

Politics



South Korea said that American troops would remain in the country even if it does reach a deal with **North Korea** to end the Korean war formally. The statement came a few days after a much-trumpeted meeting between Moon Jae-in, the South's president, and Kim Jong Un, the North's dictator, in the demilitarised buffer between the countries. Mr Kim made lots of non-specific pledges about working towards a nuclear-free Korean peninsula. He is expected to meet Donald Trump soon.

India's prime minister, Narendra Modi, and **China's** president, Xi Jinping, held an informal summit in the central Chinese city of Wuhan. The meeting was aimed at defusing tensions between the two countries, which rose last year during a border dispute. After the summit, Chinese media said the two countries' armies had agreed to set up a hotline between their headquarters.

The **Dominican Republic** cut its long-standing ties with **Taiwan** and established diplomatic relations with China. The switch deepens Taiwan's diplomatic isolation: only 19 countries now recognise it.

In **Afghanistan**, at least 29 people, including nine journalists, were killed and dozens wounded in suicide-bombings in the capital, Kabul. Islamic State claimed responsibility.

The president of **France**, Emmanuel Macron, visited **Australia**, where he said the rise of China was "good news". But he also called for

"balance" in the region, and said it was important to preserve "rule-based development" there.

Let us in

Around 150 people in a caravan of migrants from **Central America** that has been making its way through Mexico arrived at the border with the United States and attempted to claim asylum. Immigration agents initially claimed the checkpoint was at full capacity but later started slowly processing their applications. Donald Trump accused the migrants of "openly defying our border".

Tens of thousands of people continued to throng **Nicaragua's** streets in peaceful demonstrations for and against the authoritarian socialist government of Daniel Ortega. The Catholic church and students groups tried to open talks with the regime. Activists demanded an investigation of the at least 63 deaths in recent riots, during which Mr Ortega's men used live bullets.

Prosecutors in **Brazil** filed new corruption charges against Luiz Inácio Lula da Silva, a former president who was recently jailed, and other leaders of the Workers' Party for allegedly accepting bribes from Odebrecht, a construction firm.



A tower block caught fire and collapsed in **São Paulo**. The abandoned building had been illegally occupied by some 150 families. Dozens of residents were missing.

A straight Rod

Rod Rosenstein, America's deputy attorney-general, defended Robert Mueller's investigation into Russian links

with aides to Donald Trump, and said that the Department of Justice "is not going to be extorted" by threats from congressional **Republicans**. Agitated congressmen have drafted articles of impeachment against Mr Rosenstein, who a year ago appointed Mr Mueller as the special counsel leading the inquiry.

Relations between the White House and the Mueller investigation could be about to get tetchier, with news that Ty Cobb is to be replaced as the head of Mr Trump's **legal team** by Emmet Flood, who represented Bill Clinton during his impeachment hearings.

Bibi's big show

Binyamin Netanyahu, **Israel's** prime minister, produced documents suggesting that **Iran** lied when it said it had never tried to develop a nuclear bomb. The world's intelligence agencies had long assumed as much, and little of the evidence was new. Mr Netanyahu did not offer evidence that Iran continued bomb-building after signing an agreement with America in 2015 intended to stop it from doing so. A barrage of missiles, suspected to have been fired by Israel, struck Iranian bases in **Syria**.

Mahmoud Abbas, the leader of the **Palestinian Authority**, said that Jews had suffered persecution in Europe because of their involvement in money-lending and banking. A rash of attacks on Jews in Germany has prompted the country's new commissioner for fighting anti-Semitism to call for better information about the perpetrators.

Scores of people were killed in suicide-bomb attacks on a mosque and market in north-east **Nigeria**. The attacks were blamed on Boko Haram, a jihadist group, and came a day after Donald Trump promised more help for Nigeria in its fight against the terrorists.

The government of **Burundi** campaigned to pass a referendum that would change the

constitution and allow President Pierre Nkurunziza to stay in power for another 16 years. A former rebel leader, Mr Nkurunziza has been in charge since 2005 and believes that God wants him to keep ruling.

Cleaning up a Ruddy mess

Amber Rudd resigned as **Britain's** home secretary, as the Windrush scandal unfolded. Her position became untenable when targets for enforcing the return of people to Jamaica and other former Commonwealth countries were leaked. Ms Rudd had denied that such targets existed when giving evidence to a parliamentary select committee. She was seen by many as a shield for Theresa May, the prime minister, who ran the Home Office when the "hostile environment" policy for immigrants was introduced. Sajid Javid, whose parents were Pakistani immigrants, was appointed as the new home secretary.

Mr Javid, meanwhile, reportedly threw his support behind the hard Brexiters on a cabinet committee that scuppered Mrs May's plan to sign off on a "**customs partnership**" with the EU when Britain leaves the union. The Brexiters back a "maximum facilitation" proposal on customs, based on futuristic and untested technology. The cabinet is still discussing the options.

Armenia's capital, Yerevan, was largely shut down as hundreds of thousands of people poured onto the streets, demanding that the liberal opposition leader, Nikol Pashinian, be made prime minister. The ruling party has so far rejected this.

Business

T-Mobile and **Sprint** decided to have another go at merging, announcing a deal that values the combined company at \$146bn, including debt. The pair toyed with the idea of hooking up in 2014. Antitrust regulators were not keen, as a merger would reduce the number of big wireless carriers in America from four to three. That issue will come to the fore again now. T-Mobile and Sprint argue that their new company would have the capacity to roll out a nationwide 5G network quickly.

Competition concerns were also raised in Britain after **Sainsbury's** said that it had reached an agreement to buy **Asda**, which is owned by Walmart. The melding of Britain's second- and third-biggest supermarket chains would create a colossus in the industry, though both brands would be retained—Asda pitches its appeal to more cost-conscious shoppers than Sainsbury's.

Steady on

At its latest meeting, the Federal Reserve left its benchmark **interest rate** unchanged at a range of between 1.5% and 1.75%. The central bank is expected to raise rates at its next meeting, in June. The Fed's decision came after data indicated that the **American economy** grew at an annualised rate of 2.3% in the first quarter, the slowest pace in a year.

In an abrupt move, **Argentina's** central bank raised its benchmark interest rate from 27.25% to 30.25% in an effort to shore up the peso, which has taken a battering in currency markets amid worries about stubbornly high inflation.

The Trump administration postponed implementing **tariffs** on steel and aluminium imports from countries in the European Union by a month, saying it wanted more time for negotiations. The Europeans, annoyed that they should be bracketed with countries like

China, want permanent exemptions from the tariffs, which Argentina, Australia and Brazil have attained.

In a \$36bn deal that creates America's biggest oil-refining company, **Marathon Petroleum** said it would buy **Andeavor**. Andeavor operates ten refineries in the western United States. Marathon owns six, but handles more oil.

Higher oil prices helped lift **BP's** headline profit in the first quarter by 71%, to \$2.6bn. The energy giant hinted that it would increase its dividend for the first time in four years if oil prices remain buoyant; its stock hit an eight-year high.

A working strategy

Apple reported a net profit of \$13.8bn for the first three months of the year. Although the rate of growth in iPhone sales has slowed over the years, revenue from its signature product rose by 14% compared with the same quarter last year, thanks in part to the more expensive iPhone X. With 1.3bn Apple devices in use around the world, its income from associated services, such as music, soared by a third. Swimming in cash, Apple launched another share buy-back plan, worth \$100bn.

Xiaomi, a Chinese smart-phone-maker, filed for an IPO in Hong Kong. The company is reportedly hoping to raise up to \$10bn, which would make it one of the biggest tech flotations to date.

Tesla Motors' latest earnings report raised more questions for investors about the rate at which it is burning through its cash reserves. Plagued by production problems for its Model 3 mass-market car, Tesla ended the first quarter with \$2.7bn in cash on hand, compared with \$3.4bn in December. It also reported another headline loss, of \$710m.

Cambridge Analytica folded.

The data-mining firm hit the headlines for obtaining information on Facebook users that was then deployed to help Donald Trump's presidential campaign. The firm blamed a media "siege" for its decision to shut up shop.

Ahead of a visit to Beijing by senior economic officials in the Trump administration, **China** relaxed the restrictions on foreign investors becoming controlling shareholders in joint-venture securities companies, raising the cap on foreign ownership from 49% to 51%. Only financial institutions

with a "good international reputation" need apply.

The mouse that roared

Box office opening weekend

Gross receipts, \$m, 2018 prices



Sources: Box Office Mojo; BLS

Marvel Entertainment, a subsidiary of Disney, broke box-office records with the release of "**Infinity War**", the latest of its Avengers movies, beating the global record for an opening weekend with a total of \$641m. "The Force Awakens", Disney's first Star Wars outing after acquiring the Lucasfilm franchise, still boasts the best opening weekend in America after adjusting for inflation. It is possible that this Avengers adventure may be the biggest yet and take \$2bn worldwide.

For other economic data and news see **Indicators** section



Disarmageddon

Even as America tries to strike a deal with North Korea, arms control elsewhere is unravelling



RARELY do optimism and North Korea belong in the same breath. However, the smiles and pageantry in April's encounter between Kim Jong Un and Moon Jae-in, leaders of the two Koreas, hinted at a deal in which the North would abandon nuclear weapons in exchange for a security guarantee from the world, and in particular America. Sadly, much as this newspaper wishes for a nuclear-free North Korea, a lasting deal remains as remote as the summit of Mount Paektu. The Kims are serial cheats and nuclear weapons are central to their grip on power (see Asia section). Moreover, even as optimists focus on Korea, nuclear restraints elsewhere are unravelling.

By May 12th President Donald Trump must decide the fate of the deal struck in 2015 to curb Iran's nuclear programme. This week Binyamin Netanyahu, Israel's prime minister, gave a presentation that seemed designed to get Mr Trump to pull America out. He may well oblige. Worse, within three years current agreed limits on the nuclear arsenals of Russia and America are set to lapse, leaving them unconstrained for the first time in almost half a century (see Briefing).

In the cold war a generation of statesmen, chastened by conflict and the near-catastrophe of the Cuban missile crisis, used arms control to lessen the risk of annihilation. Even then, nuclear war was a constant fear (see Books section). Their successors, susceptible to hubris and faced with new tensions and new technology, are increasing the chances that nuclear weapons will spread and that someone, somewhere will miscalculate. A complacent world is playing with Armageddon.

START worrying

One problem is that the critics of arms control overstate its aims so as to denigrate its accomplishments. Opponents of the Iran deal, such as John Bolton, Mr Trump's new national security adviser, complain that it has not stopped Iran from working on ballistic missiles or from bullying its neighbours. But that was never the intent of the Joint Comprehensive Plan of Action (JCPOA), as it is formally known. Instead, for at least ten years, the pact cuts off Iran's path to a bomb and makes any future attempt more likely to be detected early. Whatever Mr Netanyahu implies, Iran has kept its side of the agreement despite not getting many of the economic benefits it was promised.

Wrecking the Iranian deal has costs. Iran would be freer to ramp up uranium enrichment, putting it once more in sight of a weapon. The nuclear Non-Proliferation Treaty (NPT), still the best bulwark against the spread of the bomb, would be undermined: other countries in the region, such as Saudi Arabia and Egypt, may well respond by dusting off their plans to become nuclear powers; and America would be abandoning a fix that shores up the NPT. Mr Trump would have to work even harder to convince Mr Kim that he can trust America—especially as Mr Bolton compares North Korea to Libya, whose leader gave up a nuclear programme only to be toppled by the West and butchered a few years later.

A second problem is mistrust, heightened since the revival of great-power competition between America and Russia after a post-Soviet lull. That ought to give arms control new urgency; instead it is eroding it. Take New START, which caps the number of strategic warheads deployed by Russia and America at 1,550 each. It will expire in 2021 unless Vladimir Putin and Mr Trump extend it, which looks unlikely. Instead Mr Trump boasts that America's nuclear arsenal will return to the "top of the pack", bigger and more powerful than ever before. That repudiates the logic of successive strategic-arms-control agreements with Russia since 1972, which have sought to hold back a nuclear arms race by seeking to define parity.

Fix it, don't nix it

Or take the insouciance with which the likes of Mr Bolton and his Russian counterparts condemn the Intermediate-Range Nuclear Forces (INF) Treaty. Struck in 1987 by Ronald Reagan and Mikhail Gorbachev, this deal dismantled 2,700 ground-launched nuclear missiles with a range of 500-5,500km that put European deterrence on a hair-trigger. Today each side says the other is violating the INF. Mr Bolton et al argue that it is worth keeping only if it includes countries such as China—which they know will not happen.

Last comes the problem of technology. Better missile defence could undermine mutually assured destruction, which creates deterrence by guaranteeing that a first strike triggers a devastating response. Speaking on March 1st, Mr Putin brandished exotic new nuclear weapons he would soon deploy to counter future American missile defences. A new nuclear arms race, with all its destabilising consequences, is thus likely. A cyber-attack to cripple the other side's nuclear command and control, which could be interpreted as the prelude to a nuclear first strike, is another potential cause of instability in a crisis. Verifying the capabilities of software is even harder than assessing physical entities such as launchers, warheads and missile interceptors. New approaches are urgently needed. None is being contemplated.

Extending New START, saving the INF, creating norms for cyber-weapons and enhancing the Iran deal are eminently doable, but only if there is sufficient will. For that to gel, today's statesmen need to overcome a fundamental misunderstanding. They appear to have forgotten that you negotiate arms-control agreements with your enemies, not your allies. And that arms control brings not just constraints on weapons of unimaginable destructive force, but also verification that provides knowledge of capabilities and intentions. In a crisis, that can reduce the risk of a fatal miscalculation.

Cherish the scintilla of hope in North Korea, and remember how arms control needs shoring up. The alternative is a future where countries arm themselves because they cannot be sure their enemies will not get there first; where every action could escalate into nuclear war; where early warnings of a possible attack give commanders minutes to decide whether to fire back. It would be a tragedy for the world if it took an existential scare like the Cuban missile crisis, or worse, to jolt today's complacent, reckless leaders back to their senses. ■