be lost on at least half the electorate, is that by sticking blindly with Mr Kavanaugh Republicans are inviting a more serious blow to their personal reputations and party's viability. Just as outrage over Ms Hill's treatment triggered a surge of women into politics, Mr Trump's offensiveness is also motivating women. The Democrats, who have seen a wave of women candidates, are already profiting. The revulsion many Alabamian women felt towards Roy Moore, a Republican candidate with an alleged fondness for young girls, cost the Republicans a Senate seat they thought they owned. The gender gap in partisan loyalty is at a record high and growing, as working-class women trickle from the Trump party and college-educated women leave it in a torrent. If the Democrats take either congressional chamber in November, this will be the main reason why.

The old boys-will-be-boys' club

The damage Mr Kavanaugh's confirmation, in the current circumstances, could do the Supreme Court is even worse. It would give it a second alleged

conservative sex pest, and thereby an all-male conservative majority. It could then settle gender-divisive issues—most obviously concerning abortion rights—in ways that most women would abhor. The blow to the court's standing could be severe. This is something Mr Grassley and his Republican colleagues should consider when they cite rules-based objections to Ms Blasey's claims. The legitimacy American institutions enjoy rests on more than following rules. They must also be considered fair—or suffer the consequences.

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Argentina's president struggles with a sinking economy. Failure to deal with a currency crisis casts doubt over his hopes of re-election.

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Cuba's thriving honey business. Agricultural backwardness makes for healthy hives.

Shrinking pains

Argentina's president struggles with a sinking economy

Failure to deal with a currency crisis casts doubt over his hopes of re-election



Sep 20th 2018

IN 1991 Mauricio Macri, son of a wealthy industrialist, was kidnapped. His captors bundled him into a coffin, drove to a hideout and held him for two weeks before his family paid a \$6m ransom. Mr Macri, Argentina's president since 2015, says the ordeal persuaded him to abandon business and contribute to society by taking up politics. His second career has proved hardly less traumatic. Argentina's plunging currency led Mr Macri to confess on September 3rd that "these were the worst five months of my life since my kidnapping."

Another recession, the second since Mr Macri took office, now seems inevitable. In May the central bank raised interest rates to 40% to tackle a currency crisis that has seen the peso lose more than half its value against the dollar since the start of the year. The next month the government secured a \$50bn credit line from the IMF, the largest in the fund's history. In August,

as the peso continued its slump, the central bank raised rates to 60%. None of these measures bought more than temporary relief. Mr Macri has appealed to the IMF to accelerate the loan payments. A new round of negotiations with the fund began on September 4th and have yet to conclude.

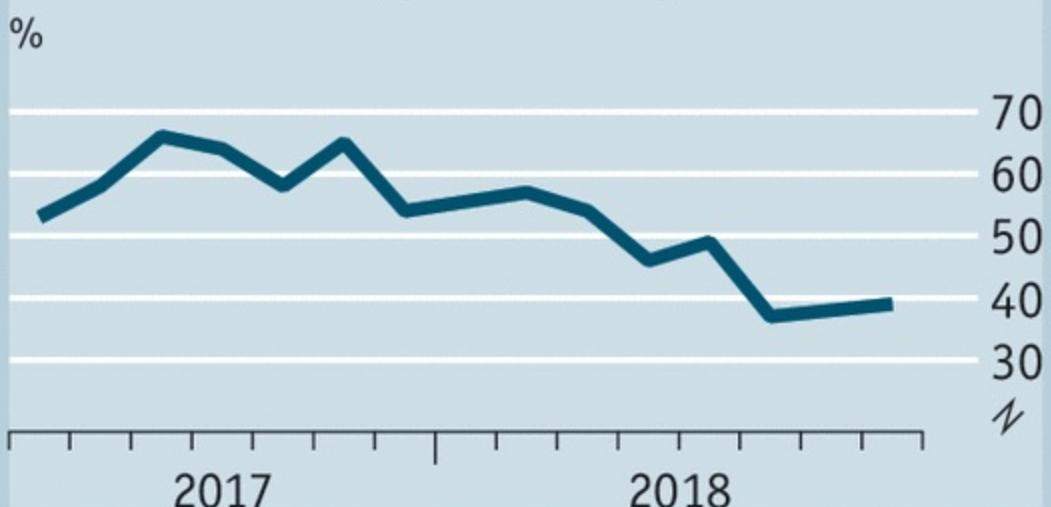
With a presidential election due in October 2019, investors fear that the crisis will precipitate Mr Macri's departure and a return to the disastrous populist policies of his Peronist predecessor, Cristina Fernández de Kirchner. Mr Macri is entitled to feel dizzied by his fall from grace. Until recently he appeared assured of a second term in office as reward for his efforts to repair the economic damage inflicted by Ms Fernández. Soon after taking office, his government slashed export taxes, lifted currency controls and resolved a disagreement with bondholders to restore access to international capital. Spending cuts were implemented gradually to protect the third of Argentines below the poverty line.

The strategy worked. There was a painful recession in 2016, the result of raising interest rates to tackle 25% inflation, but after that the economy rebounded. In 2017 GDP grew by 2.9%. Mr Macri's coalition won mid-term congressional elections in October. Yet despite his efforts to defuse it, the fiscal time-bomb bequeathed by Ms Fernández has detonated this year. In April rising yields on US Treasury bonds hit Latin American currencies as investors sold risky assets. Argentina's fiscal and current-account deficits, along with its pile of foreign-denominated debt, singled it out for punishment. The peso slumped, along with approval of Mr Macri (see chart).

Macri-economics

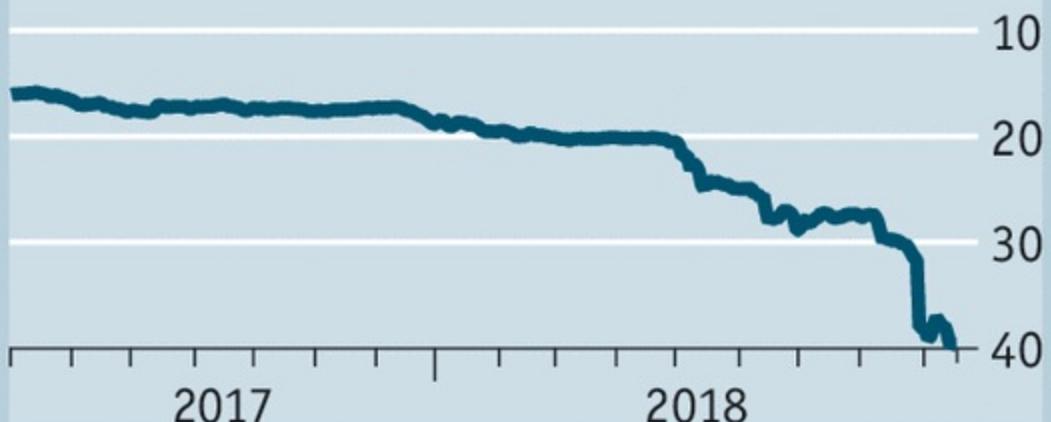
Argentina

Mauricio Macri, approval rating



Peso against the \$

Inverted scale



Sources: Isonomía; Thomson Reuters

The Economist

In response, the government announced its latest plan to regain the

confidence of investors on September 3rd. It has promised to balance the budget in 2019, a year sooner than agreed on in June with the IMF. It plans to eliminate the primary fiscal deficit, which is forecast to reach 2.6% of GDP this year, by levying a new tax on exports, and reducing subsidies on public transport and electricity. As well as appeasing investors, the measures are aimed at persuading the IMF to disburse credit earmarked for 2020 and 2021. But the fund may seek “modifications in return for more financing,” says Edward Glossop of Capital Economics, a consultancy.

The crisis inflicts on Mr Macri both a political, as well as an economic, headache. The new spending cuts require the approval of congress, where his coalition is in a minority. He will need the support of moderate Peronists in both houses to vote in October and November to pass the 2019 budget. Most seem willing to lend their support. The moderates would have nothing to gain from provoking a political crisis.

Even if that succeeds, however, the coming months are unlikely to offer Mr Macri respite. The government expects the economy to shrink by 2.4% this year and inflation to reach 42%. Next year it predicts a further contraction of 0.5% and inflation averaging 23%. With interest rates set to remain at 60% until at least December, output could fall even more than forecast.

A worsening economy may prompt social unrest. The General Confederation of Labour, Argentina’s largest trade-union group, has called a general strike for September 25th in protest at the government’s austerity measures. It may prove the first of many. “Much depends on how much patience Argentines are willing to show the government,” says Juan Cruz Díaz of Cefeidas Group, a consultancy.

Mr Macri can take some comfort from the travails of his predecessor. Ms Fernández was elected to the Senate last year but faces a number of serious corruption charges related to her time in office. She is likely to seek the presidency again next year unless congress votes to strip her of the parliamentary privileges which currently preclude her arrest. Her return might suit Mr Macri. Although she retains a loyal band of supporters, polls suggest that two-thirds of Argentines dislike her, making her re-election far-fetched. Her candidacy would probably take votes from a moderate, more appealing Peronist candidate.

A more electable Peronist would offer Mr Macri a sterner test, but the party has yet to coalesce around anyone. There is still time. Néstor Kirchner, Ms Fernández's late husband and presidential predecessor, emerged as a competitive candidate only a few months before his election in 2003. Should Mr Macri's ratings continue to decline, he could decide to stand down to make room for one of his protégés, perhaps María Eugenia Vidal, the charismatic governor of Buenos Aires province, or Horacio Rodríguez Larreta, the mayor of Buenos Aires. Aides to Mr Macri discount that prospect. But, as Mr Macri knows, his career can change course suddenly.

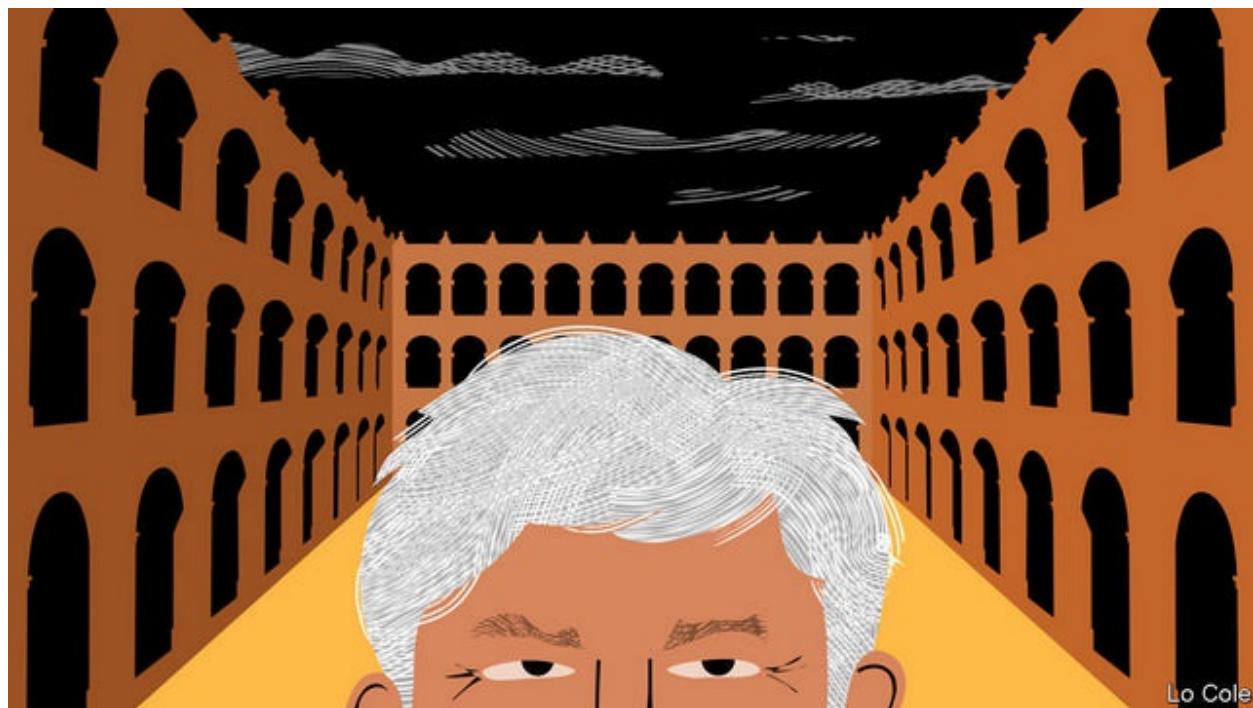
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Bello

Mexico's new president sets out to change his country's course

But did voters want a new regime or just a new government?



Sep 20th 2018

WITH its long bulk of purple volcanic stone, the National Palace is not just any building. It looks out onto the Zócalo, the teeming heart of Mexico City, peopled by the dark-skinned Mexico that travels by bus or metro rather than in big SUVs with darkened windows. Tourists file in to the palace to see the murals by Diego Rivera. A less-visited corner houses the modest set of rooms where Benito Juárez, a 19th-century president, lived and died, having tackled the power of the Catholic church and defeated a French invasion.

So when Andrés Manuel López Obrador declared that he would be the first Mexican president since 1910 to use the palace as his workplace, he was making a statement that was both political and historical. Mr López Obrador (known as AMLO to Mexicans), who won a landslide victory in a presidential election on July 1st, promises a “fourth transformation”, after those of political independence, Juárez’s assertion of national sovereignty

and the revolution in 1910-17. “This is a change of regime, not just of government,” says Lorenzo Meyer, a historian sympathetic to AMLO.

Although he does not take office until December 1st, some of the contours of this change are already clear. Those who compare AMLO either to Venezuela’s late Hugo Chávez, an authoritarian populist, or Brazil’s Lula, a corporatist social democrat, are missing the point. Mr López Obrador is steeped in a particular version of Mexican history (about which he has written several books), from which he derives his inspirations and world-view.

His first hero is Juárez, a liberal but one in whom the new president sees a leader who “proposed a new Mexico based on honesty and republican values”, according to José Agustín Ortiz Pinchetti, AMLO’s authorised biographer. Second is Lázaro Cárdenas, who in the 1930s nationalised the oil industry and carried out a state-controlled agrarian reform. He stands, as Mr Meyer puts it, “for bringing social justice to a society that still has colonial characteristics”, of racism for example. Much as the new president hates Mexico’s democratising “neoliberal” governments since the 1980s, which he (questionably) equates with the pre-revolutionary dictatorship of Porfirio Díaz, his nationalism has a strong streak of pragmatism.

What all this means is that AMLO will be economically moderate, socially bold and politically centralising—but not necessarily democratic. On the economy, he is committed to fiscal responsibility and has promised not to raise taxes for three years. He seems to be backing away from campaign promises to reverse private investment in energy and halt a new airport for Mexico City.

He thinks he can fund a big increase in public investment, mainly for transport projects in the poorer south, by eliminating waste. The first law approved by the new congress (in which AMLO has a majority) involves a swingeing cut in the salaries of senior officials. Federal “delegates” will police spending by state governors. He plans a shake-up of social programmes. “We think we can re-direct \$15bn-17.5bn” to a universal non-contributory pension and a scheme to help 2.6m unemployed young people back into school or into jobs, says Gerardo Esquivel, who will be a deputy finance minister.

Much of this is laudable in principle. In practice, there is a risk that the salary cuts deprive AMLO of the necessary expertise to run a complex state. The infrastructure plans have not been properly costed. The same air of improvisation hangs over plans for public security, a crucial issue.

Like Juárez, AMLO is personally austere. His recipe for fighting corruption and crime seems to be to restore the authority of the federal government. That may well be popular. Historically, Mexico has floundered when power is dispersed. But the president's "delegates" look to some like a device to turn his Morena movement into a party of the state. AMLO mistrusts "civil society", the pressure groups that call for stronger checks and balances. Even some of his supporters worry that his aim may be to strengthen the state rather than democracy.

No Mexican politician knows his people, or at least the poorer part of it, better. As a young man he spent six years living in a hut with the Chontal Indians. During his campaigns he has visited each of the 2,500 municipalities in Mexico twice, according to Mr Ortiz. He is an effective political communicator. But his vision of history may not accord with a country which many Mexicans do not think is still "colonial", but who voted for him out of despair at crime and corruption. It is still unclear whether Mexico wants a change of regime, or just of government.

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Keeping an open door

An immigration debate shakes up Quebec's election

An ill-considered appeal to xenophobia divides the province



PA/Canadian Press

Sep 22nd 2018 | MONTREAL

ON A sweltering Sunday afternoon in Old Montreal, the first of dozens of people began arriving at Quebec's immigration department armed with folding chairs. They were intent on being near the front of the queue the next morning, September 17th, when the province's government began accepting the first of only 750 applications for private citizens to sponsor refugees. The fact that Montrealers were prepared to sit outside all night to bring in more refugees shows why François Legault, leader of the Coalition Avenir Québec, has tripped up on the path to victory in the election for the provincial parliament on October 1st.

After almost 15 years of a Liberal government, Quebecers are open to change. The Coalition's promise not to support independence means that for the first time in a generation voters who want to remain in Canada do not have to choose the Liberals, the only big party in Quebec that favours staying

in. Mr Legault has come unstuck with his populist impulse to back a plan to cut immigration by 20% from 52,000 last year, subject immigrants to a language and values test and expel those who fail it.

His supporters are divided. The promise is popular in rural areas where there are few immigrants. But in the Montreal region, where immigrants account for 23% of the population, it has gone down badly. That may derail the Coalition's chances of winning seats in an area which returns 27 of the assembly's 125 members. It is also unpopular with businesses, which need workers to fill around 90,000 vacancies. Other party leaders derided the plan during a televised debate on September 17th. Philippe Couillard, the Liberal leader and current premier, asked whether immigrants would be dumped on a bridge between Quebec and Ontario.

Mr Legault may have thought he was on firm ground in a province where protecting the French language and culture has been a defining issue since the British conquest in 1759. Immigration has become more of a concern in Canada since asylum-seekers began ignoring official channels by walking across the border with the United States. Almost 35,000 have come since January 2017, most of them to Quebec. Justin Trudeau, the Liberal prime minister, was heckled on a recent visit to the province by a woman asking who would pay for the border-crossers. The Conservatives, the official opposition in the national parliament, though not in Quebec, call it a crisis. Maxime Bernier, a former Conservative MP from Quebec, recently created the People's Party of Canada to oppose "extreme multiculturalism" among other things.

As many Quebecers appear not to share his views on immigration, Mr Legault is losing ground. Polls show that his party, once apparently heading for a majority, may be lucky to form a minority government. Back at the immigration department, Ali and Taherah, an elderly Canadian couple originally from Iran, are tired but cheerful after a long wait to apply to bring their son and his family to Canada. Ali says the political debate is removed from reality. He has found Quebecers to be welcoming to newcomers. Mr Legault may have fatally over-estimated the strength of anti-immigrant sentiment in the province.

Correction (September 20th, 2018): An earlier version of the story

misquoted the man identified as Ali. The end of the final paragraph has been changed to correctly reflect his views.

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Worker bee's paradise Cuba's thriving honey business

Agricultural backwardness makes for healthy hives



Getty Images

Sep 20th 2018 | ARTEMISA

ALBERTO QUESADA loads a flatbed lorry in a field in the middle of the night for a two-hour drive to the dense mangrove swamps on the Gulf of Batabanó. “It’s important that they wake up in their new habitat,” he says of his cargo of bees. In the summer his 30,000 hive-dwellers feast on coastal flowers; in the autumn they forage on milkweed and morning glories further north. Around October it is off to the mountains, as Cuba’s trees reach their prime, before he brings the bees back to his farm about an hour’s drive from Havana. There, they have their pick of palm, mango and avocado trees, fresh vegetables—an uncommon luxury in Cuba—and a garden teeming with sunflowers, lilies and bougainvilleas. The diets of these well-travelled insects are more diverse than that of most Cubans.

It is good to be a bee in Cuba. Beekeepers elsewhere lose around 20% of their colony in the winter. Climate change, parasites, the intensification of

pesticide use, urbanisation and an obsession with tidiness are causing colonies to collapse. “We mow our lawns and trim our hedges so much that there are now fewer places even for wild bees to nest,” says Norman Carreck of the British-based International Bee Research Association.

Communism has done Cuba few favours but it has proved a boon for its bees. Impoverished farmers cannot afford pesticides. A lack of modern equipment and little economic incentive to farm mean much of the island’s vegetation is wild in a way that keeps bees well nourished and produces high-quality honey.

While honey production in most countries has taken a hit along with hives, Cuba’s healthy bees have been busy. The population is growing by an average of 7,000 hives a year, each yielding around 52kg of honey in 2017, double the average from American hives. Although nine-tenths of total production, around 10,000 tonnes last year, is managed by private farmers like Mr Quesada, they are obliged to sell it to the government at a little over \$600 a tonne. It is then exported, mostly to Europe, where it fetches \$4,600 a tonne for ordinary honey and \$14,000 for the 16% that counts as organic. Were a costly certification process not required, much more could fetch such a premium.

Cuba’s honey industry is tiny compared with that of world leaders (bees in China, the biggest producer, make over 500,000 tonnes a year) but it is a valuable agricultural export. And despite the state reaping most of the rewards, farmers, who profit from selling some honey to fellow Cubans, are keen to expand.

In anticipation the government has opened a new bottling facility that will increase production capacity to 15,000 tonnes a year, and plans to sell more organic honey and by-products such as beeswax. But high-quality hives need to be mobile. Cuba’s terrible roads and scarce fuel do not help. Even the wood and netting required to build hives are hard to come by. All these will need to improve to keep the business abuzz.

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Pakistan's former prime minister is freed from prison. Nawaz Sharif can now make life difficult for his successor, Imran Khan.

Abe's ambition

Japan's prime minister has a lot to do in his last years in office

Amending the constitution may come at the expense of economic reform



AFLO

Sep 20th 2018 | TOKYO

THE outcome was never really in doubt, just the margin—and in the end that proved comfortable too. This week Shinzo Abe won a third consecutive term as leader of the Liberal Democratic Party (LDP), earning 69% of the vote in a ballot of the party's members and MPs. Since the LDP has a big majority in parliament, that gives him three more years as prime minister. They are likely to be his last, since the LDP's rules, which he has already had changed once, limit leaders to three terms. What, beyond seeing through the installation of a new emperor in 2019 and the Tokyo Olympics in 2020, will he do with them?

Mr Abe has a fixation with foreign and security policy. He would dearly like Japan to shed the complexes it has developed as a result of its history of militarism and colonialism, and assert itself more in international affairs. To that end, he has long desired to do away with Article 9 of the constitution, committing Japan to pacifism, which America imposed after the second

world war. “Constitutional revision is in his soul and blood; a magma within him,” says Takao Toshikawa of *Insideline*, a political newsletter.

But Mr Abe is also a pragmatist. When it became clear that any perceived retreat from pacifism would incense China and the Koreas, and alarm many voters, he settled on a more modest plan. He now says he simply wants to add a sentence to the article that bars Japan from having an army, to legitimise its “self-defence forces”. The LDP and its allies enjoy a two-thirds majority in both houses of the Diet, enough to pass an amendment. But not all of its MPs are keen on the change, so pushing it through is likely to consume a lot of Mr Abe’s attention. After that, the amendment will have to be ratified by voters in a referendum—an even more daunting challenge, judging by the polls.

It's the economy, Shinzo

That may not leave Mr Abe much time to minister to the economy. Mr Toshikawa reckons he would like to declare an end to Japan’s three decades of deflation during his third term. But growth still seems dependent on unprecedented fiscal and monetary stimulus. Mr Abe has talked a lot about structural reform since becoming prime minister in 2012, but delivered only dribs and drabs. His final three years look likely to conform to that pattern.

The prime minister has mused about introducing tax breaks to encourage big companies to spend their huge hoards of cash on higher wages or domestic investment. There is also vague talk about boosting entrepreneurship, especially in the rural areas. But having tweaked employment laws earlier this year, he shows no inclination to re-open the subject to enact reforms that would make more difference, such as making it easier to fire people. By the same token, Mr Abe has exposed certain protected industries to greater competition through trade deals, but has said little about spurring competition more broadly.

Meanwhile, even Mr Abe’s most loyal lieutenants, such as Midori Matsushima, an LDP lawmaker, admit he is neglecting Japan’s demographic time-bomb. The population is shrinking by 1,000 people a day and ageing to boot: one in every five people is over 70. Unless something is done soon, the atrophying of the economy due to the shrinking number of workers and consumers is likely to cancel out the benefits of any reforms Mr Abe

institutes.

The prime minister, however, seems unwilling to countenance, let alone champion, large-scale immigration. He is letting in more foreign workers, but only for short stays and without families; he has gone out of his way to stress that the new arrivals will not be allowed to remain. The proportion of women working has risen during his tenure, which has helped offset the decline in the working-age population. But the tax code still penalises the lower-paid person in a couple, almost always a woman, if she earns more than ¥1.5m (\$13,362). Many women have therefore opted for only part-time jobs.

What is more, as Shigeru Ishiba, Mr Abe's challenger, pointed out often during the leadership election, the government's policies are financially unsustainable. Public debt is 250% of GDP. The government has pushed back the date when it expects to balance the budget to 2025; the deficit stands at 4.4% of GDP. Mr Abe says he will raise the consumption tax from 8% to 10% in a year's time, but almost all of the expected revenue has already been earmarked to provide free child care and nursery. He has also talked of increasing the retirement age to 70, and allowing pensions to be drawn later, as well as obliging wealthier old people to pay more towards their medical care. Those are all good ideas but will barely dent Japan's projected debts. "What Abe is trying to do is kind of right, but he is really not doing enough to solve the problem," says Mieko Nakabayashi of Waseda University.

To make matters worse, Mr Abe may find it hard to enact reforms as his tenure draws to a close, thanks to jostling within the party to choose his successor. There is also a busy electoral calendar, with voting for part of the upper house and lots of local offices next year. If Mr Abe wants to burnish his legacy, he had better get moving.

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Two extremes

Kyrgyzstan resorts to radical tactics against radical Islamists

But it is mainly ethnic Uzbeks who are caught in its net



AFP

Sep 20th 2018

WHAT do a report on the mistreatment of migrant workers, a pamphlet from Hizb ut-Tahrir (an international group that wants an Islamic caliphate but disavows violence) and a Dutch film called “I am gay and Muslim” have in common? According to the authorities in Kyrgyzstan, a former Soviet republic of 6m people, they are all “extremist material”. Anyone found to be in possession of such dangerous stuff faces a minimum prison sentence of three years.

Human Rights Watch (HRW), a pressure group, says that at least 258 people have been convicted of possessing extremist material since 2010. More than 500 new cases have been opened in the past three years. The law has been amended twice to make it harsher, first by outlawing mere possession rather than distribution and then by setting mandatory minimum sentences. A subsequent softening of the rules has not been implemented.

Activists say that the woolly definition of extremist material and the severe sentences encourage abuse. Allegations of police planting jihadist magazines on suspects, or demanding bribes to make the charges go away, are common. The law has also been used against journalists and lawyers. In one particularly Kafkaesque case in 2016, police raided the house of a lawyer who had represented a client charged with possession of extremist material. When a copy of the material in question was found in the client's case file, the lawyer, too, was convicted of the offence.

Letta Tayler, author of the HRW report, acknowledges that the authorities have good reason to worry about Islamist extremism. She says officials have told her that 764 locals have gone abroad to fight for groups like Islamic State and al-Qaeda. Ethnic Uzbeks, who live mainly in the south of the country, are especially susceptible to radicalisation. Although they comprise only 15% of the population, they account for a majority of those convicted of offences related to extremism, according to a study by the supreme court from 2016.

Noah Tucker, a journalist and academic, argues that Kyrgyzstan's ethnic Uzbeks have been marginalised by successive governments since inter-ethnic clashes in 2010. They are under-represented in, and frequently intimidated by, the security services. Ms Tayler says that repressive laws, which many Uzbeks believe are aimed at them, only aggravate their sense of alienation. Add that to the long list of grievances against a government which still claims, ever less plausibly, to be the only democratic one in Central Asia.

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Parading for peace

The leaders of the two Koreas put on another great performance

But can they entice America back to the negotiating table?



AFP

Sep 20th 2018 | SEOUL

THE setting keeps changing; the pictures, not so much. Kim Jong Un, North Korea's dictator, welcomed Moon Jae-in, the South's president, to Pyongyang airport on September 18th for their third summit since April. As during the previous two, there were hugs and smiles galore. Some were reserved for the North Korean children who presented Mr Moon and his wife with bouquets and military salutes. Later, the two leaders went on a jaunt in an open-topped limo through Pyongyang. The streets were lined with women in brightly coloured traditional dresses, who waved yet more bouquets and sent up cheers of "Unification!"

On the second day of the three-day summit the two leaders unveiled a joint statement at a press conference broadcast live on North Korean state television as well as channels from the South. It was as upbeat as Mr Moon's reception. He and Mr Kim blithely pledged to turn the Korean peninsula into

“a land of peace without nuclear weapons or nuclear threats”.

Building on the Panmunjom declaration, which the two men signed at their first summit in April, the agreement showed a clear commitment to deepen inter-Korean ties. Mr Kim said he would visit Seoul “in the near future”. The two pledged to restore road- and rail-links between North and South before the end of the year and to put in a joint bid to host the Olympics in 2032. In Seoul, the South’s capital, subway stations were decked out in ads for the summit that featured mock Seoul-Pyongyang train tickets superimposed on a map of the peninsula and promised “further miracles”. The leaders also vowed to reduce military tensions. A 55-page addendum signed by their defence ministers stipulated the movement of guard posts away from the border and the end of military exercises near it, among other things. Chung Eui-yong, Mr Moon’s national security adviser, called it “effectively a non-aggression pact”.

The economic measures set out in the agreement cannot be implemented without an easing of international sanctions, however. That would require American support. Mr Moon had hoped to get Mr Kim to announce bold steps towards giving up his nuclear weapons, to help convince America that the North was sincere. On this the agreement was less eye-catching. Mr Kim promised to dismantle the missile-testing site at Dongchang-ri in the presence of “experts from relevant countries” and, should America make reciprocal concessions, to close the Yongbyon nuclear site. But he made no mention of an inventory of his nuclear arsenal or a timeline to dismantle it. As it stands, the agreement is unlikely to persuade America to ease sanctions or sign a peace treaty, even though Mr Trump pronounced it “very exciting” in a tweet.

“What matters now is if Kim offered anything extra for Moon to take to Trump,” says Christopher Green of the International Crisis Group, a think-tank. Mr Moon is meeting Mr Trump in a few days, and may have an offer of some sort to convey. But the gap between America’s expectations and the North’s is getting harder to bridge. As he surveyed the peninsula from the top of Mount Paektu, a stroll up which was the final stop on his trip to the North, Mr Moon may have been wondering whether his success as a mediator has peaked.

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Banyan

For many Asian leaders, elections are too pivotal to be left to voters

The president of the Maldives is one of them



Sep 20th 2018

NEVER let anyone accuse President Abdulla Yameen of leaving things to chance. He was first elected to run the Maldives in 2013 by a wafer-thin margin—just 6,000 votes. The story of his time at the head of this atoll nation of 400,000 people spread over a vast expanse of the Indian Ocean has been one of determined entrenchment. It is a story about the path towards full-blown dictatorship.

During his time in power, Mr Yameen has hounded not only the opposition but also rivals within his own coalition. He has closed Parliament. He has stamped on the last shreds of a free press. And he has courted Saudi Arabia and China, who have his back.

In his boldest act, in February, Mr Yameen suspended much of the constitution and declared a state of emergency in order to annul a Supreme

Court ruling that quashed the convictions of nine opposition members. Among them was the Maldives' first democratically elected leader, Mohamed Nasheed, who fled into exile following an obscure coup just before Mr Yameen's rise to power.

If you are a dictator, why not flaunt it and simply abolish elections? That is not Mr Yameen's style: a presidential election takes place on September 23rd. Perhaps he worries about what remains of the Maldives' standing in the West, which threatens sanctions over human-rights abuses. More probably he thinks an election is less a threat to his authority than a means to beef it up. More political and financial resources flow to a winner, while defeat divides and weakens the opposition. Authoritarian leaders can find elections useful. If they hold elections without losing, as Nic Cheeseman and Brian Klaas put it in "How to Rig an Election", they can have their cake and eat it. As more elections are being held around the world, more are being rigged.

As for Mr Yameen's rigging, where to begin? Given the enforced absence of Mr Nasheed, Mr Yameen knew that the opposition would end up with a less charismatic candidate. Ibrahim "Ibu" Mohamed Solih, solid and honest, is never going to set the house on fire. Government-backed thugs intimidate opposition members. Vote-buying is blatant. Meanwhile, the opening of projects that redound to the president's credit has been timed to coincide with the campaign. They include a new China-backed bridge linking the capital, Malé, to the international airport. Mr Yameen is only now unveiling social-housing projects completed ages ago. Applicants for flats are being asked pointedly what they think of the government.

Should all that not be enough, the Elections Commission is in the hands of one of Mr Yameen's right-hand men. Its members cheer at Yameen rallies. This week it announced that observers will not be allowed to monitor vote-tallying, as they were in previous elections. Foreign reporters must jump through many hoops to qualify for a visa, including presenting a police certificate of good character. "Punitive measures" are promised for those who sneak in as holidaymakers.

For all that, Mr Yameen has a problem: you still have to be vaguely popular to win even a rigged election. Bumping 5% of the vote your way is one thing; bumping four times that is quite another. Opposition polling puts Mr

Yameen's support at just 30%. His efforts, in other words, are not guaranteed to succeed. Just ask Najib Razak, Malaysia's former prime minister. Before the election in May, Mr Najib's party, which had ruled since independence, intimidated the opposition, bought votes and massively gerrymandered constituencies. Yet, in a huge upset, Mr Najib still lost.

The Maldives and Malaysia are far from the only countries that rig elections in Asia—indeed more rig them than not. Even Singapore, where vote-counts are squeaky clean, hounds critics and threatens to withhold upgrades to public housing in districts that vote for the opposition. But are all cases as bad as each other? Patently not. One test is to ask how peaceably a former ruler is likely to sleep should he ever fall from power.

Should his People's Action Party (PAP) ever lose its grip, Singapore's Lee Hsien Loong would probably be able to cycle around Singapore untroubled. (Though why, you wonder, does the PAP hold on so tenaciously?) Mr Yameen, by contrast, has as much to fear as Mr Najib. Both men have been accused of taking money from murky sources. Questions hang over both about human rights. Mr Najib now faces charges, among them of money-laundering. The courts as well as the former opposition would surely come after Mr Yameen. For leaders like them, rigging elections is not just a matter of staying in power. It's about staying out of prison.

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Deadly reckoning

Far more Indians kill themselves than previously assumed

The suicide rate is falling, but not as fast as in other countries



Getty Images

Sep 20th 2018 | DELHI

EARLIER this year a neighbour dropped by the Chundawats' house in the northern suburbs of Delhi, wondering why his friend Lalit had not opened his nearby shop. When he let himself in the reason became clear. Everyone inside—11 people from three generations—was dead. Two brothers, their wives, a sister and their children dangled from the ceiling in a hallway, suspended by ropes, blindfolded, hands tied. The family matriarch, 77-year-old Narayani Devi, lay strangled nearby. Only Tommy, a dog, survived.

Police say the deaths were a mass suicide, most likely prompted by occult beliefs. Yet, strange though the incident appeared, the Chundawats' death was only one of numerous collective suicides across India this summer. In July in the state of Jharkhand alone, two families killed themselves, driven by the more prosaic motive of despair over debt.

Suicide is often seen as a rich-world problem, but is all too common in India. New research, published this week in the *Lancet*, a medical journal, reveals that India suffers from perhaps 230,000 a year, nearly double previous estimates. With 18% of the world's population, it is responsible for nearly a quarter of suicides among men worldwide, and almost four out of ten among women. Suicide is the leading cause of death for all Indians between the ages of 15 and 39, and for Indian women between the ages of 15 and 49.

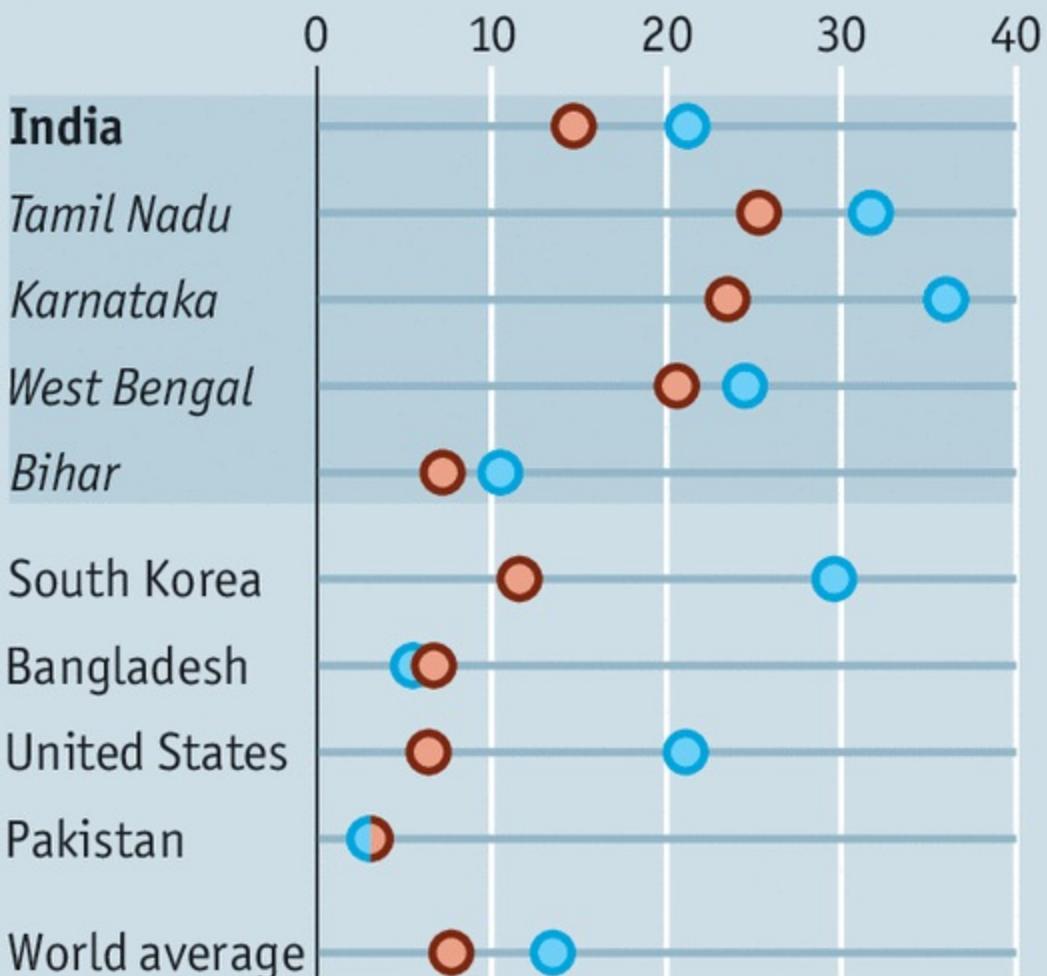
The paper's lead author, Rakhi Dandona of the Public Health Foundation of India, says that previous estimates for suicides relied solely on police reports. These tended to undercount, not least because until last year Indian law considered suicide, as well as "abetment" of it, a crime. Her team instead extrapolated results for the past 25 years from a range of nationwide medical records, including nearly half a million autopsy reports.

India's suicide rate, like the global one, is falling. But whereas the rate among women worldwide has fallen by half since 1990, and in China by an astonishing 70%, in India it has dropped by just 25%. And just as South Korea and Russia have relatively high suicide rates, but most Muslim-majority countries relatively low ones, there is stark geographical variation among Indian states (see chart). A woman in the southern state of Tamil Nadu, for example, is ten times more likely to commit suicide than one in jungle-bound Mizoram in the north-east. Men in the poorest state, Bihar, kill themselves at a quarter of the rate of those in bustling Karnataka, the heart of India's technology industry.

A miserable toll

Suicide rate per 100,000 population, 2016

● Female ● Male



Sources: WHO; India State-Level Disease Burden Initiative

The Economist

Partly because suicide was criminalised for so long, there has been little research into its causes. “The determinants for such huge differences are not understood,” says Dr Dandona. “South Indians may be inclined to internalise their troubles, whereas northerners verbalise, but that is pure speculation.”

There have been no studies of differences among India's religious groups, although there is some evidence that Muslims are much less likely than Christians and Hindus to do themselves in. And no one knows whether caste plays a role, although suicide rates seem to rise with wealth and urbanisation, before falling again as the newly urbanised grow accustomed to their environment.

What does seem sure is that suicide rates will continue to fall, perhaps dramatically. The ubiquity of televisions and mobile phones has diminished individual isolation, for example for wives oppressed by demanding mothers-in-law. It has also made more Indians aware and accepting of ways to seek help for mental problems.

De-criminalising suicide has also made it easier to discuss and investigate the issue. Earlier this year the Supreme Court quoted an eloquent argument for a more compassionate view: "If the right to life were only a right to decide to continue living and did not also include a right to decide not to continue living, then it would be a duty to live rather than a right to life."

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Back on the street

Pakistan's former prime minister is freed from prison

Nawaz Sharif can now make life difficult for his successor, Imran Khan



Sep 20th 2018 | KARACHI

EVEN for a life characterised by drastic reversals of fortune, it has been a dizzying week for Pakistan's thrice-ousted prime minister, Nawaz Sharif. There was misery on September 14th, when he was granted a few hours' parole from the 11-year prison sentence he began serving in July to attend the funeral of his wife, Kulsoom. Then, on September 19th, there was unexpected delight. The Islamabad High Court announced it would suspend his sentence, along with the eight-year term given to his daughter, Maryam, for the duration of their appeal.

The court's terse order offered little explanation. But during the hearing that preceded it Justices Athar Minallah and Miangul Aurangzeb echoed widespread criticism of the original verdict. Prosecutors had failed to provide evidence of their claim that Mr Sharif's wealth was ill-gotten, said Mr Minallah, and had relied instead on the "mere presumption" of guilt. The case

was needlessly rushed, added Mr Aurangzeb (the 174-page verdict contains many garbled phrases, such as “brushacite” instead of “brushed aside”). Such scepticism from the bench makes an eventual acquittal likely, lawyers say. Supporters of Mr Sharif’s political party, the Pakistan Muslim League-Nawaz (PML-N), celebrated in the streets.

Mr Sharif claims that the army, with which he often clashed while in power, orchestrated the case against him to hurt the PML-N’s chances in the election on July 25th. If so, it worked. The PML-N lost power to the Pakistan Tehreek-e-Insaf (PTI) of Imran Khan. But the PTI’s supporters retort that, if there had been a conspiracy to foil Mr Sharif, why was he released? One reason may be that the election is over, so the imprisonment has served its purpose. Others argue that the judiciary is not infinitely pliable. The two judges concerned are considered independent and liberal-minded.

Either way, for the time being, Mr Sharif and his daughter are free to do what they intended when they left Kulsoom in a coma in London and returned to Pakistan in early July: rally their party. In particular, Maryam, whose reputation has been buoyed by her willingness to face prison, who is furious at what has happened to her family and who is thought to be Mr Sharif’s chosen successor, is likely to start agitating against Mr Khan. He, after all, made her father’s life difficult when the PML-N was in power. “Imran’s goose is cooked,” predicts one jubilant party leader.

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China

- **[The economy: Life in a slower lane](#)**

[Fri, 21 Sep 16:03]

Is China's infrastructure boom past its peak?. A sharp slowdown in investment this year points to a more subdued future.

- **[High-speed rail: Sidetracked](#)**

[Fri, 21 Sep 16:03]

China's high-speed rail network gains a controversial extension. Some worry about the stationing of mainland police at its new Hong Kong terminus.

- **[Chaguan: Trial-balloonist or troll?](#)**

[Fri, 21 Sep 16:03]

China's Global Times plays a peculiar role. It is unfashionable in China to take the fiery tabloid seriously.

Life in a slower lane

Is China's infrastructure boom past its peak?

A sharp slowdown in investment this year points to a more subdued future



Sep 20th 2018 | NANTONG

CHINA does not do infrastructure by half measures. It has the world's longest networks of motorway and high-speed rail (which Hong Kong joins on September 23rd, see [article](#)). It has the tallest bridge as well as the longest. It is building nearly ten airports a year, more than any other country. It has the most powerful hydroelectric dam, the biggest wind farm and as much coal power as the rest of the world combined.

But the infrastructure boom has lost steam this year. After expanding at a double-digit pace for much of the past three decades, investment in it has slowed sharply. Since May spending on projects ranging from railways to power plants has fallen compared with a year earlier, the longest weak patch on record.

The question is whether this is a blip or a fundamental change. Some analysts

argue that the decline in spending is only short-term, related to the government's efforts to rein in debt. As the trade war with America rumbles on (see [article](#)), they expect that China will try to boost the economy with another burst of infrastructure-building. But many others believe that even if this were to be attempted, it would not work. Their argument is not that investment should stop. China still usefully spends more in two months on such things as building roads and ports and laying cables than India manages in an entire year. Rather, they say, building at an even greater rate would risk outstripping demand. It is time to find other ways of fuelling growth.

The recent infrastructure-spending slump certainly relates to efforts to curb the country's massive build-up of local-government debt. Many cities had been borrowing heavily, often using murky channels, to build flashy transport systems. A crackdown on shadow banking has left them short of funds. The central government has also targeted spendthrifts. Last year it ordered a halt to the construction of a subway in Baotou, a city in Inner Mongolia, a northern province where government debts are sky high.

But the slowdown is not just because of a short-term squeeze. Chinese officials are also becoming more conservative in their planning. In July the government decreed tough new standards for subway systems. Cities must have a population of at least 3m to qualify for one. They must also have their debts under control, and cover at least 40% of building costs from their own revenues.

In recent weeks big cities with much healthier economies than Baotou's have scaled back their subway plans, too. One example is Chengdu, the booming capital of Sichuan province, which has produced a revised blueprint for its transport system. It features six fewer subway lines than had previously been planned.

Nantong, a city about 150km north of Shanghai, demonstrates both China's prowess in infrastructure and what seems to be a newfound restraint. Builders are close to completing a cable-stayed bridge (pictured) that will be the longest of its type in the world. Yet at the same time Nantong has tempered its ambitions. Its urban centre is home to 2m people, spread over an area larger than London, below the required population for a subway system. It was already building its first line when the rules came into effect, and was

allowed to continue with that and a second one.

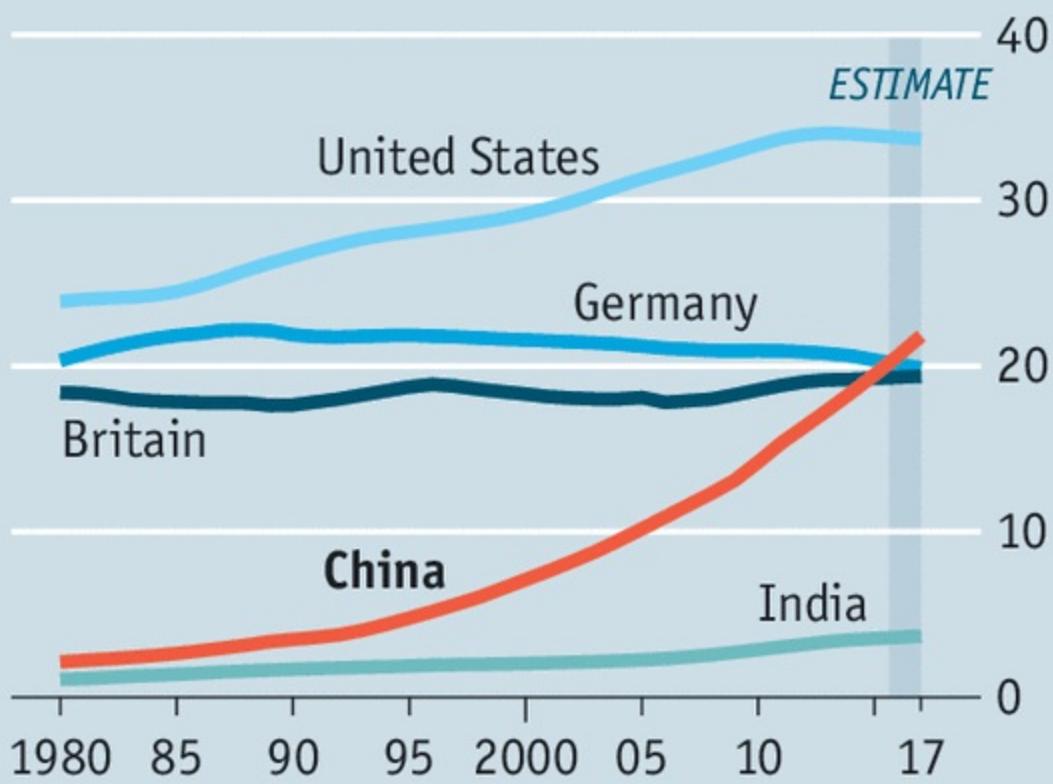
But even without the new edict, Nantong had been having second thoughts. The city's traffic already flows well. Zhong Qingwen says she is typical in getting from her home to her office, at a medical-testing company, in less than 20 minutes by bus. The city had been planning eight urban-rail lines. Their combined length of 330km would have surpassed that of Tokyo's subway. Now the government is moving more slowly. The first line will not be finished until 2022, four years later than the original target. Beyond the second one, further expansion is off the table for now.

One reason why many cities had such big dreams was because they expected a white-hot economy and a rapid influx of migrants from the countryside. Rising demand had seemed more or less assured. But both economic growth and the pace of urbanisation are tailing off. Spending on infrastructure still accounts for a fifth of China's annual output, far above the level of most other countries. Liu Shijin, a member of the central bank's monetary policy committee, said at a conference this month that the economic benefits of this were waning fast. Instead, he suggested, the government should spend more on health care and welfare.

Building up

Stock of government investments in fixed assets

Per person, constant 2011 \$'000 at PPP*



Source: IMF

*Purchasing-power parity

The Economist

Mr Liu may well be right. China's stock of government-invested fixed assets—a proxy for infrastructure—is already about the same per person as Germany's or Britain's, according to IMF data that use exchange rates adjusted for purchasing power. The stock is much greater than in other countries at China's income level. It is well behind America's, but it would have caught up within a decade had China continued spending on infrastructure at its previous feverish rate (see chart). Even the rosiest projections of China's infrastructure needs suggest that demand will slacken. Julian Evans-Pritchard of Capital Economics, a London-based research firm,

says investment growth will slow to low single digits.

Yet the current slowdown has gone too far for the government. After a meeting on September 18th China's cabinet called for more "efficient" investment. Having slammed on the brakes to control debt, the central government is now making it easier for fiscally responsible localities to spend on infrastructure. It has resumed approvals of some large projects. It has also encouraged banks to buy local-government bonds, including ones earmarked for infrastructure spending.

As a result, the flow of money into subways, bridges and the like may increase slightly, says Yao Wei of Société Générale, a French bank. But Ms Yao reckons that the voices for prudence will win out, even if the trade war with America begins to take a bigger toll on the economy. Unlike in the past, China will, she predicts, play it safe on debt and let growth slide.

One dividend from China's past infrastructure-building sprees has been the expertise it has gained in construction work. In Nantong a site managed by the China Railway Group, a state-owned company, is immaculate. Workers stand in front of a body-length mirror to check their safety gear. Cranes lay down a latticework of metal poles nearby to reinforce the terrain. A sign declares that it is a "100-year project"—a subway that should long serve the city. After a mad rush to build, China is also learning to live within its means.

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Sidetracked

China's high-speed rail network gains a controversial extension

Some worry about the stationing of mainland police at its new Hong Kong terminus



Rex/Shutterstock

Sep 20th 2018 | HONG KONG

WEST KOWLOON station is a gigantic new glass-and-concrete complex in Hong Kong's commercial heart. It was designed by an American architect, Andrew Bromberg, whose futuristic creations stud the skylines of several Chinese cities. This one has the greatest symbolic importance. It is the terminus of a high-speed rail link between Hong Kong and the Chinese mainland—the territory's first with the world's largest bullet-train network. For Chinese officials, extending super-fast lines to every corner of the country is a matter of national pride. Imagine their joy when the inaugural service leaves West Kowloon at 7am on September 23rd, after three years of delays caused by engineering difficulties and a shortage of workers.

The government of Hong Kong has billed the project as an economic game-changer. More than 600,000 people commute every day between Hong Kong

and Shenzhen, a boomtown just over the border with the mainland. A trip between the two city centres currently takes at least an hour. The new link will cut the journey to 14 minutes. By ordinary rail, the journey to Beijing takes 24 hours. On the new service, it will take nine. Officials expect the project, which involved laying a 26km track to the mainland border, to turn an operating profit of HK\$199m (\$25m) in three months. That would be welcome. That link cost nearly HK\$85bn, a third more than predicted.

But Hong Kongers are deeply divided. Some believe it will help the territory's economy by bringing in more visitors. Others charge that the rail link involves an unacceptable breach of "one country, two systems", the arrangement whereby the central government in Beijing promised Hong Kong "a high degree of autonomy" for at least 50 years after Britain handed back the territory in 1997.

That is because the new station contains an area where all passengers going to the mainland will be pre-screened by Chinese immigration officials. Fair enough, it may seem. Similar schemes operate elsewhere, such as in Britain and Canada, where officers from France and America, respectively, perform pre-clearance duties so that travellers do not need to dig out their passports again when they get to the other side. But unlike these arrangements, where the foreign officials only have the power to approve or deny entry, the zone in West Kowloon station will legally be regarded as being within mainland China's jurisdiction. Mainland laws will apply there.

Tanya Chan, a pro-democracy legislator, says the arrangement contravenes the Basic Law, Hong Kong's mini-constitution (a bullet train is pictured piercing it on a protester's placard). One of the charter's provisions states that "national laws shall not be applied in the Hong Kong Special Administrative Region" except in a few extreme cases typically related to defence. Ms Chan says Chinese officials in the mainland's zone might detain Hong Kongers for offences that would not be considered criminal in their own territory, such as reading or sending politically sensitive material on their phones. Several legal challenges to the set-up at West Kowloon have been filed in Hong Kong's courts. Expect them to hit the buffers. On matters relating to the Basic Law, the Communist Party-controlled legislature in Beijing has the final say.

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Chaguan

China's Global Times plays a peculiar role

It is unfashionable in China to take the fiery tabloid seriously



Sep 20th 2018

FEW countries have invested more man-hours in suppressing awkward facts than China. Internet censors employ more foot-soldiers than some armies. Propaganda officials are so strict that, lest instructions faxed to newsrooms leak, they issue some orders to squelch stories by telephone, to be recorded by hand.

Yet the rules do not bind all equally. The *Global Times* is a jingoistic tabloid that tackles topics shunned by rivals, even though it is a subsidiary of the Communist Party mouthpiece, the important-but-turgid *People's Daily*. In July it reported that Liu Xia, the widow of the Nobel-winning dissident Liu Xiaobo, had left for Germany. Recently it has ignored orders to downplay tensions with America and has offered defiant candour about Xinjiang, a restive western region turned police state. There is mounting evidence that hundreds of thousands of Muslims from Xinjiang's Uighur minority have

been sent to re-education camps for such acts as public prayer or reading history books. Even as Chinese spokesmen denied the camps' existence, the *Global Times*, in its English-language edition, acknowledged "counter-terrorism education" among Xinjiang residents and work to "rectify" the thinking of imprisoned extremists. Whether the way Xinjiang is run violates human rights "must be judged by whether its results safeguard the interests of the majority in the region", said the *Global Times* in August. Its editor, Hu Xijin, tweeted that Xinjiang had been saved from becoming "another Chechnya, Syria or Libya".

Strikingly, rather than claiming that Western journalists misreport Xinjiang, the *Global Times* prefers to troll them, accusing foreign correspondents of hoping to "profit" from negative China coverage, while asserting that the Western press is "nowhere near as influential as it once was" and gleefully noting Mr Trump's attacks on "fake news". If that sounds familiar, it should. This populist, nationalist age suits the *Global Times* and its Trumpian instinct that the best defences are brazen ones: coolly conceding opponents' facts while attacking their motives and standing.

It is not fashionable in China to take the *Global Times* seriously. Mention it at dinner with Chinese intellectuals and fireworks follow. They deplore its sabre-rattling towards Taiwan and Japan, and its deep reservoirs of grievance (this week the paper peddled a largely concocted tale accusing Swedish police of brutalising some rowdy Chinese tourists). In 2016 a retired Chinese ambassador compared it to an angry toddler. Xiang Lanxin of the Graduate Institute of International and Development Studies in Geneva, a former *Global Times* columnist who left because of its nationalism, has written that it would be a "great shame" if history were to equate the tabloid with *Der Stürmer*, a hate-filled Nazi rag. On Weibo, a microblog site where Mr Hu has 15.7m followers, critics call him "Frisbee catcher", ie, a lapdog chasing stories tossed his way. Foreign diplomats wonder whether the paper floats trial balloons for party hardliners, or simply pursues profit.

Asked that question at his office, in a drab block on the *People's Daily* campus in Beijing, Mr Hu suggests a bit of both. "If the *People's Daily* and the Central Publicity Department don't like me, they can assign me elsewhere with just one order," he says. Yet his paper lives off circulation and

advertising, so “the party and readers are both my gods.” The paper’s Chinese edition sells 1.5m copies a day, says the managing editor, Yao Li. The English edition, launched in 2009, claims sales of 120,000. Its foreign reports are often by correspondents from the *People’s Daily* and Xinhua, the state news agency. Some hawkish commentaries are written by military and government officials under pseudonyms.

Before Mr Hu writes editorials, staff collect views from “prestige, mainstream” experts and officials. Pressed on whether he tests messages for those in power, he frowns, trying to answer precisely. For, to give him credit, Mr Hu is exceptionally willing to talk to outsiders, on social media and in person. His articles may reflect how officials “truly feel”, he says, though such thoughts may not represent government policy. The paper tries to push controversial topics in a way that might coincide with leaders’ thinking. “The knack is knowing when would be a good time.”

The paper is profitable. “If we make ten yuan, we give the *People’s Daily* three yuan and 50 cents,” says Ms Yao. Mr Hu has a political mission, too: to nudge the party to be more transparent for its own good. The young Mr Hu took part in the Tiananmen protests in 1989. Mention of that tumult is taboo in the Chinese press but *Global Times* has written about it, in defence of the government. No one will say the army was right to kill hundreds in order to end the unrest, Mr Hu murmurs. “The words cannot even be uttered.” He calls the military action a tragedy caused by student naivety and government inexperience. But after watching the Soviet Union’s collapse and covering Yugoslavia’s break-up as a war correspondent, he came to admire strong Communist rule.

In answer to Pilate’s question

Mr Hu’s candour is selective, notably when tackling domestic news. “In China what is truth?” he asks. “Micro-truth” is whether a particular incident happened. But his “macro-truth” is that the media must guide the public to see that its interests and the party’s are fundamentally aligned. “China is so vast, if we report on corruption every day we won’t see the end to it.”

Twenty years ago liberal papers like *Southern Weekly* pushed at censors’ boundaries. Today propaganda officials grant a rare licence to Mr Hu, and

indeed sound positively fond of him in private. His pugnacity is catching. On September 13th Li Xiaojun, from the State Council Information Office, told reporters at a UN human-rights meeting that Xinjiang had to send extremists to vocational “training centres” because the West had failed to tackle Islamic extremism. “Look at Belgium, look at Paris, look at some other European countries,” Mr Li scolded, sounding like the *Global Times* come to life—or like a man using a propaganda line tested on Western critics by Mr Hu. Frisbees can fly two ways.

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Middle East and Africa

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Turkey and Russia cut a deal over Syria. But will the hoped-for pause in the fighting hold?.

Demography

Africa's high birth rate is keeping the continent poor

Why the birth rate has been slow to fall



Alamy

Sep 22nd 2018

JOHN MAGUFULI, the president of Tanzania, has strong views about birth control. He does not see the point. In 2016 he announced that state schools would be free, and, as a result, women could throw away their contraceptives. On September 9th this year he told a rally that birth control was a sign of parental laziness. Tanzania must not follow Europe, he went on, where one “side effect” of widespread contraception is a shrinking labour force.

There seems little danger of that. Tanzania's fertility rate is estimated to be 4.9, implying that the average woman will have that many children. Europe's rate is 1.6. Tanzania is helping drive a continental baby boom. In 1950 sub-Saharan Africa had just 180m people—a third of Europe's population. By 2050 it will have 2.2bn—three times as many as Europe. If UN forecasts are right, sub-Saharan Africa will have 4bn people in 2100 (see chart 1).

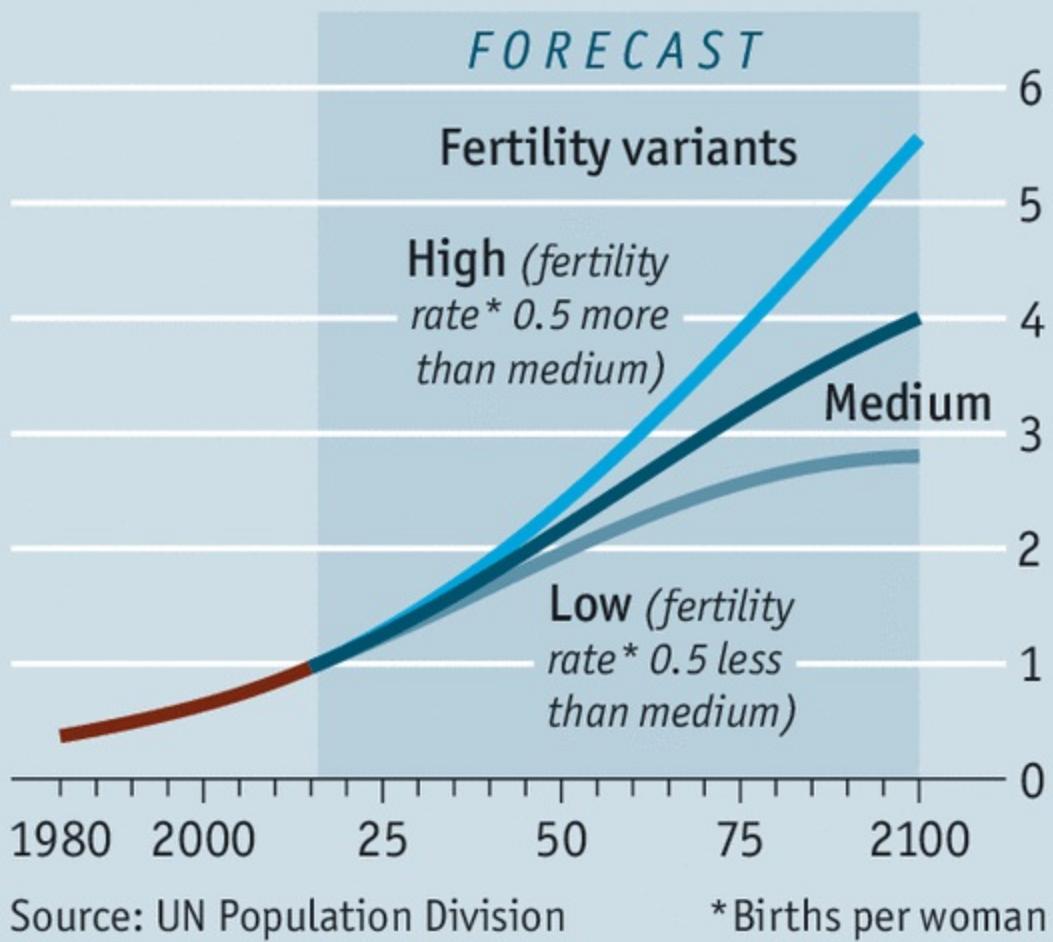
That is worrying, although not for the old reasons. In “An Essay on the Principle of Population”, published in 1798, Thomas Malthus claimed that the human population was bound to increase faster than the supply of food, leading to catastrophe. Although Malthus is still admired by some, the green revolution rubbed his hypothesis. The fear now is not that countries will run out of food but that a surfeit of babies will retard their development.

Mr Magufuli is right to suggest that Europe has many old people and could do with more workers to support them. But Tanzania’s many children weigh on its economy, too. Sub-Saharan Africa’s dependency ratio (the population younger than 20 and older than 64 versus the population between those ages) is 129:100, compared with 65:100 in Europe. Sub-Saharan Africa is expected to have a worse dependency ratio than Europe even in 2050.

Definitely lots, and maybe more

1

Sub-Saharan Africa, population, bn



The Economist

High fertility can also be seen as a global problem, says Bill Gates, whose foundation (jointly run with his wife, Melinda) will hold a conference next week about the state of the world. Overall, humanity is becoming wealthier. But because birth rates are so high in the poorest parts of the world's poorest countries, poverty and sickness are that much harder to eradicate. "Kids are being born exactly in the places" where it is hardest to get schooling, health and other services to them, he explains.

There is nothing inherently African about large families. Botswana's fertility

rate is 2.6, down from 6.6 in 1960. South Africa's rate is 2.4. And although the UN has a good record of predicting global population growth, it has got fertility projections badly wrong in individual countries. Sudden baby busts in countries like Brazil, Iran and Thailand caught almost everyone out. Could Africa also spring a surprise?

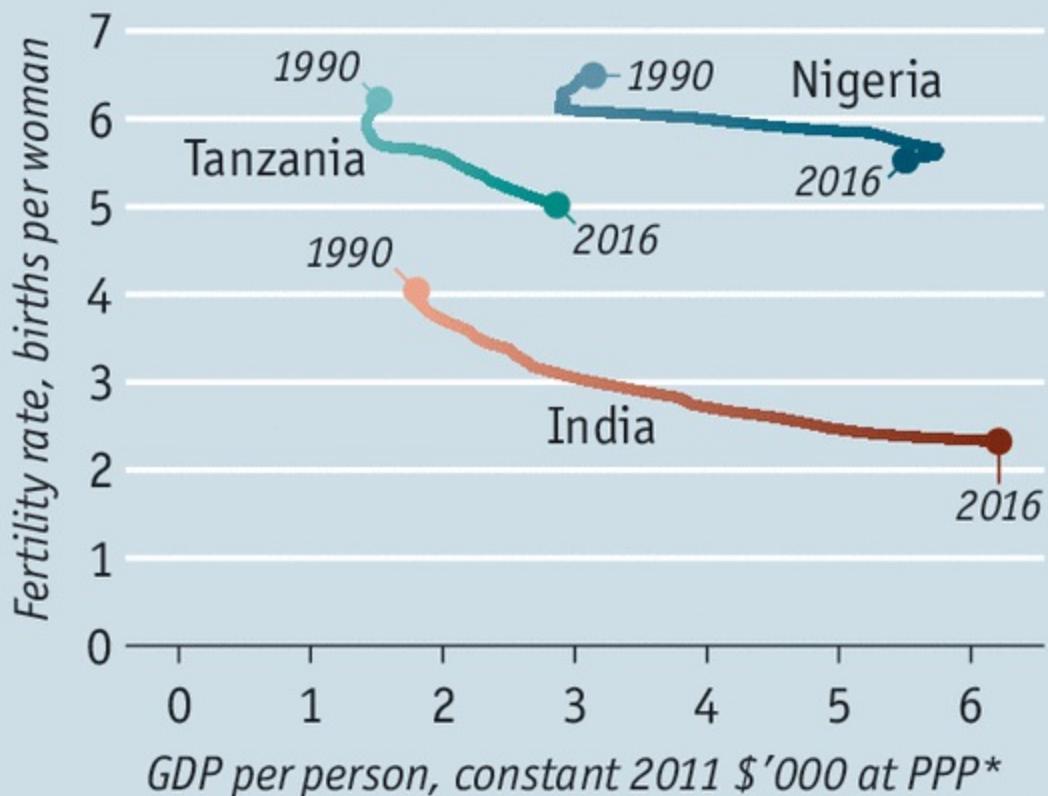
The UN's demographers project that fertility will fall in every single mainland African country over the next few decades. They just expect a much slower pace of change than Asia or Latin America managed when their families were the same size. It took Asia 20 years, from 1972 to 1992, to go from a fertility rate above five to below three. Sub-Saharan Africa is expected to complete the same journey in 41 years, ending in 2054. Its fertility rate is not expected to fall below two this century. Because many Africans marry young (see next [article](#)) the generations turn over quickly, leading to fast growth.

The reason the UN expects change to be slow in future is that it has been slow until now. After stagnating economically in the 1990s, countries like Nigeria and Tanzania grew wealthier in the 2000s. But their fertility rates hardly fell (see chart 2). Nor has urbanisation transformed family life as much as you might expect. West Africa is much more urban than east Africa, but has a higher fertility rate.

Africa is different

2

GDP and fertility



Sources: IMF;
UN Population Division

*Purchasing-power parity

The Economist

Three things could drastically change the picture, however. First, more African governments could promote family planning. Ethiopia, Malawi and Rwanda have done so, and their birth rates are dropping faster than average. Perhaps the starker change is in Kenya. Alex Ezeh of the Centre for Global Development, a think-tank in Washington, remembers showing Kenyan politicians evidence that wealthy people both desired and had small families, whereas the poor wanted large families and ended up with even larger ones.

The government invested in clinics and propaganda, to some effect. Household surveys show that 53% of married Kenyan women used effective contraception in 2014, up from 32% in 2003. Kenya's neighbour, Tanzania, is at least a decade behind.

The second cause for optimism is education. Broadly, the more girls go to school in a country, the lower that country's birth rate. This seems to be more than just a correlation: several studies, in Africa and elsewhere, have found that schooling actually depresses fertility. To attend school—even a lousy school where you barely learn to read—is to gain a little independence and learn about opportunities that your parents had not envisaged for you.

Researchers at the International Institute for Applied Systems Analysis in Austria suggest that Africa's schools are about to drive a large change. They point out that education spending weakened in some African countries in the 1980s as governments scrambled to cut budget deficits. Girls' schooling, which had been increasing, flattened. It is probably not a coincidence that African fertility rates fell little in the 2000s, when that thinly educated cohort reached womanhood. But school enrolments have risen since then. If education really makes for smaller families, that will soon be apparent.

The third profound change would be stability in the Sahel. The semi-arid belt that stretches through Burkina Faso, Chad, Mali, Niger, northern Nigeria and Sudan is lawless in parts and universally poor. Child death rates are still shockingly high in places. Partly as a result, and also because women's power in the Sahel is undermined by widespread polygamy, people still desire many children. The most recent household survey of Niger, in 2012, found that the average woman thought nine the ideal number.

Progress on all three counts depends mostly on African politicians. It falls to them to create more and better schools, provide security for their people and invest in family planning. They, not foreign observers, need to conclude that their countries would be wealthier if they had rather fewer children. Like so much in Africa, almost everything depends on the quality of government. And that, sadly, is hard to decree.

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Growing up too early Child marriage in Africa

A practice that is hard to eradicate



Alamy

Sep 22nd 2018 | ADDIS ABABA AND NIAMEY

IN A dusty village in southern Niger, Fatia holds her daughter close to her breast, smiling, though the baby looks much too large for her. Four years ago she married at the age of 16, she reckons, but she may have been younger. Since then she has had two children.

Three out of four girls in Niger are married before they are 18, giving this poor west African country the world's highest rate of child marriage. The World Bank says it is one of only a very small number to have seen no reduction in recent years; the rate has even risen slightly. The country's minimum legal age of marriage for girls is 15, but some brides are as young as nine.

Across Africa child marriage stubbornly persists. Of the roughly 700m women living today who were married before they were 18, 125m are

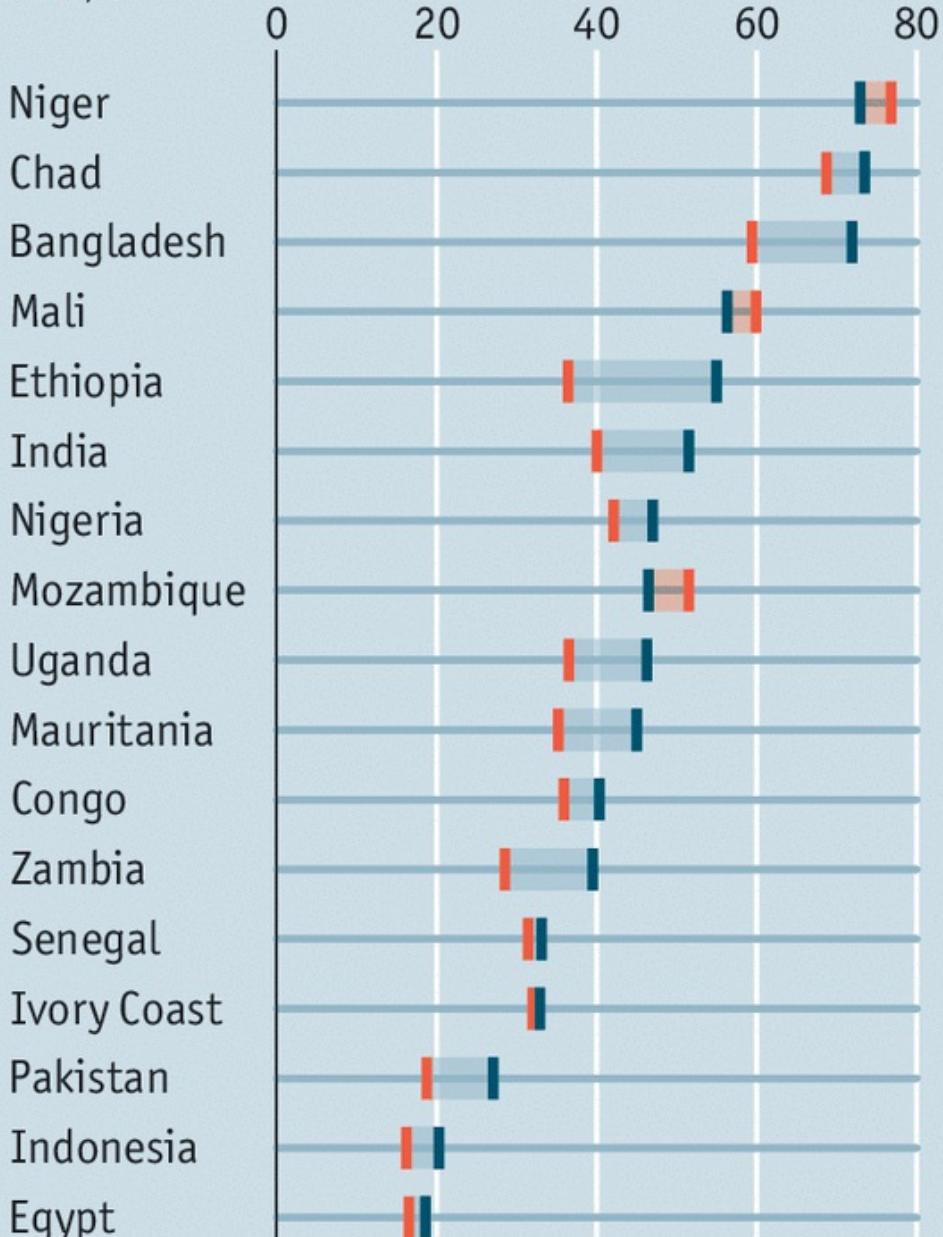
African. Among poor rural families like Fatia's the rate has not budged since 1990. The UN Children's Fund (UNICEF) estimates that, on current trends, almost half the world's child brides by 2050 will be African.

But some countries have shown they can keep young girls out of wedlock. In Ethiopia, once among Africa's top five countries for child marriage, the practice has dropped by a third in the past decade, the world's sharpest decline, says the World Bank. The government wants to eradicate child marriage entirely by 2025.

Cradle snatchers

Share of women married
before 18, by age group
2017, %

18-22 23-30



Sources: World Bank; International
Centre for Research on Women

Ethiopia offers lessons for other African countries. For one thing, it shows that in religious societies you must win over imams and priests. Guday Emirie of Addis Ababa University notes that in one district a local priest, having been publicly shamed for marrying off his own daughter when she was a child, has since been preaching against the practice. It has now been eliminated in his district. Conservative imams in Niger, by contrast, often invoke the Prophet's marriage to a young girl, according to tradition.

After a decade of strong economic growth, Ethiopia's poverty rate is now half that in Niger, one of the world's poorest countries. Many of its people, says Lakshmi Sundaram of Girls Not Brides, an NGO, believe that "child marriage is a way of reducing the number of mouths to feed", as the bride moves in with another family.

Education is even more vital. "You generally don't find a child bride in school," notes a UNICEF expert in Ethiopia. Its government spends more on education as a proportion of its budget than other African countries. More than a third of its girls, a big increase, enrol in secondary schools. In Niger the figure is less than a fifth.

Curbing child marriage could lower fertility rates by about a tenth in countries like Niger and Ethiopia. Doing so would immeasurably improve the lives of women like Fatia. On her wedding night, she says she begged her husband not to force himself on her. "He was bigger than me. It hurt too much," she says, looking down at her daughter.

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Sahel or high water

France may take the lead in fighting jihadists

But they risk propping up authoritarian regimes



AFP

Sep 20th 2018 | NIAMEY

BY ANY standards, the international airport of Niger's capital is a dozy spot — unless you are a French military air-traffic controller. On the civilian side of the ramshackle airport a few planes come and go. The contrast with the military side could not be starker. Helicopters and military transport planes sit on the apron. Mirage warplanes sit ready for action. This is the aviation hub of Barkhane, France's four-year-old counter-terrorism operation in the Sahel, which has its headquarters in Chad, and also operates across Burkina Faso, Mali, Mauritania and Niger.

The French-led operations have attracted less attention than has AFRICOM, America's military command for Africa, which conducts raids and drone strikes from Somalia to Libya. Yet France's role in the region is growing in importance, particularly as America has been considering withdrawing most of its special forces from Africa since four soldiers were killed in Niger a

year ago.

Barkhane costs the French taxpayer some €600m (\$700m) a year. It is made up of 4,500 soldiers fighting Islamist groups in Mali and, to a lesser extent, in Burkina Faso and Niger. Its zone of operations is nearly as big as western Europe. Twelve Barkhane soldiers have died since 2014.

Apart from its own counter-terrorism operations, France is an “organiser and co-ordinator” for other forces in the region, says Christian Cambon, president of the French Senate’s defence committee. This is apparent at the base in Niamey. Behind high walls French troops lob *boules* in a game of *pétanque* or play table tennis. German troops drink in the bar. An American airbase is next door; another is being built in Agadez, to the north. France also helps the G5, a regional counter-terrorism force comprising troops from Burkina Faso, Chad, Mali, Mauritania and Niger, and bolsters the large UN force in Mali.

General Bruno Guibert, Barkhane’s former commander, recently said that French forces had killed or captured 150 jihadists this year alone in Mali and Niger. More important, they have kept the jihadist groups scattered and denied them territory for more permanent bases.

Yet France’s approach also has its limitations. The French “are very directed at targeted killings right now,” says Andrew Lebovich of the European Council on Foreign Relations, a think-tank. Barkhane has excellent ground-level intelligence, he says, but it is sometimes less good at strategy. For example, the French have made alliances with ethnically based militias in Mali that have tarnished Barkhane by association, by allegedly massacring their enemies or getting the French to assassinate rivals in their own camp. General Guibert says his zone of operations is so big that his troops cannot be everywhere. “Barkhane”, he admits “won’t bring victory. It is only politics that can do that.”

If Barkhane had not been set up in the Sahel, jihadists would almost certainly have been able to consolidate their forces and take more territory. But an unintended consequence of the operation is that it is helping to prop up authoritarian regimes. The French are damned if they do send troops, damned if they don’t. They are not the first to find themselves caught in an anti-insurgency trap.

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Stand uneasy

A general tells Israel that its army must be still readier to fight

Arguments persist over how to keep Israel safe



Rex/Shutterstock

Sep 20th 2018 | JERUSALEM

IN THE twin towers of Israel's Ministry of Defence and the neighbouring headquarters of the Israel Defence Forces (IDF) in central Tel Aviv, the brass hats summed up the end of the Jewish year with their customary briefings to politicians and journalists. With slideshows of maps and graphs showing why Israel's armed forces are still the best in the region, the generals displayed their success in knocking out Iranian targets in Syria and stopping Hamas from menacing Israel from Gaza. While doing so, they have prepared their combat units to fight an all-out war, should they be obliged to.

But one old soldier insisted on spoiling the party. Major-General Yitzhak Brik retired from active service in 1999 but has served as the army's ombudsman for the past decade. Last month he presented the cabinet and some members of the Knesset, Israel's parliament, with a secret report. It warned that Israel's forces, especially the army, are not ready for a major

war.

Stung by these accusations, the respected chief of staff, Lieutenant-General Gadi Eisenkot, responded by insisting that the army he has led for nearly four years is indeed ready for battle and that its units have undergone an unprecedented number of live-fire exercises. Both generals say they have based their assessments on raw data and direct impressions from the field. But frequent calls on the army to conduct internal-security operations have disrupted its training for all-out war. One mid-ranking IDF field commander says “it’s true that the tempo of exercises has gone up” but many of them are disrupted or cancelled “by urgent duty when Palestinians begin rioting in Gaza or the West Bank.”

Does it matter if the IDF is less than ready to fight a major war? Though Israel seems further from achieving a two-state peace deal with the Palestinians than at any point since the Oslo accords 25 years ago, it has seldom felt as secure in the region. Two of its once mortal enemies, Egypt and Jordan, are now allies. Syria’s army has been torn to shreds by civil war. Only on the border with Lebanon does Israel face a potent foe, in Hizbulah. In 2006 this militia-cum-political party fought Israel to a stalemate in a war on the border. Now, bloodied from its involvement in the Syrian war on the side of the regime, its fighters are experienced veterans. IDF officers mutter that Hizbulah’s forces are more seasoned than their own.

These question-marks over the army’s preparedness come at an awkward time for the generals. The IDF is set to launch a controversial plan to shorten the mandatory conscription period of 32 months for men, while offering enticing contracts to key personnel it wants to keep for longer periods. Critics say this jeopardises the IDF’s ethos of a “people’s army”.

At the same time, the generals have been blindsided by Binyamin Netanyahu, the prime minister, who has just proposed his own “IDF 2030” programme, envisaging more spending on long-range missiles, cyber-warfare and intelligence gathering, instead of beefing up ground forces. Mr Netanyahu, who served as a commando officer 50 years ago, has often expressed impatience with the large armoured divisions of the regular army, and has always wanted more cash for sophisticated intelligence, special forces and the air force.

As Israelis observed Yom Kippur, the Day of Atonement, this year on September 18th-19th, they may have reflected on the national trauma of 1973. Then, Israel's leaders failed to heed warnings by the head of Mossad, Israel's intelligence service, that neighbouring Arab armies were planning to attack on the Jews' holiest day. Israel ultimately won that war, but only after suffering heavy casualties and a blow to its self-confidence. It serves as a reminder that even the best intelligence can be useless when not backed by shrewd leadership and well-trained men on the ground.

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Staving off slaughter in Syria

Turkey and Russia cut a deal over Syria

But will the hoped-for pause in the fighting hold?



AFP

Sep 20th 2018 | BEIRUT AND JERUSALEM

WITH the grim spectre of a Russian-backed assault hanging over the Syrian rebels' last redoubt in Idlib, the province's civilians had begun to prepare for the worst. Some had stocked crude underground shelters with pickled vegetables, even though many already struggle to find enough food to eat. Others had fashioned homemade gas-masks from cotton, charcoal and paper cups, fearing the regime would use chemical weapons.

For weeks an offensive to retake Idlib had seemed imminent. Russia had expanded its naval fleet off Syria's coast. Regime troops had been massing at the edges of the province. Russian and Syrian aircraft had begun to bomb rebel targets and destroy hospitals. Turkey, which backs the opposition, sent tanks to its border. The UN warned that the biggest humanitarian catastrophe of the century was looming.

For the moment, however, diplomacy has prevailed. On September 17th Turkey and Russia agreed to establish a buffer zone around Idlib to separate regime forces from the rebels. The two countries will send military police and drones to patrol a strip 14-19km wide. Rebels in this demilitarised zone will have to give up their heavy weapons by October 10th. The jihadists of Hayat Tahrir al-Sham (HTS), the most powerful rebel faction in the province, who are linked to al-Qaeda, are to withdraw completely. Details are thin but the offensive, for now, is off.

Both countries have an interest in avoiding a full-blown assault. Turkey fears a bloody bombing campaign will drive many of the province's 2m-3m people across its shared border, adding to the 3.5m refugees it already has. Since Russia is trying to persuade the West to pay for reconstructing Syria, backing an assault that kills thousands of civilians would undercut its argument that the Syrian regime is serious about seeking a political settlement to end the war.



The Economist

Much can go wrong. Turkey has less than a month to persuade HTS to withdraw from the buffer zone. If it fails, Russia and the regime would feel justified in launching a full-scale assault. Turkey's previous efforts to weaken HTS have yielded little. Drones from rebels in the province still harass Russia's main air base. The HTS leader, Abu Muhammad al-Jolani, has told his followers that surrendering their weapons is akin to treason. Turkey will send more troops to Idlib, but confronting the group head-on risks provoking terrorist attacks on its soil.

The Syrian regime may also seek to spoil the deal. It has long vowed to retake the entire country. Idlib is a tempting prize. Its fall would mark the end

of the rebellion. Leaders of more moderate rebel groups in Idlib, while broadly welcoming the deal, say they fear Russia and the regime will fail to uphold their side of the bargain. They have good reason. The regime, with Russia's blessing, has broken previous ceasefires and is busy arresting fighters in other parts of the country who had surrendered in return for amnesty.

Even if the deal holds, Russia will find it hard to marshal the competing interests of foreign powers in Syria as it tries to bring the war to a close. Hours after the Idlib deal was announced, Israel bombed a military installation in Syria. Israel has launched 200-odd strikes in the past two years to stop Iran from setting up a permanent military presence in Syria. This time, though, the target was unusually close to Russia's main air base, Khmeimim, on the Syrian coast. Syrian air-defence batteries fired a salvo of missiles at the Israeli jets but shot down a Russian spy-plane instead, killing all 15 of its crew.

Russia's defence ministry furiously accused Israel of acting recklessly, saying the Israeli planes had used the Russian one as a shield. Hours later, however, President Vladimir Putin sounded more conciliatory. The aircraft, he said, had been shot down in "a chain of tragic circumstances", and not by Israel. So Russia's "deconfliction" agreement with Israel is intact. Israel will not interfere with Russia's campaign to rescue the Syrian regime; Russia will give Israel a more or less free rein to hit targets linked to Iran and its Lebanese ally, Hizbullah. But with jets from at least six countries—America, Britain, Israel, Russia, Syria and Turkey—in the skies above Syria, the risk of miscalculation remains dangerously high.

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Hello to Berlin

Turkey's president visits Germany. Hopes of a reset are too optimistic

Intractable problems over human rights and the economy remain



Sep 20th 2018 | BERLIN AND ISTANBUL

ALL they were hoping to do, said the organisers of an art festival in Wiesbaden, a small city on the banks of the Rhine, when they installed a four-metre statue of Recep Tayyip Erdogan in the town's central square in late August, was to spark a debate about the Turkish president and free speech. They got one, and then some. Some locals lit candles near a sign bearing the words "press freedom" that had been placed by Mr Erdogan's feet. A woman spat on the statue. Others covered it with graffiti. Scuffles broke out between the strongman's Turkish supporters and his Kurdish opponents. Fearing more trouble, the mayor ordered the fire brigade to have the statue pulled down, barely a day after it was erected.

German police may face much bigger protests when the real Mr Erdogan touches down in Berlin on September 28th for his first official visit to Germany, Turkey's NATO ally and its biggest trade partner, in over four

years. He has not been missed. Germany is home to around 3m people of Turkish origin, almost two-thirds of whom voted to give Mr Erdogan sweeping new powers in a controversial referendum in 2017 and to re-elect him as president a year later. This came as a shock to the rest of the country. Dislike of Mr Erdogan is one of the few things that unites all Germany's political families. Leftists and greens accuse him of mass human-rights violations, especially in Turkey's Kurdish south-east. The far right resents his support for mosque-building in Germany. Even centrists, led by Chancellor Angela Merkel and her Christian Democrats, cringe at Mr Erdogan's brand of Islamic nationalism and his clampdown on dissent.

Relations reached rock-bottom last year. At least 30 German citizens ended up behind bars in Turkey, part of an avalanche of arrests that followed a failed coup. Mr Erdogan personally accused Germany of sheltering some of the putschists. After German officials blocked Turkish ministers from stumping for him across the country, he compared them to Nazis. Mrs Merkel's government responded by cutting state credit guarantees for exports to Turkey and pulling German troops out of a Turkish air base.

Mr Erdogan now seems to have no choice but to start rebuilding the bridges he has burned. Turkey's economy is on the brink of recession. The lira has lost more than 40% of its value against the dollar since the start of the year, a nightmare for banks and Turkish companies saddled with debt denominated in dollars. The currency briefly rallied after a whopping 6.25 percentage-point rise in interest rates by the central bank on September 13th, only to erase most of its gains in less than a week. Inflation is near 18%. Foreign investors are staying away.

Relations with America are the worst in over four decades, plagued by the fallout from Turkey's arrest of an evangelical pastor, Mr Erdogan's decision to shop for a missile-defence system in Russia and the Pentagon's support for Kurdish insurgents in Syria. Even the rapprochement with Russia is on a shaky footing, despite a recent deal that buys Turkey additional time to avert a new massacre by the Syrian regime on its doorstep in Idlib province (see [article](#)). Mr Erdogan needs a reset with Germany, says Mustafa Nail Alkan, an academic at Gazi University in Ankara. "Turkey needs a partner whom it can trust," he says.

The view from the chancellery

Germany is also keen to normalise ties and help avert an economic disaster in Turkey. A serious downturn might tempt Mr Erdogan to rethink his commitment to a deal that prevents hundreds of thousands of Syrian refugees from reaching the EU. With the anti-immigrant party, Alternative for Germany, looking over her shoulder, Mrs Merkel's job would be on the line if Turkey backed out of the deal.

Signs of a thaw are hard to miss. Mr Erdogan and his friends in the media have toned down their polemics. Most of the German nationals in Turkish prisons, including two journalists, have been released. (Seven remain under arrest, however, and an Austrian journalist and activist was detained on September 11th.) Officials in Ankara are now talking about a new start in relations with the EU. Mrs Merkel's government, meanwhile, has come out against America's decision to impose economic sanctions on Turkey, scrapped its own export-guarantee limits and made it clear that a collapse of the Turkish economy is in nobody's interest. According to a report in *Der Spiegel*, two German companies, Siemens and Deutsche Bahn, are hoping to take part in a €35bn overhaul of Turkey's rail network. Turkey would like Germany to help finance the project.

Caution is in order. Much as Mr. Erdogan might like to thumb his nose at the International Monetary Fund, the likelihood of Germany giving Turkey a bail-out with few strings attached is close to zero. "Germany will not go behind the IMF's back," says Marc Pierini, a former EU ambassador to Turkey. Given Turkey's sorry rule-of-law and human-rights record, any progress in its accession talks with the EU is also out of the question. In theory, Turkey could make some headway with the Europeans in talks on a new customs union and visa-free travel. In practice, these would require economic and political reforms that the Turkish government appears to have no intention of passing. Mr Erdogan did not spend years constructing a system of patronage that reaches into most corners of the economy and the bureaucracy just to dismantle it at the first sign of a crisis.

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Taking on PiS and Civic Platform

Can a young gay mayor change Poland?

Some hope Robert Biedron is the Polish Macron



Sep 20th 2018 | SLUPSK

SLUPSK, a town of some 100,000 inhabitants near Poland's Baltic coast, is these days a favourite place to tie the knot. "It has become a Polish Las Vegas," says Robert Biedron, the mayor, who has married some 140 couples. Yet Mr Biedron, who is openly gay (still a rarity in Polish politics), cannot marry his partner. Unusually for a Polish politician, he is also secular, as well as something of a green.

As the socially conservative Law and Justice (PiS) government continues to chip away at Poland's institutions, most recently the supreme court, the 42-year-old mayor has emerged as the hope of the Polish liberal left. Yet emulating the success of Emmanuel Macron, who emerged from popular near-obscurity to become France's president in 2017 at the head of a brand-new party, will be a tall order.

Still, he has a chance. For all his appeal to Warsaw millennials, Mr Biedron knows small-town Poland well. Now a PiS heartland, the rural south-east where he grew up was not an easy place to be a gay teenager in the 1990s. In his 20s he founded a pressure group, Campaign Against Homophobia. After a stint in parliament, he ran for mayor of Slupsk as an independent in 2014, winning 57% in the second round.

Mr Biedron has tested out his vision for a Poland in which no one is left behind. From the neo-Gothic town hall of Slupsk, he has slashed debt, increased transparency and banked on sustainable development. Guests are served water from the tap, rather than plastic bottles. Led by Mr Biedron, a dozen Polish mayors have formed a network of “progressive towns”, tackling problems from depopulation to air pollution. In Poland, this amounts to revolutionary stuff.

Although critical of PiS’s illiberalism, Mr Biedron has little sympathy for its arch-rival, the centrist Civic Platform (PO), which governed from 2007 to 2015. In power, PO neglected “everyday democracy”, based around local public services rather than distant institutions like the supreme court, he says. To increase popular participation in politics, he recently wrote a book on democracy for children.

As the European Commission considers cutting off money for countries where the rule of law is at risk, ie, Poland and Hungary, Mr Biedron is wary of penalising ordinary people for their government’s misdeeds. Instead, EU cash should go directly to local officials, NGOs and businesses, bypassing Warsaw, he suggests.

With Poland split between PiS’s supporters and critics, Mr Biedron is aware of his own power to divide or unite. At a recent talk in north-eastern Poland, he was greeted by a man wearing a T-shirt with a homophobic slogan (*zakaz pedalowania*, which translates loosely as “no faggotry”). Rather than call security, Mr Biedron invited him to pose for a photo with him (the man obliged).

Popularity, though, comes with high expectations. Already, polls put Mr Biedron among the top three contenders for the presidency in 2020, after Andrzej Duda, the PiS-aligned incumbent, and Donald Tusk, who might

return to Poland after the end of his term as president of the European Council. Mr Biedron declines to say whether he is planning to run, but this month said that he will not seek re-election in Slupsk and will instead establish his own “progressive” movement ahead of the European Parliament elections next spring. Those, he says, will be a “test” before the general election next autumn, after no left-wing parties made it into parliament in the previous one. He shrugs off criticism in PO circles that this will split the anti-PiS vote and dash any hope of ousting the current government. “They should be cheering us on,” he says.

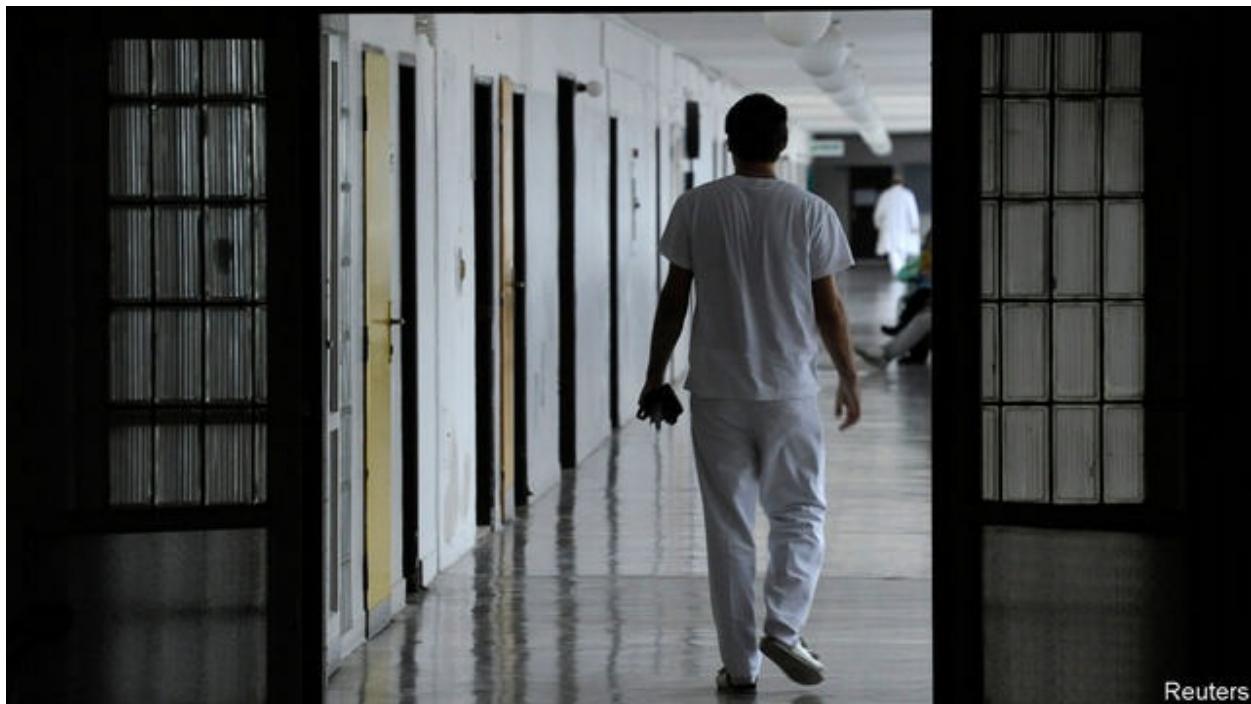
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Mind the gap

Why life expectancy is lower in eastern Europe

The final curtain falls earlier in ex-communist countries



Reuters

Sep 20th 2018

FROM Stettin in the Baltic to Trieste in the Adriatic, a health divide has fallen across Europe. Although in global terms citizens of the EU live long (2.5 years more than in America and 4.6 years more than in China), the continent is divided. At the farthest ends of the spectrum, Spaniards from Madrid can expect to live to 85, but Bulgarians from the region of Severozapaden are predicted to live just past their 73rd birthday—a gap of almost 12 years. The only exceptions are Slovenia, which scrapes in above the EU average, and Denmark, which falls a fraction below.

It was not always that way. In the mid-1960s Latvians and Lithuanians still blew out as many birthday candles as the citizens of Cyprus and France. But “the political division of Europe is important,” says Denny Vagero, a professor of medical sociology at Stockholm University. After a long period of convergence caused by reductions in child mortality, the east of the

continent gradually fell behind after the iron curtain descended.

According to Zoltan Massay-Kosubek of the European Public Health Alliance (EPHA), an NGO, eastern Europe is home to more smokers and more heavy drinkers. “This is the major source of the gap,” he says. Bad habits and unhealthy environments are contributory factors to chronic illnesses such as cancer, diabetes and heart disease. Hungarians face the poorest odds when it comes to chronic ill-health, but rates are also high in much of Poland, Slovakia, and Croatia.

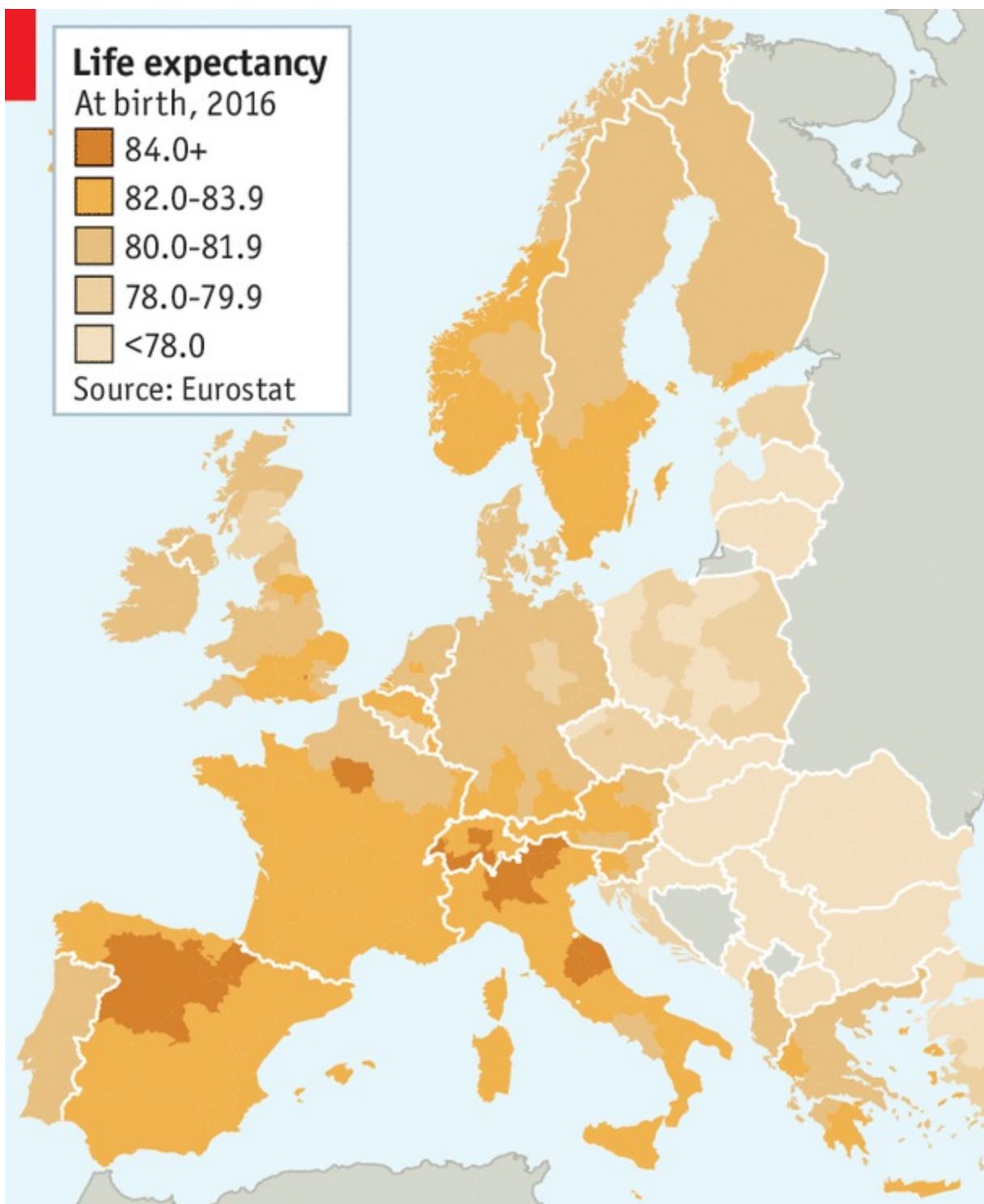
Money might be thought to be at the root of the problem, but the facts do not bear out this view. Portugal, southern Italy and large parts of Spain have incomes per head similar to parts of eastern Europe, yet enjoy higher life expectancy. Scotland and the north-east of England also have high death rates from chronic disease. “What you do with GDP is important,” says Mr Vagero. Some countries prefer to spend their money on social policy, others on weapons. But in general, health systems in eastern Europe are simply “not comparable to western Europe,” says Mr Massay-Kosubek.

Life expectancy

At birth, 2016

- 84.0+
- 82.0-83.9
- 80.0-81.9
- 78.0-79.9
- <78.0

Source: Eurostat



The Economist

“Health inequalities are unjust because they can be prevented,” he goes on. Education, access to clean air and improvements in mental health could help.

But prevention policies are hard to get right, even if they save money in the long run. With more low-emission cars in western Europe, older, more polluting models end up in eastern European markets. EU-wide measures to reduce smoking, like plain packaging and bans on public smoking, have had some success. Alcohol consumption could be tackled in a similar way. But those who have kicked the smoking habit often belong to the well-educated, richer part of society. Improvements in health do not always lead to greater equality.

Almost all EU members are collaborating on an action plan on health, and the European Commission is running projects to tackle the root of the health problem in groups vulnerable to sickness. But not everyone in Brussels supports such collaboration. Nationalist MEPs might seek to take back control of public-health reform after the European Parliament elections next year by limiting the interpretation of the EU's mandate on health, some warn. That could hinder bringing Europeans closer, in sickness and in health.

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A question of degrees

A scandal over unearned degrees threatens top Spanish politicians

It may be a sign that an election is coming



Sep 20th 2018 | MADRID

WHEN they returned this month after their long summer holiday, Spain's politicians had much to contemplate. There are signs that the economic recovery is starting to flag. The Socialist minority government of Pedro Sánchez must strike a balance between eliminating the deficit, restoring social spending and raising business taxes. A year after its independence referendum, Catalonia's government remains sullen, awaiting the controversial trial for rebellion of some of its imprisoned former leaders. And Mr Sánchez has pushed through an overdue law to remove the remains of Francisco Franco, Spain's former dictator, from the triumphalist mausoleum he built outside Madrid.

But Spanish politics have been convulsed by a less uplifting matter: whether the postgraduate degrees some of its leaders boast of were fairly obtained. On September 11th Carmen Montón resigned as health minister after it emerged

that she had been awarded a master's degree in 2011 from King Juan Carlos University (URJC) in Madrid without doing the requisite work. In April the same fate had befallen Cristina Cifuentes, president of the Madrid regional government and a member of the conservative People's Party (PP), who had secured a bogus master's from URJC's Institute of Public Law.

Opposition newspapers have claimed that Mr Sánchez's doctoral thesis was plagiarised or written by someone else. The thesis, entitled "Innovations in Spanish economic diplomacy", is hardly an academic ground-breaker. It was approved by a low-powered examination panel at a private university. But there is no evidence that it was not his own work.

That allegation looked like a smokescreen to protect Pablo Casado, the new PP leader, who is potentially in far more serious trouble. In 2008 he obtained the same degree as Ms Cifuentes. He admits that he was credited with 18 of 22 assignments without doing any work. He insists he did nothing wrong. But in July a judge ruled that his degree could have constituted an undue gift; she has asked the supreme court to lift Mr Casado's judicial immunity in order to charge him. The institute is now closed and its founding director charged with fraud.

All this sets the bad example that the way to get ahead is through contacts, not merit and hard work. Like URJC, several other Spanish universities have become party fiefs. But what explains the politicians' need to inflate their credentials? There are a handful of genuine intellectuals in the Congress. But nowadays the average Spanish politician is a party hack plying a discredited trade, argues Victor Lapuente, a political scientist at Gothenburg University. "Getting a postgraduate degree is a way of seeming to be a trained professional," he says.

The fuss over degrees is also a sign that an election may not be far off. Mr Sánchez took office in June after dispatching Mariano Rajoy, the PP prime minister, in a censure motion. After years of austerity under the dour Mr Rajoy, Mr Sánchez, aged 46 and with an easy charm, brought a breath of fresh air. But his Socialists have just 84 of the 350 seats in parliament. He has governed with gestures, such as Franco's exhumation, and with U-turns (having initially welcomed a migrant ship, his government is now sending migrants back to Morocco).

Mr Sánchez says he wants to see out the parliament's term until 2020. Despite his inexperience, he has the sense of opportunity of a more seasoned politician. To embarrass Mr Casado, this week he proposed a constitutional amendment to curb parliamentary immunity, a popular move. But he may struggle to get the 2019 budget approved. Having lifted the Socialists to a narrow lead in the polls, he may be tempted at any moment to go to the people.

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Word games

Teaching Arabic in France

Some people will play politics with anything



Marta NASCIMENTO/REA

Sep 20th 2018 | PARIS

ARABIC is a “perfect, smooth and rich language”, wrote Ernest Renan, a 19th-century French thinker, who praised its “extensive vocabulary, the accuracy of its meanings and the beautiful logic of its structures”. Today Arabic is considered the second-most-spoken language in France, and is the source of rich street slang. An estimated 5m French citizens have family roots in the Arab world, mainly in Algeria, Morocco and Tunisia. Yet the teaching of the language in schools is regarded in many quarters as suspect, if not dangerous. A mere 13,000 French pupils study Arabic—just 0.2% of all secondary-school students who take a second language.

Not surprisingly, the vast majority of French pupils choose English as their first foreign language, with fully 5.5m pupils enrolled in classes in secondary school. Although German was once the traditional second choice, it has long been overtaken by Spanish. The fastest-growing option in France is now

Chinese. The number of its students has tripled, though admittedly still to only 39,000, over the past decade. Today there are three times as many French pupils studying Chinese as Arabic. Few French schools offer Arabic at all. “Why on earth would you want your children to learn Arabic?” was the tart response to inquiries by one French diplomat, returning to Paris after a spell in an Arab country.

To counter such views, the education minister, Jean-Michel Blanquer, argued earlier this month that the teaching of Arabic should be made more widespread. He says that Arabic ought to be granted “prestige”, he pleaded, “as a very great literary language”, and studied not only by those of north African origin. Teaching it in school, Mr Blanquer argued, could also be a way of controlling how it is taught. Most Arabic classes currently take place beyond the reach of schools inspectors, in mosques or Koranic classrooms. A new report by Hakim El Karoui for the Institut Montaigne, a liberal think-tank, recommends an increase in official Arabic classes as a means of curbing hard-line Islamist teaching.

Yet Mr Blanquer’s idea has kicked up a nasty row. Nicolas Dupont-Aignan, a right-wing nationalist, called it “the beginning of the Arabisation of France”. Teaching Arabic in schools, claimed Robert Ménard, the far-right mayor of Béziers, would herald “the birth of another nation right in the heart of France”. (People seem less worried by the language of the once-hated Anglo-Saxons.) There has been much dark muttering about the prospect of teachers in headscarves, which are banned in state schools under French law. Louis Aliot, a far-right deputy and partner of Marine Le Pen, condemned the proposal as part of an “ideology of submission”.

Even the mainstream right has voiced outrage. Arabic, declared an editorial in *Le Figaro* magazine, “is not a language like any other” but “a weapon used by those who want to separate Muslims from the rest of the French community”. The point could be made the other way around. Unless French schools help to take teaching of Arabic out of the hands of imams and into the classroom, Arabic will remain a badge of religion rather than a respected world language like any other.

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Over, not out

Germany's domestic spy chief gets a promotion

Critics wanted him sacked for downplaying far-right violence



DPA

Sep 20th 2018 | BERLIN

IT WAS supposed to be a face-saving measure to stop the coalition government collapsing. Instead there is outrage. Hans-Georg Maassen (pictured) was removed from his role as Germany's head of domestic intelligence this week over allegations that he had downplayed right-wing extremist violence. But rather than being sacked, he has been given a pay rise and a promotion.

Mr Maassen sparked a national row when he called into question a video showing foreign-looking people being chased by a mob after the killing of a German man, allegedly by asylum-seekers, in the eastern German city of Chemnitz. The spy chief suggested the video might be fake, hinting at media manipulation to distract from the Chemnitz killing. He said there was no information about xenophobic assaults, despite reliable eyewitness reports and police investigations into such cases.

This was an affront to his boss, Angela Merkel, the chancellor, who had condemned the anti-migrant violence in Chemnitz and whose refugee policy he openly disagrees with. Mrs Merkel's Social Democratic coalition partners, the SPD, called for him to be sacked. Her conservative interior minister, Horst Seehofer, immediately sided with Mr Maassen, setting the scene for yet another coalition crisis in Berlin. Neither side could back down, fearing a backlash from their supporters. But sticking to their guns risked bringing down the government. Finding Mr Maassen another job was the way out.

Everyone has been damaged. Mrs Merkel has lost authority. Mr Seehofer's ally has been pushed out, implying a degree of guilt. But the SPD has been hit hardest. Party members believe their leaders are sacrificing left-wing values in another coalition with Mrs Merkel's conservative bloc to cling on to power.

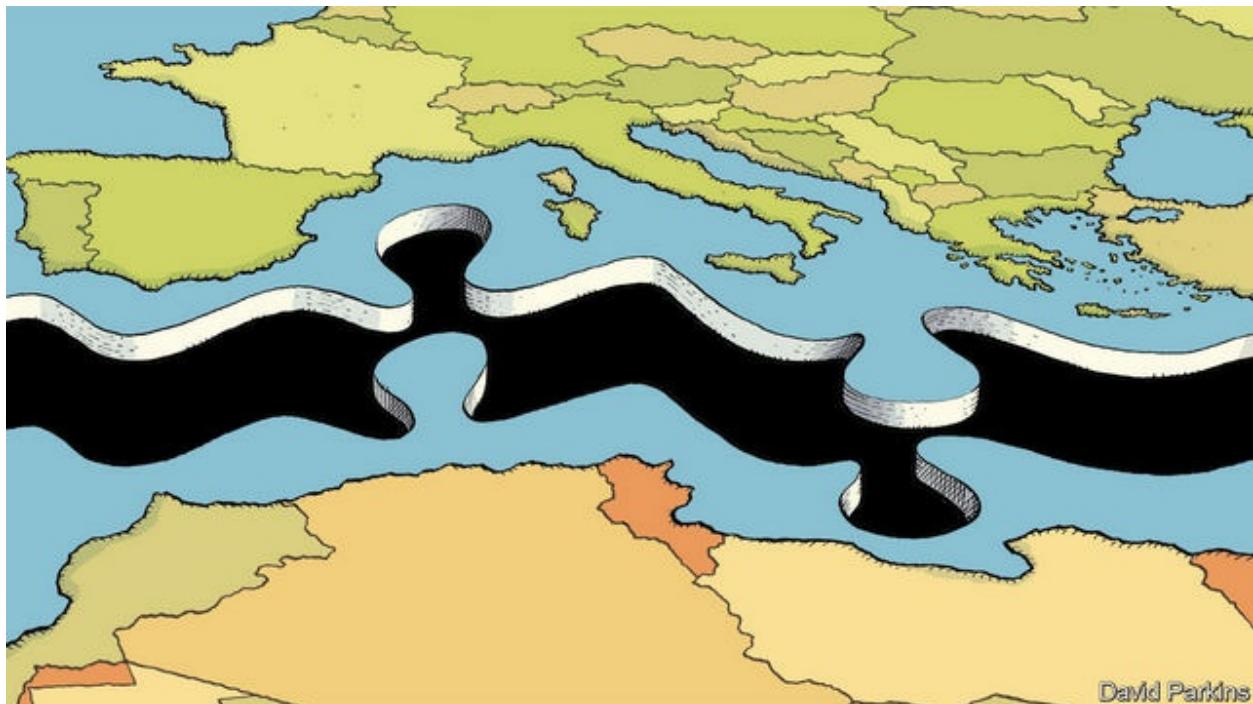
This is not the first time that Mr Maassen has been accused of overstepping his brief. He is accused of close links with the right-wing populist Alternative for Germany party, including allegedly advising them on how to avoid surveillance. But the row is about more than just Mr Maassen. He is a symbol for the split running through Germany, and its government, over migration. Another coalition crisis may have been averted, but that division has not gone away.

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Charlemagne

Why Europe should focus on its growing interdependence with Africa

Sealing the Mediterranean will not work



Sep 20th 2018

IT IS a peculiarly modern habit to think of the Mediterranean Sea as a boundary. For over two millennia, civilisations bled across it and intermingled. Roman, Carthaginian, Moorish and Venetian empires expanded primarily along maritime routes. It took four days to get from imperial Rome to today's Tunisia, but 11 days to reach Milan. The Sahara restricted contact between this Mediterranean Eurafica and the regions to the south, but not entirely. A study of 22 skulls from Roman London found that four were African, for example. The medieval wealth of desert trading cities like Timbuktu and Agadez spoke of extensive north-south commerce. Later European colonialists penetrated, pillaged and parcelled up the continent; African troops fought in the trenches of the first world war; Europeans fought in Africa in the second.

Three subsequent events curbed this trans-Mediterraneanism. European

powers left Africa with decolonisation; many African states sought to be neutral during the cold war; Europeans turned towards Asia's booming markets as globalisation took hold. Tellingly, the geopolitical buzzword of the moment is "Eurasia". Europe and Asia are integrating along old Silk Road routes, especially under China's Belt and Road infrastructure splurge, yet "Eurafrica" remains relatively little discussed. Europe is too busy rushing into Asia's arms to embrace a continent on its doorstep which may be even more significant in the long term.

Today's waves of African migration are merely a prelude. Of the 2.2bn citizens added to the global population by 2050, 1.3bn will be Africans—about the size of China's population today. And more of them will have the means to travel. Those Africans risking the trip north across the Mediterranean today are not the poorest, but those with a mobile phone to organise the trip and money to pay smugglers. Few of the Nigerians who attempt the crossing are from their country's poor north, for example; almost all are from its wealthier south. As African countries gradually prosper, migration will surely increase, not decrease. Emmanuel Macron raised these points in a recent interview. The French president was recommending a new book, "The Rush to Europe", published in French by Stephen Smith of Duke University, which models past international migrations like that of Mexicans into America to show that the number of Afro-Europeans (Europeans with African roots) could rise from 9m at present to between 150m and 200m by 2050, perhaps a quarter of Europe's total population.

The interdependence is growing in other areas, too. While Europe's old Atlantic harbours stagnate, four of its five fastest-growing ports are on the Mediterranean (led by Piraeus in Greece). Much of this is driven by Asian trade, but the African share is rising too, and will mushroom as the continent continues to grow. Europe is increasingly reliant on Nigerian and Liberian minerals, and German environmentalists dream of giant Saharan solar plants feeding clean energy to Europe. The security situation on one shore of the Mediterranean increasingly affects the other. The chaos that emerged from the Arab spring in countries like Libya prompted a surge in drug- and weapon-smuggling to Europe, while terrorist attacks in Paris and Brussels in 2015 and 2016 were mostly committed by young men of north African origin. Chatham House, a British think-tank, predicts that the security of the

Strait of Gibraltar, which divides Spain from Morocco, will become increasingly fraught.

EU leaders met in Salzburg on September 19th and 20th to discuss new border controls and north African “disembarkation platforms” where migrants from the south could be processed and sent back. The summit epitomised a strategy that Mr Smith dubs “Fortress Europe”, which involves reducing migration from north Africa at almost any human cost, letting in merely a trickle of approved African migrants, bickering over who should accommodate them and then, as recompense, funnelling modest aid into Africa. Angela Merkel promotes a “Marshall Plan for Africa”, as a means of reducing migration. That reckons without the fact that economic development will raise migration numbers.

The scramble for Europe

There is an alternative “Eurafrica” strategy, writes Mr Smith. This is to accept the integration of Africa and Europe. Alex de Waal, an Africa expert at Tufts University, agrees that is the only realistic course. “The logic of history is a European-Mediterranean market that will cross the Sahara, too,” he says. “The challenge is to recognise that reality and make it a mutually beneficial and regulated one. Building walls will not work.” This, so he contends, means increasing Europe’s role as a supporter of, and model for, a multilateral Africa: backing blocs, based on the EU, which are either continental (such as the African Union) or regional (like the East African Community and the Economic Community of West African States).

It also means creating regulated routes for migrants travelling in both directions. Over the century, European districts that today have a Eurafrican character—parts of Barcelona, Marseille, Brussels and London, say—will become more the norm than the exception. “African migrants will provide a significant part of the European workforce, so we need to ask what part of the workforce and what sort of training we need to provide,” says Mr de Waal. African music and food will become more prominent in European cultural and culinary diets. Meanwhile Lagos, Casablanca, Nairobi and Kinshasa would receive their own influxes of European businesses, politicians and fortune-seekers.

The two options, Fortress Europe versus Eurafrica, may one day end up as a choice between denial and reality. Europe cannot insulate itself from the dramatic long-term shifts in its continental neighbour. Like it or not, Eurafrica is part of Europe's demographic and cultural destiny. It is better, surely, not to ignore or reject this but to work out how to make it a success.

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What immigration system should Britain adopt after Brexit?. Preferential treatment for EU migrants would be a useful bargaining chip in the Brexit talks.

- **[Migration in Europe: How to bend the rules](#)** [Fri, 21 Sep 16:03]

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A review of Britain's railways will not consider nationalisation. Though most of the public want it, the government has other ideas.

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Back to the future with steam, coal and fine dining. Ambitions to revive a scheduled steam service on Britain's mainline railway.

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Theresa May edges back from the brink. At last, things may be turning in the prime minister's favour.

A new order at the border

What immigration system should Britain adopt after Brexit?

Preferential treatment for EU migrants would be a useful bargaining chip in the Brexit talks



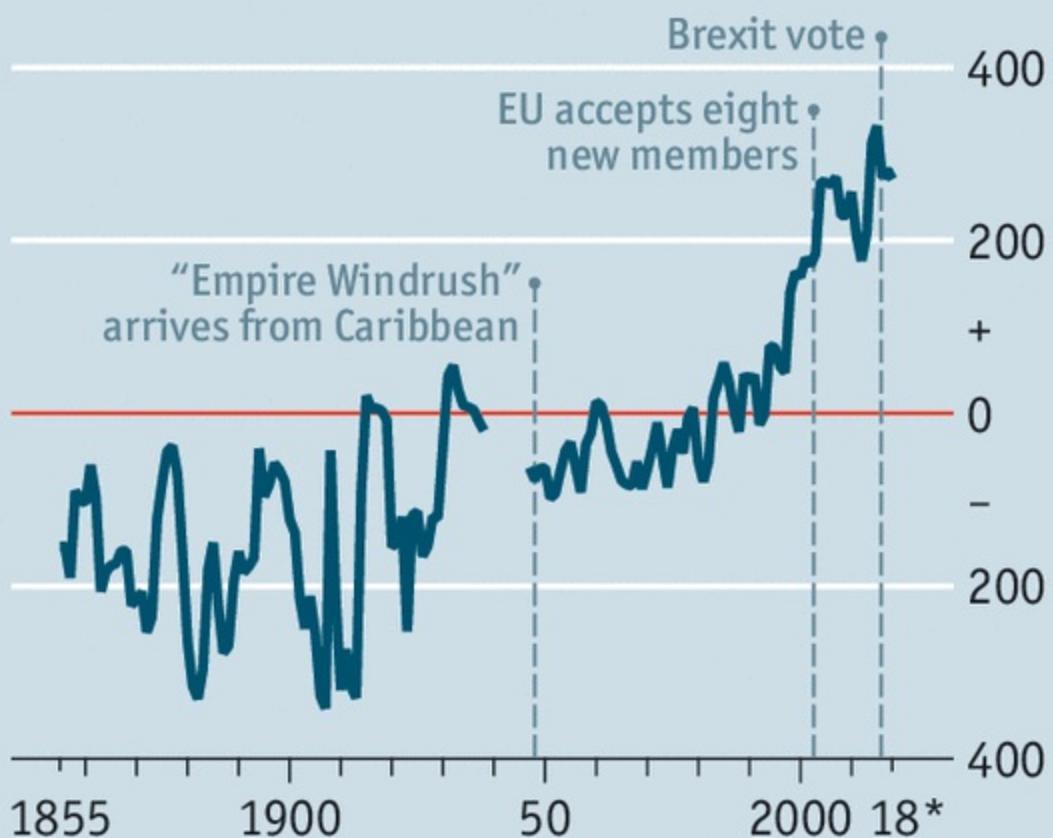
Sep 20th 2018

FOREMOST in the mind of many of those who voted to leave the European Union on June 23rd 2016 was a desire to reduce immigration. Brexiteers had promised that, once shot of the EU and its rules on free movement, Britain could more easily clamp down on arrivals from abroad. Yet in the two-and-a-bit years since the referendum, the government has given away little about how it wants to alter the migration regime after Brexit.

That changed on September 18th when the Migration Advisory Committee (MAC), an official expert panel, published probably the most comprehensive-ever analysis of migration to Britain. Its conclusions, designed to inform government policy, give the strongest hint yet of what the post-Brexit immigration regime will look like.

Hello, goodbye

Britain, annual net migration, '000



Sources: Bank of England; ONS

*Year to March

The Economist

For most of Britain's modern history emigration has exceeded immigration (see chart). Yet from the late 1990s immigration rose sharply, first as a strong economy sucked in students, workers and their families from around the world, and then as the EU's enlargement gave people in the poorer east permission to work in Britain. Annual net migration reached an all-time peak of over 300,000 in 2015-16, shortly before the Brexit vote.

The impact of this influx on jobs, housing, the public finances and much else is hotly contested. The 140-page MAC report contains hard truths for

immigration sceptics and enthusiasts alike.

Migrants do not appear to increase crime and seem to have no effect on the quality of health care, the report finds. Nor do foreign arrivals lead to noticeable rises in joblessness among British workers—indeed, the unemployment rate is at a four-decade low. Migrants also pay more in tax than they receive in public services. Last year those from Europe chipped in £2,300 (\$3,000) more than the average adult. Without any migration, Britain's dependency ratio (the number of over-65s per 1,000 working-age folk) would jump from 285 today to 444 in 20 years' time. With continued net migration of 250,000 a year, the ratio would be 404.

Yet the MAC also identifies problems. Although migration has little overall impact on wages, it pushes down the pay of the poorest somewhat, while raising that of the better off. Estimates in the report imply that EU migration since 2004 has left the wages of the poorest tenth about 3% lower than otherwise would have been the case, and those of the richest tenth 3% higher. As for the public finances, the MAC is unconvinced that the surplus that migrants produce is always directed to the right places; it also notes that migrants' contribution could be greater if they were accepted on a more selective basis.

Strawberry fields for not much longer

It therefore suggests a shake-up. Throughout the report the MAC emphasises that different migrants have very different impacts. Highly skilled workers probably raise the productivity of British firms, by bringing new ideas with them. Since they earn more, they pay more tax. Lower-skilled migrants, by contrast, do not hold such clear benefits for existing residents. The MAC worries about the consequences of the enlargement of the EU in 2004, arguing that since then “the scale of low-skilled migration...has been larger than an evidence-based policy would have chosen in the absence of free movement.”

It concludes that, from an economic perspective, there is no reason for Britain to discriminate in favour of EU citizens at the expense of non-EU ones. Better, it says, to select migrants on the basis of their skills or qualifications. The MAC recommends removing the cap on the number of skilled migrants

who can be admitted from outside the EU, which stands at about 20,000 a year, not only because it damages the economy but because it “makes little sense for a migrant to be perceived as of value one day and not the next.”

Tighter controls on low-skilled migrants are the flip side of the MAC’s proposal. It recommends ending nearly all such immigration, arguing that low-skilled jobs could be done by Britons or by migrants who come for the purpose of family reunion. (A seasonal workers’ scheme could bail out agriculture, it suggests.)

Some industries predictably squealed at this. The Freight Transport Association, whose members employ migrants as drivers, warned that “next-day deliveries would soon be a thing of the past.” Yet such companies might be forced to invest more in labour-saving technologies, enhancing their workers’ productivity. And having large numbers of businesses engaged in low-wage, low-productivity activities may not represent the best use of Britain’s capital. Industries that have benefited from low-skilled migration are “not necessarily the parts of the UK economy that we want to be growing,” noted Alan Manning, the MAC’s chairman.

The idea of treating EU and non-EU migrants equally seems to align with the government’s thinking. Sajid Javid, the home secretary, has indicated that he would like to harmonise EU and non-EU migration after Brexit. Theresa May, the prime minister, has said she would like “a set of rules for people from the European Union and people from outside the European Union.” The Labour Party also backed the MAC’s proposals, calling for an “end to discrimination” against non-EU migrants.

Yet as the MAC itself repeatedly emphasises, its economic analysis takes no account of the political considerations that surround immigration. The most obvious concerns the Brexit negotiations. The EU would prefer to maintain the free movement of people between it and Britain, since its citizens are the clearest beneficiaries of the current system. In return for preferential access, it might be willing to offer a better trade deal, as well as the reciprocal right for unskilled or retired Britons to live and work in the EU.

The same principle applies to other countries with which Britain hopes to strike trade deals after Brexit. India has made clear that it wants freer

migration to be a component of any trade agreement. Last year the then Australian high commissioner suggested that he expected “greater access for Australian businesspeople” as part of the price of a deal.

Mrs May could stick to her guns and insist that immigration policy must be strictly nationality-neutral. In isolation, that might lead to “modest” improvements over the current set-up, as the MAC argues. Yet it would greatly limit the scope of future trade agreements, not just with the EU but far beyond. Not for the first time, Britain must reckon with the fact that taking back control comes at a cost.

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Migration after Brexit

How to bend the EU's rules on free movement

Many countries interpret the principle rather more loosely than Britain



Sep 20th 2018

THERESA MAY'S government has long insisted that free movement of people from the European Union to Britain must end after Brexit.

Commentary on this week's Migration Advisory Committee (MAC) report has focused on its advice that Britain should not offer EU citizens preferential terms after it leaves. Yet the report pointedly adds that "preferential access to the UK labour market would be of benefit to EU citizens". This clearly hints that a regime favouring EU migrants could be a bargaining chip to win better access to the EU's single market.

The principle of getting free trade in return for free movement is implicit in the single market's rules. As a matter of economics, a single market could be built around the free movement of goods, services and capital. But the EU deliberately adds free movement of people, which most citizens outside Britain see as a benefit of the club.

Yet it also permits exceptions. Harvey Redgrave of the Tony Blair Institute, a think-tank, notes that other EU countries have long been amazed that, given Britain's hostility to EU migration, its government has never applied the constraints allowed on free movement. It was one of only three countries not to limit the migration of nationals from central and eastern European countries for the first few years after they joined the EU in 2004. Even today it is more generous than it need be. In June Britain chose not to extend limits on free movement from Croatia, which joined the EU in 2013, for two more years.

Britain is also in a minority in having no registration system for EU migrants. Post-Brexit, it could use such a system, as Belgium does, to throw out migrants who have no job after six months. Denmark and Austria limit migrants' ability to buy homes in some places.

Most EU countries are also tougher than Britain in insisting that welfare benefits cannot be claimed until a migrant builds up some years' worth of contributions. Equally, the EU's posted-workers directive is used by many to try to stop any undercutting of local labour markets. But Britain is lax in enforcing both its minimum wage and its standards for working conditions.

Non-EU countries in the European Economic Area have other options. Liechtenstein, a tiny principality, has quotas on EU migrants, despite being a full member of the single market. Article 112 of the EEA treaty allows Iceland and Norway to invoke an "emergency brake", although they have never used it. And non-EEA Switzerland, which is in the single market for goods, not only limits property purchases but also makes most employers offer jobs to Swiss nationals first.

This particular concession was secured after the EU refused to accept a Swiss vote in 2014 to set limits on free movement. Yet a further referendum on the issue is now threatened, so Brussels may have to bend its rules yet again. All this comes as other EU countries besides Britain are looking for new ways to constrain the free movement of people.

The MAC report itself points to the irony that all this is happening as EU migration to Britain is going down fast. It notes that the country may be ending free movement just as public concern about it is falling. It is not too

late for a compromise in which Britain accepts something like free movement in principle, but heavily constrains it in practice.

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Turbulent priests

The Church of England's views rankle with the laity

The clergy is more left-wing than its flock on politics—but more conservative on social matters



PA

Sep 20th 2018

“THE heart of the wise inclines to the right, but the heart of a fool to the left,” according to the book of Ecclesiastes. Justin Welby, the Archbishop of Canterbury (pictured), might not agree. As the head of the Church of England, the former oilman has championed several causes usually associated with the left. This week the Church held a series of meetings to discuss buying the loan book of Wonga, a lender that recently went into administration, in order to prevent the debts of its borrowers being sold to another high-interest loan firm. The previous week the archbishop had compared socialism to the Christian belief that all men and women are created equally in the image of God.

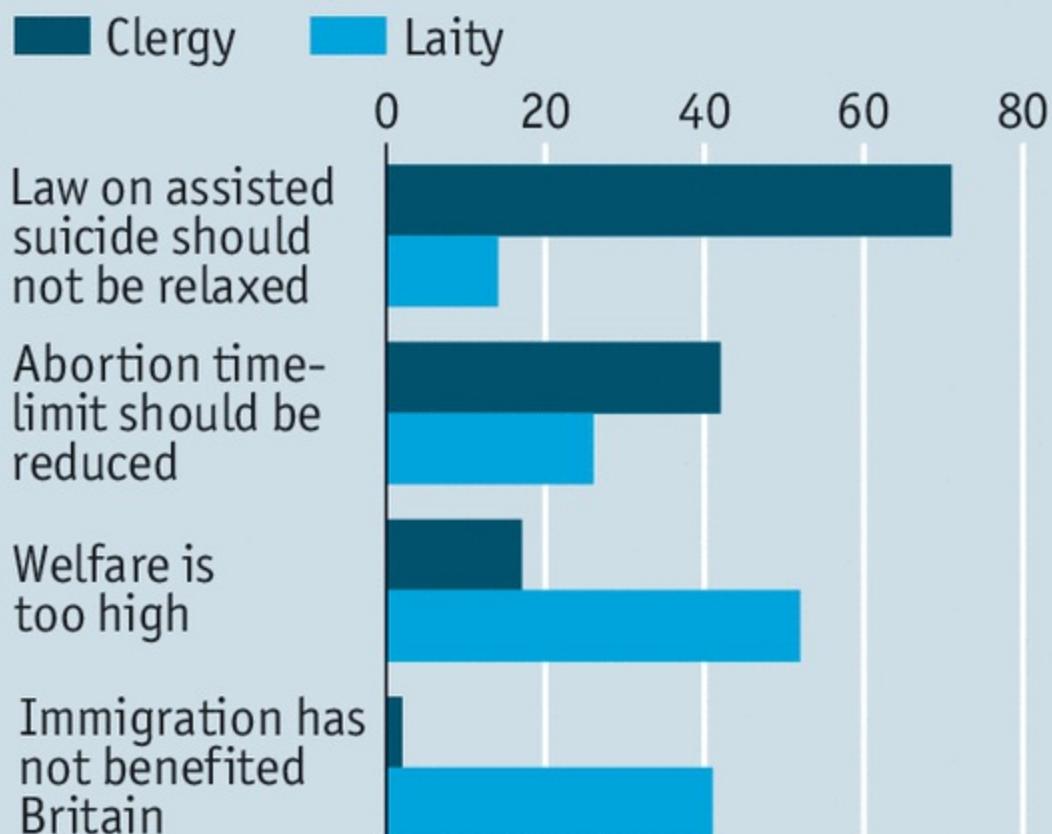
Archbishop Welby is not unusual among the clergy. If anything, he is seen as a conservative. Rowan Williams, his predecessor, was even more outspoken.

Bishop Williams styles himself as a “hairy lefty” and as leader of the Church backed calls for a “Robin Hood tax” on financial transactions. In the 1980s he was marked out as “subversive” for his earlier campus activism as a student at Oxford. Those further down the pecking order also lean leftward. In 2015, 84 bishops signed a letter urging the prime minister to increase the number of refugees admitted to Britain.

The lefty politics of the clergy sometimes rankle with lay Anglicans, who tend to be more right-wing. More than 40% of Anglican Christians believe that immigration has no benefits whatsoever, compared with just 2% of the clergy. Some 52% of the punters in the pews say welfare spending is too high, compared with just 17% of the preachers in the pulpit. Similarly, nearly 70% of lay Anglicans think benefits create dependency; 63% of the ordained take the opposite view. Anglicans disproportionately backed Brexit, despite several bishops coming out for Remain. Nick Spencer of Theos, a think-tank, describes the relationship between vicars and their congregations as resembling “*Guardian* readers preaching at *Daily Mail* readers.”

Not the same hymn sheet

Britain, Anglicans agreeing, 2013-14, %



Source: YouGov

The Economist

But the picture is more complex. The laity may be right-wing in their politics, but they are more liberal than their vicars when it comes to personal morality, says Linda Woodhead, a sociologist at Lancaster University. For example, 71% of the clergy believe that legislation outlawing euthanasia should remain in place, whereas 77% of the congregation say the law should be relaxed. Lay Anglicans also take a more relaxed stance than their vicars on abortion, and supported the ordination of women long before the Church of England did. In fact, their main criticism of the Church is that it is stuffy and out of touch. This view is most pronounced among those who attend at least once a week.

Why are the clergy and its flock so divided? Some believe it is down to the free housing and juicy tax breaks enjoyed by preachers. In the ivory towers of their rectories, they are insulated from the daily pressures the laity face. Others take the opposite view, arguing that vicars running food banks are well versed in society's woes. Yet neither argument explains why vicars are more left-wing than their flocks on economic issues, while being more conservative on social ones.

Perhaps it is a matter of theology. Parables about rich fools and brotherly love easily translate into modern warnings about capitalism and empathy for refugees. (One vicar protests that she is not particularly left-wing, just very Christian, for describing the Virgin Mary as a persecuted refugee.) Old Testament teachings about the sanctity of life, meanwhile, are harder to update. Lay views have progressed on such fronts, while those of the lefty church lag behind.

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Cable news

Stuck in the middle with Vince: the Lib Dem struggle

A lame-duck leader is only one of the party's problems



Sep 20th 2018 | BRIGHTON

THE Liberal Democrats have a sense of humour, which is lucky. Each year at the party's autumn conference delegates gather for a sing-song, with lyrics adapted to attack Labour, the Tories and, most of all, themselves. "No one knows our message /We'll keep it under wraps /Except on maybe Brexit /Where we've policies on tap," belt out tanked-up Lib Dems, to the tune of "My Old Man's a Dustman".

Britain's third party is the weirdest in Westminster. The Lib Dems know they cannot win a general election, yet refuse to countenance a coalition with their rivals. Their leader, Sir Vince Cable, has promised to step down soon, but not just yet, and still insists he may be prime minister. The Lib Dems are in danger of becoming Britain's first post-modern party: an irony-soaked parody of a political movement, sinking giggling into irrelevance.

Labour is marching to the left and the Tories to the right, which ought to be helpful to the Lib Dems, who claim to occupy the centre ground. Yet they have not capitalised. When other options are moderate, a vote for a third party is seen as low-risk, say party staffers. Division forces voters to pick a side, rather than cast a vote for a party with little chance of winning.

To tempt cowardly voters, Sir Vince has played up the Lib Dems as a party of ideas rather than a government-in-waiting. In some areas the Lib Dems do offer something unique. In 2016 their call for a “People’s Vote” on the final Brexit deal was considered eccentric. Today half of voters back it. The Lib Dems champion other unsexy but good ideas, such as replacing business rates with a land tax, and swapping inheritance tax for a levy on gifts.

Yet they are often not different enough. Brexit aside, the gap at the centre of British politics is not as gaping as it appears. In Sir Vince’s speech, sections criticising greedy housebuilders and tax-avoiding tech firms, and a promise to improve education for older people, would not look out of place in a speech by a Tory or Labour leader. Jo Swinson, Sir Vince’s deputy (who is tipped as his successor), declared that the “social contract is broken”, another common theme. In certain policy areas, British politics is rather crowded. “If you’re in the middle of the road, you have to be bloody visible,” says Sir Ed Davey, an MP. “Otherwise you get squashed.”

A plan to make it easier for new members to join and even allow non-MPs to stand for party leader has attracted some coverage. With only 12 MPs, the party faces a long march back to prominence. An outsider or a deluge of new members would offer a short-cut.

Experiments in party democracy can backfire—as Labour MPs, who accidentally let their members pick a far-left leader in 2015, can attest. But the Lib Dems have decided that the only thing worse than being talked about is not being talked about. Politics is an attention game, as the careers of populists such as Nigel Farage and Boris Johnson show. The Lib Dems are trying to play it. Sir Vince, who rose to prominence as a sage of the financial crisis, was reduced to labelling the push for Brexit an “erotic spasm” during his conference speech. Instead, he stumbled over the words and called it an “exotic spresm”. The headlines came. If you can’t beat them, join them. Even then, you may still lose.

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Prosecuting the past

Veterans of Northern Ireland face trial for decades-old crimes

Veterans are furious that the government is not doing more to protect them



Sep 20th 2018 | BELFAST

A CONSERVATIVE cabinet faces anger from its own supporters, inside and outside Parliament, who say that special interests in Ireland are trumping the government's own promises as well as the national interest. The cabinet seems divided, and it is subject to countervailing pressures, notably from Europe.

For once, this is not about Brexit. Behind this other row is the government's perceived failure to protect ex-soldiers from being hauled before Northern Irish courts to face trial over incidents during the Troubles of 1968-98, which were once deemed to be closed matters.

Anger has crystallised around Dennis Hutchings, a man in his late 70s who faces trial over the fatal shooting of a man in Tyrone in 1974. Mr Hutchings had received promises, after earlier investigations, that the matter was settled.

But a judge in Belfast rejected his contention that a trial was impossible given the time lag and the absence of surviving military witnesses. The Supreme Court will consider his case in March. In a letter circulating among Tory MPs, one of his ex-commanders deems “disgraceful” the fate of a man who, in 2015, was arrested at his home in Cornwall, flown to Northern Ireland and questioned hard for four days.

While ex-officers growl in Parliament, humbler veterans have been protesting in the street and on social media. Alan Barry, once a soldier in the Grenadier Guards, says he quickly found 25,000 members for an internet campaign called Justice for Northern Ireland Veterans. He is crowd-funding a film that would narrate the “great betrayal” of the conflict’s military veterans. Several times, the government has faced the embarrassing sight of grizzled old soldiers marching the streets in anger rather than solemn remembrance.

The Hutchings story heralds a cascade of cases. For the Irish republicans of Sinn Fein, the priorities include bringing judicial redress for the death of 11 civilians in the Ballymurphy district of Belfast in 1971. Relatives of the victims last month launched a documentary about the episode; they want it to get the same attention as the killing of 14 civilians in Derry-Londonderry on “Bloody Sunday” in 1972.

With Northern Ireland’s power-sharing executive suspended, the Westminster government seems paralysed, too. Its consultation over “legacy” issues, launched in May, has been extended to October. But its terms exclude the possibility of introducing a statute of limitations, which many Tories want. Pressed on this, Theresa May has agreed that current probes focus too much on the security forces and not enough on their enemies. But she has not said how she hopes to change this.

“I have been left genuinely stunned...I am furious,” tweeted Johnny Mercer, an ex-captain who fought in Afghanistan, on September 12th after he and some fellow Tory MPs spoke to a cabinet member about the issue. He says the government is breaking a manifesto promise to protect soldiers from vexatious legal claims.

But as Karen Bradley, the Northern Ireland secretary, has noted, a simple statute of limitations designed to shield veterans in Britain from Northern

Irish courts would flout European human-rights law. There is also resistance from local politicians. For Sinn Fein, prosecuting soldiers is crucial to establishing its narrative of the conflict. The Democratic Unionist Party (DUP), meanwhile, opposes any amnesty that might quash the remote possibility of bringing ex-paramilitaries to trial.

Proposals have been mooted for a statute of limitations covering British veterans of all conflicts. That could be marginally less provocative. More realistically, the attorney-general could issue guidelines advising against the reopening of cases where evidence has already been considered. That would not cross the red line of excluding prosecutions in the event of entirely fresh evidence emerging.

Coming back to haunt the government are some unusual features of the peace process that began in 1994. It rested on a virtual amnesty, but not a formal one. Hundreds of people jailed for violent acts were freed under a law which limited to two years the term such deeds could incur. The government also sent secret promises to fugitive republican fighters that, on the basis of existing evidence, they did not face prosecution. Neither of these steps completely precludes the reopening, in the light of new facts, of old cases against those who shot soldiers or policemen, and the DUP is protective of that possibility.

As a result, an even broader principle hangs in the balance, and anything the government now does could further disrupt the equilibrium. Northern Ireland's peace has rested on the bold idea that everyday administration can be shared by politicians who disagree viscerally about both the future and the past. Brexit has made discord about the future harder to manage. An innocent-sounding word like "legacy" may yet have the same inflammatory effect on arguments about the past.

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Non-stop service

A review of Britain's railways will not consider nationalisation

Though most of the public want it, the government has other ideas



Getty Images

Sep 20th 2018

NO ONE was too surprised by the news, announced on September 17th, that train delays over the past 12 months had been the worst for 12 years. Most people could forgive the havoc wrought by the “Beast from the East”, a storm that blitzed the country in February and March. Less forgivable was the virtual collapse of hundreds of services after the botched introduction of a new timetable in May. On September 20th the Office of Rail and Road, the industry’s regulator, issued a damning report on the causes of the chaos, blaming a lack of “responsibility and accountability” throughout the system. It followed other recent fiascos, such as the renationalisation in May of the East Coast Mainline, after its operator, Virgin East Coast, ran out of money.

So this week the embattled transport secretary, Chris Grayling, ordered a big review of the rail industry. It is expected to last a year, under the chairmanship of Keith Williams, a former boss of British Airways and deputy

chairman of John Lewis, a department store. The government billed it as the most significant rail review in decades.

It will be closely watched, for the railways have become one of the most politically charged public services. Privatised by the Tories in the mid-1990s, they are now the prime target in the Labour Party's campaign to roll forward the frontiers of the state again. Labour has seized upon recent failures to argue for the wholesale renationalisation of the railways. Such is the despair with the service that some 60% of people agree with the idea.

Privatisation has yielded plenty of successes. Passenger numbers have more than doubled since it got under way, despite a recent dip. Private investment in the railways over the past decade has come to £5.6bn (\$7.4bn). Safety is a lot better than in the past, and compares well with other countries. Five years ago a study by the EU found British passengers to be the second-most satisfied in Europe.

But even defenders of railway privatisation concede that the model chosen in the 1990s has not worked well. The industry was split into two distinct parts. Private companies, such as Virgin, bid for franchises to operate passenger services, for about seven years at a time. The ageing track, however, was vested in a separate body, initially privately held under the name Railtrack, now publicly owned and known as Network Rail.

The problem, as one former boss of a rail franchise attests, is that the objectives and interests of the train operators and Network Rail are “mutually exclusive”. The operators’ priority is to increase passenger numbers and revenue. Network Rail, however, is the custodian of a largely Victorian bit of infrastructure, and its priority is to keep it running. If that means closing tracks for days to repair them, so be it.

Mr Williams’s review is therefore expected to focus on ways to bring the management of track and trains closer together. One way to do this might be to devolve power from Whitehall to regional partnerships of train and track operators. His report might also look at how to stimulate more competition. Big operators enjoy virtual monopolies on their lines. Having more “open access” operators—smaller, more nimble companies—would keep the big franchises on their toes. Whatever the review’s conclusions, however, the

public will probably continue to favour the one option that it is unlikely to recommend.

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A blast from the past

Back to the future with steam, coal and fine dining

Ambitions to revive a scheduled steam service on Britain's mainline railway



Vintage Trains

Sep 20th 2018 | SOLIHULL

THE government wants more competition on the railways. But one new company probably isn't what ministers had in mind. Rather than boasting bullet trains and speed records, Vintage Trains offers steam engines, impeccable livery and Pullman dining cars.

Dozens of companies operate novelty steam rides in Britain, often on private, dedicated tracks. The *Hogwarts Express* chuffs Harry Potter fans around western Scotland in a cloud of smoke. But Vintage Trains aims to be the first to operate a full scheduled service on the mainline rail network, operating out of its base in the West Midlands. The company's first steam express, *Clun Castle* (number 7029 for the trainspotters), ran out of puff with British Rail in 1966, but has now been magnificently restored and is ready to go.

Vintage Trains is no Thomas the Tank Engine outfit. It raised almost £1m

(\$1.3m) to secure its passenger operating licence, announced on September 18th, and is now seeking a further £2.2m through a public share offering. It is led by veterans of the rail industry with impressive track records. Cathy Bellamy, its managing director, used to run Chiltern Railways and Hull Trains.

The company has hired one of the dwindling number of steam drivers left to operate the *Clun Castle*. Through apprenticeship schemes, it wants to build up a new generation of drivers, footplate crew and engineers. Vintage Trains is negotiating its timetables with Network Rail, which manages the railways. The aim is to run the steam engines between the normally scheduled diesel services. The first will probably go between Birmingham and Stratford.

At first, customers will be mainly tourists and steam enthusiasts. But Ms Bellamy hopes to attract regular passengers too. The *Clun Castle* cannot compete with modern trains in terms of speed: steam engines are restricted to 75mph, whereas diesels can do up to 125mph on inter-city routes. But, she argues, “reliability trumps journey time”. If the service is well run and well priced, she sees no reason it cannot compete.

Besides, with the railways under attack from all quarters, a steam renaissance might bring a bit of romance back to the industry. It might also turn out to be a fitting symbol of post-Brexit Britain.

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Bagehot

Theresa May edges back from the brink

At last, things may be turning in the prime minister's favour



Sep 20th 2018

THERESA MAY is about to enter the most challenging period of a prime ministership that has already been extraordinarily testing. She has to forge a deal with a European Union that senses her weakness. She has to confront a Conservative Party conference that smells betrayal. Trickiest of all, she has to get her Brexit deal through a fractious House of Commons. And she has to do all this knowing that the price of failure could be political turmoil, economic catastrophe and a place in the history books alongside Britain's worst prime ministers.

What are the chances of her succeeding? It is impossible to make firm predictions in such fractious circumstances. Yet there are signs that politics is at last moving in the prime minister's direction. Mrs May has often been cursed by dismal luck. Who can forget her excruciating performance at last year's party conference, when she was seized by a coughing fit and the

backdrop of the stage collapsed behind her? But just when she needs it, her luck has changed. The EU is sounding friendlier as the Brexit negotiations near their conclusion. A political meltdown in Britain would have severe repercussions on both sides of the Channel. And her fractious party is showing signs that it might fall in line.

Mrs May is lucky in her internal opposition. The leader of the campaign to unseat her, Boris Johnson, is widely regarded by his fellow Conservative MPs as a rogue and a risk. The fact that, at the same time, he is so popular with the Tory grassroots provides her with her most powerful whipping device: support me or you might end up with this disaster-in-waiting. The Brexiteer faction as a whole contains a large number of what might politely be called eccentrics. The credibility, such as it is, of the European Research Group (ERG), a caucus of hardline Brexiteer MPs, recently took a dive when it failed to produce its own Brexit plan. Mrs May has also been lucky in a changing of the guard at the *Daily Mail*, Britain's most important tabloid newspaper, where Paul Dacre, a fierce Brexiteer, has been replaced by Geordie Greig, an ardent remainder. The *Mail* wasted no time in making fun of the fact that the ERG's abortive Brexit document included plans to equip Britain with a nuclear-missile shield.

Mrs May is also fortunate in her opposition across the parliamentary aisle. The Tory party is far more worried about Jeremy Corbyn than it was when he won Labour's leadership election three years ago. Not only has he failed to soften his far-left position on domestic policy, he has also undermined the government's position on the murder of two British citizens by Russian intelligence operatives. All but the most fanatical Brexiteers would fall in line if they thought that failing to do so might hand Britain over to a man who has spent his life protesting against "Western imperialism" and campaigning for more trade-union power. Mr Corbyn has also failed to produce a plausible Brexit policy of his own. Six months before Britain leaves the EU, Labour's policy consists of little more than having its cake and eating it (somehow maintaining the benefits of the single market while also forging its own rules) and meaningless platitudes ("a pro-employment Brexit").

This autumn may play to Mrs May's political strengths. Britain has become so familiar with her weaknesses over the past year or so—her lack of human

empathy, her habit of repeating the same monotonous phrase (“strong and stable”, “nothing has changed”), her combination of stubbornness and weakness—that it is easy to forget that she has formidable qualities. The first is her sheer relentlessness. Mrs May lacks the political gifts of natural politicians such as David Cameron and Tony Blair. She suffers from type one diabetes, which means she has to inject herself with insulin several times a day. But she has made it to the top regardless. Her almost freakish focus on getting the job done was illustrated during a press conference in a basement in Ramsgate, Kent, in the run-up to the general election of 2015. The lights blew out, plunging the room into darkness, but the Maybot continued regardless, taking questions on arcane bits of policy.

Her second strength is her sense of duty. Mrs May is an anti-populist politician who found herself prime minister at a populist moment. She is a grammar-school girl who made it into the cabinet by dint of hard work and common sense. By an odd chance she was put into the top job by a referendum that was driven by populist rage against the establishment. The dutiful Mrs May set herself three tasks: obeying the “will of the people”, as expressed in the referendum; leaving the EU without damaging Britain’s economy; and doing all this without splitting her party.

Against the odds

She faces an excruciating task. For her to succeed, a lot of things have to go right. For her to fail, just one has to go wrong. She has to produce a deal that satisfies both Brussels and the bulk of the Brexiteers. She has to forge a majority by keeping her party in line or winning over enough wavering Labour MPs to make up for the Tory rebels. There is every chance that her government will be consumed by paralysis—that her compromise doesn’t get through and that she has nothing to replace it. This could produce any number of outcomes: a putsch in the Conservative Party, with Mrs May replaced by a rival; a general election, with Mr Corbyn likely to get into Downing Street; or a second referendum, which could even mean Brexit was reversed.

David Cameron and his acolytes always looked down on Mrs May as a dutiful dullard who got a second-class degree in geography from St Hilda’s and then went on to rise without a trace. But dutiful dullards frequently end

up better regarded than talented chancers. Mrs May is trying her best to clear up the terrible mess that the Bullingdon boy left for her. And if her luck holds, and she succeeds in pushing a workable compromise through Parliament, she will deserve thanks as well as admiration. There is honour, if not glory, in making the best of a bad job.

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International

- **[Hurricanes and typhoons: Stormy weather](#)** [Fri, 21 Sep 16:03]
Storms in America and the Pacific are evidence of climate change. Governments are getting a bit better at dealing with threats like Hurricane Florence and Typhoon Mangkhut.
 - **[Hong Kong: No Wanda](#)** [Fri, 21 Sep 16:03]
In Hong Kong, common sense keeps lives safe in a typhoon. But the government still faces flak for its handling of Mangkhut.
-

Stormy weather

Storms in America and the Pacific are evidence of climate change

Governments are getting a bit better at dealing with threats like Hurricane Florence and Typhoon Mangkhut



Getty Images

Sep 20th 2018 | HONG KONG, MANILA, WASHINGTON, ZHUHAI

PEOPLE living on opposite sides of the planet have in recent days felt the disastrous consequences of distant rumblings in the deep ocean. In America, they are still suffering the devastation left by Hurricane Florence, which made landfall in North Carolina on September 14th. Less than 12 hours later super-Typhoon Mangkhut tore into the Philippines, subsequently to hit Hong Kong and southern China. Mangkhut packed a bigger punch: a category 5 storm when it first hit land, to Florence's category 1. But the impact of both was linked to rising levels of greenhouse gases in the atmosphere, which are changing the climate and warming the sea.

For that reason, future storms are also likely to be more severe than in the past. Florence and Mangkhut have shown the progress that has been made in preparing for them and mitigating the damage—but also highlighted how

vulnerable many communities remain, especially in Asia.

The link with climate change comes from the accumulation in the atmosphere of greenhouse gases produced by the industrial burning of fossil fuels and by deforestation. They create an imbalance in the energy flowing in and out of the planet, driving temperatures up. About 90% of that additional energy ends up stored in the oceans. Researchers who monitor sea temperatures down to 2,000 metres have plotted a steady rise since the 1950s, reaching a record high last year (see chart). So far, 2018 is on course to set a new record.

Kevin Trenberth of the US National Centre for Atmospheric Research says this explains storms like Florence and Mangkhut. Tropical storms in the Atlantic (known as “hurricanes”) and Pacific (“typhoons”) draw their energy from this abyssal heat store. Warmer oceans mean more intense and longer-lasting storms. Climate models have long forecast this. Moreover, sea levels are rising at a rate of 3mm per year. Two factors explain this: water expands as it warms; and glaciers are melting at both poles. Higher seas mean storm surges reach farther inland. And, as the atmosphere warms, it can hold more moisture that eventually falls as precipitation.

Getting into hot water

Global ocean heat content, 0-2,000m

Deviation from 1981-2010 average, 10^{22} joules



Source: Lijing Cheng and Jiang Zhu

The Economist

Recent studies have explored these effects in detail, using real events. Earlier this year, for instance, Mr Trenberth showed that deep-ocean temperatures just before Hurricane Harvey, which led to disastrous flooding in Houston in August 2017, were at a peak globally and in the Gulf of Mexico.

Data recorded just after the storm revealed a drop in the heat content of the Gulf that closely matched the amount of rain unleashed by the hurricane. Mr Trenberth and his colleagues concluded that Harvey “could not have produced so much rain without human-induced climate change.” Kerry

Emanuel, of the Massachusetts Institute of Technology, estimates that a hurricane like Harvey in 2017 was made six times more likely by human greenhouse-gas emissions, and that by 2100 the risk will be 18 times higher than it was in the late 20th century.

A man who knows his stormy

Florence received an awestruck presidential reception. “One of the wettest we’ve ever seen from the standpoint of water”, noted President Donald Trump. In fact, America has endured far wetter and more damaging. Moody’s estimates that Florence caused between \$17bn and \$22bn in damage. Katrina, which devastated New Orleans in 2005, cost \$160bn in current dollars; Harvey cost \$125bn; Maria, which affected Puerto Rico in 2017, cost \$90bn.

The death toll of Florence, estimated at 37, is well behind those seen by Katrina, which killed 1,833, and Harvey (88). A recent study calculated that Maria killed 2,975, over a longer period, though Mr Trump, sensitive to criticism of his administration’s flat-footed response to that disaster, has disputed those figures. In contrast, a sensible government reaction to Florence probably helped limit damage and loss of life. Mandatory evacuation orders were issued three days before landfall. New Orleans only got such an order on the eve of Katrina’s arrival.

That Florence was not a chart-topping storm is small comfort to the North Carolinians whose homes and businesses were destroyed. Local economies could take years to recover. Some homeowners will be compensated by the national flood-insurance programme, which is subsidised by the government, in effect paying people to live in areas at high risk of flooding. Even so, the Federal Emergency Management Agency estimates that 40% of small businesses never reopen after a natural disaster. The state’s livestock industry has already taken a beating. The state agriculture department said that Florence had killed 3.4m chickens and drowned 5,500 pigs. Such casualties are expected to rise.

There's no sun up in the sky

If storms can wreak such havoc in the world’s richest country, their impact in

poor Asia-Pacific countries is even more far-reaching. Every year, the Asia-Pacific region is battered by more and bigger storms than reach America. There, the approach has been to move people away from the coast where possible. After Bangladesh found itself in 1970 in the path of cyclone Bhola, which killed between 300,000 and 500,000 people, making it the deadliest tropical cyclone on record, it began building a large network of raised shelters. Still, some people would refuse to use them. So now they accommodate livestock as well as people; have separate facilities for women; and are accessible to the disabled. But, according to Saleemul Huq, who directs the International Centre for Climate Change and Development, a research institute in Dhaka, the Bangladeshi system's biggest success has been its education programme, which has taught children how to respond to early warnings and take shelter.

The Philippines, too, has grim experience of storms. Haiyan, one of the strongest tropical cyclones yet recorded, which struck in 2013, remains a fresh memory. It pummelled the central part of the Philippines and crossed the country, killing 6,300 people and leaving 1,062 missing, by the official count. In comparison, the government's handling of Typhoon Mangkhut is counted a success. After it passed, Harry Roque, a spokesman for President Rodrigo Duterte, said his boss was "very, very satisfied" with the effort.

Yet by September 19th the death toll stood at 81 people and 70 were still missing. The number will probably rise. Rescue workers are still finding victims of the most deadly landslide, which buried a community of illegal miners digging for gold in a worked-out mine in the Cordillera mountains, in the north of Luzon, the main island. On September 15th, the day when Mangkhut hit Luzon, the National Disaster Risk Reduction and Management Council (NDRRMC) reported 194,368 people had taken refuge in shelters (mainly schools). It estimated the cost of the damage to agriculture at 14.3bn pesos (\$264m). Later the NDRRMC estimated that about 1.1m people had been affected by the storm.

Haiyan affected far more people, but in some respects Mangkhut, though it passed through only the north of Luzon, was bigger. Its bands of rain-bearing cloud swirled around an area 900km in diameter. As it approached Luzon, its winds sustained speeds of up to 205kph (127mph) near the centre, with gusts

of up to 255kph.

One lesson learnt from earlier disasters was the need for earlier and more emphatic advice to people to seek refuge. The government's weather-forecasting service, called PAGASA, was tracking Mangkhut well before it reached Luzon. It warned of strong winds and heavy rain that would cause high waves at sea, storm surges up to six metres in height along the coast, and flooding and landslides inland.

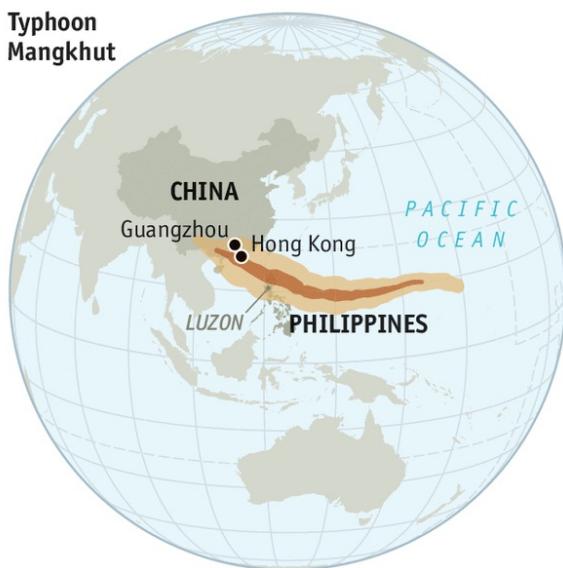
PAGASA has been tracking roughly 20 storms a year since its founding in 1972, and this time its forecasts were accurate. They were translated into warnings spread on radio and television, by text message and over the internet. Radio is the most widely used mass medium, and only the poorest Filipinos are without mobile phones.

Mangkhut's winds blew down flimsy buildings, tore the roofs off sturdier ones and felled trees. But, like Florence, it wreaked most of its destruction through rain, which caused landslides and flash floods, inundating fields and ruining the crops in them, making roads impassable and cutting off electricity supplies. The storm halted all normal economic life. Schools were closed, to keep the pupils safe and to be used as public shelters; businesses were shuttered; ferry sailings and international and domestic flights were cancelled. Mobile-phone networks were generally resilient, however.

The Philippines has a hierarchy of disaster-risk reduction, and management councils at every level of government. The system worked quite well this time. But it suffers from a malaise that afflicts the entire political structure. Politicians at the centre can say what they like, but local politicians do what they like. It also faces a more universal problem: that some disaster victims think they know best or, as in Bangladesh, are reluctant to abandon their property, such as livestock, to take shelter. The freelance miners in the Cordillera had that attitude. Most of those who died during Typhoon Haiyan were killed by storm surges in the eastern city of Tacloban, having been directed to take refuge in coastal shelters. Local lore had it that if a typhoon was coming, safety was in the high ground.

Trails of destruction

Wind speeds* ■ Tropical storm (63-118 km/h) ■ Hurricane/typhoon (>118 km/h)



Sources: NOAA; Global Disaster Alert and Coordination System

*Sustained surface wind speeds

The Economist

Haiyan also shows the importance of official competence. The interior minister at the time, Mar Roxas (later one of the presidential candidates defeated by Mr Duterte), directed the response from Tacloban, but omitted to take a satellite phone. When the storm made mobile-phone networks inoperable and prevented him leaving Tacloban, he was unable to respond to looting. Before Mangkhut struck, Mr Duterte called for the wider use of satellite phones by the authorities.

Mangkhut was not through when it left the Philippines. It terrorised Hong Kong (see [article](#)) and Macau, where high winds and flooding left some 20,000 households without power—and, unprecedently, all 42 casinos shut for 33 hours. The city appeared better prepared than it was before Hato, last year's largest typhoon, in which ten people died. This time no lives were lost.

The same day Mangkhut made landfall in Guangdong, China's most populous province, flooding coastal and riverside neighbourhoods, and toppling thousands of trees. China's state weather bureau said it was among the ten most powerful typhoons to hit the region since 1949. Mangkhut subsequently spun through the much-poorer provinces of Guangxi and Yunnan, though by then it had weakened from a typhoon to a tropical storm.

“Thank God it only lasted one day,” said a shaken resident of Dongguan, a factory city not far from Hong Kong, who stayed indoors for 48 hours. In Guangzhou, the provincial capital, tower-block windows were blown out. So many trees fell in Shenzhen, bordering Hong Kong, that commuters who ventured out the next morning quipped that going to work meant clambering through “jungle”. Several districts of Yangchun, a riverside city that had lain directly in Mangkhut’s path, remained under water two days after the storm.

Near the seafront in Zhuhai, a mainland city of more than 1.5m people next to Macau, high winds whittled palm trees into sharp spindles. One resident recounts pushing his sofa against his windows, fearing that the rattling glass was about to shatter. But he says the city has cleared up more swiftly than after Hato, and that the Chinese government’s preparations seemed more comprehensive, too. Days before Mangkhut arrived, the government began sending locals text messages warning them to stockpile food and water and prepare to stay in their homes. The instructions were widely obeyed.

Moving feat

Authorities in Guangdong estimated that the winds had directly caused more than 4bn yuan (\$580m) of losses and that four people had been killed (three were pinned beneath trees and one was struck by an advertising hoarding). Those figures may be incomplete, but on the whole southern China weathered the storm better than was feared. In advance, at least 2.5m of Guangdong’s 105m residents were moved to safer places, said state media, though it gave few details of such a massive operation. Many of those who were moved appeared to be coastal-dwellers and construction workers, who often bed down in flimsy dormitories. They were sent to schools, stadiums and exhibition halls. Most flights and all high-speed trains were cancelled. Some 50,000 boats observed a halt to fishing.

The government bragged that its enormous new bridge across the Pearl River estuary survived unscathed, and reassured locals that two nuclear-power stations located on Guangdong’s coast had also escaped damage. China’s leaders have lately sought to improve the handling of natural disasters and other emergencies. In April a hopeful sign was the government’s creation of a new Ministry of Emergency Management, drawing together staff who had previously laboured in a dozen different departments.

As well as cleaning up catastrophes, the new outfit is expected to accelerate efforts to make vulnerable settlements more resilient. China is the same size as America but has four times as many people; moreover, they are crammed into low-lying coastal megacities in the east of the country, such as those sprinkled across Guangdong.

Few countries have as much to lose as China from a world of rising seas and furious winds, but Bangladesh is even more vulnerable. For Mr Huq, the researcher, and representatives of the “least developed countries”, a negotiating body at the UN’s climate-change talks, the central question about storms in the Asia-Pacific is who pays for the damage. Although China is now the world’s biggest emitter of greenhouse gases, America and Europe are estimated to have emitted 37% of the global total between 1850 and 2012. The Philippines, by comparison, emitted 0.5%. That has triggered repeated calls for wealthy countries to help poorer ones pay for the cost of the effects of climate change, not least from tropical storms. Those calls are unlikely to grow softer. But, with the Carolinas still reeling from Florence, and Mr Trump in the White House, America, at least, is unlikely to offer an encouraging answer.

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No Wanda

In Hong Kong, common sense keeps lives safe in a typhoon

But the government still faces flak for its handling of Mangkhut



Sep 20th 2018 | HONG KONG

IF ANY government could congratulate itself on a storm well-weathered, it was surely Hong Kong's. Mangkhut, the strongest of the 16 typhoons since the second world war for which its observatory has hoisted the highest, number 10, signal, inflicted no recorded deaths and just 363 injuries. Waglan Island in the east sustained mean winds of 161kph (100mph), the second-highest on record, and gusts of 260kph. The storm surge at Tai Po Kau on the mainland, of 3.4m, was the highest recorded. But people still found reason to blame the government.

When typhoon Wanda struck Hong Kong in 1962, it killed 183 and left 72,000 homeless. In the early 1960s huge shanty-town populations were moved into safer government high-rises. Meteorological prediction and administrative preparation have improved beyond all recognition. Regular updates were posted as Mangkhut advanced. Fishing fleets and merchant

craft evaded its path. The authorities evacuated low-lying villages and opened shelters for the homeless. Buses evacuated thousands of residents. Flood barriers were erected.

The orderly populace heeded injunctions to stay indoors—turning Hong Kong into a ghost city on September 16th. Still, when the storm struck, no one had experienced anything so violent. Windows popped from office towers and rivers of paper flowed up into the clouds. An external elevator shaft on a high-rise construction site buckled and collapsed. A huge scaffolding front ripped off a building as easily as a sticking plaster. Trees fell like ninepins, and 1,000 sections of road were blocked by trees or debris. Train tracks and ferry piers were damaged, and Mangkhut left the airport with a backlog of 2,000 flights.

But as the clean-up began on September 17th, so did the grumbling. Schools were closed for two days, as some were damaged and streets were still covered with glass and broken branches. But grown-ups had to struggle to get to work despite disrupted underground, bus and rail services.

Tens of thousands mobbed the Facebook page of Carrie Lam, the chief executive, demanding to know why no holiday had been declared. One of her advisers helpfully explained that the government “has no power to meddle with all the contracts between employers and employees.” In the 1960s similar arguments were used to explain why the residents of those shanty towns had to stick with the seven-day work week. Hong Kong has been transformed since then. But it remains a city run for the benefit of business.

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Can the EU become another AI superpower?. Taking on America and China will be hard.

- **[Bartleby: Workers are losing their chains](#)**

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The high costs of staff turnover. Workers are losing their chains.

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Marc Benioff is the latest tech billionaire to buy a famous magazine. Like many other print publications Time is in need of a digital vision.

- **[American passenger railways: Back on track](#)**

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A startup tries to revive train travel in America. Brightline runs the first new privately funded passengerline for a century.

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Tesla's latest troubles. Regulatory scrutiny, lawsuits and rising competition add to Elon Musk's woes.

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What Ganesha statues reveal about Indian business. Their construction, sale and destruction is a chaotic and innovative process.

- **[Doing business in North Korea: On your marks](#)**

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South Korean firms are keen to invest in the North. But the endeavour remains fraught with risk.

- **[Schumpeter: Metamorphosis](#)**

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Two Asian financial giants deserve to be better known. AIA Group and Prudential attest to Asia's emergence as a force in finance.

Big data, small politics

Can the EU become another AI superpower?

Taking on America and China will be hard



Getty Images

Sep 20th 2018 | BERLIN AND BRUSSELS

ANGELA MERKEL, Germany's chancellor, has a reputation for being dour. But if she wants to, she can be quite funny. When asked at a recent conference organised by *Ada*, a new quarterly publication for technophiles, whether robots should have rights, she dead-panned: "What do you mean? The right to electric power? Or to regular maintenance?"

The interview was also striking for a different reason. Mrs Merkel showed herself preoccupied by artificial intelligence (AI) and its geopolitics. "In the US, control over personal data is privatised to a large extent. In China the opposite is true: the state has mounted a takeover," she said, adding that it is between these two poles that Europe will have to find its place.

Such reflections are part of a wider realisation in Europe: that AI could be as important to its future as other foundational technologies, like electricity or

the steam engine. Some countries, including Finland and France, have already come up with national AI strategies, and Germany is working on one. Once it is finished later this year, the European Union will condense these efforts into a co-ordinated plan on AI. Unsurprisingly, it is all highly Eurocratic: dozens of committees and other bodies are involved. But the question raised by Mrs Merkel is as vital for Europe as the ones about Brexit or immigration: can it secure a sizeable presence in between the AI superpowers of America and China?

People in Silicon Valley are sceptical. “It will screw this up, just as it has done with cloud computing,” says Jack Clark of OpenAI, a company that aims to promote human-friendly AI. Hardly anyone in the Bay Area can imagine Europe becoming a force in machine learning, the AI technique that has seen most progress in recent years. It involves feeding reams of data (pictures of faces, for instance) through algorithms so they learn to interpret other data (in this example, to recognise people in videos).

That scepticism is not only because of self-inflicted weaknesses such as Europe’s “tendency to favour incumbent business over disruptive newcomers”, in the words of Greg Allen of the Centre for a New American Security, a think-tank. The region also has a structural disadvantage: a lack of scale. Benefiting from huge, homogeneous home markets, America’s and China’s tech giants have a surfeit of the most vital resource for AI: data.

This advantage creates others. Having more data means that firms can offer better services, which attract more users and generate more profits—money that can be used to hire more data scientists. And having a lot of data creates demand for more computing power and faster processors. All the big cloud-computing providers, including Amazon and Microsoft, are developing their own specialised AI chips, an area where Europe is also behind.

Yet look beyond machine learning and consumer services, and the picture for Europe is less dire. A self-driving car cannot run on data alone but needs other AI techniques, such as machine reasoning, which is done by algorithms that are coded rather than trained—an area in which Europe has some strength. Germany has as many international patents for autonomous vehicles as America and China combined, and not only because it has a big car industry.

Nor are ever-larger pools of data and ever-more powerful chips the only way to go. More researchers are looking into what can be done with “small data”—ie, using fewer data to train algorithms—particularly in manufacturing and the internet of things. This is where Europe, home to many industrial firms, could have an advantage. “As AI gets more complex, Europe will have opportunities,” predicts Virginia Dignum of Umeå University in Sweden.

Old Europe and wiser AI

Europe’s biggest opportunity, however, may be political and regulatory rather than technical. As Mrs Merkel noted, America and China represent two fairly extreme models on AI—which leaves room in the middle. “Europe could become the leader in AI governance,” says Kate Crawford, co-founder of the AI Now Institute, a research centre at New York University. Europe could pioneer rules to limit potential harm from AI systems when, for instance, algorithms are biased or run out of control. Many people hope that Europe will set global standards in AI, as it is doing with its new privacy law, the General Data Protection Regulation, whose principles have been widely copied elsewhere.

Other types of regulation offer a similar opening. Both America and China are centralised data economies, in which this resource is controlled by a few firms. Europe has a shot at developing a more decentralised alternative, in which data are traded or shared between firms. That could involve defining access rights to data (the equivalent of property rights in the digital realm) and what types of data, including commercial ones, need to be made open because of their social value—much as European banks must give fintech startups access to certain data if customers agree to this. That could make Europe the preferred home for new types of data firms.

To get there, Europe has to get a lot right. On paper, things look promising. The French and Finnish national AI strategies make for more interesting reading than the American and Chinese plans that inspired them, offering a balanced mix of measures, ranging from public spending on research and training data scientists to rules for the data economy and using AI in government. The European Commission’s communication on AI is long on such useful things as “making more data available” and “bringing AI to small

businesses”.

Plenty could still go wrong in the implementation stage, however. To become more of a force in AI, Europe will have to pool its resources in research and data. But the EU tends to spread things out in order to satisfy both national and commercial interests. Expect the commission at some point to announce the launch of a loose AI research network rather than anything with a central hub.

Another reason for pessimism is institutional inertia. Much of the money earmarked for AI research will end up in existing academic institutions, which may not be the best place for it. Many European research institutes founded decades ago survived the long AI winter in the 1990s and 2000s, when reduced interest and funding killed off efforts elsewhere. The German Research Centre for Artificial Intelligence, founded in 1988, claims to be the world’s largest with more than 1,000 employees, but it is certainly not the best known. Its strengths lie in robotics and classical AI rather than in machine learning.

Most worryingly, Mrs Merkel’s interest notwithstanding, Germany does not seem ready to get fully behind AI and to team up with its European neighbours. A big reason for that is its existing economic strength.

Policymakers, industry leaders and researchers tend to argue that Germany is already an AI power and that it will suffice to inject more of the technology into the continent’s industrial products and manufacturing machinery. Co-operation with France does not appear to be a priority. Plans for a joint AI research centre, mentioned in the German government’s coalition agreement, have been abandoned.

To become a powerhouse in AI, Europe will have to overcome its divisions, digital and otherwise. That seems unlikely in the current climate. But where there is a political will, there may be a way. In the 1980s, when Europe felt under economic threat from Japan, Helmut Kohl and François Mitterrand, the then German chancellor and French president respectively, pushed through an EU-wide wireless standard, which came to be called 2G and helped Europe dominate the mobile-phone industry for decades. To be sure, AI is a much more complex beast than a wireless standard. But it shows what may be possible.

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Bartleby

The high costs of staff turnover

Workers are losing their chains



Sep 20th 2018

WORKERS are in a phase of being footloose and fancy-free. The proportion of Americans leaving their jobs voluntarily is at a 17-year high. A survey by Gallup in 2017 found that around half of American employees were hoping to leave their current job.

Some of this is cyclical. The unemployment rate is 3.9%, close to its lowest level in the past 50 years. Workers rightly think that it will be easy to find a new job. But there is also a structural problem in some industries. The hospitality sector, for example, is largely staffed by low-paid, low-skilled young people. In Britain the industry's annual job turnover is as high as 90%, says Polina Montano, co-founder of Job Today, an app that links employers with potential workers.

It is tempting to blame this restlessness on millennials—people who reached

adulthood after 2000 and who are sometimes portrayed as being less committed to their careers than their seniors. Another Gallup survey, this one in 2016, found that 21% of the American millennial cohort had changed jobs within the previous 12 months. But in fact workers aged 25 to 34 have always had the shortest average job tenure, at around three years. The low for this measure, at 2.6 years, was reached back in 2000, when the first millennials were starting college.

High turnover is not great news for employers. Nick South of the Boston Consulting Group says a certain amount of churn is good for bringing fresh blood into a company. But anything over 20% a year can be disruptive. Even in low-skilled jobs, replacing workers can be expensive. The post must be advertised; managers spend time interviewing; new workers take a while to learn the ropes.

The costs are particularly large for high-skilled workers. A survey in 2016 by Deloitte, a consultancy, suggested that a combination of hiring costs and lost productivity added up to \$121,000 per departing employee. Figures from the second quarter of 2018 showed that employee turnover in the American software sector was running at an annual rate of 24%, with two-thirds of those workers leaving voluntarily. That must be a problem given the difficulties in recruitment. A survey in 2018 by Manpower found that global talent shortages were at their highest since the employment agency began collecting the statistics in 2006. Two-thirds of large organisations said they could not find workers with the right skills.

So how can companies hang on to their staff? An obvious answer would be to pay more than the competition. Despite low unemployment, overall wage growth has not risen much in America, perhaps because a large army of discouraged low-skilled workers have been rejoining the labour force. Given the shortage of high-skilled workers, those employees ought to be in a strong negotiating position, but even among them there is little sign of a surge in compensation.

Another approach is to convince employees that the company has a positive social impact. The idea that a business can help a community wider than just shareholders and customers has been dubbed “inclusive growth”. It may sound woolly but, according to a new survey by Deloitte, 38% of businesses

have found that inclusive-growth initiatives boost employee engagement, encourage them to stay and bring more talent in.

Technology can also help managers to spot particular individuals who might be planning to quit, and to head off the problem with some well-chosen words of encouragement or improved benefits; some Silicon Valley firms are looking into this approach. One academic paper* looked at the language people used when communicating with colleagues, and how closely they cleaved to the linguistic style of their organisations, a process the authors call the “enculturation trajectory”. (In academia, business-school professors will fit in only when they start to use terms like enculturation trajectory.)

The survey looked at over 10m emails exchanged over five years at an American tech firm. It found that new employees who were slow to learn the corporate lingo were more likely to get fired, and that long-lasting employees who veered away from the culture in their messages were more likely to quit for another job. But this raises the Orwellian prospect of managers using artificial intelligence to comb through employees’ emails. Instead, to make an old-fashioned suggestion, they could just stop by their desks for a chat.

* “Enculturation Trajectories: Language, Cultural Adaptation, and Individual Outcomes in Organisations” by Sameer B Srivastava, Amir Goldberg, V Govind Manian and Christopher Potts

The new press barons

Marc Benioff is the latest tech billionaire to buy a famous magazine

Like many other print publications Time is in need of a digital vision



Getty Images

Sep 20th 2018 | NEW YORK

IN THE 20th century people could become wealthy philanthropists by starting publications. Henry Luce and his business partners raised \$86,000 to start *Time* magazine in 1923, but he left a fortune of more than \$100m when he died in 1967. These days, wealthy philanthropists become press barons by rescuing publications like Mr Luce's brainchild.

On September 16th Marc Benioff, a co-founder of Salesforce.com, a cloud-software company, and his wife, Lynne Benioff, purchased *Time* for \$190m. They are the latest in a series of tech billionaires to invest in print journalism, following Jeff Bezos, the boss of Amazon, who bought the *Washington Post* in 2013, and Laurene Powell Jobs, widow of Steve, Apple's co-founder, who took a majority stake in the *Atlantic* last year. Each has avowed a civic interest in supporting journalism, not meddling in it.

Time has grappled with financial uncertainty for over a decade. In 2014 Time Warner, its parent, spun it off, along with other titles including *Fortune*, *People* and *Sports Illustrated*, into an entity called Time Inc, raising fears that the magazines would languish as unloved corporate orphans. Last year, to cut costs, *Time* reduced its print circulation from 3m, announcing a new target of 2m. In January this year Meredith, an American media company, bought Time Inc for \$1.8bn, and assumed another \$1bn in debt. That deal was backed by Charles and David Koch, billionaire brothers who are active in Republican politics, prompting ill-founded fears of a conservative takeover of the newsweekly.

What *Time* needs from its latest owners, besides their largesse, is a vision that can sustain it as a business. Many newspapers and magazines have folded in the past decade, some of them prominent names with long histories—the *Village Voice*, a newspaper in New York, shuttered in August. Media-watchers argue that the fame of the *Time* brand should enable it to survive, but thus far it has done so by way of belt-tightening. It has yet to strike a rich new vein of earnings in the digital age. The magazine's revenue is expected to decline this year, according to a report in the *Wall Street Journal*, from \$173m to \$158m.

Mr Benioff might be able to help. He is hailed as a master marketer and salesman (some call it “marc-eting”). He reportedly wants staff at *Time* to ponder what the publication should look like in 2040. But even if they fail to work that out, with his resources (about \$7bn) at least *Time* should still be around 22 years from now—which was not something that seemed as likely before this week’s news.

In the meantime, the Benioffs are taking on some political risk. As the owner of a prominent media property he, like Mr Bezos, may well draw the ire of President Donald Trump. Shareholders in Salesforce might worry about retaliation. The Benioffs declared upon purchase that they would not be involved in the day-to-day operations of the magazine. That may not matter if unflattering images of the president appear on the cover.

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Back on track

A startup tries to revive train travel in America

Brightline runs the first new privately funded passengerline for a century



AP

Sep 20th 2018 | NEW YORK AND MIAMI

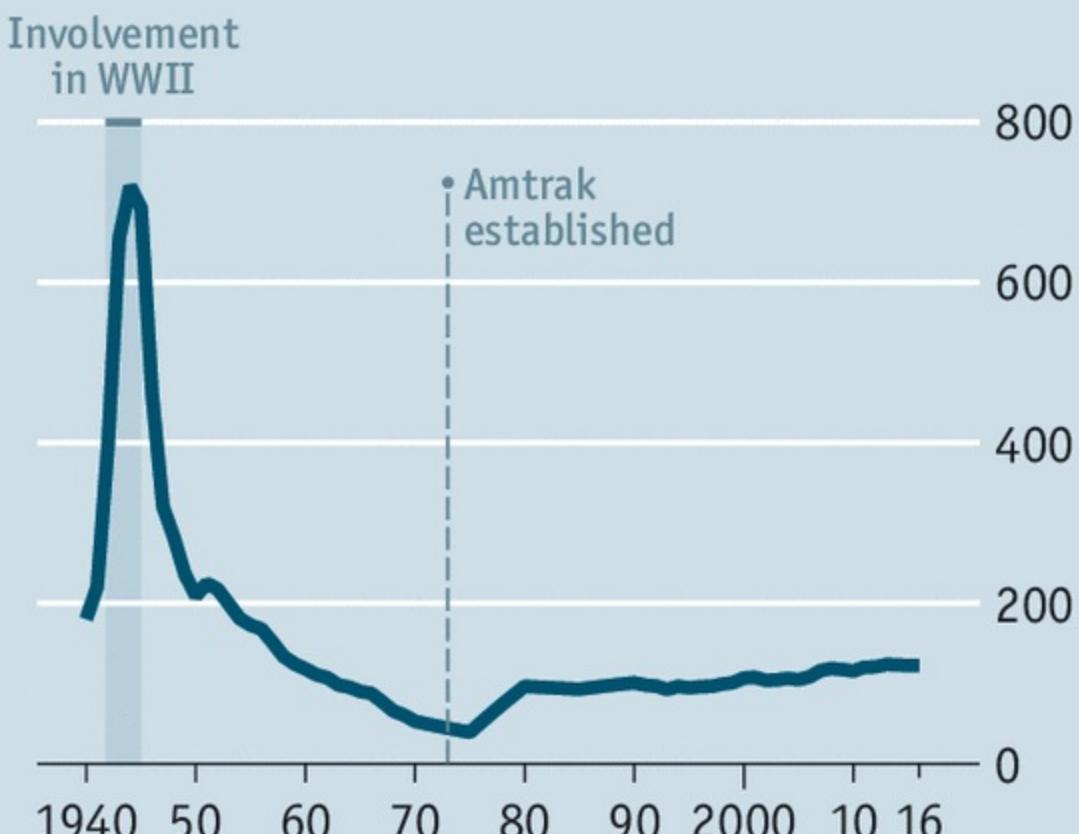
RAILWAYS played an integral role in the development of modern America. The first coast-to-coast line, finished in 1869, allowed the West to be settled. But after the second world war people abandoned trains for cars. After several rail lines went bust, in 1971 Congress nationalised the remnants as Amtrak to stop passenger services from ending completely. But Amtrak has not revived rail's fortunes.

Brightline, a startup from Florida, thinks it can. Instead of being greeted by grey concrete and the whiff of urine, as at many Amtrak stations, Brightline's Miami terminus looks like the lobby of a posh hotel. Early this year it opened its debut line, costing \$3bn, between Miami and West Palm Beach in Florida, America's first new privately-funded passenger line for over a century. On September 18th it announced plans to expand, starting with a new line between Los Angeles and Las Vegas.

Wes Edens of Fortress, a private-equity firm, is the founder of Brightline. He thinks that the industry is ripe for a rebound. In 2007 he purchased the land (and some tracks) that Brightline now uses, thinking mainly of their value for moving freight. He then saw the potential of starting passenger services on them, too. Some 6m people live near Brightline's tracks in Florida, taking 365m trips a year between Miami, Fort Lauderdale (a stop on the line) and West Palm Beach, nearly all by car. Analysts at Fitch, a credit-ratings agency, reckon that Brightline needs to take 0.4% of that traffic to break even. It is also developing tower blocks with offices for rent and sale around and on top of its main stations, taking advantage of land values that have been boosted by its rail services.

Off the rails

United States, rail passenger miles per person



Sources: Bureau of Transportation Statistics; Census Bureau

The Economist

Mr Edens hopes to tap more lucrative routes. Brightline plans to focus on those between big cities “too far to drive, too short to fly”, such as between Atlanta and Charlotte, Houston and Dallas, and Chicago and St Louis. Several trends may help fill the trains. The number of youngsters who drive is falling: only 69% of 19-year-old Americans have licences, compared with 87% in 1983. Wi-Fi means that business people can work on trains.

Amtrak has not managed to capitalise on these trends. It still runs the same

sort of long-distance routes as in the early 1970s, using tired equipment, and has lost money every year it has existed. That is not all its fault, says Ray Chambers of the Association of Independent Passenger Rail Operators, a trade group. Congress has underfunded it and limits its ability to raise private money for new projects.

Matt Coogan, an American rail expert, warns that Brightline could struggle to get space for its trains on future projects where it needs to use existing lines. Other track owners want to give their own freight trains priority and balk at investing the money needed to run passenger trains at faster speeds. Brightline could build new tracks, as it plans to between LA and Las Vegas. But this is likely to cost billions of dollars for each of the 10-15 lines it wants to build. Some analysts say it would need to issue more equity, perhaps in an IPO.

Another threat is competition from publicly funded high-speed rail projects. But there is opposition to their cost (\$77bn and rising for LA to San Francisco, a section of which is already under construction); Brightline thinks it can build new lines more cheaply and quickly than any public initiative. Nonetheless, to get his sums to add up, Mr Edens admits that public perceptions of train travel as drab will need to change. They already have in Europe, he notes. On a recent visit to St Pancras in London, an insalubrious area before redevelopment a decade ago, he saw a couple getting married at the station. “There’s no reason why we can’t get there too.”

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The enemy within

Tesla's latest troubles

Regulatory scrutiny, lawsuits and rising competition add to Elon Musk's woes



AP

Sep 20th 2018

“WE ARE about to have the most amazing quarter in our history.” So declared Elon Musk in an email on September 7th to employees of Tesla, his electric-vehicle (EV) firm. This cheery promise came on the heels of self-inflicted blows, most obviously when Mr Musk tweeted carelessly that he had “funding secured” to take the company private, prompting a spike in its share price.

Trouble is looming on several fronts. On September 18th Tesla confirmed that America’s Department of Justice (DoJ) has asked for documents relating to the problematic tweet. Mr Musk later jettisoned the plan to go private (while still maintaining that the funding to do so had been available). The DoJ’s interest comes on top of a civil investigation by the Securities and Exchange Commission into the tweet and into the company’s claims about

sales and manufacturing targets. But Urska Velikonja of Georgetown Law School says the DoJ's involvement is a significant escalation because it raises the spectre of criminal charges. Even if Mr Musk is found innocent, a lengthy probe could make it harder for Tesla to raise more capital.

A spate of lawsuits is another headache. Andrew Left of Citron Research is suing Tesla, claiming that Mr Musk released false information about going private in order to "burn" short-sellers who had bet that shares would fall. Class-action lawsuits claiming massive damages to shareholders resulting from the troublesome tweet have also been filed.

Competition is hotting up, too. Saudi Arabia's sovereign-wealth fund, which holds a \$2bn stake in Tesla, this week announced it would invest over \$1bn in Lucid Motors, a Californian EV rival. Nio, a promising Chinese EV startup, raised \$1bn this month through a flotation on the New York Stock Exchange. And on September 17th Audi unveiled the e-tron, an electric sports-utility vehicle.

If Tesla is to survive the onslaught, it must overcome its manufacturing snags and scale up production fast. Mr Musk tweeted this week that his firm has made progress, going from "production hell" to "delivery logistics hell". He vows it will become "sustainably profitable" this quarter. That would be amazing indeed.

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The idolatry industry

What Ganesha statues reveal about Indian business

Their construction, sale and destruction is a chaotic and innovative process



Sep 20th 2018 | MUMBAI

AT THE gate of an old warehouse in Lower Parel, in what was Mumbai's mill district, a cannon fires a burst of confetti to celebrate the exit of a god. The Hindu deity in question is the smiling, elephant-headed Ganesha, who is thought to bring good luck and remove obstacles in people's lives. This Ganesha is 20 feet tall and mounted on a blue cobra throne; he is pushed by a team of young men. Inside the gates, amid a fog of spray-paint, workers are putting the final touches to perhaps 50 more Ganeshas of only slightly more modest size. One rides a plaster tiger the size of a large horse, suspended in mid-leap.

Ganesh Chaturthi, the festival celebrating Ganesha, which started on September 13th and lasts 11 days, is one of the year's biggest events in Mumbai. Modest Ganesha statues are brought into family homes and worshipped; bigger, gaudier ones are mounted in public spaces by

community groups and firms. At the festival's end, hundreds of thousands of idols are ceremonially carried into bodies of water and left to disintegrate. An entire industry exists to provide Maharashtrians (residents of the state of which Mumbai is the capital) with suitable gods. It offers insight into the chaotic, informal and fiercely competitive nature of much Indian business.

The warehouse in Parel is usually used to host weddings and other events; but from around June until mid-September it becomes a workshop. Arms, legs, torsos and heads made from plaster of Paris are brought in from factories in the countryside. In Mumbai they are bolted together rather like giant Airfix kits.

The workers, like the workspace, are temporary. Every monsoon season, hundreds come from other parts of India; most are farmers the rest of the year. "There is no work in the rainy season, so we come here," says the auspiciously named Avinash Ganesh Kar, a 22-year-old who makes 500 rupees (\$7) a day painting gods. While in Mumbai, workers sleep and eat as well as work in the warehouse.

The Ganesha industry is also almost entirely cash-based, with little credit involved. Many taxes go unpaid. And though permits are needed for almost everything—from electricity to the services of the fire brigade—they are easily obtained by Lord Ganesha's munificence, meaning possibly a bribe or two.

At the same time, the entrepreneurs building gods are admirably competitive, innovative and sensitive to local tastes. These days, smaller Ganesha statues are often made more cheaply in China and shipped in. But the bigger ones are specialist products. A human-size Ganesha may start from 120,000 rupees. A 20-foot one costs far more. For that, customers expect a lot of say. "My customers are finicky," says Krunal Patil, owner of the yard. Most orders come on Facebook, and nobody will buy a Ganesha in a style they have already seen somewhere else on social media.

Just as with the rest of the economy, the government would like Ganesha construction to be more formalised. This year business is tight, says Mr Patil, because of the introduction in July 2017 of the goodsand-services tax, an attempt to shift activity into the formal economy. The immortal himself is not

taxed, but the new levy has raised the cost of inputs.

Other new regulations are having less effect. Officials in Mumbai have tried to make the business less environmentally damaging. But by September 16th some 43,000 statues had already been abandoned in the sea. The plaster typically used takes years to break up, and a lot of the paint contains lead, which ends up on beaches and in lakes.

Change seems to be on the way, more in response to customers' worries than bureaucratic pressure. Some producers are making less polluting idols out of clay instead of plaster. A business has also grown up providing artificial ponds for gods to float in until they disintegrate. Given time, firms unwilling to make planet-friendly Ganeshas could end up lying idle.

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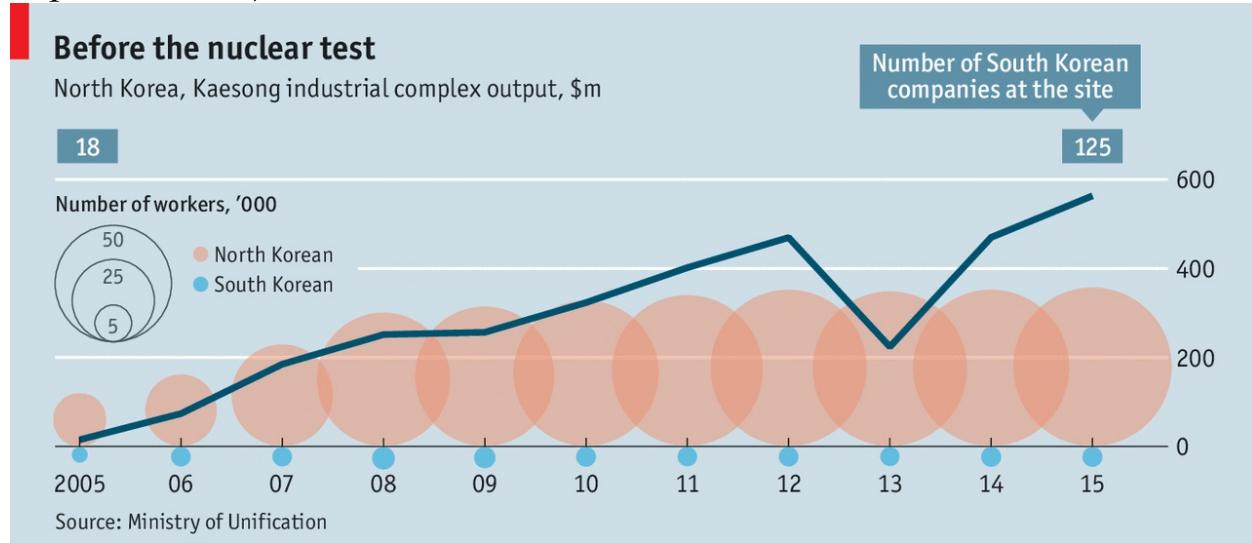
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On your marks

South Korean firms are keen to invest in the North

But the endeavour remains fraught with risk

Sep 20th 2018 | SEOUL



The Economist

SHIN HAN-YONG likes to think of himself as a pioneer. “We had the spirit to see potential where others didn’t,” says the South Korean businessman. Shinhan, his fishing-gear company, was among the first to begin production in the Kaesong industrial complex, a special economic zone just across the border with North Korea, when it opened in late 2004. Mr Shin had a supervisory role at the complex until it was abruptly shut down in February 2016 following a nuclear test by the North. He still feels bitter about the closure. “Nobody asked us before they closed it,” he complains. “We were hostages to politics.”

But since the spring Mr Shin’s bitterness has been sweetened by renewed hope. In April, Moon Jae-in, South Korea’s president, and Kim Jong Un, North Korea’s dictator, signed an agreement in which they vowed to revive inter-Korean ties. Mr Moon has since outlined ambitious plans for infrastructure investment across the peninsula, including the revival of road and railway links between the countries.

That has set off a flurry of activity by South Korean firms hoping to win business. When Mr Moon went to Pyongyang this week for his third summit with the North's despot, Mr Shin went along as part of a delegation of business leaders. Executives from the *chaebol*, as South Korea's big conglomerates are known, also went—among them Lee Jae-yong, de facto head of Samsung. The hope is that Kaesong may resume its activities, which had become substantial before its closure (see chart), and that dozens of other recently designated “economic development” zones in the North may accept foreign investment.

Several *chaebol* have task-forces preparing re-entry into the North Korean market. Among them are Lotte and Hyundai, both involved in building and running the Kaesong complex, and KT, which hopes to bring satellite and other communications technology to the North.

Financial services are also seen as a promising market. Several South Korean banks this summer launched products aimed at potential customers in the North, such as a trust fund that could allow North Koreans to inherit money from their Southern relatives. One bank said it was considering opening a branch in the Northern tourist resort of Mount Kumgang if sanctions are lifted. “They are all gearing up so they have a first-mover advantage once conditions are right,” says Kim Byung-yeon of Seoul National University.

That makes sense, on paper at least. Right next door and with no language barrier, North Korea has the potential to become an important market for South Korean firms. Heavy industry and construction companies, struggling with slowing demand at home, are attracted by its need for infrastructure investment, which is enormous—worth at least 50trn won (\$45bn), according to one estimate. The North’s extremely low wages make it an attractive destination for business seeking to manufacture for export to other countries.

Yet high hurdles remain. Sanctions from the UN, which prohibit any substantial economic engagement with the North, are unlikely to be lifted until talks about denuclearisation go further. Even then, the path to profits is likely to be a long one. Officially North Korea still bans private property, though there are signs that this stance is softening. Investors have no way of making sure that contracts are honoured.

Past experience is not encouraging: the closing down of Kaesong left the 125 companies that had operated there with losses of around 1.5trn won. North Korea never returned the assets, and the South Korean government has compensated the firms for only around a third of these losses (they are hoping to recover more once the complex reopens). Orascom, an Egyptian company that built North Korea's Koryolink mobile network, never managed to repatriate its profits from the project and, in effect, lost control of its majority stake three years ago.

If the political situation improves sufficiently to allow fresh investment, it will probably be limited for years to special economic zones, reckons Seoul National University's Mr Kim. North Korea will not allow foreign firms to invest just anywhere. Companies would still have to work with the two governments to establish rules on property rights, repatriation of profits and mechanisms for settling disputes. The South Korean state is likely to have to put up "a lot of taxpayers' money to kick-start investment and reassure private companies," says Mr Kim. It will need, for example, to show that it will pay compensation to firms if things go wrong again.

Advocates of the Kaesong complex claim to be involved in more than just a business venture, however. "We want to bring the two Koreas closer together again," says Mr Shin of Shinhan. "Profit is not the only motive."

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Metamorphosis

Two Asian financial giants deserve to be better known

AIA Group and Prudential attest to Asia's emergence as a force in finance



Brett Ryder

Sep 20th 2018

TOYOTA, Unilever, Barclays, Amazon, Tata. There are 71,000 listed firms in the world, but only a few hundred that many people know at least a little about. Schumpeter would like to propose two Asia-centric candidates: AIA and Prudential PLC. They pass the key tests of relevance. They are big, with a combined market value of \$160bn. They are special, having grown profits faster than two-thirds of listed companies over the past decade. They have prospered against the odds, surviving wars, revolutionary Shanghai, decolonisation and the 2008 Wall Street crash. And they illustrate a global trend: the rise of Asia as a mighty force—perhaps eventually the dominant force—in global finance.

AIA and Pru are specialists in getting Asians to save through long-term insurance, typically life or health policies. They span 20 Asian countries, have over 60m customers and employ almost a million agents to sell their

services. They are big investors in local financial markets. And they are beneficiaries of powerful trends. Asia's middle class is growing but tends to have its savings stashed in cash. Welfare states do not yet offer an adequate safety net if family members get ill or die. An obvious answer to this is insurance, yet annual premiums are just 2.5% of GDP in emerging Asia, compared with 5% in western Europe.

What is logical is not necessarily easy to achieve. Both firms have had to go on odysseys. AIA was founded in Shanghai in 1919 by an adventurer called Cornelius Vander Starr, and went on to be folded into AIG, a huge, rogue American financial conglomerate that got bailed out in 2008. AIA was spun out in 2010. Pru was founded in 1848 to serve the insurance needs of Britain's middle class. Its annual report from three decades ago mentions Asia once. But in the 1990s it remembered that it had some operations in the region that were remnants of colonial times and sent out Mark Tucker, a young executive, to investigate. He ignited the business, later became boss of Pru and then AIA, and is now chairman of HSBC—one of several star executives to have been involved. Tidjane Thiam, boss of Credit Suisse, ran Pru in 2009-15.

Expanding life-insurance businesses is hard. You have to spend cash up front on marketing, agents and laying aside capital reserves. The profits are spread over decades: 67% of the undiscounted earnings from AIA's book of policies will be realised after 2038. In Asia each national market grows over time but in volatile fashion, shrinking on average one year in every three. Currencies gyrate. The industry is fragmented—there are at least 100 life firms across Asia. Someone is always starting a price war.

Both firms have found ways to cope. They are geographically diversified. Each of India, Indonesia and Thailand have boomed since 2008, only to slow down. Between 2015 and 2017 Hong Kong took off as mainland Chinese flocked to sign up to policies in a location with rule of law, but it has since hit saturation point. Now parts of South-East Asia and mainland China are growing nicely again. The firms' armies of agents are a barrier to entry that is hard to replicate, and both companies avoid writing policies that require markets to soar in order to be profitable.

The result is that AIA and Pru's Asian arm have increased their operating

profits at a compound rate of 13% and 18% respectively, in dollar terms, since 2007. Two decades ago Asia represented 5% of Pru's market value; now it is about 50%. AIA is worth twice as much as its former parent, AIG. The crumbs have become the biggest slice of the cake. For the global life industry Asian firms now represent 49% of total market value, up from 4% two decades ago.

China is a big part of the story. It has had fiascos, including Anbang, a deal machine and patronage vehicle masquerading as an insurance firm, that failed in February. But there are serious companies, too. Ping An is the most valuable life firm in the world and is admired for its use of data. China Life ranks third. AIA owns 100% of a mainland operation and Prudential has 50% of a joint venture with CITIC, a state-run conglomerate. These bets have achieved critical mass, delivering 18% of the new business written so far this year for AIA and 11% for Pru Asia. The two firms are set to join a tiny elite of multinational financial firms that derive a significant share of their global profits from mainland China.

One risk to them is technology. For now, customers still like dealing with a human (armed with an iPad) when signing complex policies. But startups accessing customers through their phones could make agents obsolete. Colm Kelly, an analyst at UBS, has surveyed 800 agents in Asia, and half of them think that digital distribution is a "big threat". The management of AIA and Pru need to take this more seriously. Another danger is an economic crisis in Asia, spurred by trade wars or a sell-off in emerging markets. Insurers are inherently opaque. Still, in the 2008-09 downturn AIA and Pru Asia avoided big underwriting-and-investing banana skins, while new sales dipped only a little.

Deal or no deal

Instead the big test may be consolidation. China is easing its rules on foreign ownership, which will prompt a reshuffle among the long tail of 26 other foreign life firms that have a presence there. Ping An and China Life may seek to buy a presence abroad. Continental Europe's two giants, AXA and Allianz, both say that they eschew big deals, but have spare cash, half an eye on Asia and 20-year records of empire-building through acquisitions.

For AIA, the danger is that it overpays for small deals or faces a big new competitor. For Prudential the risk is it faces an opportunistic takeover bid. It is the smaller of the two, with a less mature book of business that throws off less cash. In 2019 it will spin off its British arm. The idea is to lose this baggage so that Pru gets a racier valuation, but the unintended effect may be to make it a sitting duck. Ping An has reportedly been sniffing around its Asian business. Pru's board should resist any bid and stiffen its shareholders' resolve. Both it and AIA belong at the forefront of a new generation of Asian financial multinationals.

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Crushed and fried

Asia is not immune to emerging-market woe

Currencies and stockmarkets have tumbled, though growth rates are solid



Sep 20th 2018 | HONG KONG AND SINGAPORE

THERE are many ways to defend a currency. Ayam Geprek Juara, an Indonesian restaurant chain that serves crushed fried chicken, has offered free meals this month to customers who can show they have sold dollars for rupiah that day. The restaurant has provided more than 80 meals to these “rupiah warriors”, according to Reuters, a news agency.

Perhaps it should extend the offer to the staff of Bank Indonesia, the country’s central bank, which is only about 20 minutes away from one of the restaurant’s branches. To defend the rupiah, it has been selling billions of dollars of foreign-currency reserves, which have fallen from over \$125bn in January to less than \$112bn in August. Despite these sales, and four interest-rate rises since May, the rupiah has lost almost 10% of its value against the dollar this year, returning to levels last seen during the Asian financial crisis of 1997-98.

India's rupee has fared even worse, reaching a record low against the dollar. And even where Asia's currencies have remained steady, its stockmarkets have faltered. Hong Kong's Hang Seng index fell by 20% from late January to September 12th, meeting one definition of a "bear market". Mainland China's markets are struggling.

A person returning from Mars would assume that something horrible had happened in the region, says Chris Wood of CLSA, a brokerage. But in fact Asia's emerging economies are enjoying a happy spell of respectable growth and stable consumer prices. Only Pakistan has a combined trade and fiscal deficit as devilish as Turkey's or Argentina's. And not even Pakistan has anything like their double-digit rates of inflation. India's GDP grew by over 8% last quarter, compared with a year earlier. Indonesia's expanded by over 5% (as it almost always does). And China's grew by over 6% (as it always does). Nor is a widespread slowdown expected this quarter.

War wounds

Currency depreciation against the \$

January 1st-September 17th 2018, %



Source: Thomson Reuters

The Economist

The trade war (see next [article](#)) has soured the mood in China and Hong Kong. But China's exports to America still grew by over 13% in August, and the Canton trade fair was at its busiest for six years, according to the Institute of International Finance, an industry group. Many American customers are obviously keen to shop before the broader tariffs take effect. Some of China's neighbours, especially Vietnam, believe they can win the trade war by taking in its refugees: the manufacturers that move out of China to escape tariffs.

India and Indonesia are largely insulated from the trade war, thanks to the strength of their domestic demand. But that same strength leaves them exposed to two other dangers—the higher oil price and America’s remorseless monetary tightening. India’s oil-import bill for the past five months was more than 50% higher than a year ago. Its current-account deficit could widen to 3% of GDP this fiscal year (which ends in March), according to some forecasts. Indonesia’s could expand similarly.

These gaps would be easy to finance if foreign investors were in an indulgent mood. But they are not. As American interest rates have risen, emerging markets have looked less rewarding and more dangerous by comparison.

In response India’s government is tweaking taxes and regulations to attract more foreign capital and fewer foreign goods. It will, for example, suspend a tax on rupee-denominated “masala” bonds sold outside India. It has also decided to curb imports of inessential items, without yet specifying what those may be.

In Indonesia the government is encouraging state firms to dilute imported fuel with biodiesel, extracted from local palm oil. It has delayed big infrastructure projects. And it has increased import tariffs on over 1,000 goods, including perfume, stuffed toys and tomato ketchup. The life of a rupiah warrior is not without sacrifices.

In theory, such ad hoc measures should be redundant in two economies that have embraced flexible exchange rates. If the trade deficit is unsustainable, a floating currency is supposed to weaken, thereby discouraging imports (and encouraging exports) automatically. By this logic, the declining rupee and rupiah will eventually resolve the problem they reflect.

But Indonesia worries that its foreign-currency debts will be harder to sustain with a weaker rupiah. These debts amount to about 28% of GDP, far below Turkey’s and Argentina’s totals, but are still too large to ignore. Moreover, about 40% of its rupiah-denominated government bonds are held by foreigners, according to Joseph Incalcaterra of HSBC, a bank. That “presents a sizeable outflow risk,” he says, which is one reason why Indonesia’s central bank has raised interest rates faster than India’s.

Both countries also worry that falls in the currency will beget further falls. After fighting the rupiah's slide in 2013, Chatib Basri, Indonesia's finance minister at the time, argued that a sharp drop in the currency would have revived memories of the crisis in 1997 and led to investor panic.

That wobble in 2013 followed some stray remarks from America's Federal Reserve, which suggested it might soon slow its asset purchases. The subsequent spike in Treasury yields caused turmoil in emerging markets and threatened America's fragile recovery, prompting the Fed to clarify and soften its position. The more recent increase in Treasury yields is different. It reflects a robust American expansion, reinforced by generous corporate-tax cuts. This time, there is little reason to expect a rethink at the Fed. America does not feel emerging markets' pain.

Asia has long dreamed of "decoupling" from America so it can prosper even when the world's biggest market does not. Instead, it is suffering even when America is not. And partly because America is not.

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Tit for tat

America and China are in a proper trade war

Donald Trump announces another wave of tariffs. China retaliates



Sep 20th 2018 | WASHINGTON, DC

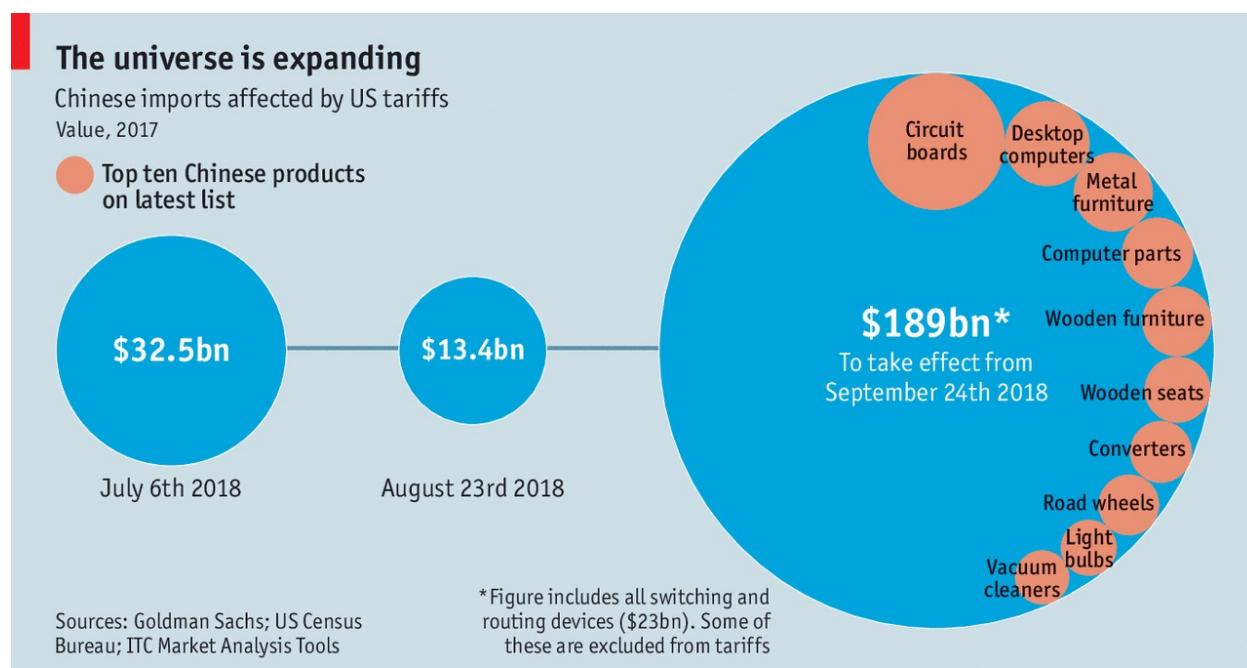
ANOTHER week, a further ratcheting up of trade tensions between America and China. On September 17th President Donald Trump announced that he had approved a further wave of tariffs on Chinese imports. From September 24th, imports of products which in 2017 were worth as much as \$189bn, including furniture, computers and car parts, will be hit with duties of 10%. The Chinese have promised to retaliate on the same day with duties on \$60bn of American exports. Unless peace breaks out before the new year, the American rate will increase to 25% on January 1st.

Mr Trump frequently rants about how the Chinese have long taken advantage of Americans. But American bureaucrats stress that the duties come after careful deliberation. The Office of the United States Trade Representative (USTR) took seven months to write a report detailing China's unfair trade practices. Each tranche of tariffs has been consulted on and then revised. The

latest set came after the USTR's office had received 6,000 written submissions and held six days of hearings.

Compared with an earlier proposal, the latest tariff list excludes products worth up to \$30bn. Child-safety seats and safety headgear were exempted. Antiques more than a century old were spared, too. (Some had pointed out that the Chinese government restricted their export anyway.) Despite Mr Trump's warning on September 8th that prices of products made by Apple may increase as a result of his tariffs, smartwatches and bluetooth devices were removed from the list.

The Trump administration claims that these deliberations have helped to minimise the impact on the American consumer. The staggered tariff rate is supposed to give importers time to change their suppliers. Wilbur Ross, the commerce secretary, was mocked online for claiming that, because the tariffs are spread over thousands of products, "nobody's going to actually notice it at the end of the day". But in support of his claim, economists at Goldman Sachs, a bank, estimate that the 10% tariff rate will boost inflation by only around 0.03 percentage points, and the increase to 25% by a further 0.05 next year.



The Economist

Still, this diligence was not welcomed by all. More than three-quarters of the

products that will be affected on September 24th are intermediate and capital goods, which means the most immediate impact will be to push up American businesses' costs. Mr Trump's announcement triggered complaints from industry representatives including the US Chamber of Commerce, the American Chemistry Council and the American Apparel and Footwear Association, all of which warned that Americans would end up footing the tariff bill, and pleaded for a different approach.

Although it claims to be following due process, the Trump administration's actions are far removed from the procedures of the rules-based global trading system. Ordinarily, members of the World Trade Organisation (WTO) would take their complaints to the body's judges. If such accusation are upheld, then those judges allow limited retaliation.

In 2012, for example, the American government complained to the WTO that the Chinese government was breaking the rules by restricting the export of rare-earth elements. China's dominance in their global supply meant that this hurt American manufacturers by pushing up prices for their inputs. After the WTO's judges sided with the Americans, the Chinese government dropped the measures.

The Trump administration claims that the WTO's incomplete rule book makes it incapable of dealing with China's alleged misdemeanours, which include forcing foreign companies to hand over their technology. But, even as it complains, America is simultaneously weakening the system by which the WTO's rules are enforced, by blocking the appointment of judges to the body's court of appeals. From October, only three will be left—the minimum needed to rule on a case.

On September 18th Cecilia Malmström, the European Union's trade commissioner, unveiled a "concept paper" outlining reforms that could plug some of the gaps in the WTO's rules, as well as ways to reform dispute settlement. But it is far from clear whether either Mr Trump or the Chinese government will take the bait.

And without the multilateral rules-based system to contain the conflict, the trade war between China and America could get much bloodier. In his announcement on September 17th Mr Trump threatened to hit another

\$267bn-worth of Chinese imports if China retaliated against his latest tranche of tariffs. For their part, the Chinese show little sign of backing down, and have promised to use fiscal policy to soften any domestic blow.

Although they are running out of American exports to target, they have other ways to fight. On September 17th, for example, reports emerged of a Chinese official musing about China repeating its trick of imposing export restrictions on raw materials that American manufacturers depend on. The next day, Craig Allen, president of the US-China Business Council, warned that the WTO had made clear its opinion that such restrictions were illegal. But why, when America is acting outside the rule book, should others stick to it?

Correction (September 21st 2018): The original version of this article referred to Craig Allen as the chairman of the US-China Business Council. He is its president. Sorry.

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Reading the crumbs

What a controversial pastry says about China's economy

Mooncakes are a useful indicator of trends, from consumption to corruption



Sep 20th 2018

MOONCAKES are among the most divisive treats. For some the chewy pastries are delicacies on which to gorge for the Mid-Autumn Festival, a Chinese holiday that falls this year on September 24th. For others they are dry, dense and full of calories. But for economists they are something else entirely: an indicator of important trends in consumption, innovation, corruption and grey-market trading.

Mooncakes play this role because of their status as gifts. Ahead of the mid-autumn holiday, companies give them to employees; business contacts exchange them. Consumption of mooncakes is thus less a reflection of whether people enjoy the pastries, likened by some to edible hockey pucks, and more a measure of the health of the economy. So it is heartening to know that, amid rising trade tensions with America, the Chinese bakery association has forecast that sales of mooncakes will rise by a solid 5-10% this year.

Some observers fret that Chinese consumers, burdened by rising debt, have started opting for cheaper goods. But consumers still plump for more expensive varieties of mooncakes rather than the classic nut-and-egg-yolk fillings. Shangri-La, a five-star hotel chain, has won fans with its blueberry-cheese mooncake (dismissed by traditionalists as cheesecake). Judging by long queues at Häagen-Dazs stores, mooncake-shaped ice-cream sandwiches are also booming. At least 30 listed food companies, more than ever before, are vying for a bite of the \$2bn mooncake market this year.

Mooncakes have long given off a whiff of corruption. Businesses seeking favours from officials send lavishly wrapped boxes of them. When Xi Jinping, China's powerful president, intensified his anti-graft campaign in 2013, the mooncake market shrank by more than 20%. A rebound over the past three years has naturally fuelled talk of a rebound in bribery, too. The government has denied this. Yet it is clearly worried. The front page of the newspaper published by the Communist Party's anti-graft agency warned on September 17th that although mooncakes are small, they can point to much bigger problems.

Perhaps the tastiest morsel from mooncakes is what they reveal about China's grey economy. Scalpers hawking mooncake gift coupons have taken to Shanghai's streets in recent days, as they do every year, standing outside busy subway stations and popular bakeries. Most economic studies describe scalping as a phenomenon that arises when scarce tickets to sporting events or concerts are resold at a hefty markup. Yet there is no shortage of mooncakes in China. The problem is inefficient allocation: too many coupons are given to people who do not like them. China's economy has plenty of inefficiencies, whether in the form of state-owned companies or gift-giving customs. But it sometimes also has solutions.

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Danske Bank's money-laundering scandal

Denmark's biggest bank reports on its Estonian shambles

Anti-crime procedures were in questionable shape



AFP

Sep 20th 2018

“THE bank has clearly failed to live up to its responsibility,” said Ole Andersen, chairman of Danske Bank, on September 19th. Well, indeed. The findings of an inquiry into the laundering of money, much of it from Russia, through Danske’s Estonian branch are sobering. The euro amount rinsed through the branch’s books runs to 12 digits and Danske missed chance after chance to stop the sluice. To no one’s surprise its chief executive, Thomas Borgen, has resigned.

Denmark’s biggest bank had already admitted doing too little to prevent the abuse of its branch between 2007, when it bought Finland’s Sampo Bank, the unit’s owner, and 2015. An 87-page report by Bruun & Hjele, a law firm, both tries to quantify the suspicious activity and traces how Danske’s anti-laundering procedures went so catastrophically wrong.

The main conduit was the branch's "non-resident portfolio", comprising about 10,000 accounts, of which 3,000-4,000 were open at any one time. The branch also housed another 5,000 non-residents' accounts. Starting with the fishiest, the investigators have examined 6,200 accounts and deem "the vast majority" to be suspicious. By contrast, the branch had reported only 760 clients to the Financial Intelligence Unit, the Estonian police division dealing with financial crime. The investigators have identified 177 customers—mostly partnerships registered in Britain or well-known tax havens—potentially involved in the "Russian Laundromat", a vast fraud exposed by the Organised Crime and Corruption Reporting Project, a group of investigative journalists.

Mere suspicion, of course, proves nothing. As the investigators did not sift the 9.5m transactions on the 15,000 accounts, they cannot say how much was laundered. But by any reasonable guess, the sum is staggering: €200bn (\$234bn at current exchange rates), mostly in euros and dollars, flowed through the accounts, 23% of it from Russia. "It is expected that a large part of the payments were suspicious," the report drily concludes.

Chances to clean up went begging almost from the day Danske bought Sampo. In 2007 the Estonian authorities found flaws in Sampo's procedures, and the Russian central bank told Danish supervisors that non-resident customers "permanently participate" in transactions intended to avoid taxes and customs payments, or to launder money to the tune of "billions of roubles monthly". The next year Danske dropped, on cost grounds, a plan to bring its Baltic subsidiaries onto its group information-technology platform.

In 2013 a correspondent bank clearing dollar transactions from the branch (J.P. Morgan, says the *Financial Times*), ended the relationship. That December an employee in Estonia blew the whistle; soon afterwards internal auditors pointed out weaknesses in anti-money-laundering practices. Even then Danske believed any problems were being fixed and misjudged their scale. Only in 2015 did the bank begin a "proper run-off" of the non-resident portfolio, the report says. The last accounts were closed in early 2016.

Contrite, Danske is giving its gross income from the branch over the nine years, DKr1.5bn (\$235m), to a fund to fight financial crime. But what took it so long to spot trouble? Managers and systems failed at pretty much every

level, from Tallinn to Copenhagen. The branch was allowed too much independence, partly because it was small, accounting for only 0.5% of Danske's assets. But it was also highly profitable, making a return on allocated capital of 60% in 2013, when the Lithuanian branch earned only 16% and the Latvian one 7%. That should have rung bells. Employees may have colluded with crooks: the bank has reported eight to Estonian police.

Danske's is just the most spectacular of a string of money-laundering scandals afflicting Europe from the Mediterranean to the Baltic. This month ING, a Dutch bank, was fined €775m; its chief financial officer lost his job. The European Commission recently proposed giving the European Banking Authority, a supervisor, more power to co-ordinate national authorities and even to compel them to start investigations. Tighter controls cannot come too soon.

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Buttonwood

How the yuan sets the tone in currency markets

Moves in the Chinese currency carry rare news



AP

Sep 20th 2018

MARIO DRAGHI, boss of the European Central Bank (ECB), is a polished speaker, clear and direct. Yet there was a moment after the bank's monetary-policy meeting on September 13th when he was uncharacteristically vague. Asked how the ECB might recycle the proceeds from maturing bonds once it ends its bond-buying programme, he said the issue had not come up. "We haven't even discussed when we're going to discuss it." Perhaps at the meeting in November. Or December. It will be soon, anyway.

Much of what central banks do is now telegraphed well in advance. Despite the occasional absurdities involved in giving fine-grained "forward guidance", the Federal Reserve, the ECB and others have trained investors to know when to expect an increase in interest rates. Indeed, central-bank watching is no longer just concerned with clues about the timing of interest-rate changes or plans for bond purchases or sales. It has reached a more

elevated plane, where statements by central bankers are parsed for signs of what they might soon say about what they may eventually do.

It is a surprise, then, that forward guidance has had consequences for currency markets that have gone almost unnoticed. In China, policies can change without much in the way of prior signalling. So when the yuan moves, it carries rare news—about currency demand, about China and by extension about the world economy. Increasingly it is the yuan that shapes the foreign-exchange market.

It is still a long way from being a global currency. The yuan has not made great strides as a trading or reserve currency. The dollar is still king. Of the \$5trn traded in currency markets each day, the dollar is on one side of the exchange in almost nine out of ten transactions. Crude oil is priced in dollars. The bonds issued by countries and by globalised firms are likely to be in dollars if they are not in their home currency. And the dollar accounts for two-thirds of foreign-exchange reserves. The yuan barely registers.

China looms large as an importer and exporter. It is the largest trading partner for almost every country on the planet. But the trade it dominates is priced, invoiced and settled mostly in the currency of America. Indeed, such was the importance of exports to China's economy that, until quite recently, the yuan's value was pegged tightly to the dollar.

Off the peg

But no longer. Since August 2015 the yuan has ostensibly been managed by reference to a broad basket of currencies. In principle this is so the yuan's value can better reflect economic forces. In practice it simply allows the yuan to move in a wider range against the dollar, says Mansoor Mohi-uddin of NatWest Markets. Even this has limits. If the yuan strengthens too quickly, it will hurt China's exports. If it weakens too much, the dollar debts of Chinese firms become more onerous. A sharp drop might spark devaluation fears and capital flight.

Yet in one regard, the yuan's influence is increasingly felt. Almost as soon as the yuan was allowed to float a little more freely, the currencies of economies that do a lot of trade with China began to move in tandem with it. The euro-

dollar exchange rate, for instance, has closely tracked changes in the dollar-yuan rate recently (see chart). When the yuan weakened against the dollar in 2016, the euro fell to a low of \$1.05. When the yuan rallied last year, so did the euro. This co-movement is probably not a coincidence, says Kit Juckes, of Société Générale, because the currencies of China's other big trading partners show the same pattern. When the yuan moves up or down, other currencies follow it.

Chasing the dragon

\$ per euro

Inverted scale



Yuan per \$



Source: Thomson Reuters

The Economist

This is testament to China's “soft power” in the foreign-exchange market,

says Mr Juckes. In large part China owes this clout to its gravity in global trade. But it is enhanced by the forward-guidance straitjacket worn by central bankers elsewhere. Their transparency can be almost comical, as Mr Draghi's comments show. By contrast, little is known about what China plans. A shift in the yuan is a big signal.

China's pull must now be reckoned with when thinking about the outlook for currency markets. A typical long-range forecast for the euro is \$1.30, some 10% higher than where it trades now. That forecast is close to estimates of the euro's purchasing-power parity, the exchange rate that would make the price of a basket of goods the same in Europe as in America. It seems a natural rate for the euro to gravitate towards. But it will be hard for it to reach that level unless China's policymakers allow the yuan to rise against the dollar. And who can say with confidence that they will?

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A hornets' nest

The Fed stalls the creation of a bank with a novel business model

The Narrow Bank would take deposits but not make loans



Sep 20th 2018 | NEW YORK

TEN years on from the financial crisis, the structure of American banking has not changed. At its core are government-guaranteed, and therefore cheap, deposits that banks put to work, primarily through lending. Deposits have become more important for bank funding in recent years; governments have become increasingly fussy about how the money is lent out. The basic set-up is so entrenched that many believe there is no alternative.

A startup called TNB, short for The Narrow Bank, is questioning that assumption, and causing a stir as a result. On August 31st TNB filed a complaint in federal court against the New York Fed, which, it alleges, is breaking the law by refusing to grant it access to the central bank's payment system. The Fed has made no comment, but in response to growing pressure, it has acknowledged the complaint.

The case throws light on an unusual business model. Led by a former head of research at the New York Fed, TNB is based on the idea of a narrow bank, which was first suggested by professors at the University of Chicago as a response to the banking crisis of the 1930s. The proponents of the “Chicago plan” argued that deposits and lending need not be linked. A bank could have a narrow mandate, restricting itself to merely receiving deposits.

The court filing suggests that TNB planned to do just that, taking deposits from financial institutions (though not from consumers) and redepositing them at the Fed in order to take advantage of the Fed’s interest rate on reserves, which is 1.95%. There would be no need for branches or credit analysts. Compliance costs would be minimal: as the bank would not make loans, regulators would need only an audit to show the bank’s funds on account at the Fed covered its clients’ deposits. To keep costs lower still, TNB intends to avoid having deposit insurance, which can cost up to 0.4% of assets. As the money is invested with the central bank, it is already guaranteed by the government.

Most American banks pay measly rates of interest of under 0.1%, according to Bankrate.com, a data provider. With its austere model, TNB could plausibly provide a competitive rate on deposits, while keeping some of the spread between the Fed rate and the interest it pays to customers. The operating model is not without risks. The Fed could cease paying interest to banks, for example, a demand that both America’s political parties have made at times. But TNB, or a similarly minded institution, could tweak the model in response and invest its deposits in government securities instead.

The Fed’s silence has drawn criticism. TNB has received a temporary banking charter from Connecticut, so the state regulator clearly deems it to be legal. The central bank may worry that narrow banks, which lend to neither companies nor individuals, could hamper the effectiveness of monetary policy. Their business model may also risk unsettling incumbent banks, which could have large economic consequences. TNB’s suit says that the Fed’s actions “have the effect of discriminating against small, innovative companies” and “privileging established, too-big-to-fail institutions”. The Fed may eventually be forced to explain why that is a virtue.

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The World Bank's poverty estimates Extreme poverty is growing rarer

But it is also getting harder to root out



Getty Images

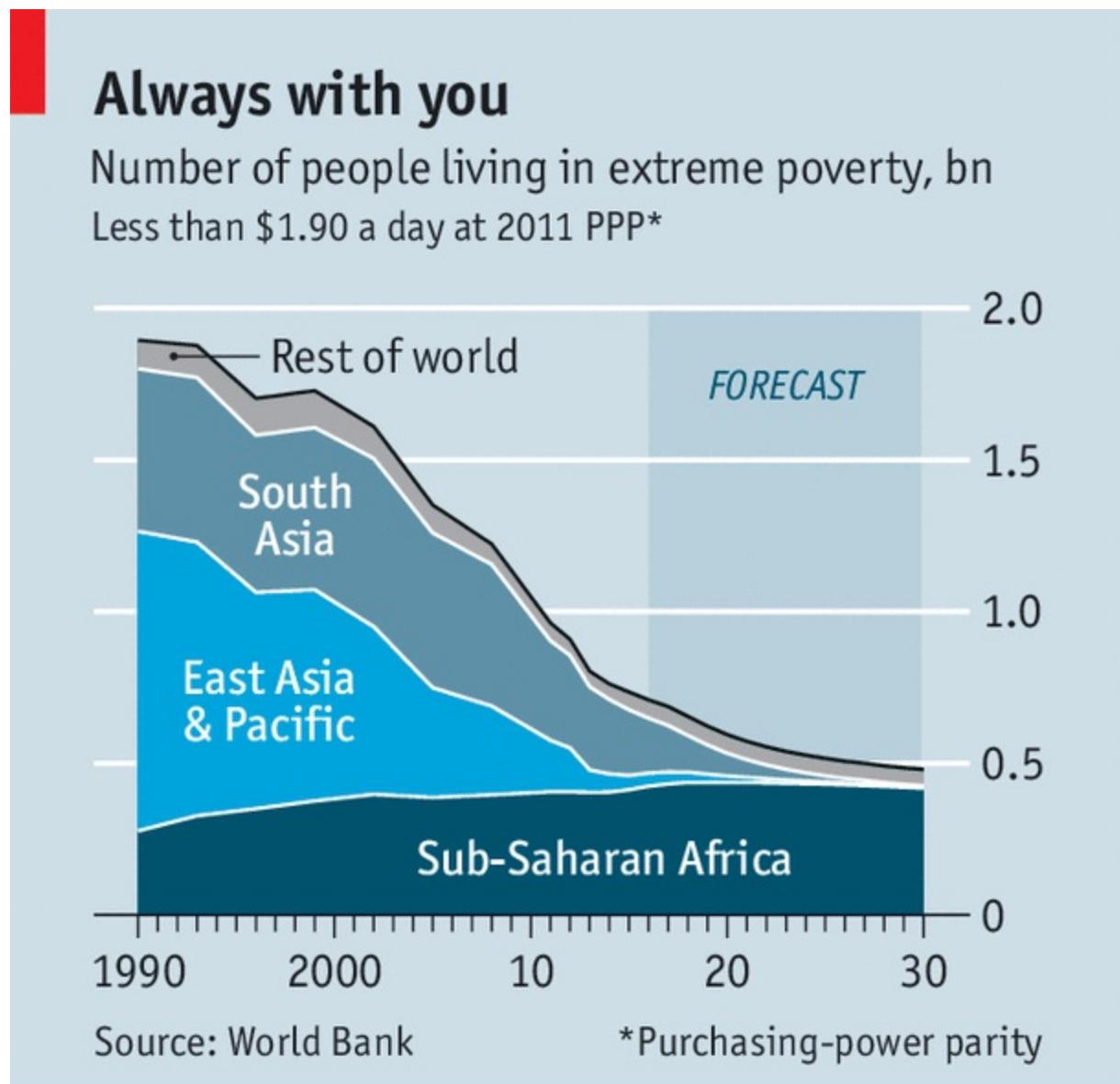
Sep 22nd 2018

HANS ROSLING, a Swedish academic who died in 2017, became famous for telling people that the world was faring better than they believed. One of his favourite examples was the rapid decline in extreme poverty. Sadly, just as Rosling's elegant charts and YouTube talks drilled that story into people's minds, the facts began to change.

On September 19th the World Bank released estimates for extreme poverty in 2015, defined as living on less than \$1.90 a day at 2011 purchasing-power parity. The good, Roslingish news is that poverty continued to diminish (see chart). In 2015 the extreme poor numbered 736m people, or 10% of the world. The Bank's best guess for 2018 is 8.6%.

The bad news is that poverty is becoming harder to tackle. Over the past few decades, rapid economic growth and the expansion of welfare in Asia have

borne down on extreme want there. That leaves sub-Saharan Africans as a growing majority of paupers. African poverty is especially intractable because of weak economies, high birth rates and the fact that many poor Africans are not even close to the \$1.90 line. Between 2013 and 2015, the World Bank thinks, the poor population of sub-Saharan Africa grew from 405m to 413m. As a result, the global poverty rate is going down about half as quickly as before.



The Economist

The latest estimates contain another nasty surprise. In the Middle East and

north Africa the number of deeply impoverished people appears to have almost doubled in two years, from 10m to 19m. Two war-torn countries, Syria and Yemen, explain this growth. It is hard to be certain, given the difficulty of collecting data. But the Middle Eastern jump hints at a broad change. Increasingly, extreme poverty is found in chaotic, ill-governed places. Figures on hunger released earlier this month suggest that it is growing in Venezuela.

There is a broader lesson in that, says Laurence Chandy, director of data and research at UNICEF, the UN Children's Fund. The world has been preoccupied with the task of pulling people out of extreme poverty. But there was always another challenge, which is becoming more pressing. How can entire populations be prevented from falling into it?

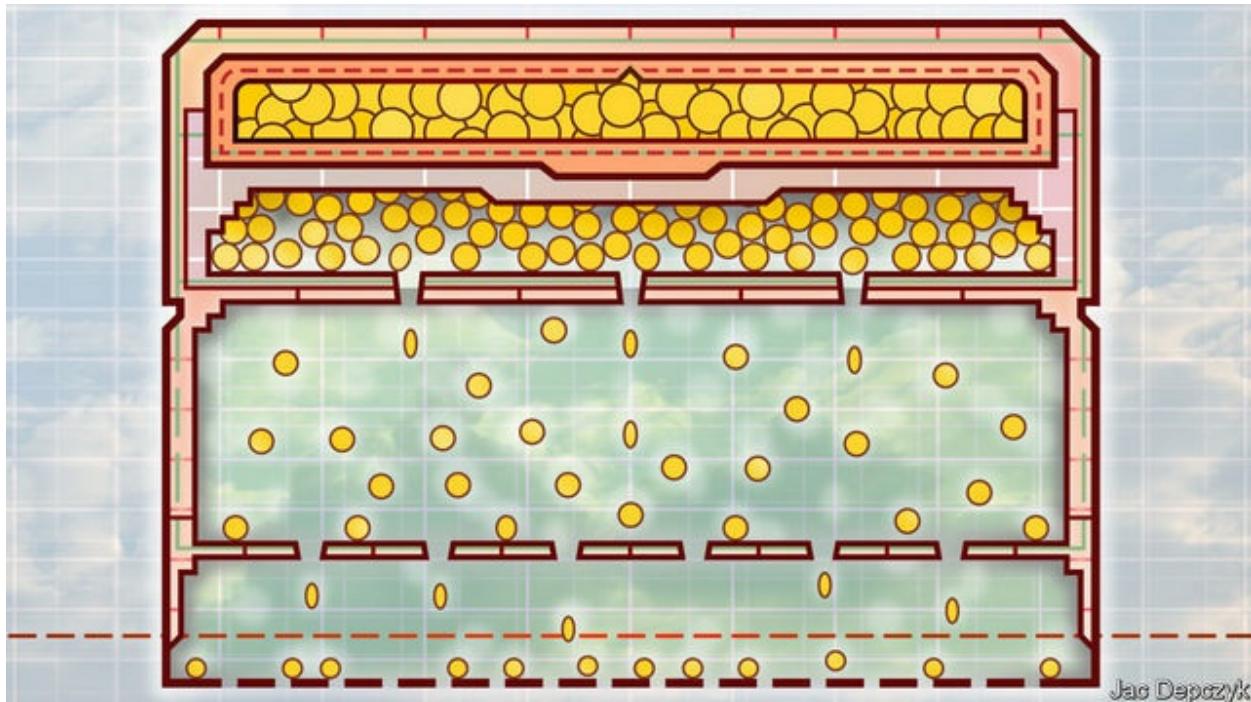
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Free exchange

A radical idea for reducing inequality deserves more attention

A social wealth fund could narrow the gap between the rich and the poor



Sep 20th 2018

RECENT decades have not been particularly good ones for those who toil on, rather than own, the means of production. Labour markets have made a slow and incomplete recovery from the trauma of the Great Recession. The crisis only briefly dislodged corporate profits as a share of GDP from historically high levels. Across much of the world, the share of national income flowing to labour has fallen over the past 40 years.

Taxing the rich in order to fund spending on the poor is a straightforward solution to inequality. But the well-heeled are adept at squeezing through tax loopholes, and at marshalling the political clout needed to chip away at high tax rates. Those frustrated by enduring levels of inequality are contemplating ever bolder ways to redress the lopsided balance between owners and workers.

In an ideal world, untrammelled markets would ensure that every firm and every worker earned precisely what they deserved. But as economists since Adam Smith have recognised, markets are inevitably distorted by the unequal distribution of power. As Smith wrote: “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public.”

The socialists of the 19th century reckoned that the best way to check the power of capital was collective ownership. Experiments with state management of the economy in the 20th century made the shortcomings of such systems horribly clear. In practice they tend to be violently coercive, and their inability to take advantage of the distributed knowledge of markets often produces a grinding stagnation. (China may have so far avoided this outcome, but it has also signally failed to produce an equitable distribution of wealth.)

The market for ideas is, however, stocked with gentler, more practical leftism. Perhaps, for instance, the state could own a share of the economy’s assets on behalf of the population. In a recent paper Matt Bruenig, a left-leaning writer, argues for the creation of an American “social wealth fund”. The fund, he says, should accumulate stakes in equity, bond and property markets, and then disburse a share of its investment income each year as a “universal basic dividend”. Even in the most egalitarian decades of the past century, the richest 10% of the population owned the majority of the wealth. Money passes down the generations through gifts and bequests, but also through the extra educational and entrepreneurial opportunities it affords. A social dividend would counteract this entrenchment of advantage.

The proposal has a certain appeal. If funded through taxes on existing wealth —like property and bequests—such an entity could be a simple way to reduce the unfair opportunities afforded to the rich at birth. And there are workable examples already in operation. Alaska’s fund, financed with royalties from its oil industry, is worth 113% of its GDP. It is invested in a diversified portfolio that has yielded annual returns of nearly 10% over its lifetime. The fund’s dividend payments appear to reduce wealth inequality and poverty, without discouraging recipients from finding work. Norway’s government, through oil-funded sovereign wealth funds created to protect its

generous social safety-net against future declines in oil revenues, controls nearly 60% of the country's wealth. Yet the country has not turned into a grey socialist dystopia.

Complications could arise if such a fund operated at a scale proportionate to America's economy and capital markets, however. The disciplining effect of the market might well be muted if the state accumulated stakes in most firms. Recent work by Martin Schmalz and others suggests that large-scale stock ownership by passive asset managers (like BlackRock and Vanguard), who often control sizeable stakes in many firms within an industry, is associated with less competitive behaviour by firm managers. Active ownership by the state might address that problem. But it could introduce others, such as greater scope for corruption.

More significantly, a social wealth fund raises difficult questions about the structure of the economy. It would create a conflict between workers' interests as wage earners and their interests as recipients of dividends: more revenue flowing towards pay-cheques would mean less for profits. Left-leaning critics worry that a social wealth fund might undermine efforts to strengthen labour unions. A fund might, ironically, soften public attitudes towards capitalism's more ruthless aspects. Working people could feel differently about lay-offs, offshoring and automation if their dividends stood to swell as a result. More worryingly, the public could become more accommodating of corporate behaviour designed to increase market power. Abuses by monopolistic tech firms might prove harder to rein in when they contribute to soaring profits—and to dividends for all.

Own goals

Other ideas for empowering workers attract similar criticisms. Stronger unions would have every incentive to bargain down capital's share of companies' profits, but very little incentive to support competition-boosting reforms that might undermine the stability of those profits. Offering labour representatives seats on company boards, a policy supported by Elizabeth Warren, a senator from Massachusetts, seems likely to improve workers' fortunes. But it might also make them complicit in preserving revenues at all costs, the better to plump up worker wages.

None of the more radical proposals to tackle inequality are riskless, in other words. But a social wealth fund that turns workers into owners of, rather than antagonists to, capital might appeal to workers without alienating powerful business interests. And if such a fund were to cultivate a sense of economic solidarity, it might well encourage other steps towards a more equitable society. Don't dismiss the idea.

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Vaping

E-cigarettes are almost certainly better than smoking

But “better than smoking” is not necessarily the same as “good for you”



Sep 20th 2018

FOR decades, doctors and governments have been trying to wean smokers from their habit. It is a tricky task. Nicotine is as addictive as heroin and cocaine. There are plenty of officially endorsed methods for quitting. People can try inhalators, gum, lozenges, patches, nasal sprays and prescription drugs. All can help, but few replicate all the physical and social rituals that surround cigarettes. That limits how appealing they are to committed smokers.

It was into this mix that e-cigarettes arrived about a decade ago. Unlike ordinary cigarettes, which rely on burning tobacco to deliver their payload, e-cigarettes use an electric charge to vaporise a dose of nicotine (accompanied, often, by various flavouring chemicals). They have proved extremely popular, particularly in America, Britain and Japan. Public-health officials have been quick to conclude that they are much better than smoking.

Consumers, says Robert West, a professor of health psychology at University College London, are “voting with their lungs”.

Still, not everyone is happy. E-cigarettes are new, so information about their effects is still scarce. Others worry about who is using them. The Food and Drug Administration, an American regulator, says it has data showing an “epidemic” of vaping among teenagers which it will release in the coming months. Earlier this month it put e-cigarette firms on notice that they must try to combat underage use of their products or face sanction. How worried should vapers—or their parents—be?

The chemistry is the best place to start. Cigarette smoke is genuinely nasty stuff. It contains about 70 carcinogens, as well as carbon monoxide (a poison), particulates, toxic heavy metals such as cadmium and arsenic, oxidising chemicals and assorted other organic compounds.

The composition of e-cigarette vapour varies between brands. A best guess suggests that, instead of the thousands of different compounds in cigarette smoke, it contains merely hundreds. Its main ingredients—propylene glycol and glycerol—are thought to be mostly harmless when inhaled. But that is not certain. People with chronic exposure to special-effect fogs used in theatres—which contain propylene glycol—have reported respiratory problems. Nitrosamines, a carcinogenic family of chemicals, have been found in e-cigarette vapour, albeit at levels low enough to be deemed insignificant. Metallic particles from the device’s heating element, such as nickel and cadmium, are also a concern.

Some studies have found that e-cigarette vapour can contain high levels of unambiguously nasty chemicals such as formaldehyde, acetaldehyde and acrolein, all derived from other ingredients that have been exposed to high temperatures. The vapour also contains free radicals, highly oxidising substances which can damage tissue or DNA, and which are thought to come mostly from flavourings. According to work published this January flavourings such as cinnamon, vanilla and butter generate the most.

Several studies in mice have confirmed that the vapour can induce an inflammatory response in the lungs. In June, for example, Laura Crotty Alexander at the University of California San Diego and her colleagues

published results which showed that e-cigarette vapour has a variety of unpleasant effects, inducing kidney dysfunction and a thickening and scarring of connective tissue in their hearts called fibrosis. Her data suggest that the vapour may also be disrupting the epithelial barrier that lines the lungs, triggering inflammation. They speculate that this could make it easier for pathogens like bacteria to take hold. That would fit with recent work by Lisa Miyashita at Queen Mary University of London, which found that vaping makes cells lining the airways stickier and more susceptible to bacterial colonisation.

Puffed up

It all sounds worrying. But a dose of scepticism is useful too. One alarming study in August said that e-cigarette users are more likely to have been diagnosed with cardiovascular disease. But many vapers have smoked in the past, or still do. The paper may have been picking up old harms from smoking, rather than new ones from vaping. Many think that the toxic nature of e-cigarette vapour may have been exaggerated by unrealistic laboratory conditions. Overheating the fluid creates an unpleasant taste that users actively avoid. Lab tests may heat the fluid more vigorously than real vapers do, for example.

The last piece of the puzzle is the nicotine. Besides being addictive, it is known to have an adverse affect all around the body. But the current source of concern is its effects on children. For instance, work in animals suggests that exposure to nicotine could be bad for adolescent brains, making users more susceptible to other addictive substances later in life. This could be one reason why human smokers who start young have higher rates of addiction as adults. It might also mean that children who vape risk a lifelong addiction to nicotine, and may even start smoking. But, says Dr West, these concerns have not yet been borne out by epidemiological studies.

Smoking during adolescence has also been associated with lasting cognitive and behavioural impairments, including on working memory and attention. Animal tests suggest that exposure to nicotine specifically could explain at least some of that effect. All this forms the scientific backdrop to the FDA's worries about the effects of vaping among the young.

Getting definitive answers will take time. Epidemiology is a tricky business. All sorts of confounding factors and overlooked connections can skew conclusions. Smoking stands out in medical history as a pastime which is so unambiguously bad for you that the signal cuts through almost any amount of noise. The truth about e-cigarettes will take longer to tease out.

That may sound frustratingly vague. But it points to at least one clear conclusion—whether it is harmless or only moderately bad for you, vaping is almost certainly safer than smoking. That is a message which needs spreading. In Britain about a third of smokers say they have not tried vaping because they are worried about its safety and addictiveness. This attachment to a known evil is self-defeating. At least for now, the e-cigarette looks like a useful innovation in public health.

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Marine biology

Giant larvaceans make their houses from mucus

Their discarded dwellings carry food—and pollution—to the ocean depths



Sep 20th 2018

THE deep sea is full of fantastical creatures. Gelatinous pink sea pigs shovel food with arms like tiny sea anemones. Delicate tripod fish stand on chopstick-like stilts. Barreleye fish have transparent heads that reveal all their internal workings. Giant larvaceans hold a well-deserved spot on this list of curiosities. Shaped like oversized sperm, with a head and wide tail, the faintly blue tunicates are just ten centimetres long. But their “houses”, ephemeral structures which the creatures build from a film-like mucus, can be up to a metre across.

Larvaceans are a familiar sight to deep-ocean biologists. But, as Bruce Robison at the Monterey Bay Aquarium Research Institute (MBARI) told a conference in California earlier this month, it is only in the past few years that scientists have been able to study the animals in their native environment. Doing so has helped to answer the question of just why there is

so much life on the floor of the deep ocean, where food was thought to be scarce.

A larvacean's house comes in two parts. The inner house is made up of two symmetrical lobes and looks a bit like a translucent brain that hovers just above the animal. Around those lobes is a larger and less well-defined external house. Both act as filters, channelling nutrient-rich water towards the larvacean inside. Once they become clogged, roughly every 24 hours, the larvacean whisks itself out with a flick of its tail and builds a fresh dwelling. The abandoned houses collapse in upon themselves and sink to the sea floor.

As they sink, these discarded dwellings take with them all the particles trapped in their filtration systems, much of which is dead organic matter. By shadowing the sinking structures with remotely operated submersibles called ROVs, Dr Robison measured their rate of descent at around 800 metres per day. By contrast smaller, free-floating organic particles, known as "marine snow", sink at a rate of just centimetres a day. Marine snow is the main food source for deep-ocean ecosystems. But because it sinks comparatively slowly, microbes in the water are able to digest much of the food along the way, consuming it before it reaches the ocean floor. Since the sinkers move much faster, microbes have less time to nibble away at their cargo before they reach the bottom.

That finding has helped solve a long-standing mystery in marine biology. Ken Smith, one of Dr Robison's colleagues, studies the ecosystems at the bottom of Monterey Bay, more than 4,000 metres below the surface. The organisms living there seemed to be expending significantly more energy than the marine snow was providing. The difference, Dr Robison believes, can be accounted for by discarded larvacean houses. He reckons they could account for a third of the energy available on the ocean floor. And what is true of Monterey Bay is probably true elsewhere, too. Larvaceans have been observed all around the Pacific and Atlantic oceans.

Larvacean houses may also help to explain why microscopic particles of plastic have been discovered in the ocean's deepest depths. Plastic fragments should float, but if they become trapped inside the snot-like globs of discarded larvacean houses, they can be dragged down into the abyss.

Kakani Katija, another of Dr Robison's colleagues, has designed a laser scanner for the aquarium's ROV. She has injected microplastics into the water around giant larvaceans and watched as they were sucked into the filters. The plastic ended up in the animal's faeces and houses, both of which ferried them into the deep. At the conference this month, she described collecting sinkers from the deep ocean that were full of microplastics. What effect those plastics are having on the rest of the deep-sea world is, for now, unknown.

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Genetics

Only a tenth of the human genome is studied

Paying more attention to the rest seems like a good idea



Sep 20th 2018

ONE tale of Nasreddin, a self-satirising 13th-century philosopher, tells of the time he lost a precious ring. When his wife asks why he is searching in the yard rather than inside, where the ring was lost, Nasreddin explains that the light is better outside. Looking for something where the search is easiest is a form of bias now known as the “street light” effect. A study published this week in *PLOS Biology* reports a similar skew in modern genetics that may be leaving thousands of important genes largely unstudied.

There are roughly 20,000 genes in the human genome. Understanding genes and the proteins they encode can help to unravel the causes of diseases, and inspire new drugs to treat them. But most research focuses on only about ten percent of genes. Thomas Stoeger, Luis Amaral and their colleagues at Northwestern University in Illinois used machine learning to investigate why that might be.

First the team assembled a database of 430 biochemical features of both the genes themselves (such as the levels at which they are expressed in different cells) and the proteins for which they code (for example, their solubility). When they fed these data to their algorithm, they were able to explain about 40% of the difference in the attention paid to each gene (measured by the number of papers published) using just 15 features. Essentially, there were more papers on abundantly expressed genes that encode stable proteins. That suggests researchers—perhaps not unreasonably—focus on genes that are easier to study. Oddly, though, the pattern of publication has not changed much since 2000, despite the completion of the human genome project in 2003 and huge advances in DNA-sequencing technology.

One possible reason for that can be found in another phenomenon known as the “Matthew effect”. Pithily summarised by the adage “the rich get richer”, this predicts that researchers and money will flow to subjects that are already well-established. To see if this was the case, the team added the year of each gene’s discovery to their model and found its explanatory power jumped to 56%, because earlier discoveries translated into greater attention. The identification of a new human gene is often preceded by the discovery of similar genes in scientific workhorses such as fruit flies, rats and mice. When the researchers added the number of papers relating to these animal genes, the algorithm’s predictive powers improved even further, to 76%.

All this might be justified if the most-studied genes were also the most important—if, for instance, mutations within them are associated with serious or common diseases. The team found that the most-researched 10% of genes were indeed between three and five times more likely to be involved in disease. But they receive disproportionate attention, accruing thousands of times the number of publications as the least-researched 10%.

The team found these biases were reproduced in funding decisions made by America’s National Institutes of Health, the world’s biggest sponsor of biomedical research; they also found a similar pattern in drug development in the private sector. Drugs are often made to tweak the behaviour of the proteins that particular genes encode. Although there are presently drugs in development for 30% of disease-associated genes discovered before 1981, the same is true for only 2% of genes discovered since 2001.

No doubt much remains to be learned about even the best-studied genes. But the upshot of all this is that a wealth of discoveries and treatments is likely to await scientists, and funding agencies, bold enough to look elsewhere. Time to shine a light on the darker parts of the genome.

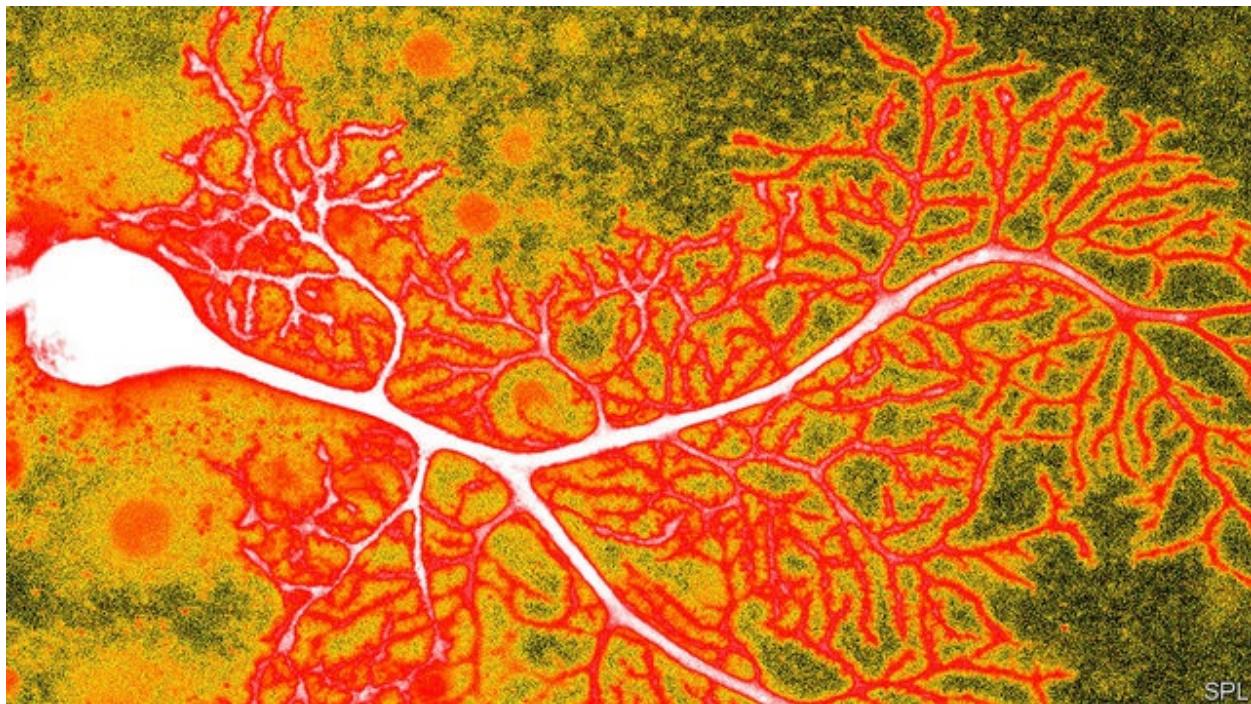
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Cellular ageing

Worn-out cells eventually stop dividing

And start causing trouble



SPL

Sep 20th 2018

CELLS divide many times throughout their lives. But they cannot do it indefinitely. Once they have reached the limits of their reproductive powers, they enter a state called “senescence”, in which they carry on performing their duties but stop making new copies of themselves. For years it was assumed that, apart from their refusal to divide, senescent cells were otherwise identical to their replicating compatriots.

There is mounting evidence, though, that this is untrue. One study in 2016 reported that senescent cells in the kidneys and heart produce a protein that causes nearby healthy tissues to deteriorate. Another study found that senescent cells contribute to diseases like atherosclerosis and arthritis. New work led by Darren Baker, a biologist at the Mayo Clinic in Minnesota, published in *Nature* this week, suggests the accumulation of senescent cells within the brains of mice causes the animals to develop neurodegenerative

diseases—and that clearing out these cells can help prevent them.

Working with a team of colleagues, Dr Baker obtained a population of mice that had been genetically engineered to quickly develop fibrous tangles of protein in their brains. These tangles are associated with the decline in mental abilities caused by diseases like Alzheimer's. When the mice were four months old, Dr Baker collected brain tissue from some, and found senescent cells accumulating in the hippocampus, a seahorse-shaped region of the brain involved with learning and memory. By six months old, they were accumulating in the cerebral cortex as well—as were the tangles that are associated with neurological degeneration.

To see what role, if any, senescent cells were playing in the their diminishing brainpower, Dr Baker genetically altered some mice such that their senescent cells could be eliminated with a twice-weekly dose of a specific chemical. That left a subgroup of mice that were still genetically predisposed to neurological diseases, but which also had their brains rinsed of senescent cells.

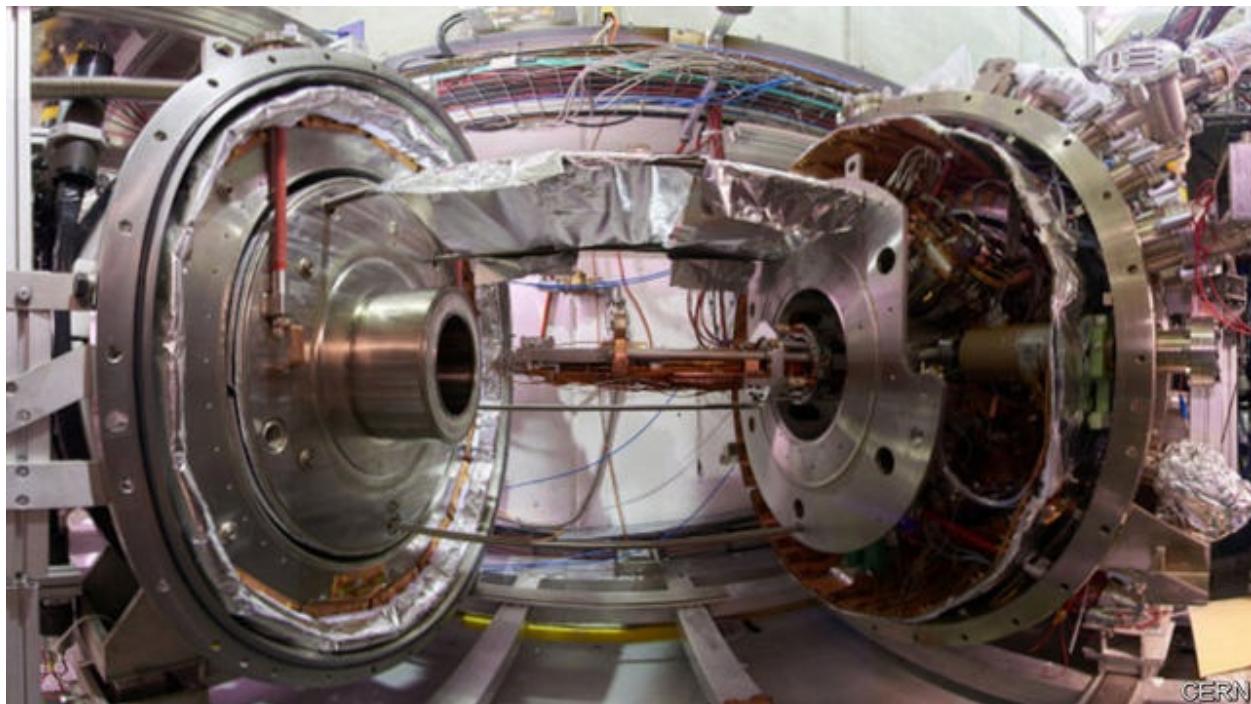
By the time these mice reached six months old, the tangles were almost entirely absent. When the mice were presented with objects they had encountered before, they approached them without hesitation, as healthy mice should. In contrast, mice whose brains were full of senescent cells approached the objects tentatively, as if they had never seen them before.

Mice are not people. It remains to be seen whether clearing exhausted cells from human brains could have similar benefits. Since it is not possible to do pre-emptive genetic engineering on humans, some pharmaceutical method of clearing out senescent cells will have to be developed instead. But Dr Baker's results suggest that is worth trying. Indeed, the next project in his lab is to explore whether clearing senescent cells from the brains of mice that are already suffering from the murine version of Alzheimer's might allow their already damaged brains to recover.

Antimatter

Physicists investigate why matter and antimatter are not mirror images

One experiment, in particular, looks promising



Sep 20th 2018

AS MISMATCHES go, it's a big one. When physicists bring the Standard Model of particle physics and Einstein's general theory of relativity together they get a clear prediction. In the very early universe, equal amounts of matter and antimatter should have come into being. Since the one famously annihilates the other, the result should be a universe full of radiation, but without the stars, planets and nebulae that make up galaxies. Yet stars, planets and nebulae do exist. The inference is that matter and antimatter are not quite as equal and opposite as the models predict.

This problem has troubled physics for the past half-century, but it may now be approaching resolution. At CERN, a particle-physics laboratory near Geneva, three teams of researchers are applying different methods to answer the same question: does antimatter fall down, or up? Relativity predicts "down", just like matter. If it falls up, that could hint at a difference between

the two that allowed a matter-dominated universe to form.

Testing this idea is tricky. Antimatter needed for experiments is usually made in accelerators, in the form of particles travelling at nearly the speed of light. To use it in a gravitational test, it must be slowed down, isolated from all other forces and kept intact for long enough to track its fall (or rise). All without allowing any matter to touch it, and thus annihilate it.

This is possible only at CERN, which has dedicated one of its smaller accelerators to creating a stream of low-energy antiprotons. It does this by smashing a high-energy beam of protons into a block of iridium, and then feeding the resulting antiprotons into a ring 180 metres in circumference. This ring acts as a particle accelerator in reverse, slowing the antiprotons to a mere tenth of the speed of light.

Since antiprotons are electrically charged (they are negative; normal protons are positive), gravity's effect on them is swamped by any electromagnetic forces around, which will be much larger. All three experiments deal with this by combining their antiprotons with positrons (antielectrons) to create antihydrogen atoms. These are electrically neutral, and thus immune to such disturbances.

One team, AEGIS (Antihydrogen Experiment: Gravity, Interferometry, Spectroscopy), guides the resulting beam of antihydrogen into something called a Moiré deflectometer. This splits the beam up and then recombines it to create an interference pattern. Gravitational effects should show up as small shifts in the pattern.

A second group, GBAR (Gravitational Behaviour of Antihydrogen at Rest), runs two more stages of deceleration, then adds two positrons to each antiproton, to create a positively charged antihydrogen ion. Such ions, precisely because they are charged, can be slowed down even further using an electric field. This brings them to something approaching human walking pace. The field then guides them towards a target point where they are pinned in place by a second field and the extra positron is shot off by pulses of laser light. At this point, the ions become electrically neutral, so gravity is the only remaining force acting on them. The direction of their fall can thus be observed directly.

The third team, ALPHA, may be the closest to success. This group has spent the past 18 years measuring every possible property of antihydrogen, and has become adept at trapping it and chilling it to within half a degree of absolute zero. (A cold atom is a slow-moving atom.) ALPHA's best attempt so far gathered antihydrogen atoms in a trap and turned off the magnetic field to watch which way they drifted. But even at this temperature, there was still plenty of noise in the system. The team could conclude only that antimatter might fall downwards anywhere up to 110 times faster than normal matter does, or fall upwards anywhere up to 65 times faster than normal matter falls down.

Now, ALPHA's researchers may be able to do better. As a consequence of work they reported in August on a phenomenon called the Lyman-alpha transition, they think they can bring a technique called laser cooling to bear on antihydrogen. This should bring the antiatoms to within a few hundredths of a degree of absolute zero. With antihydrogen that cold, a similar drift test would give a much more precise measurement of gravitational behaviour.

All three teams are now in a race to perfect their apparatus in time to make observations before CERN's accelerators come to the end of their current run and take a two-year maintenance break. That is scheduled for November. There appears to be a good chance of at least a "sign test" by then (ie, one that provides an answer to the question of whether antimatter falls up or down), even if it does not show exactly how fast the atoms are falling or rising.

Few really believe that antimatter falls up, because so much existing theory predicts it will not. But in 1887 existing theory predicted that the apparent speed of light would vary with the speed at which the observer was moving. When Albert Michelson and Edward Morley showed that it does not, they tore up the rule book of physics. It could happen again.

Spaceflight

A Japanese billionaire wants to fly around the moon

And he is hoping that SpaceX will be able to take him



Sep 20th 2018

YUSAKU MAEZAWA is a Japanese fashion billionaire. If he gets his way, in 2023 he will become the first person to visit the Moon since Eugene Cernan, an American astronaut, left in 1972. Unlike Mr Cernan, Mr Maezawa will not land. Instead, he will zoom round the Moon aboard a spaceship built by SpaceX, an American rocketry firm. That, at least, was the plan announced on September 17th by Elon Musk, SpaceX's boss. Whether it will happen is another question. SpaceX is already late with plans to fly astronauts to the International Space Station, which is far easier. A previous lunar trip scheduled for this year has been shelved. And the rocket that will do the job does not yet exist. Even Mr Musk was careful to describe the timeline as aspirational.

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Maxed-out city

How Mumbai became a capital of urban noir

In India's biggest metropolis, art and crime have always been entwined



Sep 20th 2018 | MUMBAI

THIS summer Ganesh Gaitonde's eyes burned through the monsoon haze from billboards across the metropolis. The fictional gangster, played with seductive menace by Nawazuddin Siddiqui, is one of the heroes of "Sacred Games", Netflix's flagship Indian drama series. The show is based on an epic novel by Vikram Chandra, a 900-page testament to the romance of Mumbai —the biggest, baddest city in India, 18m people and counting, bursting at the seams with schemes, sex and murder.

Published in 2006, Mr Chandra's book formed a de facto trilogy with two other works that captured Mumbai's idea of itself at the turn of the new millennium: "Maximum City", Suketu Mehta's non-fiction portrait of Bombay (as it was named until 1995, and is still called by some), and "Q&A" by Vikas Swarup, which was adapted for the cinema as "Slumdog Millionaire". In the years since, Mumbai has emerged as a gritty, glamorous

epitome of modern urban life, a capital of noir for the whole world to admire, or revile.

Yet film, fiction and filth have been chasing one another up and down the city's streets for decades. Its storytellers have often been enmeshed in the dramas they describe; their tales of Mumbai have reflected its lurching growth, the scenes and themes evolving with its criminal demi-monde and quicksilver economy.

India's business capital, and home to its most polyglot population, Mumbai has always been a good place to make an anonymous deal. For most of the 20th century, the colonial port-city on the Arabian Sea was both the centre of organised crime on the subcontinent and the heart of Hindi cinema. Bollywood made movies that lionised the local mafia, mobsters financed productions and the nightlife bound the two together.

No bang at all

At the dawn of independence, the figures of writer and low-life *flâneur* came together in Saadat Hasan Manto—whom Mr Siddiqui plays in a biopic released in India on September 21st. Written and directed by Nandita Das, “Manto” weaves together its subject’s life and his stories, taking in his struggles with censorship and alcoholism and the partition of India and Pakistan.

Like Ms Das and Mr Siddiqui themselves, Manto migrated to the cosmopolitan city from the inland provinces, working intermittently as a screenwriter. Inspired by Victor Hugo and Anton Chekhov, he wrote from life. He believed in keeping the worst company, knowing it to be the best for his art; prostitutes were often his heroines, a perennial sticking point for the authorities. It can be impossible to tell which tales were invented and which reported. In one of the best known, a character who is also called Manto becomes entranced by a Bombay gangster with a heart of gold. The gangster’s rationale for carrying a dagger instead of a gun might serve as a credo for Manto’s prose style:

With this there’s no bang at all. You can thrust it into someone’s stomach just like this. It’s so smooth that the bastard won’t even know

what's going on.

The Manto of that story loved the hoodlum, and the real-life Manto loved Bombay. But these loves were complicated; muck and beauty were inextricably entwined, as they are for Mumbai's artists today. As the character asks, "Who in Bombay cares about anyone? No one gives a damn if you live or die." After his departure for Lahore—and before his own early death—Manto continued to set his stories in Bombay, thus creating a nostalgic precedent for Salman Rushdie's "Midnight's Children" and Rohinton Mistry's "A Fine Balance", both written after their authors had left the city of their youth.

Film-makers mapped the underworld. In 1955 "Shree 420" told of a small-time con artist who comes to Bombay and learns its soul-destroying lessons too late. Like many subsequent movies, "Deewaar", released in 1975, was based on a celebrity gangster, the city's first—an immigrant from the south who, at a time when India's economic links to the world were flimsy, became a smuggler and ultimately ruled whole districts of the metropolis.

Mumbai noir was to become even darker and more frenetic, mirroring events on the streets. In 1991 the country's economic liberalisation was heralded by a midnight shipment of gold, conveyed to Bombay's airport (and thence international markets) in a heavily armoured convoy from the vaults of the Reserve Bank of India. In 1992 riots provoked by Hindu nationalists killed more than 900 people, mainly from the Muslim minority, in Bombay's slums. In response a Muslim crime boss co-ordinated a series of bomb blasts that killed 257 across the city. In turn Arun Gawli, a Hindu don—and the model for Gaitonde in "Sacred Games"—assumed the mantle of avenger. The gangs themselves, until then as mixed as the denizens of the film world, became segregated. Bombay became Mumbai, ostensibly named after a local Hindu goddess.

Its pavements were slick with blood from daily gangland killings, plus the "encounters" in which the police became adept: extra-judicial executions, cynically presented as shoot-outs. These bad times for the city were, for a while, a heyday for killers and their bosses, and their troubadours too. This was the world of "Satya", a brutal crime flick that was a hit in 1998. Meenal Baghel, now the editor of the *Mumbai Mirror*, the city's most-read tabloid,

remembers catching the picture and thinking that it “captured everything that we put in the paper, every day.”

Anything can happen

If an act of terrorism inaugurated Mumbai’s mafia imperium, terrorist atrocities ended it: first the attacks of September 11th 2001, then those of November 2008, when Pakistan-based guerrillas invaded Mumbai by boat and killed 164 people. New financial controls and better policing eventually brought down the thugs’ gold-smuggling and extortion rackets (in the globalised economy, there are better ways to make money anyway). Even the gangsters’ dance bars have been closed.

And these days Mumbai is no longer India’s sole gateway to the world. The new rich live all over the country, as do the new criminals. Delhi and Bangalore have worse murder rates; the police in Uttar Pradesh are expert in “encounters”. Residual scams, such as duping Americans into making phoney tax payments from suburban call centres, are much less cinematic. The city’s film-makers have lost their pre-eminence, just as the mobsters they chronicled have declined. Movies from other parts of the country now rival Bollywood; dubbing and subtitling are big business.

The underworld storyline of “Sacred Games” is actually an anachronism. Still, it may be for the best that the city that inspired the most fevered reimaginings has gone, even if the art endures. As Gaitonde, the gangster, growls to anyone with a streaming device (in Hindi, but subtitled in more than 20 languages): “This is Mumbai city. Anything can happen here.”

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Carnival of the animals

An offbeat whodunnit from the author of “Flights”

Olga Tokarczuk’s novel is a warning not to underestimate the lowly



Sep 20th 2018

Drive Your Plow Over the Bones of the Dead. By Olga Tokarczuk.

Translated by Antonia Lloyd-Jones. *Fitzcarraldo Editions*; 269 pages; £12.99.

THE narrator of this offbeat whodunnit describes herself and her fellow misfits as “the sort of people whom the world regards as useless”. Yet “Drive Your Plow Over the Bones of the Dead” is a warning not to underestimate the lowly. Olga Tokarczuk, its Polish author, can speak from experience. In May she won the Man Booker International prize for the English translation of another novel, “Flights”. At the award ceremony, she wore a pair of earrings she had bought while working as a hotel chambermaid in London. Today she is spoken of as a future Nobel laureate.

Ms Tokarczuk’s forthright support for feminism, ecological causes and

minority rights has attracted the wrath of Polish conservatives. Her fiction, however, eschews overt advocacy. It draws on fables, myths, even mysticism, to conjure its distinctive moods. Whereas “Flights” wove several plot-strands into a patchwork meditation on travel, exile and the quest for home, “Drive Your Plow” adopts—but subverts—a more conventional genre. First published in Polish in 2009, the novel takes the form of a maverick murder-mystery.

Its narrator, Janina Duszejko, is an elderly semi-recluse. At first sight, she is one of those “old women who wander around with their shopping-bags”, ignored and patronised by (almost) everyone. Janina lives in an upland area of south-western Poland near the Czech border: a backwater where the winter snows convince her that “the world was not created for Mankind”. She looks after holiday homes, fitfully teaches English, and translates William Blake, the Romantic poet whose visionary words lend Ms Tokarczuk her title and resonate through the book.

Janina cherishes the local fauna and detests the hunters who slaughter the creatures with impunity, believing that “if people behave brutally towards Animals, no form of democracy is ever going to help them”. She once worked as an engineer, but casts horoscopes and respects astrology as “solid knowledge”.

A series of mysterious deaths disrupts the backwoods idyll. The trigger-happy slayers of wildlife are themselves culled. First “Big Foot”, a notorious poacher, expires. Soon, bigger human game comes messily to grief: a police chief, a fox-fur farmer, a hunt-loving priest. A bigwig known as “the President” dies, seemingly “suffocated by cockchafers” after the ball of the Mushroom Pickers’ Society.

Ms Tokarczuk has a ball of her own. Sardonic humour and gothic plot-twists add a layer of macabre rustic comedy. Antonia Lloyd-Jones, an outstanding Polish-English translator, sculpts Janina’s English voice (complete with Blakean capitalisations) with panache.

So who lies behind this “vengeance of Animals”? The resolution feels perfunctory; Ms Tokarczuk deploys a trick that will be familiar to Agatha Christie fans. Still, she knits satire and philosophy with a deliciously droll

touch. Much like Blake, Janina imagines the world as “a great big net”. This “complex Cosmos of correspondences” meshes together “like a Japanese car”. Human or animal, the humbler links in the engine of life will enjoy their bittersweet revenge.

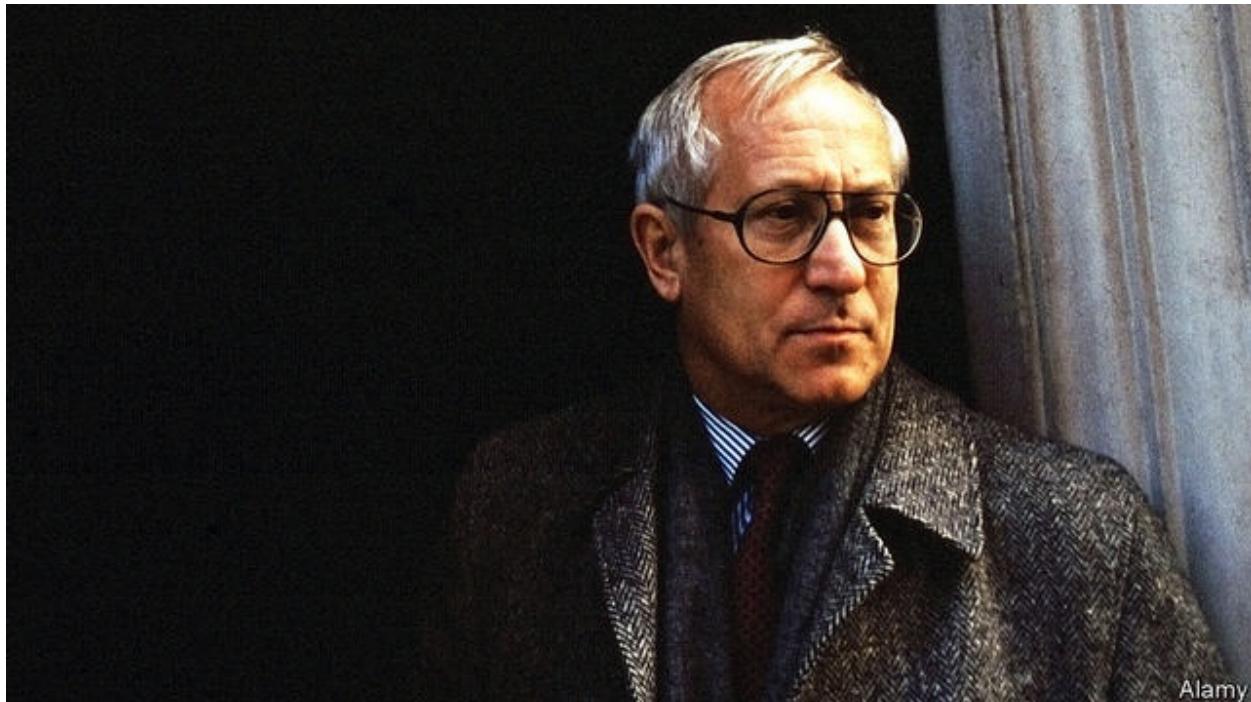
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Break for the border

A gripping tale of cold-war espionage

Oleg Gordievsky, writes Ben Macintyre, is a brave man, and a lonely one



Alamy

Sep 20th 2018

The Spy and the Traitor: The Greatest Espionage Story of the Cold War.
By Ben Macintyre. *Crown; 368 pages; \$28. Viking; £25.*

ON A breezy summer's evening in 1988, officers of Britain's Secret Intelligence Service, also known as MI6, gathered in a north London garden to toast Russia's humiliating retreat from Afghanistan. The spooks' mood was almost light-headed. The collapse of the Soviet Union and the communist system were in sight; both came to pass within a few years.

The guest of honour at the party, Oleg Gordievsky (pictured), was himself a Russian. Lionised by his hosts, Mr Gordievsky was Britain's greatest intelligence coup of the cold war. Once a senior KGB officer, he had worked secretly for MI6 for years. He provided the West with a steady stream of high-grade intelligence considered so valuable that it frequently landed on the

desks of both Margaret Thatcher and Ronald Reagan. After the ghastly betrayals and disasters of the early cold-war period, the era of Kim Philby and other British defectors, Mr Gordievsky represented a redemption of sorts. The burly, intense Russian was as ideologically driven as Philby had been, and he probably did as much damage to the Soviets as Philby had done to the British and Americans.

His tale has been told before, not least in his autobiography, “Next Stop Execution”. But Ben Macintyre, a journalist who specialises in books about spies and derring-do, has crafted his story as a real-life thriller, as tense as John le Carré’s novels, or even Ian Fleming’s. Based on many hours of interviews with Mr Gordievsky himself, as well as with his MI6 handlers and KGB veterans, “The Spy and the Traitor” is a gripping reconstruction, even for those with only a cursory interest in the secret world. But then Mr Macintyre has some exceptional material to work with.

Most exciting is the account of Mr Gordievsky’s exfiltration in 1985. Recently promoted to be head of the KGB station in London, and thus an even more valuable source for his British masters, he was abruptly recalled to Moscow. Fears that his treachery had been detected were confirmed when he was hauled in for gruelling interrogations by KGB goons. Despite swallowing a truth drug, Mr Gordievsky bluffed for long enough to alert MI6’s Moscow station to his predicament.

A long-rehearsed but precarious plan swung into operation: to get him across the Soviet-Finnish border under diplomatic cover. It worked, due mainly to the quick thinking of the wife of one of the MI6 drivers, who changed her baby’s nappy on the car boot just above the stowaway spy to put the guard-dog at the border off the scent. So important was Mr Gordievsky’s escape that the good news was instantly relayed to Thatcher. It was the first time that MI6 had managed to smuggle an agent out of Soviet Russia.

It had been a renegade CIA officer, Aldrich Ames, who shopped Mr Gordievsky. On this occasion, the CIA was as derelict in overlooking the tell-tale signs of his disintegration (alcoholism, spending sprees) as the Brits had been with their own traitors. Mr Macintyre brilliantly weaves together the two men’s parallel lives on opposite sides of the world, until their careers intersected. Mr Ames was later sentenced to life in prison for espionage.

How important was Mr Gordievsky in the end? Mr Macintyre makes a plausible case that he was the West's most vital human asset in the 1980s. Thatcher and Reagan valued him particularly for his psychological insights into the thinking in the Kremlin. He convinced Western leaders that the bellicosity of their Soviet counterparts was a consequence more of fear and weakness than of ideological conviction. The West concluded that it could moderate its own anti-Soviet rhetoric without any loss of face or territory. The subsequent thaw in relations, especially after Mikhail Gorbachev took over, led to the end of the cold war.

In the new stand-off with Vladimir Putin, Mr Gordievsky may still be a target for Russian assassins. He sacrificed everything, including his family, in his act of betrayal. "He is one of the bravest people I have ever met," Mr Macintyre concludes, "and one of the loneliest."

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Weed-killing

What happens when American power retreats?

Robert Kagan's title captures his bleak answer: "The Jungle Grows Back"



Sep 20th 2018

The Jungle Grows Back: America and Our Imperilled World. By Robert Kagan. *Knopf; 192 pages; \$22.95.*

IT IS a common belief that human rights and democracy must prevail because they are noble and good. The world's benighted multitudes yearn for freedom and one day will win it. Robert Kagan, a historian, thinks that is a dangerous fantasy.

Though he rejects the label, Mr Kagan is a neocon—an unfashionable proponent of using force to support liberal values. As he says at the start of his new book: "What we liberals call progress has been made possible by the protection afforded liberalism...by American power." The question is what happens to freedom when that power retreats? His title captures his alarming answer: "The Jungle Grows Back".

Mr Kagan touched on this theme in “The World America Made”, published in 2012, which explained the spread of democracy after the second world war in terms of growing American hegemony. But that was before the election of President Donald Trump—a commander-in-chief who has not so much neglected foreign policy as given it a good kicking.

Although Mr Trump rarely appears in Mr Kagan’s latest book by name, it is a devastating riposte to his careless, cynical and destructive approach to diplomacy. Mr Kagan tells of the chaos after the first world war and the rise of Bolshevism and fascism it engendered. He explains how the second world war convinced Americans that “their way of life could not be safe in a world where Europe and Asia were dominated by hostile autocratic powers.”

Americans have forgotten that any hostile autocracy is a threat—not just the Soviet Union (which, incidentally, was not seen as an inevitable foe until well after America’s decision to abandon isolationism). Although containment of the Soviet Union became the focus of American policy during the cold war, the underlying logic for global engagement has survived the Soviet collapse. And yet there have been growing calls for America to stop acting as the world’s policeman. After the invasion of Iraq, and amid the long war in Afghanistan, those calls became almost impossible for politicians to resist.

Under Mr Trump, Mr Kagan argues, Americans have also forgotten that their allies will submit to a Pax Americana only if it seems fair. If an alliance is merely a vehicle for American power, if it neglects the security of its junior partners, they will drift away. If America adopts a Hobbesian vision of a brutal, zero-sum world, as Mr Trump seems to, everyone else will, too.

Where does this analysis lead? “World order is one of those things people don’t think about until it is gone,” Mr Kagan warns. People take for granted how America’s security guarantees have prevented the merciless escalation of a dog-eat-dog world. Post-war Germany and Japan felt safe enough to forsake militarism and concentrate on economic growth—as they had not in the late 19th and early 20th centuries. Even the Soviet Union trusted America enough to give up without a fight.

A common belief holds that world peace can sustain itself. In fact, “vines and

weeds...are constantly working to undermine it". Mr Kagan thinks that without America's management, the world faces what the State Department in 1945 called "power politics pure and simple". Unstable spheres of influence and mutual suspicion will ensue. "We do not face a choice between good and bad but between bad and worse," he writes. "It is between maintaining the liberal world order, with all the moral and material costs that entails, or letting it collapse and courting the catastrophes that must inevitably follow."

This is a bleak vision. Even if Mr Kagan underestimates the power of an idea to stir people—as liberal democracy did in eastern Europe during the cold war—he is right to detect a crisis of confidence in the democratic world. He sets out his case with characteristic brilliance and conviction. The tragedy is that, in Mr Trump's America, his words are almost certain to be scorned.

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Johnson

How to identify anonymous prose

Forget lodestars and concentrate on the fingerprints



Sep 20th 2018

EVERY writer overuses a word or two. Johnson's weakness is "fascinating". Kate Fox's pop-anthropology book "Watching the English" uses the word "liminal" 24 times in about 500 pages. (She deploys it to describe borderline spaces such as the pub, which exists between work and home.) "Liminal" accounts for just 0.00009% of all the words in English books published, as "Watching the English" was, in 2004. In a random work of 150,000 words, "liminal" should appear 0.14 times, so Ms Fox uses it at around 180 times the average rate. If you read an anonymous piece of writing that features "liminal", you might think there is a good chance she wrote it.

Such analysis has become a parlour game, since the recent publication of an anonymous op-ed by "a senior official in the Trump administration" in the *New York Times*. The article excoriated Mr Trump and portrayed an in-house "resistance" that thwarts his impulses. Pundits have striven to unmask the

author—and one word has preoccupied them especially. The anonymous writer praised the late Senator John McCain as “a lodestar for restoring honour to public life”. Armchair detectives pounced. “Lodestar” is only an eighth as common as “liminal”. Quick searches found that Mike Pence, the vice-president, has used this word in a number of speeches. Does that make him the mystery insider?

He denied it, of course. But there are better reasons to think this lodestar—originally, a guiding star—is leading in the wrong direction. Experts in forensic linguistics don’t rely on words like “lodestar” to determine authorship: rare events are bad at generating predictions.

Much more helpful are small words that appear more frequently, even if they are not particularly striking. You may notice that the perpetrator of a crime had red hair or was particularly tall. But lots of people fit both descriptions. The many ridges on your fingertips—ordinary, but in an arrangement unique to you—provide a far surer method of attribution.

Writings are not exactly like fingerprints; people produce many more than ten in a lifetime, and vary their style for any number of reasons—including attempting to disguise their authorship. (It is rumoured that when Trump staffers speak off the record to the press, they insert colleagues’ signature phrases to throw sleuths off the trail.) But the two are similar in that trivial features, in aggregate, provide a clue to their ownership.

Take the Federalist Papers, written pseudonymously by John Jay, Alexander Hamilton and James Madison to support the ratification of the American constitution in the 1780s. Of 85 essays, 12 were later claimed by both Hamilton and Madison. Historians looked for reflections of their politics in the documents, but reached no consensus. Then in the 1960s two statisticians noticed that Hamilton, in his known writings, used “while”, never “whilst”. Madison was a “whilst” man. Madison wrote “on”, rarely “upon”; Hamilton used both. With these and a few other common words they created a statistical model, and tested it against a separate set of papers known to be written by one or the other. It worked perfectly. They then tested the disputed papers against their model—and all turned out to be Madison’s. What had eluded the historians was proved by the mathematicians.

Today, it is known that a piece of writing can supply hints of the probable sex of the author, along with their level of education, regional background and other qualities. Men go in for certain words more than women—and not just stereotypical ones (“football”) but common ones like “a”, “this” and “these”. Ben Blatt’s recent book “Nabokov’s Favourite Word is Mauve” is a delightful introduction to this science of style.

Nailing the “lodestar” author this way is possible—but unlikely. There are not two candidates, but many, and probably not enough written evidence to develop linguistic fingerprints for some of them. Hamilton and Madison wrote a lot; today most politicians’ “writing” is actually done by aides. The guessing-game will remain just that.

Finding out that your lexical fingerprint is found in pronouns and prepositions may feel a bit like discovering that your genetic blueprint is just a series of four chemical bases. But the way in which humankind’s soulful nature arises from soulless components is itself a quiet miracle. If you hadn’t used your quota already, you might even call it fascinating.

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Obituary

. **[Johnny Kingdom: Creeping closer](#)** [Fri, 21 Sep 16:03]

Obituary: Johnny Kingdom. The gravedigger, poacher and wildlife photographer died on September 6th, aged 79.

Creeping closer

Obituary: Johnny Kingdom

The gravedigger, poacher and wildlife photographer died on September 6th, aged 79



Christopher Jones/REX/Shutterstock

Sep 20th 2018

THE hints were all around Johnny Kingdom, if he gave it thought. Whenever he dug a grave, there was always a robin about. When he took a break, laying down his spade, pick and shovel, he liked to watch the ivy-clad churchyard walls where the blackbirds nested and where snails took shelter in the heat of the day. He even got grudgingly fond of the old cock pheasant who kept jumping in his graves and, if he hid behind the headstones, would perch on the edge as if to say, “Where’re you to then?”

Truth to say he was watching wildlife long before a friend put an 8mm videocamera into his hand and encouraged him to use it, after a tree-felling accident in 1971 that nearly did for him and left his mind in pieces for some time. His home-made nature films brought him fame all over the country and led to several series on TV, as well as books, but he remained the man he

always had been, whose chief enjoyment (once he was past the girl-chasing-motorbike-crashing-cider-soaking years) was to stay in one place, and watch.

His place was Exmoor, a land of rolling heather hills and steep coombes in north Devon. The sweetest place on Earth. The water was like gin there; in spring the woods were white with snowdrops, then yellow with wild daffodils. You wouldn't have a prettier scene. Except for National Service in Hong Kong, he never left it. He was born, the only boy in a family of five girls, in High Bray, and moved about 11 miles to live in Bishop's Nympton, in a council house. There he starred in the darts and football teams and was a fixture at the Bish Mill pub over the hill. If his wife Julie made him take holidays he spent them wishing he was home, with a lovely slice of bread and syrup and the moor outside.

As for watching, he was a past master at that, patiently observing and easing himself closer and closer to a creature. From boyhood he had learned how to creep up on wildlife, mostly to catch it for the family table. He knew how to tickle trout, slowly stroking their cold smooth bellies and sides before hooking a finger under a gill to pull them in; he could camouflage himself under trees, waiting to spear salmon with his dung pick, or creep to kill a deer. So he could also lie on his belly for four hours with freezing feet to film fox cubs, or stoats playing. He would crawl forward, a fair old crawl at times, making sure he was downwind and that nothing, whether his chubby cheeks or his lens rim, was shining up to give him away. At some point he might just cast in (fishing parlance), to see if he could pick up something. Then he shot, not with a bullet, hauling the bloodied bodies home in the van, but by tagging a button to set the tape going: his favourite red deer, such beautiful fine beasts, coming out of a wooded cleave through the mist, or a rare mistle thrush pitching on rowan berries right in his front garden.

He kept trying to get closer. When he was not gravedigging (sometimes stripping off to reveal his tattoos), he was usually in green camouflage, with only his cameras, bigger and heavier over the years, giving him away. Even the feathers in his hat, buzzard's and pheasant's, served a purpose to lose him in the heather. He once got three feet away from an adder in the brambles, which yawned its pink mouth fit to swallow him.

South Molton on Thursdays

Several hides were built, most of them on his very own 52-acre woodland patch of Exmoor. One was made from a fallen-down pylon, 29 feet high; from this he filmed badgers running along an assault course he had built for them or eating Julie's badger cake, made of peanuts, Sugar Puffs and fat. Another hide, with armchairs in it (where he once served cream tea) was especially for watching nesting boxes via a computer. Here he broke his record for birds in a box, 18 wrens all piling in. Yet another hide, made of wooden boxes yoked on his shoulders with a camouflage tent on top, was meant to float; from this he filmed 50 dunlin just beside him, out on the estuary, until the blasted thing sank.

All this made great TV, when his Devon burr and twinkling smile were added to the scenery and the animals. If he could have filmed the legendary Beast of Exmoor, which Julie had seen and he had certainly heard, it would have been even better. But it seemed a funny sort of fame. Everything started very suddenly, when he appeared in a programme called "The Secret of Happiness" in 1993, and his home-made DVDs flew out in hundreds from his front room; and then it passed over until the next spurt, in 2006-15. In the interval he went on with life as usual, selling his DVDs at local markets (especially at South Molton on Thursdays), showing them in village halls, and digging graves.

He had other jobs, including setting explosive charges in quarries and helping on farms, but gravedigging was something both his father and grandfather had done. As a small boy he went along to light their night work with a tilley lamp, shivering at ghost stories and terrified by the skull his father thrust up once on his fork. It got to him sometimes; he had buried friends, and his parents. But he learned to look death square in the eye. Under the church tower at Bishop's Nympton in 2006, where the ground was always hard, he had dug a last grave, his own, filling in with soft earth to make a nice easy job.

Economic and financial indicators

- **[Output, prices and jobs](#)** [Fri, 21 Sep 16:03]
Output, prices and jobs.
- **[Trade, exchange rates, budget balances and interest rates](#)** [Fri, 21 Sep 16:03]
Trade, exchange rates, budget balances and interest rates.
- **[The Economist commodity-price index](#)** [Fri, 21 Sep 16:03]
The Economist commodity-price index.
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Human Development Index.
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Markets.

Output, prices and jobs

Sep 20th 2018

Output, prices and jobs

% change on year ago

	Gross domestic product				Industrial production latest	Consumer prices			Unemployment rate, %
	latest	qtr*	2018†	2019‡		latest	year ago	2018†	
United States	+2.9 Q2	+4.2	+2.9	+2.5	+4.9 Aug	+2.7 Aug	+1.9	+2.5	3.9 Aug
China	+6.7 Q2	+7.4	+6.6	+6.3	+6.1 Aug	+2.3 Aug	+1.8	+2.1	3.8 Q2§
Japan	+1.3 Q2	+3.0	+1.1	+1.2	+2.2 Jul	+0.9 Jul	+0.5	+0.9	2.5 Jul
Britain	+1.3 Q2	+1.5	+1.3	+1.4	+1.0 Jul	+2.7 Aug	+2.9	+2.4	4.0 Jun††
Canada	+1.9 Q2	+2.9	+2.3	+2.2	+2.5 Jun	+3.0 Jul	+1.2	+2.2	6.0 Aug
Euro area	+2.1 Q2	+1.5	+2.1	+1.8	-0.1 Jul	+2.0 Aug	+1.5	+1.7	8.2 Jul
Austria	+2.3 Q2	-4.0	+2.9	+2.2	+5.0 Jun	+2.2 Aug	+2.1	+2.1	4.9 Jul
Belgium	+1.4 Q2	+1.6	+1.6	+1.7	-2.3 Jun	+2.2 Aug	+1.9	+2.0	6.2 Jul
France	+1.7 Q2	+0.6	+1.7	+1.8	+1.8 Jul	+2.3 Aug	+0.9	+2.0	9.2 Jul
Germany	+1.9 Q2	+1.8	+2.0	+2.0	+1.2 Jul	+2.0 Aug	+1.8	+1.8	3.4 Jul‡
Greece	+1.8 Q2	+0.9	+2.0	+2.0	+1.9 Jul	+1.0 Aug	+0.9	+0.8	19.1 Jun
Italy	+1.2 Q2	+0.7	+1.2	+1.2	-1.3 Jul	+1.6 Aug	+1.2	+1.4	10.4 Jul
Netherlands	+2.9 Q2	+2.8	+2.8	+2.4	+1.9 Jul	+2.3 Aug	+1.4	+1.6	4.8 Aug
Spain	+2.7 Q2	+2.3	+2.7	+2.3	+2.8 Jul	+2.2 Aug	+1.6	+1.7	15.1 Jul
Czech Republic	+2.7 Q2	+2.8	+3.0	+2.9	+10.3 Jul	+2.5 Aug	+2.5	+2.2	2.3 Jul†
Denmark	+1.4 Q2	+0.8	+1.6	+1.9	+7.4 Jul	+1.0 Aug	+1.5	+1.1	3.9 Jul
Hungary	+4.8 Q2	+4.1	+4.2	+2.9	+4.3 Jul	+3.4 Aug	+2.6	+2.9	3.6 Jul§††
Norway	+3.3 Q2	+1.5	+1.6	+2.0	-2.3 Jul	+3.4 Aug	+1.3	+2.3	3.9 Jun‡‡
Poland	+5.1 Q2	+4.1	+4.6	+3.5	+5.0 Aug	+2.0 Aug	+1.8	+1.8	5.8 Aug§
Russia	+1.9 Q2	na	+1.7	+1.7	+2.8 Aug	+3.1 Aug	+3.3	+3.0	4.6 Aug§
Sweden	+2.4 Q2	+3.1	+2.8	+2.3	+2.3 Jul	+2.0 Aug	+2.1	+2.0	6.1 Aug§
Switzerland	+3.4 Q2	+2.9	+2.2	+1.9	+8.7 Q2	+1.2 Aug	+0.5	+0.8	2.6 Aug
Turkey	+5.2 Q2	na	+4.0	+3.1	+7.9 Jul	+17.9 Aug	+10.7	+13.3	10.2 Jun§
Australia	+3.4 Q2	+3.5	+2.9	+2.7	+3.4 Q2	+2.1 Q2	+1.9	+2.1	5.3 Aug
Hong Kong	+3.5 Q2	-0.9	+3.4	+2.5	+1.6 Q2	+2.3 Aug	+1.9	+2.2	2.8 Aug‡‡
India	+8.2 Q2	+7.8	+7.3	+7.3	+6.6 Jul	+3.7 Aug	+3.3	+4.6	6.4 Aug
Indonesia	+5.3 Q2	na	+5.2	+5.3	+9.0 Jul	+3.2 Aug	+3.8	+3.6	5.1 Q1§
Malaysia	+4.5 Q2	na	+5.0	+4.9	+2.5 Jul	+0.2 Aug	+3.6	+0.9	3.4 Jul§
Pakistan	+5.4 2018**	na	+5.4	+5.0	+0.5 Jul	+5.8 Aug	+3.4	+5.4	5.9 2015
Singapore	+3.9 Q2	+0.6	+3.5	+2.9	+6.0 Jul	+0.6 Jul	+0.6	+0.6	2.1 Q2
South Korea	+2.8 Q2	+2.4	+2.8	+2.8	+0.9 Jul	+1.4 Aug	+2.6	+1.6	4.0 Aug§
Taiwan	+3.3 Q2	+1.6	+2.6	+2.1	+4.4 Jul	+1.5 Aug	+1.0	+1.7	3.7 Jul
Thailand	+4.6 Q2	+4.1	+4.1	+3.6	+4.6 Jul	+1.6 Aug	+0.3	+1.2	1.0 Jul§
Argentina	-4.2 Q2	-15.2	+0.5	+1.7	-5.6 Jul	+34.2 Aug	na	+27.3	9.1 Q1§
Brazil	+1.0 Q2	+0.7	+1.6	+2.2	+4.0 Jul	+4.2 Aug	+2.5	+3.8	12.3 Jul§
Chile	+5.3 Q2	+2.8	+1.9	+4.0	-1.5 Jul	+2.6 Aug	+1.9	+2.5	7.3 Jul§††
Colombia	+2.5 Q2	+2.3	+2.7	+3.1	+3.5 Jul	+3.1 Aug	+3.9	+3.3	9.7 Jul§
Mexico	+2.6 Q2	-0.6	+2.1	+2.1	+1.3 Jul	+4.9 Aug	+6.7	+4.5	3.4 Jul
Venezuela	-8.8 04~	-6.2	-15.7	-5.9	na	na	na	12,592.5	7.3 Apr§
Egypt	+5.4 Q2	na	+5.4	+5.6	+5.4 Jul	+14.2 Aug	+31.9	+17.0	9.9 Q2§
Israel	+3.9 Q2	+1.8	+3.7	+3.2	+1.5 Jun	+1.2 Aug	-0.1	+1.1	4.2 Jul
Saudi Arabia	-0.9 2017	na	+1.0	+2.0	na	+2.3 Jul	-0.8	+2.6	6.1 Q1
South Africa	+0.4 Q2	-0.7	+1.5	+1.9	+1.8 Jul	+4.9 Aug	+4.8	+4.8	27.2 Q2§
Estonia	+3.7 Q2	+5.7	+3.4	+3.3	+3.7 Jul	+3.6 Aug	+3.9	+3.5	5.1 Q2§
Finland	+2.7 Q2	+1.4	+2.6	+1.8	+3.3 Jul	+1.3 Aug	+0.7	+1.2	6.5 Jul§
Iceland	+7.2 Q2	+7.5	+4.1	+3.5	na	+2.6 Aug	+1.7		2.3 Aug§
Ireland	+9.0 Q2	+10.6	+4.5	+3.6	-5.9 Jul	+0.7 Aug	+0.4	+0.6	5.6 Aug
Latvia	+5.3 Q2	+9.4	+4.0	+3.7	+3.6 Jul	+2.7 Aug	+3.1	+2.5	7.7 Q2§
Lithuania	+3.8 Q2	+3.8	+3.9	+3.3	+6.8 Jul	+2.1 Aug	+4.4	+2.9	8.2 Aug§
Luxembourg	+5.1 Q2	+8.0	+3.9	+3.3	+0.6 Jul	+1.6 Aug	+2.0		5.5 Jul§
New Zealand	+3.0 Q2	+4.9	+3.0	+2.1	+1.9 Q2	+1.5 Q2	+1.7	+1.6	4.5 Q2
Peru	+5.4 Q2	+12.5	+4.1	+4.2	+1.0 Jul	+1.1 Aug	+3.2	+1.4	6.2 Jul§
Philippines	+6.0 Q2	+5.3	+6.6	+6.1	+11.8 Jul	+6.4 Aug	+2.6	+5.0	5.4 Q3§
Portugal	+2.3 Q2	+2.0	+2.2	+2.3	-1.7 Jul	+1.2 Aug	+1.1	+1.4	6.7 Q2§
Slovakia	+4.2 Q2	+8.1	+3.0	+3.3	+1.9 Jul	+2.9 Aug	+1.5	+2.5	5.5 Jul§
Slovenia	+3.8 Q2	na	+4.5	+3.7	+8.4 Jul	+1.8 Aug	+1.2	+2.1	8.0 Jul§
Ukraine	+3.8 Q2	+5.9	+3.0	+2.8	+2.9 Jul	+9.0 Aug	+16.2	+10.5	1.1 Aug§
Vietnam	+6.8 2017	na	+6.9	+6.5	+13.4 Aug	+4.0 Aug	+3.4	+3.8	2.3 2016

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist poll or Economist Intelligence Unit estimate/forecast.

‡Not seasonally adjusted. §New series. ~2015 **Year ending June. ††Latest 3 months. #3-month moving average.

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Trade, exchange rates, budget balances and interest rates

Sep 20th 2018

Trade, exchange rates, budget balances and interest rates

	Trade balance latest 12 months, \$bn	Current-account balance		Currency units, per \$		Budget balance % of GDP 2018†	Interest rates	
		latest 12 months, \$bn	% of GDP 2018†	Sep 19th	year ago		3-month latest	10-year gov't bonds, latest
United States	-840.9 Jul	-442.8 Q2	-2.7	-	-	-4.6	2.34	2.96
China	+350.6 Aug	+68.3 Q2	+0.6	6.85	6.59	-3.6	2.82	3.51§§
Japan	+37.5 Jul	+198.9 Jul	+3.8	112	111	-3.8	-0.04	0.08
Britain	-180.9 Jul	-106.3 Q1	-3.5	0.76	0.74	-1.7	0.80	1.51
Canada	-21.8 Jul	-53.4 Q2	-2.5	1.30	1.23	-2.3	1.94	2.39
Euro area	+269.0 Jul	+465.7 Jul	+3.4	0.86	0.83	-0.7	-0.32	0.49
Austria	-6.2 Jun	+9.5 Q1	+2.2	0.86	0.83	-0.3	-0.32	0.57
Belgium	+21.4 Jul	+0.2 Mar	-0.1	0.86	0.83	-1.1	-0.32	0.83
France	-72.5 Jul	-10.4 Jul	-1.1	0.86	0.83	-2.4	-0.32	0.77
Germany	+290.0 Jul	+320.6 Jul	+7.6	0.86	0.83	+1.7	-0.32	0.49
Greece	-22.6 Jul	-2.5 Jul	-1.2	0.86	0.83	-0.2	-0.32	4.10
Italy	+55.4 Jul	+58.5 Jul	+2.5	0.86	0.83	-2.0	-0.32	2.85
Netherlands	+62.1 Jul	+91.3 Q1	+9.7	0.86	0.83	+1.3	-0.32	0.58
Spain	-33.7 Jun	+19.0 Jun	+1.4	0.86	0.83	-2.7	-0.32	1.35
Czech Republic	+19.1 Jul	+1.5 Q2	+0.6	21.8	21.8	+1.0	1.55	2.16
Denmark	+6.4 Jul	+19.7 Jul	+7.4	6.39	6.21	-0.7	-0.31	0.42
Hungary	+9.2 Jun	+3.8 Q2	+2.2	277	257	-2.6	0.20	3.65
Norway	+27.2 Aug	+28.0 Q2	+7.4	8.16	7.81	+5.4	1.12	1.93
Poland	-2.2 Jul	-0.8 Jul	-0.7	3.68	3.57	-2.0	1.52	3.22
Russia	+156.0 Jul	+64.6 Q2	+4.3	66.8	58.2	+0.3	5.82	8.84
Sweden	-3.0 Jul	+13.4 Q2	+3.6	8.88	7.97	+1.1	-0.38	0.62
Switzerland	+29.7 Aug	+72.9 Q1	+9.7	0.97	0.96	+0.9	-0.73	0.09
Turkey	-80.3 Aug	-54.6 Jul	-6.1	6.25	3.50	-3.4	26.5	18.8
Australia	+16.8 Jul	-41.8 Q2	-2.6	1.38	1.25	-1.0	2.22	2.66
Hong Kong	-69.7 Jul	+14.3 Q1	+4.3	7.84	7.80	+2.0	2.05	2.43
India	-175.8 Aug	-49.5 Q2	-2.4	72.5	64.3	-3.6	7.07	8.07
Indonesia	-1.3 Aug	-24.2 Q2	-2.5	14,875	13,279	-2.6	7.13	8.16
Malaysia	+28.3 Jul	+11.2 Q2	+2.6	4.14	4.19	-3.3	3.65	4.12
Pakistan	-37.6 Aug	-18.1 Q2	-5.8	124	105	-5.4	8.03	10.0†††
Singapore	+45.3 Aug	+64.6 Q2	+19.7	1.37	1.35	-0.7	na	2.52
South Korea	+78.7 Aug	+74.0 Jul	+4.6	1,121	1,131	+1.0	1.67	2.37
Taiwan	+16.8 Aug	+84.5 Q2	+13.1	30.8	30.1	-0.9	0.66	0.85
Thailand	+10.6 Jul	+48.2 Q2	+9.3	32.4	33.1	-2.9	1.21	2.64
Argentina	-11.0 Jul	-33.8 Q1	-4.5	39.4	17.3	-5.6	38.3	11.3
Brazil	+56.7 Aug	-15.0 Jul	-1.0	4.13	3.13	-7.0	6.70	9.66
Chile	+8.8 Aug	-3.6 Q2	-3.7	682	626	-2.1	0.30	4.50
Colombia	-5.1 Jul	-10.6 Q2	-2.8	3,021	2,909	-1.9	4.51	6.90
Mexico	-13.8 Jul	-19.7 Q2	-1.7	18.8	17.8	-2.3	8.12	8.06
Venezuela	-36.2 Oct-	-17.8 Q3-	+5.0	248,520	10.0	-15.5	14.5	8.24
Egypt	-40.9 Jul	-7.7 Q1	-2.4	17.9	17.6	-9.7	19.0	na
Israel	-23.1 Aug	+7.5 Q2	+1.8	3.58	3.51	-2.4	0.10	1.96
Saudi Arabia	+87.3 2017	+19.9 Q1	+7.4	3.75	3.75	-3.3	2.65	na
South Africa	+3.0 Jul	-12.2 Q1	-3.3	14.7	13.3	-3.6	7.03	9.10
Estonia	-2.1 Jul	+0.6 Jul	+1.8	0.86	0.83	-0.4	-0.32	na
Finland	-3.0 Jul	-3.1 Jul	+0.9	0.86	0.83	-0.7	-0.32	0.71
Iceland	-1.7 Aug	+0.7 Q2	+4.1	110	106	+1.2	4.70	na
Ireland	+56.5 Jul	+51.1 Q2	+9.3	0.86	0.83	-0.2	-0.32	1.01
Latvia	-3.2 Jul	+0.5 Jul	-0.3	0.86	0.83	-1.2	-0.32	na
Lithuania	-2.7 Jul	nil Q2	+0.8	0.86	0.83	+0.6	-0.32	1.20
Luxembourg	-7.3 Jun	+4.6 Q1	+5.3	0.86	0.83	+1.2	-0.32	na
New Zealand	-3.2 Jul	-6.8 Q2	-2.9	1.51	1.37	+1.0	1.89	2.67
Peru	+8.2 Jul	-3.2 Q2	-1.7	3.30	3.24	-3.1	3.31	na
Philippines	-37.5 Jul	-5.1 Jun	-1.3	54.0	50.9	-2.8	3.64	7.58
Portugal	-18.3 Jul	-0.1 Jul	+0.1	0.86	0.83	-1.0	-0.32	1.89
Slovakia	+3.7 Jul	-2.1 Jul	-2.1	0.86	0.83	-1.5	-0.32	0.91
Slovenia	nil Jun	+4.1 Jul	+6.1	0.86	0.83	+0.5	-0.32	na
Ukraine	-7.6 Jul	-2.5 Q2	-5.0	28.0	26.1	-2.6	18.0	na
Vietnam	+8.6 Aug	+6.4 2017	+1.2	23,308	22,728	-6.3	4.60	5.10

Source: Haver Analytics. †The Economist poll or Economist Intelligence Unit estimate/forecast. ~2015 35-year yield. ††Dollar-denominated bonds.

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The Economist commodity-price index

Sep 20th 2018

The Economist commodity-price index

2005=100

	Sep 11th	Sep 18th*	% change on one month	% change on one year
Dollar Index				
All Items	137.5	135.9	-3.2	-7.1
Food	141.0	139.4	-3.2	-7.5
Industrials				
All	133.8	132.2	-3.3	-6.8
Nfa [†]	134.0	128.8	-5.1	-2.4
Metals	133.7	133.6	-2.5	-8.5
Sterling Index				
All items	192.3	187.9	-5.3	-4.5
Euro Index				
All items	147.5	144.4	-4.7	-4.9
Gold				
\$ per oz	1,190.7	1,199.3	+1.0	-8.4
West Texas Intermediate				
\$ per barrel	69.3	69.9	+6.1	+41.2

Sources: Bloomberg; CME Group; Cotlook; Darmenn & Curl; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Thomson Reuters; Urner Barry; WSJ. *Provisional

[†]Non-food agriculturals.

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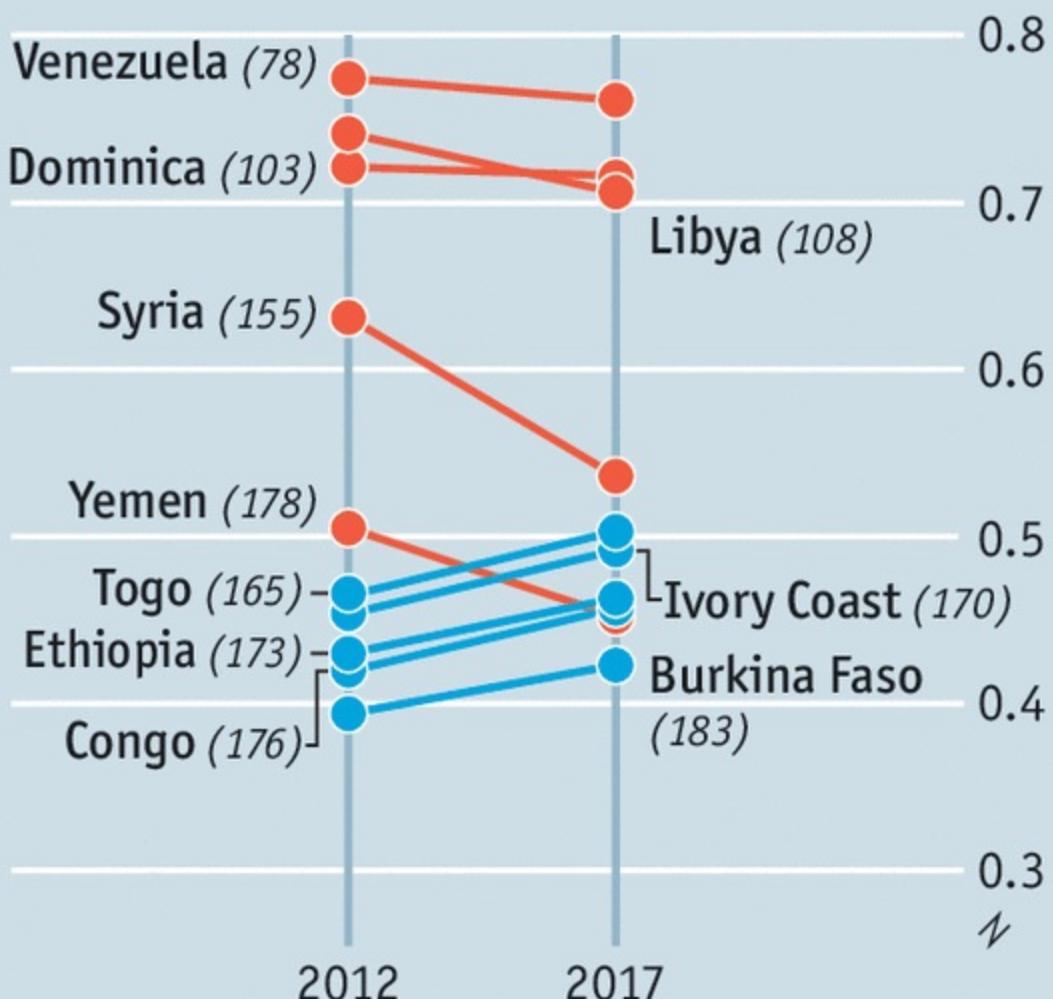
Human Development Index

Sep 20th 2018

Human Development Index*

Best and worst performers†

1=maximum score (*Rank out of 189, 2017*)



*An index of life expectancy, education and income per person

†% change in score, based on data available for 188 countries

Source: UN Human Development Report

The Economist

Between 2012 and 2017 Congo made the greatest strides in human

development, according to the UN's Human Development Index. In 2017 people in the central African country lived for over two years longer, and could expect to spend almost one year more in school, than they did five years before. Average income per person was also 20% higher than in 2012. The three countries that performed worst over that period are war-torn. In Syria incomes have fallen by almost half since the war began in 2012. The UN also calculates an adjusted index that takes inequality into account. On average, this reduces countries' scores by 20%; Congo's falls by over 30%.

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Markets

Sep 20th 2018

Markets

	Index Sep 19th	% change on			
		Dec 29th 2017			
		one week	in local currency terms	in \$	
United States (DJIA)	26,405.8	+1.6	+6.8	+6.8	
United States (S&P 500)	2,908.0	+0.7	+8.8	+8.8	
United States (NAScomp)	7,950.0	-0.1	+15.2	+15.2	
China (Shanghai Comp)	2,730.9	+2.8	-17.4	-21.5	
China (Shenzhen Comp)	1,423.2	+1.4	-25.1	-28.8	
Japan (Nikkei 225)	23,672.5	+4.7	+4.0	+4.3	
Japan (Topix)	1,785.7	+5.6	-1.8	-1.5	
Britain (FTSE 100)	7,331.1	+0.2	-4.6	-7.3	
Canada (S&P TSX)	16,149.9	+0.6	-0.4	-3.7	
Euro area (FTSE Euro 100)	1,177.6	+1.3	-2.7	-5.4	
Euro area (EURO STOXX 50)	3,368.6	+1.3	-3.9	-6.6	
Austria (ATX)	3,375.2	+2.1	-1.3	-4.1	
Belgium (Bel 20)	3,732.1	+1.1	-6.2	-8.8	
France (CAC 40)	5,393.7	+1.2	+1.5	-1.3	
Germany (DAX)*	12,219.0	+1.6	-5.4	-8.1	
Greece (Athex Comp)	689.6	-0.1	-14.1	-26.5	
Italy (FTSE/MIB)	21,280.8	+1.5	-2.6	-5.4	
Netherlands (AEX)	543.1	+0.5	-0.3	-3.1	
Spain (IBEX 35)	9,486.3	+1.9	-5.6	-8.2	
Czech Republic (PX)	1,098.4	+0.8	+1.9	-0.8	
Denmark (OMXCB)	897.5	-2.1	-3.2	-6.1	
Hungary (BUX)	36,386.4	+0.8	-7.6	-13.8	
Norway (OSEAX)	1,034.2	+0.5	+14.0	+14.3	
Poland (WIG)	58,118.0	+2.2	-8.8	-13.8	
Russia (RTS, \$ terms)	1,134.1	+5.9	-1.8	-1.8	
Sweden (OMXS30)	1,630.5	+0.7	+3.4	-4.7	
Switzerland (SMI)	8,939.9	-0.2	-4.7	-4.0	
Turkey (BIST)	96,603.8	+4.7	-16.2	-49.2	
Australia (All Ord.)	6,297.0	+0.2	+2.1	-5.5	
Hong Kong (Hang Seng)	27,407.4	+4.0	-8.4	-8.7	
India (BSE)	37,121.2	-1.6	+9.0	-4.1	
Indonesia (IDX)	5,873.6	+1.3	-7.6	-15.7	
Malaysia (KLSE)	1,800.7	+0.9	+0.2	-2.1	
Pakistan (KSE)	41,320.1	+2.0	+2.1	-9.3	
Singapore (STI)	3,176.6	+1.7	-6.7	-8.9	
South Korea (KOSPI)	2,308.5	+1.1	-6.4	-10.7	
Taiwan (TWI)	10,857.3	+1.3	+2.0	-1.4	
Thailand (SET)	1,749.8	+4.2	-0.2	+0.2	
Argentina (MERV)	33,164.0	+11.5	+10.3	-47.3	
Brazil (BVSP)	78,168.7	+4.1	+2.3	-17.9	
Chile (IGPA)	27,104.7	+1.7	-3.1	-12.7	
Colombia (IGBC)	12,329.0	nil	+7.4	+6.1	
Mexico (IPC)	49,590.8	+0.7	+0.5	+4.8	
Peru (S&P/BVL)*	19,175.8	+0.8	-4.0	-5.8	
Egypt (EGX 30)	14,098.6	-9.0	-6.1	-7.0	
Israel (TA-125)	1,493.9	+1.7	+9.5	+6.1	
Saudi Arabia (Tadawul)	7,729.7	+1.2	+7.0	-7.0	
South Africa (JSE AS)	56,445.6	+0.9	-5.1	-19.9	
Europe (FTSEurofirst 300)	1,486.0	+0.9	-2.8	-5.6	
World, dev'd (MSCI)	2,172.3	+0.9	+3.3	+3.3	
Emerging markets (MSCI)	1,019.7	+1.5	-12.0	-12.0	
World, all (MSCI)	520.2	+1.0	+1.4	+1.4	
World bonds (Citigroup)	932.2	-0.1	-1.9	-1.9	
EMBI+ (JP Morgan)	782.3	+0.8	-6.4	-6.4	
Hedge funds (HFRX)	1,259.6 ^b	+0.1	-1.3	-1.3	
Volatility, US (VIX)	12.0	+13.1	+11.0 (levels)		
CDSs, Eur (iTRAXX) ^c	59.6	-3.2	+32.0	+28.3	
CDSs, N Am (CDX) ^c	56.1	-2.2	+14.3	+14.3	
Carbon trading (EU ETS) €	21.5	-6.5	+154.1	+156.6	

Sources: IHS Markit; Thomson Reuters. *Total return index.

^aCredit-default-swap spreads, basis points. ^bSep 17th.

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