

## Business

Mark Zuckerberg attended hearings in Congress to defend Facebook, after the revelation that information on 87m users had been obtained by a political-analytics firm linked to the Trump campaign. Mr Zuckerberg said he could accept regulation of the social network, provided it was under the “right framework”, which he suggested might be something akin to impending data-protection rules in Europe. Mr Zuckerberg’s assured performance helped lift Facebook’s share price by 5.7% over his two days on the Hill.

### Get ready Russia!



America’s latest round of sanctions against **Russia** hit hard, causing Russian stock-markets to dive and the rouble to plunge. Chief among the sanctions’ targets were seven oligarchs and 12 companies they own or control, but investor disquiet was more widely felt, spreading to Sberbank, Russia’s biggest bank, among others. The list included Oleg Deripaska and his companies, such as Rusal, a producer of aluminium. Underlining the sanctions’ potency, Ivan Glasenberg, the chief executive of Glencore, resigned from Rusal’s board, which he had joined in 2007.

Stockmarkets in general had another volatile week, in part because sentiment fluctuated about the prospects of a trade war between America and China. Heightened geopolitical tensions over Syria pushed **oil prices** higher (some good news at least for the Russian economy). Brent crude climbed above \$72 a barrel, its highest level since 2014.

**Deutsche Bank** ousted John Cryan as chief executive, three years into his five-year contract. The German lender has suffered three consecutive annual losses and Paul Achleitner, the chairman, was said to be unhappy with the slow pace of the bank’s turnaround. Still, several investors complained about the manner of Mr Cryan’s defenestration, which could make for a turbulent annual shareholders’ meeting next month. The new CEO is Christian Sewing, who headed Deutsche’s retail bank.

### A new driver

Deutsche Bank wasn’t the only illustrious German company shaking up its management. **Volkswagen** was reportedly ready to replace Matthias Müller as chief executive with Herbert Diess, who heads its core passenger-car brand. Mr Müller got the CEO’s job in September 2015, when Martin Winterkorn resigned in the wake of the carmaker’s emissions-cheating scandal.

The Turkish lira fell to another low against the dollar in part because of concerns about **Turkey’s** push for growth at any cost. Recep Tayyip Erdogan, the president, unveiled an investment package this week and again called for interest

rates to remain subdued. That spooked investors already worried that Mr Erdogan’s pronouncements on monetary policy are hampering the central bank’s freedom to raise rates. Inflation remains stubbornly high at 10% and the current-account deficit has risen on an annual basis.

Investors were taken by surprise when **Saudi Arabia** sold \$1bn-worth of bonds without the customary roadshow. It is thought that the kingdom may have been trying to get a jump on **Qatar**, which it has been feuding with since last June and which is in the process of drumming up support for its own sale of government debt.

**Novartis** added to its expanding gene-therapy business by agreeing to pay \$8.7bn for **AveXis**, which specialises in treatments for spinal muscular atrophy, a genetic condition that causes progressive muscle wasting.

### The prancing unicorn

Jack Ma was reportedly preparing to raise up to \$10bn in a round of private funding for **Ant Financial**, a mobile-payments group that he controls. Mr Ma created Ant in 2011 to house the Alipay network, which he spun out

from his Alibaba empire. With 520m users, Alipay is the world’s biggest mobile-payments platform, though most of its business is in China. Mr Ma’s latest round of fundraising could value Ant at \$150bn, which would make it the most valuable startup in the world, way ahead of the likes of Uber and Didi Chuxing, two ride-hailing firms.

The European Banking Authority reported that 77% of the top earners among **European bankers** (those with remuneration packages of at least €1m, or \$1.1m, in 2016) were based in Britain. That was a long way ahead of Germany, the next country in the ranking, where 5% of top earners resided.

A **fat-finger** mistake by an employee at a South Korean brokerage led to 2.8bn shares worth \$100bn being issued to staff in error. The employee typed “shares” instead of “won” when distributing dividends in the Korean currency. It took the brokerage half an hour to spot the slip, during which time 16 members of staff took advantage of their windfall and sold their wrongly allocated stock.

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



# Cool Germany

Germany is becoming more open and diverse. With the right leadership, it could be a model for the West



SINCE the fall of the Berlin Wall the *Ampelmännchen*, the jaunty, behatted “little traffic-light man” of communist East Germany, has escaped his dictatorial roots to become a kooky icon of Germany’s trendy capital. Tourists pose with life-size models and snap up memorabilia in souvenir shops. The *Ampelmännchen*’s quirky coolness is an increasingly apt symbol of the country as well as its capital. As our special report in this issue describes, Germany is entering a new era. It is becoming more diverse, open, informal and hip.

At first blush that seems a preposterous suggestion. The Germany of international newspaper headlines is a country with anxious citizens and stagnant politics. Angela Merkel is Europe’s longest-standing political leader, a woman who epitomises traditional German caution. Last September’s election saw a surge in support for the far-right Alternative for Germany (AfD); it took Mrs Merkel six months to cobble together a lacklustre new coalition. To conservative foreign observers Germany is a byword for a reckless refugee policy; to others it is the country that bullied indebted southern Europeans.

But take the long view, and the *Ampelmännchen* captures how Germany is changing. Post-war German history has moved in cycles of about 25 years. First came the era of reconstruction. Then, from the late 1960s, the federal republic began to reckon frankly with its war guilt. In its latest phase, from the 1990s, Germany has reunified, become a normal country again and shed some of the fetters of its past. Now the wheels of history are turning once more. The Merkel era is drawing to a close. Many of the country’s defining traits—its ethnic and cultural homogeneity, conformist and conservative society, and unwillingness to punch its weight in international diplomacy—are suddenly in flux.

## Promising signals

The biggest change comes from Mrs Merkel’s “open door” policy towards refugees, which brought in 1.2m new migrants in 2015-16. This has confirmed once-homogeneous Germany’s transformation into a melting-pot. A more inclusive identity is emerging—a country that waited until 2000 to extend citizenship to many of those without native ancestors increasingly defines nationality in civic rather than ethnic terms. A patriarchal culture has become more gender-balanced: the share of working-age women with jobs has risen from 58% to 70% in the past 15 years. Germans are divorcing more and marrying less. Even the *Mittelstand*’s firms are adopting disruptive technologies such as artificial intelligence. And having undertaken no foreign military operations in the half-century to 1999, Germany has sent troops to Mali, Afghanistan and Lithuania.

This is shaking up a society that has long prized stability, opening cultural divides between those who embrace the new Germany and those who hanker for the familiar; between urban and rural voters; between young and old. The emergence of a new generation of more combative lawmak-

ers, the AfD’s arrival in the Bundestag and the battle over the future direction of Mrs Merkel’s Christian Democrats are all stoking debates about the country’s identity.

The outcome will determine the future of Europe’s biggest economy. It will also matter beyond Germany’s borders. The country is grappling with the rise of a more plural society at the same time as many others are doing so. Germans are temperamentally moderate and, thanks to their history, particularly sensitive to the dangers of demagoguery. How they navigate their country’s transition could set an example for others.

At home, the new Germany has shed its post-reunification economic woes and is booming, but it is also ageing fast; the largest age group is the 50-to-54s. Preserving its prosperity requires forward-looking reform. Internet access is patchy and slow; roads and classrooms can be surprisingly shabby; a tangle of red tape restricts service industries; and under Mrs Merkel the retirement age has fallen for some and will soon be lower than in France. The flow of newcomers to Germany can help cushion the demographic crunch, especially if immigration procedures are streamlined, education is improved to break the tight link between background and results, and the strictly regulated German professions are made more accessible.

Abroad, the new Germany could also become a different sort of power. It remains frustratingly prone to a small-country outlook: reluctant to spend enough on defence, to confront the imbalances caused by its trade surplus and to accept more burden-sharing in the euro zone. Yet there are signs of movement. Under pressure from France’s president, Emmanuel Macron, it will reluctantly accept some moves towards euro-zone integration, albeit tentative and insufficient ones. Germany’s vulnerability to trade disruption makes it a natural broker in an age of tariff wars. Last month its new economy minister helped to persuade the White House to suspend planned steel and aluminium duties on the EU and other allies.

Meanwhile, the refugee crisis is expanding German horizons. At its peak Mrs Merkel requested a map shaded to highlight Germany’s true borders: North Africa, Ukraine and Turkey. Then at last year’s G20 summit in Hamburg the chancellor advanced a “Compact with Africa” to accelerate development and improve governance on the continent. Though overhyped and underfunded, it gives a hint of the convening and stabilising role a normalised Germany could yet play.

## Green for go

All of which makes the character of Mrs Merkel’s successor pivotal. Her uncontentious, reactive style has suited her times. But a new Germany requires a different type of chancellor: proactive at home, ambitious abroad and with the skills to persuade German voters of the case for this ambition.

With the right leadership, there is little doubt about the country’s capability. In its latest historical phase alone it has absorbed the sclerotic, ex-communist east, overcome economic crisis in the early 2000s, taken in over 1m poor, often desperate immigrants—and coped. Now, as in the past, it would be a mistake to underestimate Germany. Like the *Ampelmännchen*, it has a knack for reinvention. ■