

The Economist

Don't tie Medicaid to work

The beauty of big banks

Why the Chinese are so unhappy

Special report: Islam in the West

FEBRUARY 16TH-22ND 2019

THE RISE OF MILLENNIAL

A black and white photograph of a young woman with long dark hair, wearing a light-colored knit beanie and a dark sweater. She is shown in profile, shouting with her mouth wide open into a megaphone. The megaphone is white with the word "SOCIALISM" written in large, bold, red, block letters. The background is a solid, vibrant red.

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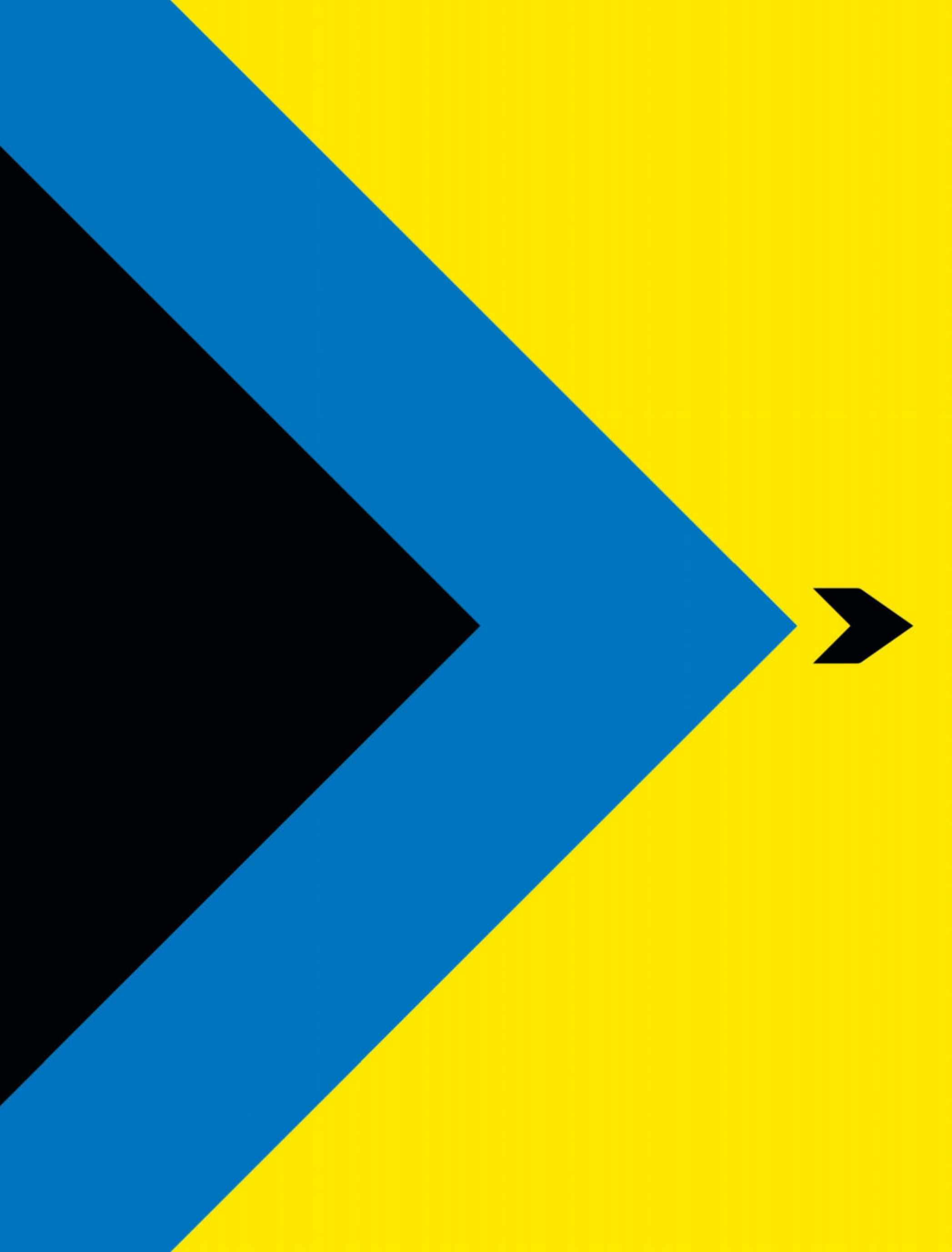
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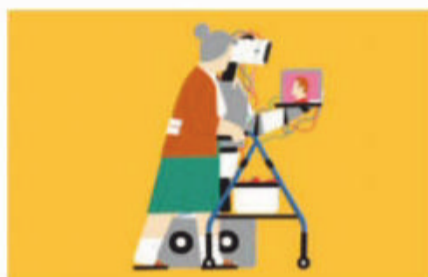
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Thailand stepped back from the brink of a constitutional crisis when the Election Commission rejected the candidacy of Princess Ubolratana Mahidol for prime minister in next month's election. The princess had been nominated by a party tied to Thaksin Shinawatra, a populist prime minister who was ousted by the army in 2006 amid clashes between his "red shirt" supporters and "yellow shirt" backers of the elites.

Maria Ressa, a journalist in the **Philippines** and forceful critic of Rodrigo Duterte, the president, was arrested under the country's "cyber-libel" law over an article that was published on *Rappler*, the online news site she manages, before the law in question was passed.

South Korea agreed to increase how much it pays to keep American troops in the country, but by less than what America wanted. A desire to show a united front ahead of a forthcoming summit between Donald Trump and Kim Jong Un, North Korea's dictator, lent urgency to the negotiations.

The **Australian** parliament passed a bill to allow a few asylum-seekers held in offshore detention centres to enter the country for medical treatment. The home affairs minister called this a "disaster for our country".

Turkey protested about **China's persecution of Uighurs**, Muslims who live mostly in China's western region of Xinjiang and speak a Turkic language. Perhaps 1m Uighurs are held in "re-education" camps. Turkey noted reports that Abdurehim Heyit, a musician arrested for en-

dangering state security with his poems, had died in one. China aired a video apparently showing him alive. Relatives of other Uighurs who have vanished into the camps asked if they, too, could see videos of their loved ones.

Trials and tribulations

Snap elections looked likely to be called in **Spain** after the minority socialist government led by Pedro Sánchez lost a vote on its budget. Also in Spain the trials began of a group of politicians from Catalonia, who were jailed after the region held an unauthorised referendum on independence.

Italy's populist leaders, Matteo Salvini and Luigi Di Maio, spooked markets by appearing to threaten the independence of the country's central bank.

Anti-Semitic incidents in **Germany** rose by 10% last year, according to media reports. Some blamed the rise of the far-right Alternative for Germany party, which denies it is anti-Semitic. Others pointed to a sharp increase in immigrants from Arab countries.

A long stretch for Shorty

A jury in Brooklyn found Joaquín Guzmán, better known as El Chapo, or "Shorty", guilty of helping to run **Mexico's** Sinaloa drug gang. The trial revealed the inner workings of the gang, including murder, bribery and the use of boats to move cocaine after Mr Guzmán discovered that drug agents were tracking his planes. Witnesses described his private zoo, which housed panthers and crocodiles. Mr Guzmán, who twice escaped from Mexican jails, is expected to remain in an American prison for the rest of his life.

At least eight people were killed in protests against **Haiti's** president, Jovenel Moïse. The protests began after the court of auditors said that officials in a previous government had stolen money from a programme through which

Venezuela supplied cheap oil to Haiti. The protesters were also angry about high prices.

Jody Wilson-Raybould, a central figure in a scandal involving allegations that **Canada's** prime minister, Justin Trudeau, had pushed for the settlement of a criminal case against an engineering firm, quit the cabinet. The parliamentary ethics commissioner has said that he will investigate claims that Mr Trudeau had put pressure on Ms Wilson-Raybould when she was the justice minister to settle the case against Montreal-based SNC-Lavalin.

It's a tough job...

Abdelaziz Bouteflika, the president of **Algeria**, is to seek a fifth term in office, despite ill health. Mr Bouteflika, who has run the country since 1999, is rarely seen in public and is rumoured to have lost the ability to speak after suffering a stroke in 2013. Yet he has the backing of the ruling elite because it cannot agree on a successor.

Officials from 65 countries met in Warsaw to discuss Middle East security. America, one of the organisers, had hoped to use the event to rally European support for sanctions against **Iran**. But several European countries, including France and Germany, sent only junior officials, signalling their unease over America's unilateral withdrawal from an agreement that eased Iran's isolation in exchange for the country restricting its nuclear activities.

In the week that Iranians celebrated the 40th anniversary of the Islamic Revolution, a Sunni militant group claimed responsibility for a **suicide-bombing** in the south-east of Iran that killed 27 members of the Revolutionary Guard.

American-backed Kurdish forces began an attack on the last bastion of Islamic State in **Syria**. The jihadist group is surrounded and confined to an area of about one square mile.

As regular as clockwork

Facing yet another **government shutdown** (the most recent one ended just three weeks ago) negotiators from both parties in America's Congress thrashed out a deal that would provide money to build part of Donald Trump's border wall in return for reducing the number of illegal immigrants who are incarcerated.

Mike Pompeo, America's secretary of state, denied a claim from Tim Kaine, a senator, that the Trump administration was helping the Saudi government cover up the murder of **Jamal Khashoggi**, a dissident journalist who was killed by Saudi agents in Istanbul. The administration had declined to meet a congressional deadline to say whether it thinks Muhammad bin Salman, the Saudi crown prince, was behind the death. Senators from both parties want answers.

Opportunity, an American **Mars rover**, is officially defunct. Contact was lost last June, after a dust storm. More than 1,000 subsequent attempts to re-establish communications have failed. The craft was designed to last a mere three months, but it trundled on for 15 years.

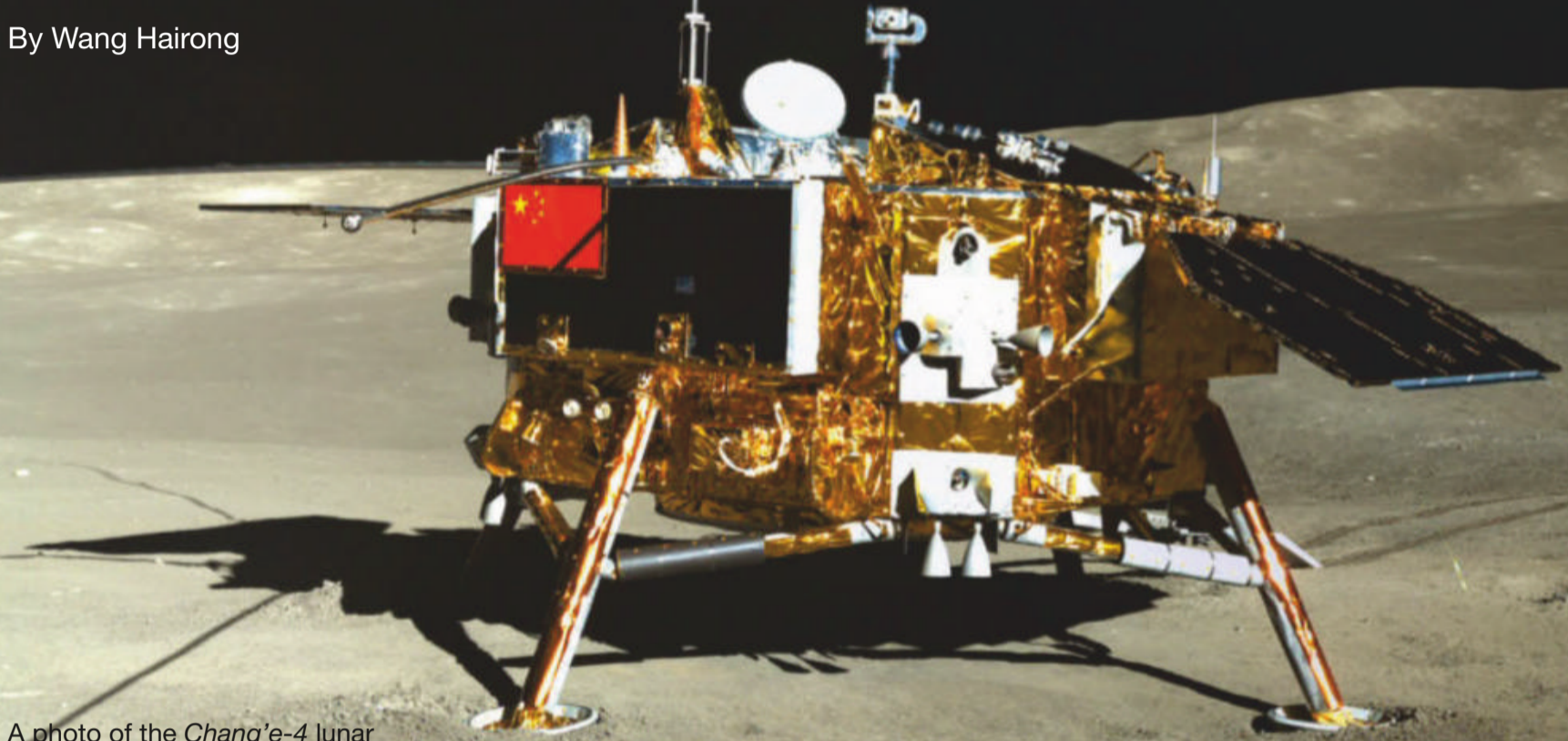


Amy Klobuchar entered the race to be the Democratic candidate for president. The senator from Minnesota is a centrist by comparison with her rivals, and reportedly stern with her staff. In 2011 she helped block a rule that would have stopped pizza served in school canteens being counted as a vegetable portion, thus protecting jobs at a school-pizza caterer in her state.

A Bold New Step

China's lunar rover *Yutu-2* makes the first imprint on the far side of the Moon

By Wang Hairong



A photo of the *Chang'e-4* lunar probe lander, taken by a camera installed on the rover *Yutu-2*

XINHUA

Tender leaves sprouting from cotton seeds in a container aboard the *Chang'e-4* probe to the far side of the Moon add vitality to the otherwise desolate celestial body.

"These are the first biological experiments on the Moon. Scientists have done biological experiments on space stations and other spacecraft before, but never on the Moon," said Xie Gengxin, chief designer of *Chang'e-4*'s biological experiment payload and Dean of the Institute of Advanced Technology at Chongqing University.

The tests are of great significance for future research and the establishment of a lunar base for human beings, Xie said at a press conference in southwest China's Chongqing on January 15.

Fruit fly pupae, yeast, potato seeds, *Arabidopsis* and rapeseeds were also carried to the Moon to create a mini lunar biosphere, according to Xie. The plants were designed to produce oxygen and food, the fruit flies and yeast to inhale oxygen and exhale carbon dioxide so plants could carry out photosynthesis, while yeast will decompose waste and also serve as food for the fruit flies. The same experiment is being carried out simultaneously on Earth for comparison data, he said.

From January 3, when the experiment was started on the Moon, to January 12, when the container was powered off as the lunar probe went into "hibernation" during the cold lunar night, more than 170 photos as well as soil, temperature and pressure data have been transmitted back to Earth, Xie said, adding that the experiment's targets have been reached or exceeded.

During the Moon's night, the creatures will freeze and then decompose in the sealed container during the next moon day without polluting the environment, Xie added.

China's *Chang'e-4* lunar probe made the first ever soft-landing

by a spacecraft on the far side of the Moon on January 3 after 26 days in space.

After the lander touched down, the rover *Yutu-2* inched down the ramp of the lander and made its first imprint on the lunar surface. With its arms stretched out on either side, the rover set out to explore the Moon like a curious toddler embracing a new playground.

On January 11, the China National Space Administration (CNSA) announced that the *Chang'e-4* lunar probe mission was a success, as indicated by the normal functioning of both the lander and the rover, their photographing of each other and the transmission of images to Earth that produced a panoramic picture of the lunar surface with the help of *Queqiao*, or *Magpie Bridge*, a satellite launched in May to relay data transmission between Earth and the far side of the Moon.

While watching the lander touch down on the Moon on a giant screen at the Beijing Aerospace Control Center, Zhang He, Executive Director of the *Chang'e-4* probe project, could not hold back her tears of joy. "The moon landing is the most critical stage of the whole mission because the process is rife with risks and challenges," she said.

Jia Yang, the probe's deputy chief designer from the China Academy of Space Technology (CAST), said, "It is a perfect display of human intelligence."

Upgraded rover

Not long after descending on the pockmarked moon surface, *Yutu-2* took a "nap" amid the searing noon temperature of over 100 degrees Celsius to prevent overheating. The rover "woke up" on January 10 and resumed activities, snapping pictures and beaming back data.

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Mainly powered by solar energy, *Yutu-2* is designed to work during moon days and “hibernate” during cold and dark moon nights. A night or day on the Moon is equivalent to about 14 days on Earth.

Yutu-2 is the second lunar rover launched by China. The first rover *Yutu* landed on the Moon on December 14, 2013, on board *Chang’e-3*.

Zhang said that *Yutu-2* is smarter because it can enter into a dormant state automatically at the beginning of the Moon night according to light levels; moreover, after “waking up,” it can switch into a stable working mode independently. Compared with its predecessor, *Yutu-2* is 2 kg lighter at 137 kg, making it the lightest rover on the Moon, said Jia.

Both rovers have a designed lifespan of three months, can climb over 20-cm-high rocks and travel at a maximum speed of 200 meters per hour. “*Yutu-2* is stronger and more capable of coping with difficulties,” said Shen Zhenrong, one of the designers of the rover from CAST.

Collaborative efforts

After declaring the mission a success, Wu Yanhua, Deputy Director of the CNSA, said at a press conference in Beijing on January 14, that *Chang’e-4* will survey lunar topography and landforms, explore shallow lunar surface structure, analyze mineral composition and observe space environment.

To complete its scientific tasks, the probe carries 13 scientific payloads including four developed by scientists from Germany, the Netherlands, Saudi Arabia and Sweden, said Wu.

The CNSA attaches great importance to international cooperation and exchanges in aerospace advancement. China has always upheld the principle of openness and cooperation in developing space programs. To date, the CNSA has signed bilateral agreements with 39 countries and joined 18 space-related international organizations, said CNSA’s spokesperson Li Guoping at the press conference.

In April 2015, the CNSA solicited payloads from the international community, and received 20 applications from over 10 countries, with four eventually selected, said Li. Chinese and relevant foreign scientists will form teams to carry out joint research using data obtained from these payloads.

Moreover, the CNSA is willing to share data from the nine scientific payloads independently developed by China with foreign space agencies, research institutes and individuals interested in space exploration, Li said.

The lunar probing mission also involves other international collaborative efforts. Wu said a ground station that China built in Argentina has played an important role in the monitoring and control of the mission; the radioisotope heat source jointly developed by Chinese and Russian scientists will support the probe through the lunar night; and China and the European Space Agency have offered support to each other in deep space probing.

Chinese and U.S. scientists have also actively engaged in cooperation, with the Lunar Reconnaissance Orbiter (LRO) of the U.S. National Aeronautics and Space Administration (NASA) observing *Chang’e-4*, Wu added.

“NASA told us that it hopes to use the LRO satellite in lunar orbit to observe the lunar dust during *Chang’e-4*’s landing for study. Scientists from both countries communicated through a videoconference. The U.S. side told us about their satellite, and China informed the U.S. side in a timely manner of the longitude, latitude and the time of the *Chang’e-4* landing. Because the LRO was not overhead when *Chang’e-4* landed, it could not monitor the lunar dust in real

time. Later, when the LRO passed overhead, it monitored the lunar probe and NASA published the photos online,” Wu explained.

The CNSA welcomes the participation of foreign space scientists from all countries in its ensuing lunar and deep-space exploration projects through various means, Wu stated.

Three-step plan

China has a three-step plan for its lunar probing program: to send a spacecraft to fly around the Moon in 2007, land on the Moon in 2015 and return with lunar samples in 2020. Around the end of 2019, he said, *Chang’e-5* is going to bring lunar samples back to Earth, which will mark the completion of the three-step plan.

Wu disclosed that currently the CNSA is organizing experts to deliberate future plans, and three tasks have been preliminarily decided. *Chang’e-6* will return with lunar samples collected from the lunar South Pole, while *Chang’e-7* will carry out a comprehensive exploration of the lunar South Pole, including surveying its topography and landforms, chemical composition and space environment. *Chang’e-8* will continue to probe the Moon and carry out lunar-based experiments, including experiments on the technologies needed to build a lunar scientific and technological research base.

During the upcoming lunar landing mission to the Moon’s South Pole, Wu said, China will provide the international community with 10 kg of payload-carrying capacity on orbiters and landers.

In addition, the *Queqiao* relay satellite has a three to five-year lifespan left, he said, thus, the CNSA welcomes foreign scientists to conduct scientific research using the satellite.

“Cooperation is the common aspiration of scientists since the data gathered during lunar or deep-space probing is for unraveling the mysteries of the universe, a common responsibility of all the countries of the world,” Wu said. Countries with strong space programs, in particular, should focus more on cooperation and make more contributions to the exploration of the universe for humanity, he said.

RECORDS SET BY CHANG’E-4

- First soft-landing and probing on the far side of the Moon
- First relayed communication between the far side of the Moon and Earth
- First ultra-low frequency scientific experiment on the far side of the Moon
- First laser ranging experiment beyond the Earth-Moon distance
- First biological experiment on the lunar surface
- First international cooperation in scientific-payload carrying and lunar probing

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Airbus decided to stop production of the **A380** super-jumbo jet, after Emirates Airline drastically cut its order. The world's biggest passenger plane entered commercial service in 2007 following many production delays. At the time it symbolised the fierce competition between Airbus and Boeing to shape the future aviation market, with Boeing betting on its rival 787 Dreamliner. The A380 was supported by just a handful of carriers such as Emirates and Singapore Airlines, which has already scrapped the first two A380s it had flown.

2018 GDP

% increase on a year earlier



Sources: Haver Analytics; national statistics

Britain's economy grew by 1.4% last year, the weakest pace in a decade. Brexit was clearly a factor, though other European countries are slowing, too. Britain's economy outperformed Italy's and was only slightly worse than Germany's. The euro area saw growth slow during 2018, and forecasts do not indicate any improvement for this year. Britain's **inflation** rate fell to 1.8% last month, mostly because of lower energy prices. Cheaper prices coupled with decent growth in real wages is a welcome relief for workers who have felt a squeeze in living standards.

Shifting gears

In a possible harbinger of debt problems, the Federal Reserve Bank of New York reported that 7m Americans are at least 90 days behind with their **car-loan payments**, a million more than in the wake of the financial crisis. Although the overall pool of creditworthy car loans has improved, the FRBNY noted a sharp rise in delinquencies among borrowers under 30 years of age.

The mood music in negotiations over an agreement to solve the **trade conflict** between America and China improved considerably. Donald Trump remarked that he would be willing to extend a deadline of March 1st if the talks are making progress.

South Korea's unemployment rate leapt to 4.5% in January, a nine-year high. The economy grew at its weakest pace in six years in 2018, weighed down by the trade dispute between China and America.

The chief executive of **SunTrust** said that the bank's planned combination with **BB&T** would result in \$100m being spent on innovative technology when the new company opens its headquarters in Charlotte, North Carolina. The \$66bn merger is the biggest in banking since the financial crisis.

A rise in bad-debt charges and a splurge on spending to improve its monitoring of money-laundering helped reduce fourth-quarter net profit at **ABN AMRO** by 42% compared with the same three months a year earlier, to €316m (\$361m). The Dutch bank, which is still half-owned by the government a decade after its bail-out

during the financial crisis, is redoubling its efforts against criminal activity following a spate of scandals at other banks in northern Europe, such as Danske.

After three years of restructuring, **Credit Suisse** reported an annual net profit of SFr2.1bn (\$2.1bn), the Swiss bank's first since 2014.

An analysis of smartphone sales by IDC, a market-data firm, found that shipments of **Apple's** iPhone in China slumped by 20% in the last quarter of 2018 compared with the same three months in 2017, while those of **Huawei** rose by 23%. Apple was China's biggest provider of smartphones as recently as 2015. It has now slipped to fourth place.

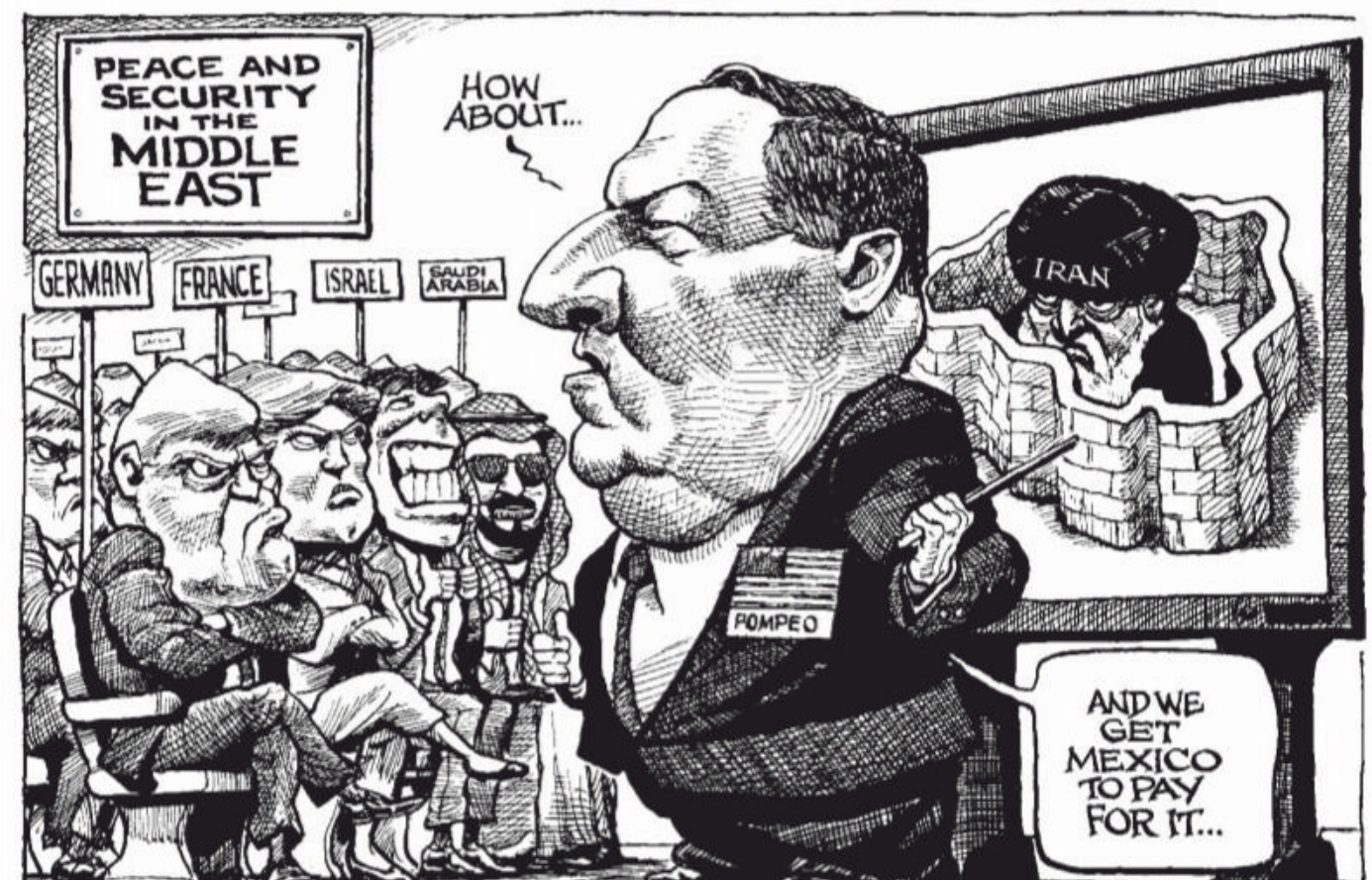
JAB Holdings offered to increase its stake in **Coty**, a beauty company that owns a wide range of brands, including Max Factor and Calvin Klein fragrances, from 40% to 60%, following Coty's troublesome acquisition of Procter & Gamble products. Although it is a longtime shareholder in Coty, privately held JAB has focused on expanding its food and beverages empire, snapping up Dr Pepper, Krispy Kreme and Pret A Manger in recent years.

Tata Motors' share price struggled to recover from the hammering it took after it wrote down £3.1bn (\$4bn) at its Jaguar Land Rover subsidiary. The write-down pushed Tata Motors to a \$3.8bn quarterly loss, the largest-ever for an Indian company.

Twitter reported annual net income of \$1.2bn for 2018, its first full year of profitability. But it also lost more monthly active users in the fourth quarter. Twitter said it would no longer publish that measurement of engagement, preferring a new count of daily users who see ads on its platform.

Brewer's droop

A fall in quarterly sales at **Molson Coors** helped push its share price down by 9%. The company, which includes the Blue Moon, Carling and Miller Lite brands in its line up, is to focus on boosting its appeal among 21- to 34-year-olds, a group that is drinking less beer than it used to. Last year the company stopped making Two Hats, a citrus-flavoured brew peddled to millennials, after just six months. It might be able to narrow the generation gap when it launches Truss, a cannabis-beverage joint venture, in Canada later this year.



Millennial socialism

A new kind of left-wing doctrine is emerging. It is not the answer to capitalism's problems

AFTER THE collapse of the Soviet Union in 1991, the 20th century's ideological contest seemed over. Capitalism had won and socialism became a byword for economic failure and political oppression. It limped on in fringe meetings, failing states and the turgid liturgy of the Chinese Communist Party. Today, 30 years on, socialism is back in fashion. In America Alexandria Ocasio-Cortez, a newly elected congresswoman who calls herself a democratic socialist, has become a sensation even as the growing field of Democratic presidential candidates for 2020 veers left. In Britain Jeremy Corbyn, the hardline leader of the Labour Party, could yet win the keys to 10 Downing Street.

Socialism is storming back because it has formed an incisive critique of what has gone wrong in Western societies. Whereas politicians on the right have all too often given up the battle of ideas and retreated towards chauvinism and nostalgia, the left has focused on inequality, the environment, and how to vest power in citizens rather than elites (see Briefing). Yet, although the reborn left gets some things right, its pessimism about the modern world goes too far. Its policies suffer from naivety about budgets, bureaucracies and businesses.

Socialism's renewed vitality is remarkable. In the 1990s left-leaning parties shifted to the centre. As leaders of Britain and America, Tony Blair and Bill Clinton claimed to have found a "third way", an accommodation between state and market. "This is my socialism," Mr Blair declared in 1994 while abolishing Labour's commitment to the state ownership of firms. Nobody was fooled, especially not socialists.

The left today sees the third way as a dead end. Many of the new socialists are millennials. Some 51% of Americans aged 18-29 have a positive view of socialism, says Gallup. In the primaries in 2016 more young folk voted for Bernie Sanders than for Hillary Clinton and Donald Trump combined. Almost a third of French voters under 24 in the presidential election in 2017 voted for the hard-left candidate. But millennial socialists do not have to be young. Many of Mr Corbyn's keenest fans are as old as he is.

Not all millennial socialist goals are especially radical. In America one policy is universal health care, which is normal elsewhere in the rich world, and desirable. Radicals on the left say they want to preserve the advantages of the market economy. And in both Europe and America the left is a broad, fluid coalition, as movements with a ferment of ideas usually are.

Nonetheless there are common themes. The millennial socialists think that inequality has spiralled out of control and that the economy is rigged in favour of vested interests. They believe that the public yearns for income and power to be redistributed by the state to balance the scales. They think that myopia and lobbying have led governments to ignore the increasing likelihood of climate catastrophe. And they believe that the hierarchies which govern society and the economy—regulators, bureaucracies and companies—no longer serve the interests of ordinary folk and must be "democratised".

Some of this is beyond dispute, including the curse of lobbying and neglect of the environment. Inequality in the West has

indeed soared over the past 40 years. In America the average income of the top 1% has risen by 242%, about six times the rise for middle-earners. But the new new left also gets important bits of its diagnosis wrong, and most of its prescriptions, too.

Start with the diagnosis. It is wrong to think that inequality must go on rising inexorably. American income inequality fell between 2005 and 2015, after adjusting for taxes and transfers. Median household income rose by 10% in real terms in the three years to 2017. A common refrain is that jobs are precarious. But in 2017 there were 97 traditional full-time employees for every 100 Americans aged 25-54, compared with only 89 in 2005. The biggest source of precariousness is not a lack of steady jobs but the economic risk of another downturn.

Millennial socialists also misdiagnose public opinion. They are right that people feel they have lost control over their lives and that opportunities have shrivelled. The public also resents inequality. Taxes on the rich are more popular than taxes on everybody. Nonetheless there is not a widespread desire for radical redistribution. Americans' support for redistribution is no higher than it was in 1990, and the country recently elected a billionaire promising corporate-tax cuts. By some measures Britons are more relaxed about the rich than Americans are.

If the left's diagnosis is too pessimistic, the real problem lies with its prescriptions, which are profligate and politically dangerous. Take fiscal policy. Some on the left peddle the myth that vast expansions of government services can be paid for primarily by higher taxes on the rich. In reality, as populations age it will be hard to maintain existing services without raising taxes on middle-earners. Ms Ocasio-Cortez has floated a tax rate of 70% on the highest incomes, but one plausible estimate puts the extra revenue at just \$12bn, or 0.3% of the total tax take. Some radicals go further, supporting "modern monetary theory" which says that governments can borrow freely to fund new spending while keeping interest rates low. Even if governments have recently been able to borrow more than many policymakers expected, the notion that unlimited borrowing does not eventually catch up with an economy is a form of quackery.

A mistrust of markets leads millennial socialists to the wrong conclusions about the environment, too. They reject revenue-neutral carbon taxes as the single best way to stimulate private-sector innovation and combat climate change. They prefer central planning and massive public spending on green energy.

The millennial socialist vision of a "democratised" economy spreads regulatory power around rather than concentrating it. That holds some appeal to localists like this newspaper, but localism needs transparency and accountability, not the easily manipulated committees favoured by the British left. If England's water utilities were renationalised as Mr Corbyn intends, they would be unlikely to be shining examples of local democracy. In America, too, local control often leads to capture. Witness the power of licensing boards to lock outsiders out of jobs or of Nimbys to stop housing developments. Bureaucracy at any level provides opportunities for special interests to capture influence. ▶



▶ The purest delegation of power is to individuals in a free market.

The urge to democratise extends to business. The millennial left want more workers on boards and, in Labour's case, to seize shares in companies and hand them to workers. Countries such as Germany have a tradition of employee participation. But the socialists' urge for greater control of the firm is rooted in a suspicion of the remote forces unleashed by globalisation. Empowering workers to resist change would ossify the economy. Less dynamism is the opposite of what is needed for the revival of economic opportunity.

Rather than shield firms and jobs from change, the state should ensure markets are efficient and that workers, not jobs, are the focus of policy. Rather than obsess about redistribution, governments would do better to reduce rent-seeking, improve education and boost competition. Climate change can be fought with a mix of market instruments and public investment. Millennial socialism has a refreshing willingness to challenge the status quo. But like the socialism of old, it suffers from a faith in the incorruptibility of collective action and an unwarranted suspicion of individual vim. Liberals should oppose it. ■

Gas and geopolitics

Putin's pipeline

Nord Stream 2 is a Russian trap. Germany has fallen into it

WHEN A MEGAPROJECT makes no commercial sense, there are two possibilities. Either its sponsors are fools, or they have other motives. Since Vladimir Putin is no fool, one must assume that his pet pipeline is not really a business venture—and that the fools are the Europeans, in particular the Germans.

This week, after sustained German pressure, the European Union agreed how its energy rules should apply to Nord Stream 2, an \$1bn, 1,200km (750 mile) gas pipeline. As a result it is all but certain that the project will go ahead, though perhaps with delays (see Europe section). It runs from Vyborg in western Russia through the Baltic Sea to Greifswald in north-eastern Germany. Work on it began last year, and it could be finished by the end of this one. Economically, it is unnecessary. There is no shortage of capacity in the existing Russian networks, which run from east to west mostly through Ukraine and Poland, or through the existing Nord Stream 1 pipeline directly to Germany. European demand for imported gas, because of energy efficiency, weak demand for manufacturing and the rise of renewables, is not expected to reach a level that would require the new pipeline anytime soon. Unsurprisingly, Russia's majority state-owned energy behemoth, Gazprom, is the scheme's only shareholder.

The project's real aims are political. There are three main aspects to this. First, Nord Stream 2 directly harms Poland and Ukraine, two countries that Mr Putin loathes and one of which he invaded in 2014. Currently, most Europe-bound Russian gas passes through Ukraine. Nord Stream 2 will make it easier for Russia to cut supplies to Ukraine without affecting Germany; it will stop Ukraine from dragging Germany into a dispute with Russia by interfering with the supply of gas; and it will deprive the Ukrainian government of transit fees. Without Nord Stream 2, there is a limit to how much mischief Russia can do in Ukraine before it endangers its own economy. Thus, bypassing Ukraine (and Poland, for which the same considerations apply to a lesser extent) is the main point (as it was of an earlier failed venture, South Stream). Nord Stream 2 also gives Russia infrastructure in the Baltic region, a possible justification for beefing up its military presence there. This worries the Baltic states and Nordic states; as well as Poland.

Next, Nord Stream 2 will increase Europe's dependence on Russian energy. By cutting out transit countries and fees, it will be able to charge its customers less. This will be good for German

energy consumers, at least in the short term. But further relying on Russia contradicts EU policy, which for the past decade has been to diversify its energy supply, partly for security reasons. One aspect of this policy was to require suppliers of gas to be more open and transparent about their costs, to ensure proper competition and prevent state subsidies. In particular, gas production is meant to be separated from gas transport.

It was the attempt to apply this rule to pipelines that originate abroad, like Nord Stream, that was clarified this week. German regulators will have responsibility for implementing the EU's pro-market energy rules. The European Commission will retain some oversight—better than nothing, but a retreat nonetheless. Angela Merkel, Germany's chancellor, appears to value cheap energy more than European security. This is rash. As Russia demonstrated in 2006 and 2009, when it restricted the flow of gas through Ukraine, it is ready to use gas as a political weapon.

Finally, Nord Stream has divided Western allies, setting east-

ern Europe against much of western Europe and driving a wedge between Europe and America, which has long opposed the pipeline. Under President Donald Trump, who wants Germany to import American gas, it may yet impose sanctions on participating firms.

In short, Nord Stream 2 could make Ukraine, Poland and the Baltic states less secure, undermine the EU's energy strategy, give Russia a bigger stick for threatening western Europe and sow discord among NATO allies. To Mr Putin, causing so much trouble for a mere \$1bn must seem like a bargain. For Europe, it is a trap.

The mystery is why Germany has fallen into it, and has been twisting French arms into doing the same. Since the invasion of Ukraine, Mrs Merkel has become one of the strongest advocates of EU pressure on Russia. Perhaps the demands of German business, heightened since her wrongheaded decision to close Germany's nuclear power stations in 2011, trump all else. Or perhaps something darker is at work. She relies for her coalition on the Social Democrats (SPD), staunch defenders of Nord Streams 1 and 2. The SPD's Gerhard Schröder, a former German chancellor, now sits on the boards of both Nord Stream 2 and also Rosneft, Russia's oil giant.

No one has proved that any of this has influenced German policy towards Russia, but many Germans are alarmed by the possibility. Mr Putin, as ever, is happy to stoke such doubts. ■



South Africa

Light-bulb moment

Cyril Ramaphosa has made a good start. But to beat corruption, he must relax state control of business

ESKOM, SOUTH AFRICA'S state-owned electricity monopoly, is in crisis. So said Cyril Ramaphosa, the country's president, in his annual "state of the nation" speech on February 7th. He was not exaggerating. Four days later cities were plunged into darkness as South Africa endured its biggest blackout ever. Some 40% of its total capacity was switched off, forcing mines and factories to close and all but the wealthiest to reach for candles. It was an undignified end to Mr Ramaphosa's first year in office (see Middle East & Africa section).

South Africans had grown used to power cuts under his predecessor, Jacob Zuma, whose cronies looted and mismanaged nearly everything the state controls. Mr Zuma hollowed out institutions, appointed crooks and liars to senior jobs and ensured that the watchdogs who are supposed to stop corruption were muzzled. Some state-owned firms, such as Eskom and South African Airways, were bled so dry that their debts threaten the stability of South African banks and even the country's credit rating. South Africans expect better from Mr Ramaphosa. Will he live up to his promises?

He has made a good start, cleaning out the boards of state-owned companies and appointing watchdogs with teeth and the inclination to use them. Shamila Batohi, a tough lawyer from the International Criminal Court in The Hague, recently started work as the country's chief prosecutor. A judicial commission into allegations of "state capture" under Mr Zuma has heard riveting testimony about how firms allegedly funnelled cash to politicians for state contracts. One minister's daughter was said to have crashed so many freebie sports cars that she was offered driving lessons, too.

No one doubts that Mr Ramaphosa sincerely wishes to uproot



corruption. And his hiring of honest cops and prosecutors is an essential step in that direction. But he will struggle unless he also tackles some of the underlying enablers of graft. One problem is that many in the ruling African National Congress (ANC) believe that the party should control all the levers of power, and that the government should control "strategic" sectors such as power plants, railways and ports. A tradition of "deploying" party loyalists to run state-owned firms transmogrified, under Mr Zuma, into a habit of planting cronies into positions that enabled them to steal. The leftists in the governing coalition still say South Africa needs a "developmental" state to steer investment. In fact, state interference has repelled investment. By one estimate, had Mr Zuma been a benign steward, the economy would be 25% bigger.

Mr Ramaphosa plans to split Eskom into generation, distribution and transmission businesses to make it clearer which bits are losing money. He should go further. The state should not be generating power at all. It should break up and sell Eskom, and regulate the companies that buy it. The same goes for the state

firms that run airports, fly planes and dig up diamonds.

There is a risk that privatisation could be corrupted. State assets could be transferred cheaply and opaquely to ANC bigwigs claiming to promote "black economic empowerment", just as private assets have been in the past. However, this risk can be mitigated if assets are sold via transparent auctions and the markets thus created are regulated properly. Also, consumers will have to start paying their electricity bills, something many have grown used to avoiding. If Mr Ramaphosa wants to be remembered as the president who turned the lights back on, he will need to harness the power of the market. ■

America's safety-net

Don't put work requirements on Medicaid

Arkansas has tied poor people's access to health care to work. It is an ill-judged experiment that should go no further

ONE THURSDAY in January 2018, while cable-news shows were scandalised by the latest leak from the White House, the Trump administration made a change to America's safety-net. The new rule lets states experiment with forcing recipients of Medicaid to work, volunteer or study in exchange for their government-funded health insurance (see United States section). It attracted little attention at the time. Yet because about 75m poor Americans rely on Medicaid for their health care, this decision has the potential to affect an awful lot of people.

So far, only one state—Arkansas—has imposed extensive work requirements on Medicaid. Fourteen other states have applied to follow its example. They should look at what has happened in Arkansas and think again.

The theory behind tying cash benefits to work requirements

is sound. Asking people to do something in exchange for a payment can build political support for welfare programmes. Without the requirements, beneficiaries are easily dismissed as scroungers. Moreover, encouraging people back into work is the best anti-poverty scheme.

Even so, tying health care to work is a mistake, for two reasons. The first is practical. Safety-net programmes work best when they are simple, well-understood and governed by rules that are easy to administer. The Arkansas experiment fails this test. To be eligible for Medicaid, you must earn less than \$17,000 a year and must prove that you are working, studying or taking care of young children or infirm relatives for at least 80 hours a month. Many people who earn so little have unpredictable patterns of work. One month they will put in enough hours to meet ►

▶ the criteria for eligibility, the next they will not.

Worse, Arkansas made it unnecessarily hard for people to register their work effort. In a state with one of the lowest rates of internet usage, Medicaid recipients had to log their working hours on a website that shut down between 9pm and 7am. As a result, 18,000 of the approximately 80,000 people who were asked to report their schedules lost their coverage.

Supposing these problems can be overcome, tying access to health care to work is still wrong, because it is based on a misconception about incentives. When the Trump administration announced the new policy, it observed that “higher earnings are positively correlated with longer lifespan.” That is true, but the White House has the causation backwards: healthy people lead longer, more productive lives. People do not work in order to be

healthy; they can work because they are healthy already.

Medicaid does have a problem with work incentives, but it is not the one the White House has identified. When the Affordable Care Act, aka Obamacare, became law, the intention was that low-income Americans would either be eligible for Medicaid or for government subsidies to help them buy their own, private insurance policies. In fact 14 states decided not to implement part of the law. That left about 2m Americans in limbo, earning too much to qualify for Medicaid but too little to be eligible for Obamacare subsidies. In these 14 states, people whose earnings are close to the cut-off for Medicaid eligibility can lose their health insurance if they work a few more hours. This is a huge disincentive to extra work. If states want to fix the real problem with Medicaid, that is where to look. ■

The politics of religion

Muslims are going native

Islam in the West is experiencing a little-noticed transformation

ISLAM FRIGHTENS many in the West. Jihadists kill in the name of their religion. Some Muslim conservatives believe it lets them force their daughters to marry. When asked, Westerners say that Islam is the religion they least want their neighbours or in-laws to follow. Bestselling books such as “The Strange Death of Europe”, “Le Suicide Français” and “Submission” warn against the march of Islam.

Fear of terrorism, not least the danger that jihadists returning from Syria will cause bloody havoc at home, and the rise of anti-immigrant populism are leading governments to try to control Muslims. President Donald Trump has banned travellers from some Muslim-majority countries; France and other states have banned Muslim head- or face-coverings.

However, Western Islam is undergoing a little-noticed transformation. As our special report this week sets out, a natural process of adaptation and assimilation is doing more than any government to tame the threat posed by Islamic extremism. The first generation of Muslim workers who migrated to the West, starting in the 1950s, did not know how long they would stay; their religious practices directed by foreign-trained imams were tied to those of their countries of origin. The second generation felt alienated, caught between their parents’ foreign culture and societies whose institutions they found hard to penetrate. Frustrated and belonging nowhere, a few radicals turned to violent jihad.

Today the third generation is coming of age. It is more enfranchised and confident than the first two. Most of its members want little truck with either foreign imams or violent jihadist propaganda. Instead, for young Muslims in the West, faith is increasingly becoming a matter of personal choice. Their beliefs range from ultra-conservative to path-breakingly liberal. Some prominent scholars allow female converts to keep non-Muslim husbands; a few congregations conduct weekly prayers on Sundays, because the faithful go to work on Fridays; there are even women-led mosques. At the same time Western institutions are gradually opening up to Muslims. London and Rotterdam are both run by Muslim mayors. Two Muslim women, one of them

veiled, were voted into the United States Congress last year.

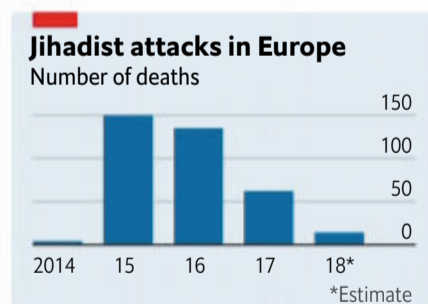
How can Western governments encourage this transition? Their main task is to focus on upholding the law rather than try to force Muslims to change their beliefs. The West is enjoying a decline in attacks by jihadists. The number they killed in Europe fell from over 150 in 2015 to 14 last year. Attacks not only threaten lives and property, they also set back relations between Muslims and those around them. That is why criminality must be dealt with firmly by the law and the intelligence services.

The trouble is that governments frequently lump in criminal actions with regressive norms. Germany is leading a drive to curb foreign influence of mosques, train imams and control funding. France wants to cajole Muslims into a representative body. They are echoing the Muslim world, where Islam is often a state religion that is run, and stifled, by governments.

However, the top-down nannying of religion risks a backlash. Heavy-handed interference will alienate communities whose co-operation is needed to identify potential terrorists and abusers among them. Put on the defensive, Muslims will deepen communal identities and retreat into the very segregation that intervention is supposed to reverse.

Rather than intervene in doctrine, it is better to deal with social conservatism through argument and persuasion. That can make for testy debate. This week Ilhan Omar, a Democratic congresswoman from Minnesota, had to apologise for peddling anti-Semitic tropes. The trickiest balance is over how to counter the radicalisation of Muslims, whether online or in prisons. This often involves vulnerable young people becoming more devout before turning to violence. But there are signs of progress. Although young Muslims are conservative by the standards of Western society (eg, on gay schoolteachers), they are more liberal than their elders.

Islam belongs to Western history and culture. Muslims have governed parts of Europe for 13 centuries; they helped kindle the Renaissance. If today’s varied and liberal form of Islam continues to flourish, it may even serve as an example of tolerance for the rest of the Muslim world. ■



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We want a proper contest

You are right that Donald Trump could have picked a less-qualified American than David Malpass to lead the World Bank, but you are wrong in thinking that the rest of the world should sigh with relief, hold its nose and accept him (“A qualified pass”, February 9th). Nominations for the job are open for another month. Until then, the shareholders, and *The Economist*, should keep an open mind. When all the candidates are known, the bank’s board can assess them against the qualifications it has agreed on, which does not include being the candidate nominated by America.

In the 21st century the World Bank will have a useful future only if it can evolve into a club of countries with the resources and legitimacy to tackle a growing list of shared challenges such as climate change, financial instability, the refugee crisis, pandemics and boosting investment to build prosperity. The informal bargain that lets America decide who should lead the bank was an anachronism even when it was struck more than 70 years ago. It should now be consigned to history, especially as the bank no longer depends on American financing. The Europeans may worry that they will therefore lose the right to nominate the head of the IMF: good. Both institutions deserve better.

OWEN BARDER
Centre for Global Development
London

The left and Latin America

Regarding “¡Hasta la victoria Corbynista!” (February 2nd), the overthrow in 1973 of the democratically elected socialist president of Chile, Salvador Allende, had a profound impact on the British labour movement. Such was the strength of feeling that the Wilson and Callaghan Labour governments (1974-79) took the unusual step of imposing a unilateral British arms embargo on the Pinochet regime, as well as withdrawing Britain’s

ambassador from Santiago and welcoming thousands of Chilean refugees to Britain. It was an early example of an “ethical” foreign policy.

The support of the United States for Pinochet’s coup, as well as for military governments in Brazil, Uruguay and Argentina—regimes responsible for the disappearance of thousands of their own citizens—helps explain the scepticism of the left, both in Britain and Latin America, about Donald Trump’s motives in Venezuela today.

GRACE LIVINGSTONE
Centre of Latin American Studies
University of Cambridge

Unease in the Commonwealth

To say that the scandals involving Virginia’s top three elected officials, all Democrats, began with Governor Ralph Northam’s “clumsily worded defence of a loosening restriction on abortion” is an understatement (“These are the breaks”, February 9th). Mr Northam actually suggested that a child could be aborted after birth, outside the womb.

The details are important because during our statewide elections, these men and their supporters lectured Virginians on morality, racism and misogyny. The most memorable example is a political ad that showed a Republican in a pickup truck attempting to run down children from ethnic minorities. Now Mr Northam and Mark Herring, the state attorney-general, are accused of racism for wearing blackface as young men and Justin Fairfax, the lieutenant-governor, faces claims of sexual assault.

Neither party has a monopoly on moral duplicity. But the seeds of our local scandals were planted long before the governor’s abortion gaffe. They were sown when these particular politicians pontificated about morality during their bids for office. Their immaturity and insensitivity as young men does not disqualify our governor or attorney-general from leadership. Neither does the accusation of sexual as-

sault without an investigation disqualify our lieutenant-governor. Nor are the three men’s hypocrisy legal grounds to dismiss them. But a second woman has accused Mr Fairfax of sexual assault and all three men vow to remain in office. I’m making more popcorn.

JOHN BLAIR
Fairfax, Virginia

Vaccination is essential

Public health across Europe is indeed being damaged by the populist campaign against vaccination (Charlemagne, January 19th). These are developed economies where information is easily available, and where parents are increasingly apprehensive about vaccinating their children. The Syriza-led government in Greece has contributed to this by legislating in a manner that enhances the “me-first libertarianism and anti-expertise herd mentality” that Charlemagne described. In September 2018 the Ministry of Health issued a circular allowing parents who do not want to vaccinate their children to opt-out for personal reasons, despite the fact that child vaccination has been mandatory since 1999. With this laissez-faire approach the Greek government has outperformed the demagoguery of even the Italian Five Star Movement. The decision is peculiar given that Syriza favours robust state intervention in other policy areas.

There are compelling reasons why governments should require vaccinations for all children, rather than leaving it to parents to decide. After an absence of several decades, last year Greece saw the return of measles with 3,500 confirmed cases and four deaths. The government is exposing its citizens to preventable infectious diseases. This fails one of the core functions of the state, the provision of public goods. It fails in particular to establish a herd immunity, which ensures a level of vaccination coverage that is adequate to prevent a disease from spreading and thus protect people who cannot be vacci-

nated: those with impaired immune systems, the elderly or simply the most vulnerable.

DR DOMNA MICHAÏLIDOU
Athens

A view on Ruskin

It’s a pity that Bagehot’s column on what we can learn from John Ruskin (February 9th) didn’t take the opportunity to plug “John Ruskin: The Power of Seeing”, an exhibition at Two Temple Place, a remarkable venue in London. It bears out all that Bagehot says.

DAVID BENTLEY
London

That pesky pisco

Bello’s column about cherries from Chile was wonderful (January 19th). Except for the part where it inaccurately labelled Peru’s pisco as a grappa. Pisco from Peru is a brandy, most closely resembling cognac. Grappa uses stems, seeds and skins (referred to as pomace) in its production. Pisco has no additives; that not only includes no pomace, but also covers an absence of added sugars or colouring, which explains why it is rested in clear non-reactive vessels rather than aged in wood.

FRANCINE COHEN
New York

Lift humour

Reading about the placebo effect on pedestrians of buttons at road crossings (“A pressing problem”, January 26th) I am reminded of the close-door button in lifts, which has been made inoperative in many buildings around the world. The idea that these elevator buttons could also raise people’s hopes is wrong on so many levels.

ANURAG CHATRATH
Mukteshwar, India

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WASHINGTON, DC

Do the radical left's ideas about "democratising" the economy make sense?

WHEN THE Berlin Wall fell in November 1989, many consigned socialism to the rubble. The end of the cold war and the collapse of the Soviet Union were interpreted as the triumph not just of liberal democracy but of the robust market-driven capitalism championed by Ronald Reagan in America and Margaret Thatcher in Britain. The West's left embraced this belief, with leaders like Tony Blair, Bill Clinton and Gerhard Schröder promoting a "third way". They praised the efficiency of markets, pulling them further into the provision of public services, and set about wisely shepherding and redistributing the market's gains. Men such as Jeremy Corbyn, a hard-left north London MP as far from Mr Blair in outlook as it was possible to be, and Bernie Sanders, a left-wing mayor in Vermont who became an independent congressman in 1990, seemed as thoroughly on the wrong side of history as it was possible to be.

Alexandria Ocasio-Cortez was not quite four weeks old when the wall fell. Her childhood was watched over by third-way politics; her teenage years were a time of remarkable global economic growth. She entered adulthood at the beginning of the global financial crisis. She is now the youngest woman ever to serve in Congress, the subject of enthusiasm on the left and fascinated fear on the right. And, like Mr Corbyn and Mr Sanders, she explicitly identifies herself as a socialist. Their democratic socialism goes considerably further than the market-friendly redistributionism of the third way. It envisages a level of state intervention in previously private industry—either directly, or through forced co-operativisation—that has few antecedents in modern democracies.

For the American generation which has grown up since the downfall of the USSR, socialism is no longer the boo word it once was. On the left, a lot of Americans are

more sceptical than they used to be about capitalism (see chart 1 on following page). Indeed, what might be called "millennial socialism" is having something of a cultural moment. Publications like *Jacobin* and *Tribune* bedeck the coffee tables of the hip, young and socially conscious. No film has ever made trade unions look cooler than last year's "Sorry To Bother You", written and directed by Boots Riley, a rapper and activist. When Piers Morgan, a British television presenter, found it impossible to believe that a young interviewee might come from a left beyond Barack Obama, her response quickly turned up on t-shirts: "I'm literally a communist, you idiot".

The fight you choose

This currency aside, avowed socialists are still a rarity in America's political class. But when Ms Ocasio-Cortez or Mr Sanders speak of the need for radical change, the disappointments and damage experienced in the past 30 years give their words resonance across a broad swathe of the less-radical but still disenchanted left. These people saw their third-way leaders support misguided foreign wars and their supposedly robust economy end up in a financial crisis. They feel economic growth has mainly benefited the rich (see chart 2 on subsequent page) and that ideologically driven spending cuts have been aimed at ►►

▶ the poor. They are angered by a global elite they see flitting from business to politics and back again, unaccountable to anyone, as economic inequality yawns ever wider (though the picture is more complex than that: see chart 3 on next page). The presence of Donald Trump in the White House underlines their discontent—as does, indelibly, the unchecked rise of greenhouse-gas emissions alongside global GDP, endangering, in many young eyes, their very future.

In response to this mood on the left, some parties which once embraced the third way have tacked decisively towards policies that seemed inconceivable ten years ago; see, for example, the embrace of Medicare for All by America's Democratic presidential hopefuls. Other parties are dwindling into insignificance, overshadowed by more radical alternatives. Jean-Luc Mélenchon, a far-left candidate who championed a 100% marginal income-tax rate on high earners in the French presidential election of 2017, comfortably outpolled the country's mainstream socialists. Indeed, in the first round he got a vote 80% that of Emmanuel Macron's.

This swing within the left is not necessarily a new path to power. Indeed, many caught up in it fear quite the reverse. Having achieved a better result than many expected in the election of 2017, Labour still sits behind Britain's chaotic Conservatives in opinion polls. Though some far-left parties may do well in the forthcoming elections for the European Parliament, they are unlikely to make up for the loss of support suffered by the centre left. Primary voters may be enthusiastic about the cornucopian environmentalism of Ms Ocasio-Cortez's "Green New Deal"; but many senior Democrats fear that it will scare away more voters than it entices.

Many on the right agree, with relish. When President Trump asserted in his State of the Union address on February 5th that "America will never be a socialist country" it was not because he fears a socialist ascendancy. It was because he thinks that the majority of Americans, including many Democrats, will look askance at such a prospect. "America was founded on liberty and independence, and not government coercion, domination, and control," Mr Trump told Congress. "We are born free, and we will stay free." Socialism versus capitalism is still an easy call for most Americans; socialism versus freedom is about as done as a deal gets.

Millennial socialists, though, have their own ideas about freedom. They are not satisfied with the protection of existing freedoms; instead, they want to expand and fulfil freedoms yet to be obtained. Spreading economic power more widely, they say, will allow more people to make choices about what they want in their lives, and freedom without such capabilities is at

Better than the alternative?

United States, positive views about capitalism and socialism by Democrats and Democratic-leaning independents, %



best incomplete. Bhaskar Sunkara, founding editor of *Jacobin*, makes an analogy to India: what is the point of an ostensibly free press if a huge share of the population is unable to read?

Seizing power

Much of what the centrist left believed in the 1990s and 2000s has since been abandoned, not just by vanguardist millennial socialists, but by a broad swathe of left-wing opinion. The median supporter of left-wing parties is increasingly sceptical about free trade, averse to foreign wars and distrustful of public-private partnerships. What they still like is the income redistribution that came with those policies. They want higher minimum wages and a lot more spending on public services. Mr Sanders and Ms Ocasio-Cortez have energised young Americans by promising free college tuition; Labour promises the same in England and Wales.

Many entirely non-socialist Europeans will see nothing that remarkable about publicly paid-for health care and educa-

tion: America starts from an unusual position in such matters. But almost any country would be staggered by a government initiative as all-encompassing as the Green New Deal resolution that Ms Ocasio-Cortez and Ed Markey, a senator from Massachusetts, have introduced into Congress.

As well as promising emissions-reduction efforts on a scale beyond Hercules at a cost beyond Croesus, in framing global warming as a matter of justice, rather than economic externalities, it promises all sorts of ancillary goodies, including robust economic growth (which some hard-line greens will have a problem with) and guaranteed employment. It abandons the economically efficient policies that have been the stamp of America's previous, failed attempts to bring climate action about through legislation, most notably those in the cap-and-trade bill Mr Markey sponsored in the late 2000s. This is hardly surprising; the most popular text on global warming in left-wing circles, Naomi Klein's "This Changes Everything: Capitalism vs the Climate", derides such market-based mechanisms.

Millennial socialists want to do more than boost the incomes of the poor, create better public services and slash emissions. "Keynesianism is not enough," in the words of James Meadway, an adviser to John McDonnell, Mr Corbyn's shadow chancellor. It is also necessary to "democratise" the economy by redistributing wealth as well as income.

In part, this is an economic argument. Having a wage but no wealth increasingly means settling for a lower standard of living. In recent decades and in rich countries the share of total income accruing to owners of capital (in the form of profits, rent and interest) has risen, while the share paid to labour (in the form of salaries and benefits) has dropped. This means the incomes of people with lots of capital will diverge from those who have none. If the predictions made by Thomas Piketty, a French economist noted for his studies of wealth inequality, prove correct—something that many economists doubt—the total amount of capital in the economy will continue to rise relative to GDP, further compounding the advantage of wealth-holders.

But the argument for redistribution of wealth goes beyond economics—and its roots spread far beyond the socialist canon. James Harrington, a political theorist of the 17th century, wrote that "Where there is inequality of estates, there must be inequality of power." He saw a reasonably even distribution of wealth and the freedom of democratic politics as two sides of the same coin. His ideas were a strong influence on America's founding fathers. John Adams wrote that "Harrington has shewn that Power always follows Property." Though Thomas Jefferson plumped for ▶



▶ “life, liberty and the pursuit of happiness” as the rights to be mentioned in the Declaration of Independence, he was inspired by John Locke’s trinity of life, liberty and property, and his love of the yeoman farmer stemmed from his belief that those who produced their own food never needed to bend to the will of another, and thus were truly free.

Well before Karl Marx started to write about alienation, the idea that people treated only as factors of production would not only lack true freedom, but also other opportunities to reach their full potential, was a mainstay of Enlightenment thought. Adam Smith worried that the factory system, where workers simply turned up and followed the instructions of capitalists, would make its participants “as stupid and ignorant as it is possible for a human creature to become.” John Stuart Mill, who valued political freedom above all else, also predicted that under capitalism people would become passive, dull wage-slaves; he wanted to see many more working in co-operatives. The echoes of Harrington, Smith and Mill are clear in the works that articulate the views of today’s left, from Mark Fisher’s “Capitalist Realism” to David Graeber’s “Bullshit Jobs”. Globalisation, in their eyes, is less an engine for prosperity and more a generator of insecurity, unfreedom and unfairness.

Share-taking democracies

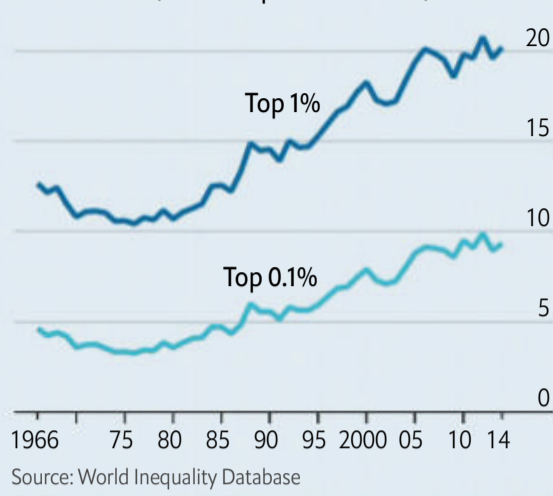
On this reading, today’s task is to redistribute the economy’s stock of wealth—and thus political power, freedom, self-worth and prosperity.

How best to do this is hotly debated. Some are keen on a centralised path. Matt Bruenig of the People’s Policy Project, a crowd-funded think-tank, touts “social wealth funds” through which the state could accumulate stakes in equity, bond and property markets, subsequently disbursing a share of the resulting income as a “universal basic dividend”. Norway and Alaska already have something akin to this, though funded by oil wealth. Others are sceptical of such measures. A policy paper commissioned for the Labour Party argues that such state-planning risks creating “a small private and corporate elite”, resulting in “little democratic scrutiny or debate”. Receiving a monthly cheque from the state social wealth fund would be nice, but would ordinary people feel empowered?

That concern is one reason why the left, generally well disposed to welfare spending, is divided on the question of universal basic income—despite, or perhaps because of, the support such schemes also have from some on the right. Mr Graeber and Andy Stern, an American trade unionist, are among those who have expressed support for the idea. Others worry that under such schemes “we gain ‘free time’, but we

Third ways and means

United States, share of pre-tax income, %



lose the historical agency we have as workers...we are seen as passive, alienated, taking as given a world shaped by others,” as John Marlow, an economist, argues in a recent edition of *New Socialist*, a journal.

A possibility for the centralised redistribution of wealth more compatible with the dignity of labour might be endowing all children with “baby bonds”, a policy Gordon Brown tried in Britain and which Cory Booker, another senator running for president, champions in America. But many see a stronger case for transfers of wealth at a sub-national scale, such as through the expansion of worker-owned co-operatives, which at present form a small proportion of firms in America and Britain.

Die Linke, Germany’s most left-wing party, has promised “to create suitable legal forms to facilitate and promote the joint takeover of enterprises by the employees.” In the Accountable Capitalism Act offered by Elizabeth Warren, another Democratic hopeful—though not, she insists, a socialist—workers would elect 40% of the members of corporate boards. That is not the same as seizing a chunk of the firm’s capital. But Senator Warren has other plans for redistributing wealth. She has proposed an annual tax of 2% on the wealth of Americans with a net worth of more than \$50m, 3% on those worth more than \$1bn.

Perhaps the most radical detailed plans for the “democratisation” of an economy put forward by a mainstream party are Labour’s. It says that it will double the size of the co-operative sector if elected, and that private firms of over 250 employees will have to transfer 10% of their shares to a fund managed by “workers’ representatives”. Staff would be entitled to dividends from the shares; the representatives would have a say in how the company was run.

Modern times

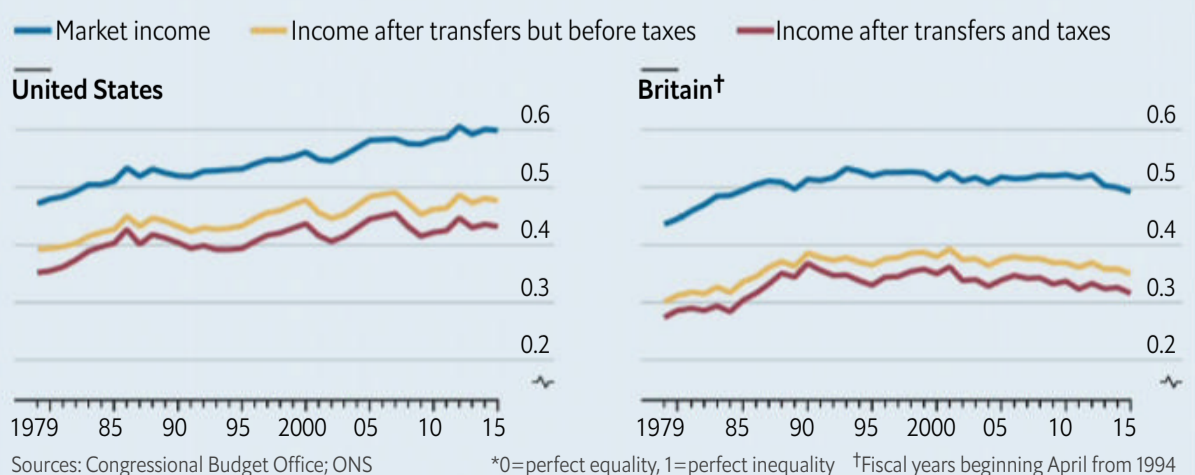
As far as public services are concerned, shareholders of England’s water utilities would be bought out and “regional water authorities” created in their place, to be run by “councillors, worker representatives and representatives of community, consumer and environmental interests”. Similar steps would encourage local energy provision. Proponents of such reforms speak glowingly of Paris’s municipal government, which a decade ago brought its water companies in-house and has created a mechanism for enabling local people to hold the new operation to account.

Buying up chunks of the economy at the same time as greatly increasing public services would be a costly undertaking. Some on the socialist left try to wave this aside by invoking “modern monetary theory” (MMT), which holds that the primary constraint on government spending is not how much money can be raised through tax or bonds, but how much of an economy’s capital and labour the state can use without sparking rapid inflation. Adherents of MMT note the lack of inflation seen since the financial crisis, despite big deficits and governments printing money to buy bonds through “quantitative easing”. Many on the left have come to see the concerns that the right raises about deficits—which tend to surface only when it is not in power—less as economic prudence than a partisan politics of impoverishment.

Scholars such as Stephanie Kelton of Stony Brook University, who has the ear of various left-wing Democrats, suggest the ▶▶

Inequality as it is

Gini coefficient*, household-adjusted



Even Cupid
needs the
occasional
archery lesson.


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OPERATING WORLDWIDE

► very notion that spending must at some point be paid for by tax should be scrapped. Only when government spending pushes an economy beyond its capacity to produce goods and services should it be cooled using spending cuts and tax increases.

Let the billionaires bleed

Resistance to millennial socialism comes in various forms. Critics may believe that the socialist goals are bad ones; that, as a matter of fact, their policy ideas will not achieve those goals; that, even if the policies were to work, they would be too illiberal to stomach; or that, whether they work or not, they will cost the critic money. It is possible to hold all four of these positions at once in various degrees.

Take MMT. Most economists strongly resist the idea that governments can spend so freely, and such disagreement can easily be found on the left as well as the right. They also doubt that governments would, in fact, be able to cut spending or raise taxes when called on to do so by the tenets of the theory. And if a government were to do so, its actions could be quite regressive. Jonathan Portes of King's College, London, points out that under MMT a country facing a combination of weak growth and high inflation, as Britain did in 2011-12, would require spending cuts rather than the increased stimulus called for by Keynes. The Labour Party, which was at that time decrying government austerity, has none of the sympathy for MMT seen in some of its fellow travellers across the Atlantic. "MMT is just plain old bad economics, unfortunately," says Mr Meadway.

The non-MMT answer to "how to pay for it all" is usually to soak the rich. This is not always as popular a policy as some imagine, but today it does look like quite an easy sell in America. Unfortunately it yields less money than many on the left suppose. The best estimates of the extra revenues Labour might raise through the tax increases it plans for high earners suggest there may be none at all, in part because the rich may simply work less. The party is ignoring more reliable revenue raisers, like taxes on consumption and property. Yet its policies call for lots more government spending.

Ms Ocasio-Cortez has suggested a marginal tax rate of 70% on incomes above \$10m; one estimate puts the extra annual revenue at perhaps \$12bn, or just 0.3% of the tax take. The original New Deal cost a great deal more than that. Even if ambitious new steps were taken to stop the rich from hiding their lucre in tax shelters, a broader tax base would be required. There would be little help from Ms Warren's wealth tax, which would discourage those whose wealth was the business that earned them their income and would be immensely hard to administer. Mr Sanders's policy of increasing the inheritance tax, which in-

troduces much less distortion, is a better one. But it would still be a hard sell for relatively little return.

Higher taxes on the rich can be about more than revenue. Emmanuel Saez and Gabriel Zucman, two economists, argue in favour of Ms Ocasio-Cortez's tax plan on the grounds that shrinking top incomes is necessary to prevent America from sliding into oligarchy. Such plans can be read simply as punitive populism: billionaires are not very well regarded on the left, and thinning their number has an appeal all its own. The rich are well aware of this. It would be wrong to assume that Michael Bloomberg, a businessman and former mayor who may run for president, was motivated by the threat to his considerable personal wealth when he recently suggested that Ms Warren's wealth tax threatened to make America a new Venezuela. Though, taken at face value, his hyperbole shows a profound pessimism about the durability of American institutions, his broader point is that once you start saying some people are just too rich, where do you draw the line?

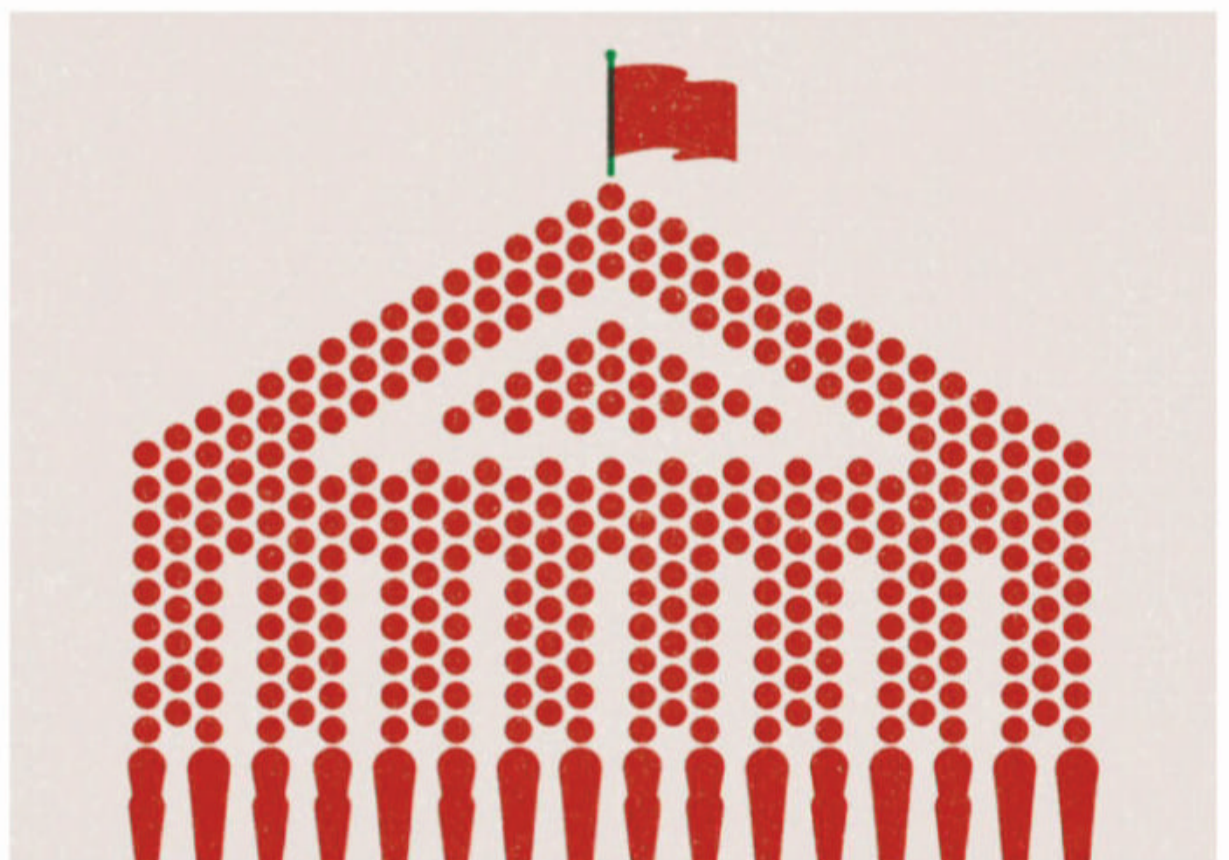
However paid for, efforts to "democratise" the economy have their own problems. It is possible for companies partly controlled by their workers to raise capital. The German principle of "co-determination", which aims to give shareholders and employees an equal say in the decision making within firms, has not hit the country's international competitiveness. But some investment will surely either be scared off or rationally choose other destinations, depending on the circumstances and/or your perspective.

There is also a risk of capture. A lot of people may feel they have better things to do of an evening than discuss metering

policy down the water company. Trade-union officials and government lackies may feel differently. Experience suggests that firms run by people close to the state may come under pressure to give contracts to political insiders rather than to the best supplier, and that they will often give in. A worry from the left is that workers on boards might, in self-interest, behave as badly as they think capitalists do.

Even if there were not so many legitimate causes for concern, and even setting aside their own interests, many liberals and conservatives would still be against policies explicitly aimed at appropriating private wealth for the common good. They see the confiscation of private property as an infringement of liberty just as sincerely as some socialists see it as the road to a wider popular freedom. That is a powerful argument, all the more so if it is offered alongside its own set of more acceptable approaches to empowering those currently without the capacity to exercise all their freedoms.

The possibility of the Green New Deal being enacted in all its pomp is nugatory. Seeing the full range of Labour's schemes for worker empowerment established is unlikely. And therein lies a paradox facing millennial socialism. An unremitting pursuit of radicalism could easily contribute to defeat for the broader left. A more incrementalist approach will be too slow to deliver for the impatient young, not to mention their elderly leaders. Unless, that is, precipitating events as head-over-heels as the fall of the Berlin Wall intervene. Judge them, then, in decades to come, when Ms Ocasio-Cortez is either forgotten—or the *grande dame* of a Washington risen again from the waves of sea-level rise through monumental public works. ■





The safety-net

The Arkansas experiment

LITTLE ROCK

Arkansas is the first state to put work requirements on health insurance for the poor, with worrying results

CASEY COPELAND'S addiction to heroin landed him in jail, but he came out scared straight. Without a job, he signed up for health insurance through Medicaid, the government health-insurance programme for the poorest, and took up volunteering at a charity that helps the homeless. Mr Copeland thought that was that. He was unaware of the work requirement Arkansas had recently put on the programme and didn't notice the letters from the state that were piling up. After three months of non-compliance his insurance was cancelled. Mr Copeland is reapplying, but in the meantime he is uninsured. He had to return the machine to treat his sleep apnea, a condition which causing breathing difficulties. Mr Copeland is sanguine about this even as he recounts that without the machine he once stopped breathing 17 times in a single night.

In January 2018 the Trump administration signalled that, for the first time since Medicaid was introduced in 1965, it would grant waivers to states allowing them to place "community engagement" conditions on the programme. Able-bodied adult recipients would need to work, volunteer

or study for a set number of hours to keep their coverage. It is the most significant change to welfare policy of Donald Trump's presidency. According to estimates by the Kaiser Family Foundation, a think-tank, if similar requirements were implemented nationwide, between 1.4m and 4m people would lose coverage. Fifteen states, almost all Republican-led, quickly applied. Arkansas became the first to implement the new rules, starting in June 2018.

The big reforms to cash welfare during the 1990s came about in a similar way. States were granted authority to experiment with making benefits conditional on work and introducing lifetime limits. Eventually these were codified nationwide under Bill Clinton. The arguments in favour are the same now. "This is an effort to essentially be compassionate and not to trap people onto government programmes or to create greater dependency on public assistance," says Seema Verma, the administrator for the Centres for Medicare and Medicaid Services (CMS). "If you're living in poverty, you need more than just a Medicaid card. You need a pathway out of poverty," notes Ms Verma. Asa Hutchinson, the

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governor of Arkansas, takes a similar line. "It's balancing that compassion with the other value of our country, which is responsibility," he says.

The preliminary results from the Arkansas experiment look alarming: 18,000 people lost their health insurance in the first six months because they did not comply with the requirements. Confusion seems widespread. Many only realise they have lost insurance in the pharmacy, after trying to pick up a prescription they can no longer afford. In some months more than 90% of those required to report their activities did not. For the first few months reporting could only be done online. More than 20% of those affected did not have access to the internet; those that did found the website, which shuts down between 9pm and 7am, clunky and complicated.

In theory, placing work requirements on welfare programmes can result in higher employment and less government spending. In Arkansas, though, the labour-market effects are hard to detect. State officials point to a report showing that over the first six months of the new policy 4,400 Medicaid participants found work. But it is unclear whether people are moving from unemployment to work or merely switching jobs. Similar numbers before the work requirement went into place, which would allow for comparison, are unavailable. "There is no baseline data, and that lack of data is really concerning," says Kevin De Liban of Legal Aid of Arkansas, which is suing the state to reverse the policy.

In practice people who are eligible can ►►

▶ fail to jump through bureaucratic hoops and end up with neither work nor welfare. One of the plaintiffs in the lawsuit against the state is Adrian McGonigal, a 40-year-old chicken-plant worker with respiratory problems. Without a computer, smartphone or access to transport to a public library, he failed to meet the work requirements and lost his health coverage—which he only learned after trying to fill the prescription for his medication. Without insurance this would have cost \$800, which he did not have. Mr McGonigal went without, got sick and missed several days at work, for which he was then sacked.

Because of the volatile nature of low-wage work—in which earnings and hours change seasonally or erratically—the chances of someone working insufficient hours to meet the requirement or having an income that is temporarily over the limit, and thereby losing health coverage, is fairly high. More than 60% of able-bodied adults who receive Medicaid already work. Most of those who do not are typically in poor health, taking care of young children or disabled relatives, or in school—all of which exempt them from the work requirements. Another analysis from the Kaiser Family Foundation finds that only 6% of adult Medicaid recipients are currently not working and unlikely to fall into these exempt categories.

Understanding whether the Arkansas experiment is successful requires knowing whether those 18,000 people who lost their coverage after the new rules came in have moved on to other health insurance or employment. Yet that is strikingly difficult to find out, and the state is not trying too hard. “You’re asking who they are: I don’t have the statistical information, it hasn’t been broken down,” says Mr Hutchinson, the governor. “There’s no doubt in my mind that of those 17,000, somebody out there is healthy, has received a notice, understands the responsibility but just doesn’t do it. And what do you do at that point?” he asks.

State officials did launch an outreach campaign but found that many people in the Medicaid programme were not contactable. These people could have already moved up the income ladder, received insurance through an employer or spouse or moved out of state, says Cindy Gillespie, the director of the Arkansas Department of Human Services. Because the coverage lock-out ends every calendar year, those barred from Medicaid last year can reapply. Only 1,300 have done so—which state officials and Ms Verma see as evidence that only a few legitimately claimed the coverage. Ms Gillespie also points out that hospitals are not reporting increased uncompensated care. “We would expect that if there were a lot of people who were actually using their insurance, that we would see a

rise in uncompensated care,” she says.

Mandy Davis, the director of Jericho Way, a day centre for the homeless, sees it differently. The people she helps “get a letter and they don’t understand it, or they try to fill their medication and are denied,” says Ms Davis. “There’s the assumption that people are computer literate, or just literate to begin with.” She has helped read aloud the official letters giving notice of lost coverage to those who have trouble understanding them. “These are hard letters to read,” she says. “We’re having to find the nurses and doctors who will provide medical care for free—the same ones we used to call ten years ago.” ■

Congressional negotiations

Shutdown, shut down

WASHINGTON, DC

The federal government will remain open, thanks to the art of the retreat

“DEALS ARE my art form,” President Donald Trump once wrote. “I like making deals, preferably big deals. That’s how I get my kicks.” They are also how he gets kicked. As *The Economist* went to press, Mr Trump appeared poised to sign a spending bill that averted another government shutdown, but at further cost to his reputation as an ace negotiator.

Late last year Mr Trump initiated the longest government shutdown in recent history because Congress would not approve the \$5.7bn requested for his border wall. After watching his approval ratings drop a few points, he agreed on January 25th to reopen the government for three



Tired of winning

weeks—without funding for his wall—to give a bipartisan group of lawmakers time to hammer out a compromise on border-security spending.

Both sides, being familiar with the president’s earlier writings, staked out maximalist positions. Mr Trump insisted on his \$5.7bn. Democrats wanted to cap the number of beds available for undocumented immigrants arrested within the United States (as opposed to while crossing the border) at around 16,000 per day—well below both current levels and what the administration wanted.

The number of beds matters because of a “bed mandate” that requires America’s immigration police to fill all the beds in immigration detention centres that have been paid for by Congress. The pool of people who are eligible for deportation from America under this administration is far greater than the number of people these places can warehouse, so the more beds there are, the more can be detained for deportation later. The agreement provides funding for more than twice as many beds as Democrats wanted. But it includes around \$1.3bn for new physical fencing along the southern border—not just less than Mr Trump demanded, but less than the \$1.6bn Democrats offered him just before the shutdown.

Mr Trump initially grumbled that he was “not happy” about the deal. Sean Hannity, a Fox News personality who is among Mr Trump’s strongest backers, called it “a garbage compromise”, while Mark Meadows, who chairs the hard right House Freedom Caucus, said he could not imagine Mr Trump “applauding something so lacking.”

A few days later the spin had changed. Laura Ingraham, a Hannity-ish pundit, spun the modest amount of wall funding as a victory, because Nancy Pelosi, the House majority leader had initially said she would not give Mr Trump a single dollar for his wall. Mr Trump tweeted that the funding provided by Congress “will be hooked up with lots of money from other sources ...Will be getting almost \$23 BILLION...Regardless of Wall money, it is being built as we speak!” What those other sources might be, or where the figure of \$23bn comes from, is a mystery.

The president could yet declare a national emergency at the border and direct Pentagon funds to wall-building. But the White House would almost certainly be sued, and anyway many conservatives quail at the prospect. After all, what would stop a future Democratic president from doing the same thing and filling Texas with solar panels? And if the wall is, according to Mr Trump, already being built, then why declare an emergency? Still, if the deal allows Mr Trump to claim victory, while continuing to thump Democrats on immigration, that may be optimal for him. ■

Anti-Semitism

Old prejudice in new tweets

WASHINGTON, DC

Troubling language from two freshman representatives

IF YOUR ENEMY'S forces are united, Sun Tzu advised, separate them. Since taking power in January House Democrats have proved surprisingly united: discontent with Nancy Pelosi's speakership fizzled and the party successfully stared down President Donald Trump over his demand for \$5.7bn for his border wall. But Republicans believe they have found an issue to split their opponents: Israel. And two new congresswomen, Rashida Tlaib and Ilhan Omar, are making their jobs easier.

Ms Tlaib and Ms Omar are the first two Muslim women to be elected to Congress. Both support boycotting, sanctioning and divesting from Israel. Both have been attacked and derided for their faith. But both have also trafficked, wittingly or not, in anti-Semitic tropes.

In January Ms Tlaib tweeted that backers of a bill that would allow states to forgo doing business with companies that boycott Israel have "forgot which country they represent"—evoking the pernicious myth of Jewish dual loyalty. On February 10th Ms Omar tweeted that American politicians' defence of Israel's government was "all about the Benjamins" from AIPAC, the American Israel Public Affairs Committee, implying that they are controlled by Jewish money ("Benjamins" being slang for \$100 bills, on which the great Benjamin Franklin appears). Ms Omar apologised, though stood by her criticism of AIPAC, after the House Democratic leadership condemned her remarks. Ms Tlaib said her comments were not aimed at Jews.

Ms Omar's defenders on the left point out that AIPAC is indeed a fairly effective lobbying group. But there is a difference between arguing that AIPAC has a deleterious effect on American foreign policy, and claiming that American support of Israel is "all about" money from Jewish lobbyists. Americans from both parties and many faiths reflexively support Israel's government for a variety of reasons.

Kevin McCarthy, the top-ranking House Republican, had already accused both women of anti-Semitism, Ms Omar for a 2012 tweet that evoked stereotypes of Jewish manipulation by saying that "Israel has hypnotised the world." Liz Cheney, chairwoman of the House Republican conference, urged Democrats to remove Ms Omar from the House Foreign Affairs Committee, as has the Republican Jewish Committee. Mr Trump called on her to resign.

Yet Ms Omar did not accuse Michael Bloomberg, Tom Steyer and George Soros (all Jews) of trying to buy the 2018 mid-term elections, as Mr McCarthy did. Nor did Ms Tlaib accuse a Jewish audience of wanting to "control [their] politicians", or release a campaign ad featuring three prominent Jews (Mr Soros, Lloyd Blankfein and Janet Yellen) who "control the levers of power in Washington...[and] don't have your good in mind", as Mr Trump did in 2016. Neither Mr Trump nor Mr McCarthy offered as thoughtful an apology for their words as Ms Omar did.

It makes political sense for Republicans to foment dissent among Democrats: they are more divided over policy towards Israel than Republicans are. But if they were really concerned about anti-Semitism in American politics, they would look to the beam before the mote. ■



The Democratic primary

Amy, chasing

MINNEAPOLIS

Democrats should take a good look at the senator from Minnesota

TWO SUPPORTERS showed up on Norwegian cross-country skis; another pair stomped about happily in snow shoes; dogs came wrapped in brightly coloured winter gear. Amy Klobuchar's campaign launch in Minneapolis was not for the faint-hearted, or anyone who had forgotten to bring their gloves.

Ms Klobuchar is not widely known. Early polls (which are not worth much anyway) do not put her near the front of the pack in the Democratic primary. Yet of all the candidates who have so far declared, the senator for Minnesota may be the opponent Donald Trump would least like to

face in a general election. If that is the most important consideration for Democratic primary voters, Ms Klobuchar should be taken very seriously.

Just as it is hard to kindle a fire in wet snow, she could struggle to generate much heat or light in a busy Democratic field. Ms Klobuchar is not from a rich family, nor is she backed by big donors, most of whom are found in cities on the coasts. In a brief chat with *The Economist*, she says "I don't pretend that I'm the one with all the money right now," but "we will raise the money that's necessary—once people see me out in the snow I don't know how they can't help but give me money."

Lack of dollars is not her only problem. As a quietly industrious toiler, and sometimes uninspiring orator, she is not well-known. She has some other disadvantages in a crowded primary field. Younger or more left-wing Democrats have grabbed attention by promising universal health care soon. Ms Klobuchar talks more carefully of that as an eventual goal. Some want to abolish ICE, the federal Immigration and Customs Enforcement agency. She talks instead of welcoming migrants and ending hatred towards foreigners. Others are likelier than Ms Klobuchar to appeal to African-American voters, who will have a big say in the early primary states.

Despite all that, do not write off Ms Klobuchar. She combines a wonkish seriousness with easy joke-making in a way that has broad appeal. She was the first female senator from Minnesota and has won each victory by impressively large margins over credible opponents. Ms Klobuchar scores highly on measures of electability—an effort to quantify a candidate's electoral success when allowing for national trends, the benefits of incumbency and other factors.

In 2018, when she was re-elected as one of Minnesota's senators, she performed vastly better in the state than Hillary Clinton had two years earlier. Ms Klobuchar even won the two House districts in Minnesota that switched from Democratic in 2016 to Republican in 2018. She does well in rural areas, including winning in 2018 in 43 counties that Mr Trump took easily in 2016. Plot Obama-Trump voters (those who switched from Barack Obama in 2012 to Mr Trump in 2016) on a map and you will find a high concentration in the Midwest.

Ms Klobuchar has already been a fairly frequent visitor to neighbouring Iowa, campaigning for fellow Democrats in territory which is a similar mixture of farming, industry and growing cities to that found in Minnesota. It is possible that her consensual, centrist demeanour will go down well with many Iowans. If polls there, and in turn caucuses next year, show the Minnesotan is popular in the Midwest, then her name recognition will improve and her money problems will ease. ■

Crime in the Bay Area

The lax tax

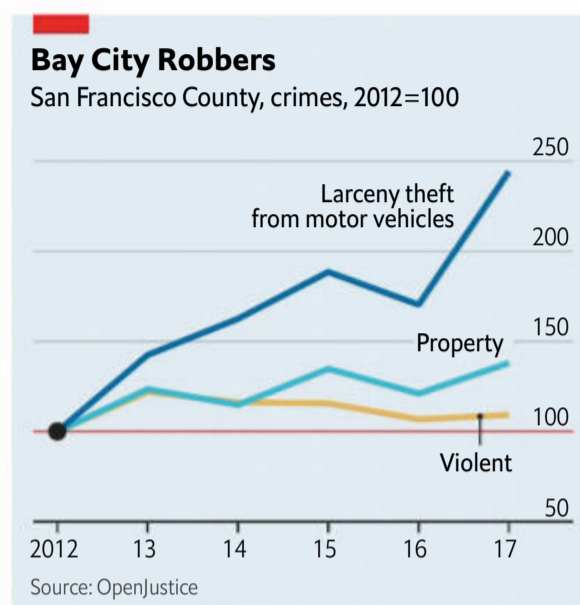
SAN FRANCISCO

Rising property crime rates are testing San Franciscans' progressive values

TWO SURPRISES greet first-time visitors to California's Bay Area. The first is that Silicon Valley is not a specific place but a booming mini-region, with no sign advertising when one has arrived or left. The second is that despite its beauty and wealth, San Francisco is one of America's grittiest cities. In some neighbourhoods people openly use drugs, defecate on the street and flagrantly steal. It feels as though law enforcement has turned a blind eye to many lesser offences.

While violent crime has been on the decline, some non-violent crimes have been rising like one of the city's hills (see chart). Among the nation's 20 largest cities, San Francisco now has the highest rate of property crime, which includes things like theft, shoplifting and vandalism, per inhabitant. In 2017 there were around 30,000 incidents of theft from cars, triple the number in 2010. "It feels like an epidemic because it is an epidemic," says Leif Dautch, a young prosecutor who is running for district attorney in San Francisco. Some of those who have been victims complain that they are not taken seriously by the justice system. According to one report from 2016, charges are filed in a mere 2% of vehicle burglaries in San Francisco.

Several factors seem to explain the rise in San Francisco's property crime. One is inequality, with the wealth of well-heeled tech executives and visitors in plain sight of those with little money and fewer oppor-



tunities. The number of unsheltered homeless people in the city rose by 48% between 2010 and 2017. Policing is another. The presence of police officers plays a strong role in deterrence, says Magnus Lofstrom of the Public Policy Institute of California, a think-tank. But since the financial crisis and ensuing budget cuts the number of officers per 100,000 residents in San Francisco has declined by around 10%.

Kombucha and kumbaya

Broader statewide pressures to reduce the number of those incarcerated may also be a factor. California has been undertaking a radical (and welcome) experiment with reforming its criminal justice system and re-

ducing its vast prison population. In 2014 Californians passed Proposition 47, which downgraded a variety of "non-serious, non-violent" crimes to misdemeanours instead of felonies. This measure has had no impact on violent crime, but it has coincided with an uptick in property crime.

In San Francisco, local prosecutors are less inclined to bring charges when there is pressure not to incarcerate people for non-violent crimes, and police do not want to pursue cases that are unlikely to result in charges. Tolerant attitudes towards crime may also be a factor in explaining why arrests and prosecutions for property crime have declined. "The Bay Area has a culture that's very tolerant of disorder. Culture is holding up general safety," says Justin McCrary, who recently moved from the law school at the University of California, Berkeley to Columbia Law School.

A continued rise in property crime would test San Francisco's progressive values. Many people have tolerant attitudes towards crime because they think it is committed by the homeless, mentally ill and those who are down on their luck. But in the case of vehicle break-ins, organised criminal gangs are behind 70-80% of incidents in San Francisco, according to the city government. In all likelihood the gangs are emboldened by the absence of prosecution. Business owners share stories of people walking through shops with calculators open on their phones, adding up the price of merchandise they plan to steal. With Proposition 47, California more than doubled the value of property required for shoplifting to count as a felony, to \$950. Some thieves feel confident that so long as their haul falls below that threshold they will face few consequences.

Changes to existing laws could help with enforcement. For example, California currently has a loophole where a car break-in, with windows smashed and something stolen from inside, is treated as a misdemeanour, unless it can be proved that the car was definitely locked. Lawmakers are also considering tweaking a law to make it easier to prosecute people for serial theft from shops, including those who act in concert with others.

Cleaning up San Francisco will not be easy. Failure to do so will carry big consequences for the city and its residents. Tourists contribute around \$9bn a year to San Francisco's economy and are frequent victims of theft. At least one large conference has cancelled its plans to host a big gathering in San Francisco because its participants expressed concern about their safety, depriving the city of around \$40m in spending. Would San Francisco ever embrace a zero-tolerance plan, as New York City did in the 1990s? It seems unlikely. But it also seems unlikely that San Francisco can keep going the way it is, either. ■



A wheel menace

Lexington | The interminable abortion war

Donald Trump thinks abortion may be an election-winner. The Democrats might even prove him right



FOR THE noisy extremists on both sides of America's abortion war, the real enemy is not each other but the more moderate majority in between them. Despite the passions the issue excites on the margins—among the 29% of Americans who think abortion should be legal in all circumstances, and the 18% who want it banned—an unyielding majority of Americans take a more nuanced view. “Abortion greys”, as they are sometimes called, have for decades thought abortion should be legal. They are strongly against repealing *Roe v Wade*, the 1973 Supreme Court ruling that recognised abortion as a constitutional right. But they don't like the grim practice, suspect it is wrong, and want it to be restricted, especially in the later stages of pregnancy.

Hence pro-lifers have seized forcefully upon the new abortion laws recently passed in New York and drafted in Virginia, which would make it easier to terminate a fetus in the third trimester. President Donald Trump describes the laws as a Democratic plot to allow “children to be ripped from their mother's womb right up until the moment of birth.” Such rhetoric has traditionally been employed by anti-abortionists, along with pictures of dismembered fetuses and threats of hellfire, as an argument for a blanket ban. Yet that is unimaginable. Even if *Roe* were overruled by the new conservative majority on the Supreme Court bench, around 35 states, run by Democrats or moderate Republicans, would carry on providing abortions regardless. Indeed, the New York and Virginia initiatives were fuelled in part by a desire to ensure uninterrupted abortion services in those states in the event that *Roe* is scrapped. The more limited curb on late-term abortions Mr Trump says he wants, by contrast, could be popular. Polls suggest two in three Americans who consider themselves to be “pro-choice” are against late-term abortions.

This tactical move among pro-lifers is part of a recent trend, and broadly welcome. Trying to represent the view of the majority is better than their longtime losing battle to shift public opinion to the extreme. But it is notable that banning late-term abortion would have little impact on the roughly 630,000 abortions carried out in America each year. Only about 1% take place after 21 weeks. And they are often a response to the sorts of exceptional circumstances, including threats to the mother's life or abnormalities in

the fetus, that existing state-level bans on late-term abortion, as well as public opinion, tend to allow. The main reason Mr Trump is harping on the issue is political.

In a tight election a tiny movement of well-placed voters can be decisive. And the voters who seem likeliest to be swayed by an argument against late-term abortions are likely to be among the most coveted next year. They are working-class Catholics, concentrated in the Midwestern states, such as Michigan and Ohio, that Mr Trump won narrowly in 2016. Hard-up and moderately religious, they tend to hold socially conservative views, but not to vote on the basis of them. Presented with an uncompromising Democratic champion of abortion rights, pro-lifers hope they might be persuaded to make an exception to that. And with the Democrats veering to the extreme on this issue, among others, that is possible. Mr Trump's emotive language, as many have noted, exaggerated the potential effect of the changes in New York and Virginia. Hardly any abortions are or would be carried out in America after 24 weeks, when fetuses are considered to be capable of feeling pain. Yet such nuance is equally absent from the way leading Democrats speak about abortion. According to Senator Kirsten Gillibrand, a 2020 hopeful, there is “zero place for politicians to be involved in these very complicated medical decisions.”

The obvious lesson, which pro-lifers appear at least temporarily to have learned, is that politicians willing to compromise have the broadest appeal. Indeed, the resistance that abortion greys have shown to the polemics of both sides, over three decades of abortion warring, is impressive. Some liberals anticipated that, post-*Roe*, Americans would become as relaxed about abortion rights as they were fast becoming about civil rights, gay rights and other liberal matters ruled on by the court. That has not happened, in part because of the abolitionists, but also because of factors beyond politicians' control. These include religious faith and developments in medicine, which have made fetuses viable at an earlier stage, provided more graphic pictures of their emergence, and made even difficult pregnancies less daunting. Such progress has made people who once saw abortion primarily as a medical issue—or, in the case of formerly pro-choice Republicans, as a social welfare and fiscal one—likelier to see it as a moral one, in which the mother and the unborn child both have a stake.

Yet the abortion war mainly illustrates how far from moderation politicians have nonetheless been pushed—first on the right, but increasingly also on the left. Until the late 1970s Republicans were deeply divided on the issue. They formed a unified view of it as a moral crisis only after the party's alignment with the religious right. The endurance of that position, even as the abortion rate has since plunged, also reflects the way energetic minorities, such as pro-lifers, have been able to control internal party debate through the primary system. On the left, in this and other ways, the extremist drift came later and is more modest. Yet Hillary Clinton's gravitation from calling abortion “sad, even tragic” in 2005 to the more conventionally pro-choice line she espoused in 2016 was a significant change.

Better late or never?

The argument over late-term abortions is worth having. At the least, most Americans seem to consider it important and necessary. But the abortion war looks essentially irresolvable. Only a drastic political realignment, to end the wider culture wars it has done so much to inflame, could terminate it. As a barrier to more productive politics, the resulting deadlock is another tragedy. ■



Fertility in Latin America

The high cost of early motherhood

ESTEBANÍA

Why so many Latin American teens have babies

“MY BODY GOT really big.” That was a shock to Radhaisis Martínez Nuñez, who was just 15 when she got pregnant. As she reminisces, a naked two-year-old streaks into her kitchen. His grandmother whisks him away. Ms Martínez, now 18, has not been back to school. She hopes to return, but now her body is changing again. She is seven months pregnant by another man (her son’s father died in a motorcycle accident, she says).

Ms Martínez lives in Estebanía, a small farming town near the Dominican Republic’s southern coast known as “*la villa de las bellas*” (“the town of beauties”). Two-fifths of its new mothers are teenagers, the highest share of any municipality in the country, which in turn has the highest rate of teen motherhood outside Africa. That is not because the women in Estebanía are beautiful, says a nurse in the town. She blames a lack of sex education and a “libertine environment”. Adults and youngsters mingle in boozy gatherings on the streets. “The mothers have one man a day, and a different one the next. It rubs off on the kids,” says the nurse.

Almost a third of Latin American women can expect to have a baby before reaching the age of 20. That is a higher rate of teen motherhood than in any region except sub-Saharan Africa, which is much poorer. Latin America has an unusually high birth rate among teens, defined as births per 1,000 women aged 15-19, for its overall level of fertility (see chart on next page). East Asia, which has fertility rates and incomes per person similar to Latin America’s, has much lower rates of teen childbearing. Latin America is the only region where births among girls younger than 15 have been rising. In Ecuador, the birth rate among under-15s tripled between 1990 and 2012.

The region’s governments have started to realise that this is a problem. Most have adopted national plans over the past decade or so to reduce teen pregnancy. Progress, so far, has been slow. Last year three

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UN agencies, including the Pan American Health Organisation, observed that “adolescent fertility rates have dropped minimally” over the past 30 years.

Premature motherhood is bad for mothers, babies and countries. Maternal mortality for girls under 16 is four times that of women in their 20s. Young mothers are less likely than older ones to seek prenatal care. That omission increases the chance that a child will have a low birth weight and learning problems later on. Latin American women marry later than do women in Africa and South Asia; thus, teen mothers are disproportionately likely to be single mothers. In Mexico, where the median age of marriage for women is 27, nearly a quarter of mothers aged 15-19 are single.

Teen childbearing derails mothers’ careers. A study from Brazil showed that it reduces women’s participation in the labour force. Often, it is the grandmother who stops paid work to take care of her daughters’ kids. In the Dominican Republic, adolescent girls who have had babies have two years’ less schooling on average than those who have not. They are less than half as likely to attend university.

Early pregnancy is partly a symptom of deprivation. Girls from poor families are both less apt to study and more likely to get pregnant. But the causation works both ways. A third of Dominican women who drop out of school in their teens say they did so because they got pregnant.

Latin American culture seems to encourage teen pregnancy, and governments ►►

► have done too little to change it. Some girls see pregnancy as a fast track to adulthood and the status it brings, says Claire Brindis, a professor at the University of California, San Francisco. “We tell people not to get pregnant, but once they do they get care, parties and attention,” she says. Darlenis, a 16-year-old mother in Estebanía, echoes her. “To be a mother, the whole world respects you,” she says.

Many girls in dangerous circumstances form new families to improve their security. Moving in with a boyfriend is often the easiest way to leave an abusive home. Girls pair up with gang members who would otherwise threaten their families, says Karen Medina, a psychologist in Honduras. Rafael Cortez of the World Bank interviewed young mothers in crime-ridden El Salvador and was surprised to learn that half had intended to get pregnant.

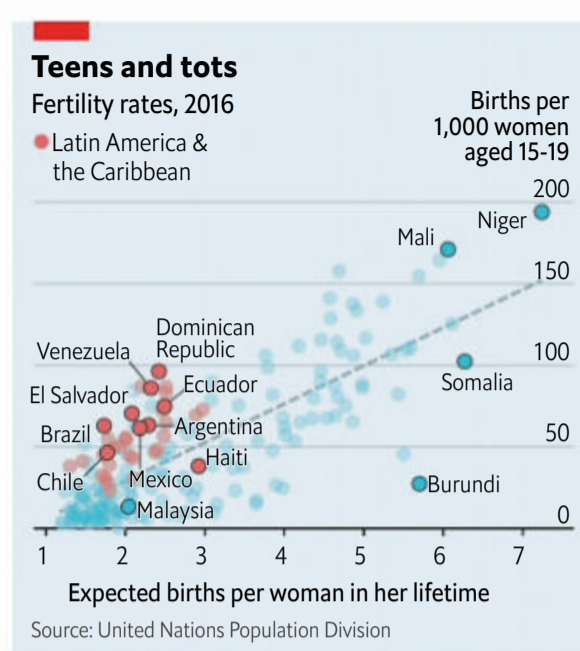
But for most teenagers, pregnancy comes as a surprise. Many schools do not offer sex education. Contraceptives can be hard to find. Ms Martínez says that Estebanía’s clinic did not have any when she sought them. Men press girls to have sex, and girls are not taught how to refuse.

The Catholic church, which is influential in Latin America, stifles discussion about sexuality. In Honduras, Catholic and Evangelical churches last year opposed the use of sex-education textbooks, even ones that did not have images of genitalia. A woman from Estebanía who gave birth at 16 recalls the church’s message on birth control: “They said that the only way to stop yourself from getting pregnant is to put a one-peso coin between your knees and make sure it doesn’t touch the ground.”

Such norms discourage governments from taking steps to reduce teen pregnancy. Experts suggest that they should offer better sex education, easier access to contraception and medical care that is not censorious. With such policies Britain and the United States have halved teen-pregnancy rates since 2000, albeit in richer societies where the opportunity cost of motherhood, in terms of income forgone, is much higher than in Latin America.

But better policies can work in Latin America, too. A school in a poor area of Bogotá, Colombia’s capital, introduced a “sexual-citizenship” curriculum, which involved older students talking to younger ones about sex. The number of pregnancies among its 4,000 pupils fell from 70 a year to zero. That sort of programme could be introduced to schools on a large scale.

Latin American governments say they are trying to cut rates of teen pregnancy. Several published plans in the past 15 years. But they often aimed at cities rather than rural areas, where the problem is gravest. Sometimes, governments simply did not implement their plans. The presidents of Argentina and Chile promised to introduce



sex education in their national curriculums. In Argentina fewer than half the provinces have adopted it. Sex education is still almost unheard of in Chile’s state schools. Mexico presented a strategy in 2015 but repeatedly shifted responsibility from one agency to another. Venezuela’s plan, unveiled in 2013, came to nothing. Its economy collapsed and the government stopped offering free contraceptives. A box

of condoms costs more than a week’s average pay (see next story).

There are some exceptions. One of the biggest reductions in teen motherhood over the past 30 years has occurred in Haiti, which shares an island with the Dominican Republic. It is the region’s poorest country but has its lowest rate of births among teens. That may be because the government is so weak that resources for programmes like discouraging teen pregnancy flow mainly through NGOs. These are more competent, and less vulnerable to political pressure, than are the agencies of many governments. The biggest reduction in the past decade has been in Colombia. That may be in part because the end of a long-running insurgency gave the state access to guerrilla-controlled areas, where teen pregnancy had been common.

The Dominican Republic plans to try again to reduce its region-topping teen birth rate. This week it launched a plan that focuses on rural areas rather than on cities. That comes too late for Ms Martínez. She is resigned to motherhood. Her children “are here now”, she says. “I have to work for them.” Perhaps her younger neighbours will have more choices. ■

Venezuela

Better dead than Yanqui-fed

CARACAS AND CÚCUTA

A despot vows to block deliveries of American aid

CORN FLOUR, HIGH-ENERGY biscuits, nappies and toilet paper are among the provisions packed into white plastic bags and piled on the floor of a customs warehouse near Cúcuta, on Colombia’s side of its border with Venezuela. Medical supplies such as syringes are stored nearby. On February 23rd, promises Juan Guaidó, whom Venezuela’s legislature and most Western governments recognise as the country’s interim president, the aid will start flowing across the Tienditas bridge into the country. If it does not come in, 300,000 Venezuelans will die for lack of food and medicine, Mr Guaidó claims, though this is surely an exaggeration.

Nicolás Maduro, who still controls the apparatus of government, including the armed forces, insists, falsely, that Venezuela has no humanitarian crisis. He deems the supplies, most of them donated by the United States’ Agency for International Development, to be the spearhead of an American invasion with the aim of unseating his socialist government. The army has placed shipping containers and a water tanker athwart the bridge to keep the Yanqui med-

icines out.

Hyperinflation under Mr Maduro’s incompetent and larcenous administration has destroyed Venezuelans’ incomes. The minimum wage is now worth less than \$5 a month. But this has helped Mr Maduro, by making Venezuelans more dependent on his government. It distributes subsidised food, such as pasta, rice and cooking oil, only to holders of biometric identity cards which the regime also uses to gather data on citizens, and insists they show when voting. To break its monopoly on providing subsistence to Venezuelans would be a huge symbolic victory for Mr Guaidó and his government-in-waiting.

The provisions piling up in Cúcuta, the first phase of a \$20m humanitarian-assistance programme, cannot alleviate the misery of all 30m Venezuelans. The basic food kits would feed around 5,000 people for ten days, according to the American embassy in Colombia. The medical supplies would be enough for 10,000 people for 90 days. If this gets through, more could come. The Dutch government plans to set up an “aid hub” in Curaçao. Another such ►►

▶ centre is planned in northern Brazil.

In addition to succouring hungry Venezuelans, Mr Guaidó also hopes to use the aid stash to pry at least some members of the armed forces away from the regime. At a huge rally in Caracas on February 12th he issued a “direct order” to the army to “allow the entry of humanitarian aid”. The high command, which runs big parts of the economy and has profited from corruption, shows no sign of complying. Mr Guaidó is aiming his appeal at lower-ranking officers and troops, whose pay is as miserable as everyone else’s.

If that fails, the backup plan is to send a “caravan” of volunteers to carry in the aid, presumably on foot. Mr Guaidó called on transport workers, doctors and nurses to join in. More than 250,000 people have registered to help, he claims.

The February 23rd deadline Mr Guaidó set allows time for oil sanctions imposed by the United States to batter an already crippled economy. PDVSA, the state oil company, which provides 90% of the country’s foreign exchange, has shifted exports to Asia, especially India. But it is thought to be selling at a big discount to its normal

price. A shortage of diluents for refining fuel, which the United States has stopped selling to Venezuela, has forced dozens of petrol stations in Caracas to shut down their pumps.

Mr Guaidó is counting on the threat of hardship as much as the promise of aid. If it weakens the army’s loyalty and thus hastens the end of the Maduro regime, many Venezuelans will accept it. Ana Vásquez, a pensioner who came to Mr Guaidó’s rally with her granddaughter, is hopeful. “I think we are near the end of this nightmare,” she says. ■

Bello Here comes the judge

Brazil’s most famous graft-buster, Sérgio Moro, is now justice minister

HE IS ONLY ten minutes late, which by the norms of Brazil’s capital amounts to being early. Yet Sérgio Moro apologises profusely, explaining that he was called to a meeting with congressmen. The politeness and an occasional boyish smile are trademarks he deployed as Brazil’s most media-adept judge. They should not be misread. There is a quiet steeliness to Mr Moro, who locked up a string of political and business heavyweights for corruption, including Luiz Inácio Lula da Silva, a still-popular former president.

Having thus helped to prevent Lula from being a candidate in last year’s presidential election, Mr Moro controversially went on to accept a job from its winner, Jair Bolsonaro, a firebrand who admires military dictators. He heads a beefed-up justice ministry, in charge also of public security, the federal police and an anti-money-laundering agency previously lodged in the finance ministry. His mission is to get the federal government to apply the same zeal as he did in his courtroom to the fight against corruption and organised and violent crime. It is a popular cause. But there are risks, both for his reputation and for Brazil.

Mr Bolsonaro’s government has got off to a slow start, with much internal bickering. On February 13th the president left hospital after an 18-day stay to deal with the effects of a knife attack he suffered during the campaign. But Mr Moro has been quick off the mark. On February 4th he unveiled an anti-crime bill. This would impose tougher sentences for murder, armed robbery and corruption, and for association with several named criminal gangs. It would make illicit campaign donations a crime. And it would make it easier for police who kill to claim that they acted in self-defence.

Police often have to face heavily armed criminals. But critics say they are too trigger-happy against young black men, and that Mr Moro’s proposal is a licence to kill. Mr Bolsonaro has advocated giving police just that. Mr Moro rejects “categorically” the accusation that he is giving police permission to murder. His proposals “are not discordant with what happens in other countries”, he says.

Much of Mr Moro’s bill makes sense, as far as it goes. Brazilians voted for Mr Bolsonaro partly out of horror at the spread of violent crime. This is now affecting politics. In several places the old political machines have been taken over by organised crime, says Matias Spektor, an academic. Previous governments downplayed the power of criminal organisations, says Mr Moro. The state is now “acknowledging them, and will act with rigour”.

Mr Moro’s biggest tests lie beyond his bill. Reducing crime involves more than tighter laws. It needs better policing and community work in the favelas. Much of this is the job of state governors but requires co-ordination from the top. The



minister says Mr Bolsonaro will do that. But it is hard to see the president being interested in such wonkery. He has already issued a decree liberalising gun ownership, against the advice of Mr Moro. Human-rights groups report an increase in hate crimes against women and gay people, whom Mr Bolsonaro has often publicly denigrated.

One of Mr Bolsonaro’s sons, Flávio, a newly elected senator, is raising suspicious eyebrows. Investigators in Rio de Janeiro have found that \$1.9m passed through the account of his driver, and that Flávio, when a state legislator, employed relatives of a fugitive former police officer accused of leading a paramilitary militia (Flávio denies wrongdoing). Mr Moro says that the police and prosecutors have complete freedom to investigate this case.

For some Brazilians, Mr Moro will be forever damned for having seemed to act at the edge of the law in his pursuit of Lula. To many others he is a hero. He insists that his mission is to apply the rule of law. “It’s important that he stays, because he’s a moral figure,” says Thiago Vidal, a political consultant in Brasília. But Mr Vidal, like many, thinks that Mr Moro is eyeing a vacancy at the supreme court which will crop up next year (he neither confirms nor denies that).

Mr Moro is a celebrity in a cabinet long on military men and inexperienced or barely rational civilians. As with Paulo Guedes, the market-pleasing economy minister, Mr Bolsonaro needs Mr Moro more than the minister needs his boss. That gives him the clout to restrain a president whose past career and statements show little devotion to the rule of law. “Any government should be judged by its actions,” insists Mr Moro. That now includes him, too.





Politics in Thailand

General confusion

BANGKOK

The military regime's scheme for next month's election is back on track after a brief derailment

FOR THE military junta that has ruled Thailand since a coup in 2014, it was a day of ups and downs. On the morning of February 8th the Thai Raksa Chart party submitted just one candidate to the Election Commission as a potential prime minister: Princess Ubolratana Mahidol. The likely outcome of an election slated for March 24th seemed to change in an instant. The junta's efforts to orchestrate the contest in favour of its leader, Prayuth Chan-ocha, the current prime minister (pictured), appeared doomed. The princess would carry all before her. But that evening her younger brother, King Maha Vajiralongkorn, intervened publicly and damningly. He described his sister's decision to run for office as "inappropriate". The party fell into line a day later. The Election Commission then obediently rejected her nomination on February 11th.

A royal goes rogue

The royal family is supposed to be above politics, but the princess claimed that she was a commoner. Upon marrying an American (whom she later divorced) she lost her royal title in 1972. She thought this freed her to run, but her brother disagreed. His

statement declared that, as "part of the Chakri dynasty", she must stay out of the fray. Horrified conservatives resumed breathing. Through an Instagram post days later the princess apologised that her "genuine intention to work for the country and Thai people has caused such problems that shouldn't have happened in this era".

Before the king's intervention, observers had assumed that he was backing the princess's candidacy as a means to end a 13-year-old political feud that has riven the country. Royalist and military elites, known as "yellow shirts", have battled "red shirts", acolytes of Thaksin Shinawatra, a populist former prime minister, since the army deposed him in a coup in 2006. To have a royal carry the flag for Thai Raksa Chart, which is linked to Mr Thaksin, held out the prospect of bridging the divide.

The royal rebuke demolished that hope. Confusion came next. Could the king have known nothing beforehand? This seems unlikely given that Bangkok was buzzing with rumours of the princess's candidacy. Perhaps Mr Thaksin mistakenly believed the king approved? There is precedent. He thought royal support existed for an amnesty bill in 2013 that would have allowed

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him to return to Thailand. But it proved so controversial that it brought down a government led by his sister. Perhaps the king changed his mind? "You can't underestimate the flakiness of the royal family," counsels one former diplomat.

Whatever the truth, the day pitched Thai politics into a state of feverish anxiety. Rumours that a fresh coup was brewing began to circulate. Officials denied that military commanders were being replaced and assured worried Thais that tanks sighted near Bangkok were merely on training exercises. Politicians and pundits could not speak clearly about the princess's political ambitions, for fear of crossing the poorly demarcated boundary between insight and insult under the vague but harsh lèse-majesté law, which protects the royal family from even the faintest criticism. The generals seized the opportunity to order Voice TV, which is owned by Mr Thaksin's son, off the air for 15 days.

Mr Thaksin's camp is expecting worse. On February 13th the Election Commission announced that Thai Raksa Chart had violated the Political Parties Act by bringing the princess into politics. It asked the Constitutional Court to decide whether to dissolve the party. If it is dissolved before polling day, its candidates will be struck from the ballot.

That would hurt Mr Thaksin's election plans. Thai Raksa Chart and three other parties linked to him are participating in the election, in the hope of gaming the electoral system the generals devised to thwart him. Mr Thaksin's main vehicle, Pheu Thai, won a higher proportion of ▶▶

seats than votes at the previous election, in 2011, owing to the first-past-the-post element of the electoral system. The junta has therefore enhanced the proportional part of the system and encouraged a proliferation of small parties to take advantage of it. Mr Thaksin countered with a proliferation of his own, including Thai Raksa Chart.

A diminished share of the lower house, in turn, will make it hard for Mr Thaksin to prevent Mr Prayuth from staying on as prime minister. The job is filled by a joint vote of the upper and lower houses. The junta will appoint all 250 members of the upper house. With their votes in the bag, Mr Prayuth will need just 126 votes from the

500-seat lower house to triumph.

Those should not be too hard to find. For months Mr Prayuth has used official engagements around the country as a means to rally support, even as civilian politicians were prevented from campaigning by a ban on political gatherings of more than five people. Palang Pracharat, a party founded to support the generals in the elections, looks certain to win some seats. Smaller, biddable regional parties, a staple of Thai politics, will provide more support.

This stitch-up may appeal to those unnerved by the chaos of the past week. The junta's main achievement has been to provide much greater stability by comparison

with the turmoil that consumed Thailand before it seized power. But the events of the past week also show that a veneer of democracy can have unpredictable effects, and that even within the royal family, opinion about the best way forward is divided. The democratic rump in the new parliament will have ample opportunity to show up Mr Prayuth and make life awkward for the generals, who are not paragons of efficiency as it is. By quashing his sister's gambit and helping to secure the ban of a pro-Thaksin party, the king has, in effect, endorsed the junta's continued sway. In time, that may come to seem this week's biggest royal misstep. ■

South Korea and America

The art of the temporary deal

SEOUL

South Korea will bear a little more of the cost of keeping American troops in the country

THE EXPENSE of keeping American troops abroad is one of Donald Trump's longstanding peeves. America's president has made it clear that he regards his country's global military presence as a bad deal and has put pressure on allies all over the world to do more to cover the cost. South Korea, keen to avoid a rift in the run-up to Mr Trump's second summit with Kim Jong Un, North Korea's despot, has duly agreed to pay a little more. But the row will soon reignite.

Despite long and tense negotiations, American and South Korean officials failed to agree how to share the cost of keeping the current 28,500 American troops stationed in South Korea by the time the previous five-year agreement expired at the end of 2018. On February 10th they at last announced an agreement. The new deal, which must still be ratified by South Korea's national assembly, raises the country's annual contribution by around 8% to just over 1trn won (\$925m). That is in line with this year's increase in South Korea's defence budget, and falls far short of America's original demand that South Korea double its contribution. Kang Kyung-wha, South Korea's foreign minister, called the outcome "very successful". The American embassy in Seoul said America appreciated South Korea's "considerable" contribution to the alliance.

The deal allows South Korea and America to present a united front ahead of the meeting between Mr Trump and Mr Kim in Hanoi on February 27th. It may help assuage worries that America's commitment to defend its democratically could become a bargaining chip in attempts to convince North Korea to give up its nuclear programme. At his previ-



An expensive habit

ous meeting with Mr Kim, Mr Trump caused alarm by cancelling joint military exercises with South Korea. Mr Trump called the exercises "provocative" and complained of their "tremendous" expense. Security analysts say they are needed to maintain military readiness.

As South Korea's opposition was quick to point out, the reassurance the new cost-sharing agreement provides is transitory. The deal expires at the end of the year, unlike the previous one, which was good for five years. Though Mr Trump has publicly affirmed that the presence of American troops on the peninsula is not up for negotiation, this week he said that South Korea's contribution will have to keep going up. There will only be a few months' break before the fraught negotiations resume.

Indian statistics

Bullock cart or locomotive?

DELHI

A deceptive tweet raises questions about the government's credibility

NOTHING HURRIES governments more than an approaching election. But sometimes, as Piyush Goyal, India's minister of railways, recently found, haste can cause accidents. Keen to tout the Vande Bharat Express, a fast new service, he posted a clip that showed the made-in-India train roaring through a station at a blinding pace. As eagle-eyed viewers swiftly noted, however, the film had been altered to run at double speed. Jokesters quickly counter-posted a cascade of mockingly accelerated footage, including a lightning-fast bullock cart zooming along a dirt track.

With a general election looming in April it is not just pictures, but dreary statistics that the government has been accused of doctoring. Indian opposition parties have often charged their rivals in power with massaging official data. But since the landslide victory of Narendra Modi's Bharatiya Janata Party in 2014, critics claim, the practice has become commonplace.

In January two of the five members of the body that vets official statistics resigned in protest, after the government blocked release of what many consider the most accurate indicator of unemployment. The numbers were soon leaked, and to no one's surprise they showed an embarrassing rise, to a 45-year high of 6.1%.

Other numbers have also sown suspicion. Soon after taking office Mr Modi's government announced it would revise the official method of calculating GDP and rebase the data to a new year. Frequently since then, economists have puzzled over numbers that consistently show stronger growth than seems justified by other indicators. They also seem strangely impervi- ▶▶

ous to obvious shocks, such as Mr Modi's banning in 2016 of all currency bills worth more than 100 rupees (\$1.41), or the imposition of a stiff sales tax with no fewer than seven separate rates and laborious forms for businesses to fill in.

In November, after an inexplicable three-year delay, the government's number-wallahs released a new back series for GDP growth according to the new methodology. To some surprise, considering that the noughties are recalled as an era of unprecedented boom, the new statistics showed Mr Modi's government smartly outperforming its predecessor.

Sceptics abound, as do theories of how and how far the government's numbers stray from the truth. Some blame flawed adjustments for inflation. Arun Kumar, an economist, argues that the government's estimates of the growth of the informal economy, which accounts for nine in ten jobs and perhaps 45% of GDP, presume too strong a correlation with the formal economy. Mr Kumar argues that it is quite possible for the easily measured, tax-paying part of the economy to be growing by 7%, even as the less perceptible poor are quietly suffering. Taking into account such drags as Mr Modi's "demonetisation", the shrinking of credit and a prolonged and continuing slump in farm prices, Mr Kumar suspects that the informal economy may in fact be contracting—something that would substantially reduce overall growth.

Mr Kumar may be off the mark; even neutral outfits such as the IMF and rating agencies share Mr Modi's numerology. But the government's credibility keeps taking knocks. On February 1st Mr Goyal, as acting finance minister, released a budget that promised lavish handouts while purporting to hold the deficit to 3.4% of GDP. Many observers said he was pulling a fast one. ■



Australia v boat people

Sick joke

SYDNEY

An unpopular government stirs up hysteria about illegal immigration

THE BILL proposed to grant a sliver of mercy to the 1,000-odd asylum-seekers in Australia's offshore detention centres. It amended existing legislation to give doctors precedence over politicians in deciding when sick migrants should be evacuated to Australia. The government opposed it vehemently, but it passed the lower house all the same on February 12th, with the support of Labor, the main opposition party, and several independent MPs. That was a "disaster for our country", shrieked the home affairs minister, Peter Dutton. Mainly, it was an embarrassment for the government, since prohibiting refugees on boats from entering Australia under any circumstances is one of its flagship policies.

When people attempt to enter Australia illegally by sea, the authorities either turn their vessel back to the port from which it sailed, usually in Indonesia, or transport the would-be asylum-seekers to processing centres on Manus island, part of Papua New Guinea, or Nauru, a minuscule country in the Pacific. Even those found to be genuine refugees (most of them) are barred from entering Australia; instead the government tries to settle them elsewhere. The policy has succeeded in reducing the flow of boat people to a trickle, but it has also left many refugees in limbo for years, since the government has struggled to find countries willing to take them in permanently. Physical and psychological illnesses are rife among the detainees, and health services on the two islands are limited.

Both now face a "medical crisis", says Hugh de Kretser of the Human Rights Law Centre, a charity. So far 12 detainees have died. Several more have attempted suicide, among them children. The bill should "break that circuit", argues Kerryn Phelps, the independent MP (and practising doctor) who drafted it.

The bill is narrow in scope. Only asylum-seekers who are already in detention (not new arrivals) will be eligible for evacuation, and only if two doctors deem them ill enough and treatment is unavailable on the islands. The home affairs minister can veto transfers which threaten national security. Unconvincing cases will be referred to a panel of medical experts, which includes government doctors. None of that has forestalled a campaign of fear by the ruling Liberal party. All 1,000 detainees will now descend on the country, they speculate. New asylum-seekers will "get on a

boat, get to Nauru, get sick and get to Australia", claims Tony Abbott, the leader of their hard-right faction and a former prime minister. To guard against the impending armada, the prime minister, Scott Morrison, has said he will reopen a detention centre on Christmas Island, an Australian speck in the Indian Ocean from which the government has banned asylum claims.

This sets the tone for the federal election due in May (assuming the government survives that long). The Liberals have won previous ballots with a tough stance on illegal immigration. The polls suggest they are headed for a drubbing, which is presumably why they are trying to stir up hysteria about boat people again. They claim that Labor, which broadly supports offshore detention, is marching down a slippery slope and will end up admitting untold hordes. Mr Dutton frets about an impending tide of paedophiles and murderers. Bill Shorten, Labor's leader, says, "Australians understand our nation can be strong on borders and still treat people humanely." The Liberals seem to want to make the election a test of that contention. ■

Media freedom in the Philippines

Stopping the press

Yet another critic of the president is arrested

OFFICERS FROM the National Bureau of Investigation arrived late in the afternoon. They told journalists at Rappler, an online media outlet that has been scathing in its criticism of President Rodrigo Duterte, to stop filming as they arrested the organisation's boss, Maria Ressa. A veteran journalist, Ms Ressa is accused of "cyber libel" in connection with a piece published almost seven years ago. It alleged that a businessman, Wilfredo Keng, whose car a former chief justice used for transport during an impeachment trial, had ties to human trafficking and drug rings.

Mr Keng, who denies the claims, fought back—eventually. A year ago he filed a complaint against the author of the piece, who no longer works at Rappler, as well as Ms Ressa and six more of the website's employees under the Cybercrime Prevention Act of 2012. The National Bureau of Investigation rebuffed him. The piece, after all, had appeared before the law's enactment.

Last month, however, the Department of Justice mysteriously decided to revive the case on the grounds that the article had been updated in 2014. The National Union of Journalists denounced the "shamelessly manipulated charge" as an "act of persecu- ▶▶

tion by a bully government”.

Mr Duterte has declared journalists “spies” and “sons of bitches” and once implied that most of the 185 journalists killed in the Philippines over the past 30 years deserved to die. “You won’t be killed if you don’t do anything wrong,” he says. He has been especially critical of Rappler’s coverage of his war on drugs, in which more than 20,000 people have died in extra-judicial killings, according to opposition politicians. He derides the website as a source of “fake news” and has banned its reporters from presidential events. This is not Rap-

pler’s first brush with the law. It and Ms Ressa have also been charged with tax fraud. If convicted she could end up behind bars for a decade and Rappler could be forced to close.

Mr Duterte’s detractors often find themselves in trouble. Leila de Lima, a senator who was one of the loudest critics of the war on drugs, was arrested two years ago. She still languishes behind bars after prosecutors charged her with extorting money from drug dealers when she was justice minister—a claim she denies. Maria Lourdes Sereno, a former chief justice who

frequently rebuked the president, was voted out of her job by her colleagues in May over a legal technicality. A third critic, Senator Antonio Trillanes, hid in his office for days in September after Mr Duterte revoked an amnesty he had received for his part in two past military rebellions. Eventually he was arrested and now faces trial.

Mr Duterte’s tough talk and strongman tactics have not dented his popularity at all—in fact, they seem to have boosted it. A recent poll puts his approval rating above 80%. Of course, intimidating critics and cowing the press help with that, too. ■

Banyan Meet me in Luneta



Unsung seafarers from the Philippines power both the local and the global economy

A CROWDED PAVEMENT alongside Luneta, a park in Manila next to the old Spanish walled city, bears witness every day to how Filipinos make the world go round. This is where recruiters from manning agencies that represent international shipowners go in search of crew. They put out battered tables as recruiting stations, or they wander among the throng of unemployed Filipino seamen, holding up signs headed “urgent”. Wanted are mates, engineers, radio officers, fitters and cooks; a valid American visa is often essential.

Parts of the Philippine archipelago have sent out seafarers since long before Spanish galleons plied between Manila and Acapulco. Modern-day Filipino mariners came to prominence with the oil crises of the 1970s, when the world’s shipping lines could no longer afford Western crews. Today, more than nine-tenths of global trade (by weight) is carried by sea, on some 100,000 merchant vessels drawing on a pool of 1.2m mariners. Of these, well over a quarter, 378,000, are Filipinos—by far the biggest number by country of origin. On any day, perhaps 250,000 Filipino mariners are at sea. If they stayed at home, the world economy would convulse.

Engineer Nelson Ramirez, president of the United Filipino Seafarers (UFS), which fights for seafarers’ rights, lists the qualities of Filipino seamen. They speak English. They are hardworking. They are well-trained (the Philippines boasts scores of marine colleges). And they are adaptable: able to turn to any job, they are “pliant like bamboo”.

Alas, in a story that is as old as the sea, those who are adept afloat all too readily succumb to temptation ashore. Mr Ramirez’s current campaign is against “ambulance chasers”—lawyers and other un-

scrupulous operators who tempt seafarers into launching spurious injury claims against ship operators and then pocket the bulk of the damages. That, Mr Ramirez says, risks tarring all Filipino mariners and helps explain a fall in deployed seamen, from 443,000 in 2016.

And then there are the more visceral temptations of port. Too many a mariner has murmured the parting words “Look for me in Luneta” as he has risen from the pillow to catch his departing ship in, say, Rio de Janeiro. Some women take him at his word, flying to Manila and desperately searching the pavement. Infidelities also come to light on Facebook. Staff at the Luneta Seafarers Centre say that fights outside between wives and mistresses are a regular occurrence. The men who have caused the discord, naturally, hide at sea.

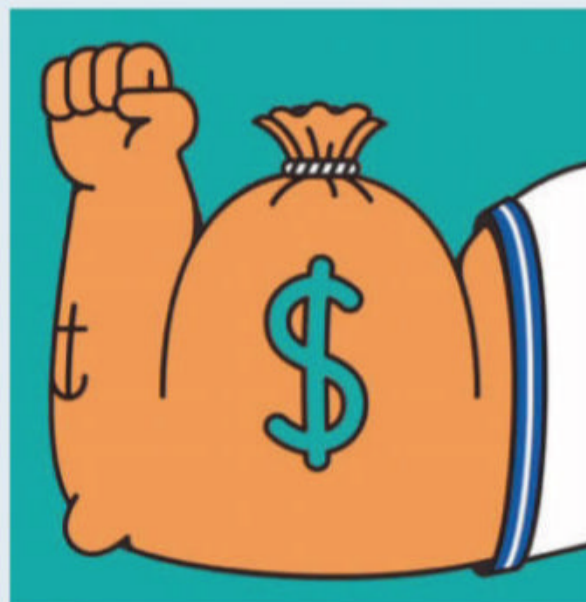
It is there that Filipinos’ qualities shine. Going to sea is all about hardship, sacrifice and boredom—“SSDD”, or same shit, different day, as Filipino sailors say. An ever-present problem is shipowners vanishing behind brass plates and leaving crews stranded and unpaid. And now

others are competing for the same jobs, among them eastern Europeans, Bangladeshis and Chinese. Some coming to Luneta every day to look for work have not had a voyage since August.

For all the solitude and hardship, seafaring in the Philippines is a family enterprise. Youngsters’ dreams are nourished by seafaring tales told by relatives or neighbours. Families put up the money for cadets’ training. Connections or, better still, relatives in the manning agencies and unions are crucial. Providing for loved ones is part of the seafaring dream—sending home money to build houses, invest in farms, set up small businesses or send children to school.

Of the 10m Filipinos working overseas (a tenth of the country’s population), seafarers are at the top of the pile, remitting over \$6bn a year, or a fifth of the total. Nearly all mariners come from the Visayas, in the central part of the archipelago, or—as with Mr Ramirez and many of the cadets who dorm in UFS’s offices—from Mindanao in the south.

They represent a potent force. Every mariner supports numbers ashore. So it should come as no surprise that a political party, Angkla (“anchor”), with a member in Congress, is aimed at seamen. On February 12th, the first day of campaigning for a general election in May, Angkla politicians were out in force with loudspeakers on the Luneta pavement. “The Filipino seafarer”, as one politician puts it, “is the economic powerhouse of the rural areas of this country.” One of Angkla’s aims is to get the Maritime Industry Authority, a government agency, to set up regional branches so that seafarers do not have to travel all the way up to the capital to renew their seaman’s pass-book. Help the chief breadwinner, and whole districts will love you.





Teaching law

Rights and wrongs

BEIJING

Officials are trying to stop academics from taking the constitution literally

A YEAR BEFORE Xi Jinping became China's leader, a 47-year-old professor at Peking University, Zhang Qianfan, delivered a talk to mark the 100th anniversary of the collapse of China's last imperial dynasty, in 1911, charting the history of efforts since then to instil respect for constitutional principles. Students unable to find seats in the packed lecture theatre stood shoulder-to-shoulder around the walls. They grinned and clapped when he started by saying: "I have written down my true feelings...They may sound fierce. Forgive me if they cause offence."

The thin, bespectacled academic held his audience spellbound. Those who, unable to find space in the room, had crowded by the doorway, were still there when he finished, almost two hours later. That was fortunate, because his final point was the most powerful in a lecture packed with indictments of China's failure to implement the guarantees of its constitution, including freedom of speech, of assembly and of association. Mr Zhang wrapped up by listing 12 places where authoritarian rule had (at least briefly) crumbled, from the Soviet

Union to Taiwan to countries that had recently experienced the Arab spring. "What [their] people can do," he said, "the Chinese"—and here he paused briefly while the audience began to laugh and clap—"people can certainly do." Wild applause ensued. Someone cried, "Good!"

Such a scene was extraordinary even at the time. The authorities were determined to prevent any attempt to replicate the Arab uprisings; anonymous calls online for public gatherings in support of them drew more police than protesters. Mr Zhang says he was reprimanded for his speech. Invitations for him to talk on campuses dried up. But he kept his job. And remarkably his textbook, "An Introduction to the Study of Constitutional Law", first published in 2004, was republished in 2014 by Law Press, which is controlled by the Ministry of Justice. The preface sets the tone: "The

study of constitutional law must break down forbidden ideological zones, because the rights of Chinese citizens accept no forbidden zones."

Mr Xi initially appeared to agree, at least rhetorically. In 2012, shortly after he took power, he gave a striking speech on the supremacy of the constitution and how "no organisation or individual" could stand above it. Ceremonies to swear allegiance to the constitution, such as the one pictured, proliferated. But it soon became clear that his main interest was in Article 1, which says: "Disruption of the socialist system by any organisation or individual is prohibited." In 2013, after small protests broke out in the southern city of Guangzhou over censors' efforts to prevent a newspaper from publishing an editorial in praise of "constitutionalism", state media launched a propaganda offensive against the term. They said it was just another way of calling for Western-style democracy. To the dismay of liberals, Mr Xi last year secured a constitutional revision that allows him to remain president for life.

Under his rule, the Communist Party has been waging its toughest campaign against dissent and liberal values since the aftermath of the Tiananmen Square protests nearly 30 years ago. In 2015 police rounded up hundreds of lawyers and legal activists who had been trying to help citizens use the courts to reverse injustices perpetrated by officials—the kind of cases that, as Mr Zhang says in his textbook, touch on constitutional matters, not just ▶▶

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▶ ordinary legal ones. Many of the detainees have been released but banned from doing legal work and kept under surveillance. Some have been tried and imprisoned. The final related trial ended on January 28th with the sentencing of Wang Quanzhang, a human-rights lawyer, to four-and-a-half years in prison for “subversion”.

Now the party is focusing more closely on campuses, where many legal scholars still support constitutionalism. The party is right: the word for this, *xianzheng*, is often just a veiled way of referring to Western-style democracy, or at any rate just the nice bits of the constitution. In January the Ministry of Education ordered every university to report to the authorities which textbooks they were using for constitutional studies. It said reasons for this “thorough investigation” included a need to “implement Xi Jinping Thought on socialism with Chinese characteristics for a new era” and “revise and improve textbooks in a timely manner”.

Mr Zhang’s popular textbook is likely to be a victim of the purge that is all but sure to follow. There is evidence that the book is in the party’s sights already. In the past few days online bookshops have stopped selling it. Those trying to buy it see messages such as “this product has been removed from the shelves” or in the case of Amazon’s website in China, “stock is currently not available”. (Censors, however, have yet to eradicate a pirated digital version of the book, a link to which was circulated in late January on Weibo, a microblog site, by an academic in central China.)

The authorities have long tried to impose orthodoxy on campuses. In 2015 they ordered tighter controls on the use of imported books that spread “Western values”. The minister of education urged universities to ensure that comments in classrooms do not “attack or defame the rule of the party or smear socialism”. Nor, he said, should they “violate the constitution and laws”—meaning, presumably, the bits of the constitution that affirm the party’s primacy. Closed-circuit television cameras have been installed in many lecture theatres to allow classes to be monitored. About 15 years ago the government launched what it called the “Marxism Theory Research and Construction Project” to produce sanitised textbooks. Some universities have begun to demand that only these be used for legal studies.

In spite of this, and the occasional sackings of academics for their political views, elite institutions are still full of liberals. Mr Zhang reckons there are probably thousands of people who teach constitutional law in China. He suspects most of them share his views. Cracking down is hard: many academics at leading universities are people who have studied in the West. Mr Zhang has a PhD in biophysics from Carne-

gie Mellon University and another one in the theory of government from the University of Texas at Austin. Purging these professors would be a huge setback for China’s efforts to attract talent from abroad and create world-class universities.

But a sensitive year lies ahead. Officials are mindful of two looming anniversaries: the 100th of a student movement that called for China to introduce (Western) science and democracy, on May 4th; and the 30th of the bloody suppression of the Tiananmen Square protests, which were also led by students, on June 4th. Mr Zhang’s institution, Peking University, played a central role in both upheavals. In the coming

months the authorities will be more than usually worried about scholars who inspire students with liberal views.

Some students clearly support Mr Zhang. On Peking University’s chat forum, several messages have appeared criticising the removal of his textbook from online bookshops (but also some attacking him). Mr Zhang says that, were he able to give another lecture like the one he gave in 2011, students would be even more supportive than they were then. “We are moving even further away from constitutionalism. Everybody can feel the restriction of speech,” he says. “More people are discontented about our political reality today.” ■

Science fiction

Lights! Camera! Win-win outcomes!

HONG KONG

A blockbuster film is also a foreign-policy primer

EARTH MUST be moved away from the expanding sun, which threatens to engulf it. As it is propelled across the solar system by gargantuan thrusters it gets trapped in Jupiter’s gravitational pull. The apocalypse looms. There is only one hope for the human race: China.

“The Wandering Earth”, China’s first blockbusting sci-fi film, has achieved gravity-defying success with this absurd plot. In its first ten days in cinemas it earned an impressive 3bn yuan (\$440m). The film is widely expected to become China’s second highest-grossing, behind “Wolf Warrior 2”, a jingoistic thriller whose lead actor, Wu Jing, also stars in the sci-fi pic. Many Chinese commentators attribute the film’s stellar success to growing pride in the country’s space programme. Last month China became the first country to land a spacecraft on the far side of the moon.



Armageddon, a topic of mutual concern

Officials are clearly pleased by the film’s popularity. Xinhua, a state-owned news agency, boasted that it will “impress a global audience” and “rival Hollywood”. Western reviewers are less enthusiastic. So are some Chinese science-fiction fans, who have complained that the film does not do justice to the book on which it is based. The book, by Liu Cixin, an award-winning author, contains various episodes, such as an armed rebellion against authority, which were doubtless viewed by censors as subversive and hence excluded. In fact, the film’s main producer, a subsidiary of a state-owned firm, appears to have injected a dose of President Xi Jinping’s political theory into the plot. The idea that gets an intergalactic airing is something Mr Xi repeats ad nauseam as a goal of foreign policy: “a community with a shared future for mankind”. *Economic Daily*, a party-owned newspaper, praised the film for portraying this concept so adroitly.

In many ways, the film can be interpreted as a parable of the Chinese government’s idea of multilateralism. The Chinese heroes trying to save the world are always seeking the partnership of foreigners in the film, just as Chinese officials always talk about joining hands with other countries to solve global problems and reach “win-win” outcomes. Yet there is a caveat: China must be the leader in any multilateral initiative. In the film, rescue teams from the likes of Britain and Japan dutifully answer the call of Chinese “team leaders”. No Americans are featured at any point. Even in the ethereal world of sci-fi, the Chinese government remains firmly in control of things.

Chaguan | The pursuit of happiness

A new book examines why China is gloomier than its economic success would predict



IT TOOK 125 years for America's Declaration of Independence to reach a wide Chinese audience, and when it did, some lofty phrases got lost. The earliest known Chinese translation of the declaration, published in 1901 by young nationalists burning to overthrow the Qing empire, is an impatient, combative text. The document's name, noted the scholar who rediscovered it, Frank Li of the Chinese Academy of Social Sciences, became the "American War Proclamation of Independence". The rights it deemed inalienable—"life, liberty and the pursuit of happiness"—turned into something bleaker: "life, liberty and all interests".

Happiness remains a thorny subject in China. Since 2012 the UN has sponsored a World Happiness Report, for which residents of about 150 countries are asked how satisfied they are with their lives. China ranked 86th in the latest report, below Russia and even war-torn Libya. Some foreign observers find it easy to explain China's relative gloom. They see a system built on an unsentimental bargain between rulers and ruled. Citizens may enjoy the fruits of economic growth but may not protest against the costs, from pollution to yawning inequality. Such experts scoff when today's Communist leaders say that they set great store by increasing public happiness as part of the Chinese Dream, President Xi Jinping's campaign to make China great again. These cynics imagine that Team Xi's true priority is to keep the economy growing quickly, on the assumption that material gains are the only thing that can keep a long-suffering public in line.

This cynical theory is popular but wrong. "Chinese Discourses on Happiness" is a timely new collection of essays edited by two sinologists based in Britain, Gerda Wielander and Derek Hird. It explores how China's propaganda machine devotes extraordinary efforts to promoting the idea that the Chinese people enjoy good and meaningful lives under Communism—precisely because economic growth alone does a poor job of generating happiness.

Back in 1974 Richard Easterlin, an American economist, spotted a puzzle. Although richer countries are generally more contented, rising material prosperity does not necessarily lead to ever-higher levels of self-reported well-being. "Chinese Discourses" calls China a giant Easterlin Paradox. Chinese real GDP per person grew more than fivefold between 1990 and 2015. Yet, rather than climb-

ing in lockstep with the economy, the self-reported happiness of the Chinese fell sharply from 1990, reaching a nadir in 2000-05 (a time of breakneck GDP growth) before recovering. It has probably yet to regain the level of 1990.

A chapter of the 2017 World Happiness Report, co-written by Mr Easterlin, dug into Chinese data from the previous quarter-century and found weak correlations between happiness and several trends commonly blamed for gloom. Take inequality of income, which in China marched upwards between 1980 and about 2010. During the same period levels of self-reported happiness fell and rose in a U-shape. The chapter studies other "predictors" of happiness, including the consumption of coal (a proxy for pollution), housing prices, GDP per person, healthy-life expectancy, self-reported levels of freedom to make big decisions and corruption (measured by asking whether bribery is acceptable). None of these indicators tracks happiness closely in China. Two others are a good fit: unemployment and access to social safety nets. Misery, notably among low-income Chinese, deepened as unemployment spiked and safety nets collapsed in 2000-05, as state-owned firms were restructured. As employment rebounded, so did happiness.

Even people normally considered clear beneficiaries of China's economic opening—the hundreds of millions of rural migrants who found work in cities over the past 30 years—are not collectively cheerier. The most recent World Happiness Report, from 2018, finds that, on average, Chinese migrants secure higher incomes by moving to cities but, once there, say they are less happy than long-established city folk. More surprisingly, such migrants are also unhappier than cousins who stayed in the countryside. Dig into the numbers, and the jobs of the unhappiest migrants are unusually insecure, harsh and badly paid, thrusting them into an underclass made more painful by *hukou* residency laws that limit their access to schooling for their children and other public services. Rising prosperity cannot compensate for a sense of being left out.

Happy is as happy is told to do

"Chinese Discourses" suggests that party chiefs have long worried about such risks. In the 1950s they pledged to build a "prosperous and happy socialist society". Today, in the Xi era, a similar message is rammed home in television shows, posters and websites lauding model citizens who find joy in serving the country. Some propaganda is plain sneaky. A contributor to the new book, Jigme Yeshe Lama of the University of Calcutta, notes that state media declared the tense, heavily policed Tibetan capital, Lhasa, "China's happiest city" for six years in a row. That improbable feat was achieved by deeming government policies, from imposing tight security to building highways or pushing Tibetans into modern jobs, to be the definition of happiness.

Other propaganda is more subtle. Party homilies about collective happiness, common in the 1950s, have been replaced by stories about well-being on two levels: the personal and the national. Individuals are told that they are *xingfu*, or "happy and blessed", because Chinese families are made strong by traditional values. In turn, Mr Xi likes to say, families are made secure and prosperous by loyal membership of "the great family of the Chinese nation". With his stories about tradition and belonging, Mr Xi may just be on to something. A happiness gap between rich and poor has narrowed as the lowest earners report greater well-being, to an extent that economic growth numbers alone do not explain. To stern Communist Party chiefs, few rights are inalienable. But the human need to be promised a good life? That is self-evident. ■



The economy since the referendum

The road not taken

Voting to leave the European Union has not caused much damage. Until now

“A VOTE TO leave would represent an immediate and profound shock to our economy.” So claimed a document published one month before the Brexit referendum of June 2016, in which the Treasury set out the gloomiest of forecasts of what would happen if the result went the wrong way. Britain’s GDP would nosedive while unemployment jumped, it said—and many agreed. Happily, the impact of voting for Brexit was neither “immediate” nor “profound”: the economy held up better than expected. Yet almost three years on, as Brexit day nears, there are signs that Britain’s decision to quit the world’s largest trading bloc is beginning to take its toll.

Even the most committed Remainers struggle to portray the aftermath of the referendum as an economic disaster. Average GDP growth in the two years following the vote was only slightly below what it had been in the five years before. And although the pound’s swoon stoked inflation, while failing to generate the export boom that some had expected, Britain continued to attract a goodly share of foreign investment and unemployment kept falling.

But mounting evidence suggests that

the economy has taken a turn for the worse. Official data published on February 11th showed that in the fourth quarter of 2018 GDP grew by 0.2%, rounding off the weakest year since the financial crisis. In December, the latest month for which there are hard data, GDP shrank by 0.4%.

More recent survey data tell a similar story. A composite of purchasing-manag-

And that has made all the difference

Britain



Sources: IHS Markit; ONS
*Based on a survey of purchasing executives. Values above 50 indicate expansion in manufacturing, construction and services

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ers’ indices, which measure economic activity, fell to a 30-month low in January. The index is consistent with GDP growth having stopped or possibly turned negative in the first quarter of 2019 (see chart). On February 7th the Bank of England revised the probability of the economy shrinking in 2019 from 13% to 22%.

Is Brexit to blame, as many Remainers argue? In just six weeks Britain is due to leave the European Union, with or without a deal. But other factors complicate the picture. The global economy has slowed, in part owing to trade tensions between China and America, which hurts trade-heavy economies such as Britain’s. Italy, another big trader, recently fell into recession. Germany, which enjoys the world’s largest trade surplus, may follow. That, rather than Brexit, is likely to explain why British export growth is weak. Consumer confidence in Britain is edging down, but it is doing so in most rich countries.

Still, Brexit does appear to be spooking companies. A paper published in December by Nick Bloom of Stanford University and colleagues shows that the share of businesses reporting that Brexit was their biggest source of uncertainty roughly doubled in the autumn, to 19%. Only 13% say it is “not important”, down from over a quarter in September 2016.

That is having an impact on investment, which accounts for over 15% of GDP in the short term. In the year to September gross fixed capital formation fell in Britain while rising in every other G7 country except Japan. Business investment fell in ev- ▶▶

► every quarter of 2018.

The Brexit effect seems particularly clear in industries that trade a lot or rely heavily on workers from the EU. Capital spending in the “engineering and vehicles” sector, also hit by diesel woes, is falling by 9% a year. It is dropping even faster in the hotel and restaurant industry. The boost to GDP growth as nervous firms stockpile raw materials, meanwhile, is likely to be tiny. Many raw materials are imported, subtracting from GDP; and firms stocking up now are likely to buy less in the future.

Whether Britain gets out of this hole, or digs in deeper, depends on what happens after March 29th. Postponing the date of departure, which looks increasingly likely, would stave off the threat of no deal, but prolong the limbo that the country is now in. Most businesspeople hope for a deal including a transition period, during which existing rules would remain.

Mark Carney, the governor of the Bank of England, speaks of the potential for “upside”, “if there’s clarity on the deal” soon. In recent years British companies have built up enormous cash piles, which they could invest when uncertainty ends. Philip Hammond, the chancellor of the exchequer, has implied that a livelier economy—and the tax receipts that came with it—would allow him to loosen fiscal austerity. Yet even then, once the transition period is over Britain will probably be outside the EU’s single market and perhaps its customs union, leaving it in a worse position than it is at the moment.

And there remains the risk that Britain could fall out of the EU with no deal at all. In such circumstances the Bank of England might loosen monetary policy, though perhaps not by much: another fall in the

pound would probably push inflation above target again. Mr Hammond could boost spending or cut taxes to the tune of £20bn (\$26bn) without breaking his fiscal rules. Officials are reportedly drawing up a dossier, “Project After”, with emergency plans to cut corporation tax and VAT if no deal is reached. Nearly three years after the vote, Brexit is beginning to bite. What happens next will determine whether those warnings of a “profound shock” were really so wide of the mark. ■

The Brexit negotiations

Crisis deferred, again

BRUSSELS

As ever, Theresa May puts it off—but the crunch may be in June, not March

A CLUE TO Theresa May’s Brexit tactics is her insistence that she is not running down the clock. For she is doing exactly that. This week she asked MPs for two more weeks to negotiate. Another vote on her Brexit deal may not be held before late March. That makes the EU summit on March 21st and 22nd the time for last-minute concessions—just a week before Brexit is due on March 29th. Amazingly, with more Commons votes due as we went to press, MPs now seem ready to wait until February 27th before trying again to stop a no-deal Brexit.

In Brussels the mood is bleak. Hopes of a Brexit reversal have faded. Yet diplomats cannot envisage substantive changes to the Irish “backstop” to avert a hard border

by keeping Britain in a customs union, a main cause of MPs’ rejection of the deal last month. The withdrawal agreement that includes the backstop cannot be amended to include a time limit or an exit clause without undermining its purpose. Nobody wants to abandon Leo Varadkar, the Irish taoiseach. And after the past three months, trust in Mrs May has gone, making the backstop more needed than ever.

The EU sees no parallel with changes made to secure ratification of earlier rejected treaties. In the Brexit deal it offers many concessions, including a backstop crafted to meet Britain’s own red lines. It is easier to concede to a member than a non-member. Moreover, the scale of Mrs May’s defeat makes it hard to credit assurances that minor tweaks could win over enough MPs.

Yet nobody wants no deal, which is the default option. British businessfolk echo most MPs in fearing the economic impact. The Germans, French and Dutch fret about it hitting at a moment when the euro zone is weak. Ireland might be devastated and have to impose border controls—though Mr Varadkar’s political position would be worse still if he made concessions on the backstop. And a no-deal Brexit could create a blame game and possible trade war that made it far harder to resume negotiations, (which would have to be on a different legal basis to the Article 50 withdrawal ones) than those Brexiteers who talk breezily of a “managed no deal” realise.

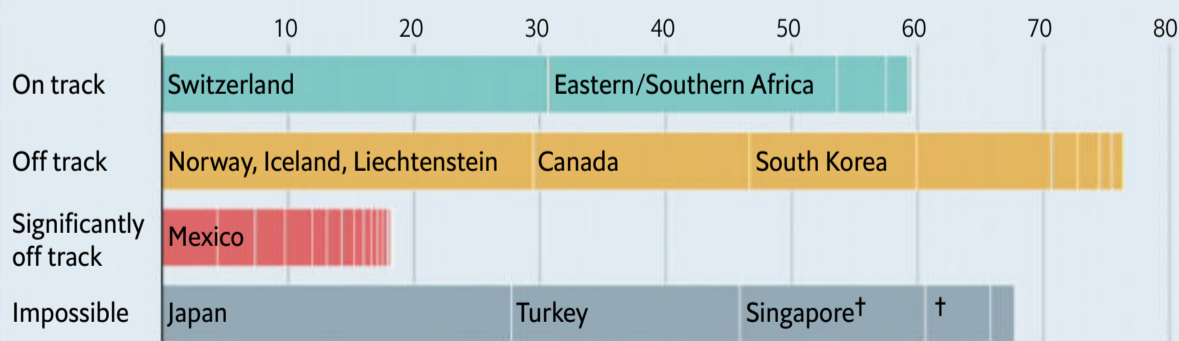
There are two silver linings to these stormclouds. One is that the EU is ready to offer a renewed commitment that the backstop would be only temporary. It may even give this legal force through a codicil to the withdrawal agreement. The aim on all sides is to find a form of words with enough legal clout to persuade Geoffrey Cox, Britain’s attorney-general, to assure MPs that the risk of being stuck in the backstop is smaller than he feared.

The second silver lining is growing acceptance that more time is needed. This would be true even if MPs approved a deal, as passing the necessary laws would take several weeks. Some in the EU have doubts about giving Mrs May more time purely for internal debate, but they know they cannot realistically refuse it. What is less certain is how long any extension to Article 50, which requires unanimous approval, should be. Mrs May’s adviser, Olly Robbins, was this week overheard talking of a “long” extension. Yet most officials reckon it should be no more than three months, keeping Brexit out of this summer’s European elections.

Mrs May’s brinkmanship could yet persuade enough waverers in Parliament that it really is her deal or no deal. But there is a clear risk that it won’t. Two senior EU diplomats say they are betting on no deal—but at the end of June, not the end of March. ■

A great deal remaining

Britain, trade agreements, value of trade in 2017, £bn
By likelihood of completion on Brexit day*



Sources: Department for International Trade; ONS

*March 29th 2019 †Deal with EU agreed but not yet in force

All trade talks and no action

As an EU member Britain has 40 trade agreements with over 70 non-European countries, covering around 15% of its trade. The government aims to continue the deals after Brexit. Liam Fox, the trade secretary, has said he hopes to have them ready for “one second after midnight” on Brexit day, March 29th. But an official document leaked to the *Sun* shows that just six of the 40 are on track. Things could change; Dr Fox recently bagged a deal with the Faroe Islands (population: roughly that of Torquay). But well over half the deals are in serious trouble and some big ones, like Japan, are already ruled out.

Bagehot | The silence of the lambs

Brexit is bad news for one of Britain's oldest industries



SHROPSHIRE IS AS close to the beating heart of England as you can get. The county towns boast some of England's finest Norman castles and black-and-white houses. Wenlock Edge and the Long Mynd are studies in pastoral beauty—"blue remembered hills", in A.E. Housman's immortal phrase in "A Shropshire Lad".

It is hardly surprising that Housman's "land of lost content" should be a Brexit stronghold. Some 57% of Salopians voted to leave. Four of the county's five MPs are pro-Brexit; one of them, North Shropshire's Owen Paterson, is about as hard-core as you can get. Yet Brexit represents the biggest threat in decades to Shropshire's content—and not just to the handful of factories that supply parts for the car industry in the neighbouring Black Country, but also to the county's traditional rural economy.

Sheep have always been at the centre of Shropshire's farming. In the Middle Ages they paid for the black-and-white mansions and over-sized churches that add to the area's charm. Today a third of Britain's sheep graze within 100 miles of the centre of the county. Once or twice a week market towns such as Ludlow and Knighton resound to the age-old sounds of a sheep auction. A significant proportion of all these sheep end up in an abattoir in Craven Arms owned by a company called Euro Quality Lambs.

The firm is a testimony to how efficient the industry has become. The abattoir slaughters 14,000 animals a week—25,000 in the run-up to Christmas—through a ruthless division of labour. A stunner stuns the sheep, a knife-wielder slits their throats, a head-specialist removes their heads and a flank-man strips their skins. Nothing goes to waste: the stomach contents are turned into manure, the bones are ground into powder for cat food and the blood is used for biofuel. Euro Lambs also shows how international the industry has become. Eighty per cent of its carcasses are exported to the continent, the bulk to France, and 60% of the company's employees are eastern Europeans. But that is only the beginning of it. Euro Lambs is owned by a Pakistani family, the Khalids, who came to Craven Arms via Ireland in 1992 and spotted a market for high-quality halal meat. The man who slits the animals' throats is a practising Muslim who utters a prayer as he slices.

This is a remarkable story of ethnic enterprise. Euro Lambs has a turnover of £66m (\$85m) a year, with no debt to speak of. It is also

a story of cultural assimilation. The parents at the local school display the demography of a big city rather than a town of 2,500. Pakistani women in headscarves rub shoulders with eastern Europeans and Salopians. Next to the abattoir the Khalids have built a mosque with a green dome and the beginnings of an Islamic garden. The school caretaker, a Craven Arms man born and bred, reflects the mood when he describes the Pakistani population as "the best of the bunch...darlings they are...polite and nice."

This is partly because Craven Arms welcomes anybody who brings jobs. Despite its bucolic surroundings it is a run-down former railway hub that is in danger of degenerating into a collection of tattoo parlours and takeaways. It is also because the Khalids have worked hard at fitting in. They have bought houses to put up a quarter of their workers. They have also appointed an English-born imam, Sohayb Peerbhai, who makes efforts to bring people together, sitting on the local school's board of governors and encouraging young Muslims in big cities to visit rural Shropshire.

All this is now threatened by political incompetence. The Khalids regard a no-deal Brexit as the biggest risk their business has confronted. They would face a 40-45% tariff on lamb that would quickly kill the continental market. They would find it harder to recruit eastern European workers (two have already decided to go home). They would also encounter licensing problems: when Bagehot visited the abattoir, the government-appointed vet on site was a Romanian who had EU-recognised qualifications gained by training in Britain and Romania. Rizvan Khalid, the managing director, compares a no-deal Brexit to the foot-and-mouth outbreak in 2001 that froze exports for 11 months and reduced his company to a one-and-a-half-day week. "No deal would be a self-imposed foot-and-mouth epidemic," he argues, "only much worse."

Brexit has already taken a heavy toll in uncertainty. The Khalids have been planning to move their operation from the middle of Craven Arms to a site farther out. But they can't justify spending the £20m that this will cost until they know what is happening. And a Brexit that involves leaving the EU's customs union could also be damaging. Euro Lambs' ability to compete at the premium end of the market depends on being able to get its carcasses to Paris within a couple of days; any longer and they would have to be frozen, which would cost them their premium status.

To the slaughter

Do these threats matter to anybody other than the Khalids and their employees? Brexiteers might argue that the Khalids' labour-intensive production line is an example of British employers' habit of relying on cheap imported labour rather than mechanisation. They might say that Euro Lambs' fixation on the EU shows a lack of global vision. Some might even claim that Shropshire would be better off exploiting its natural beauty than slaughtering sheep.

But none of this really adds up. It is harder to automate the slaughter of sheep than that of pigs or chickens because sheep come in so many different sizes. Upland sheep are much smaller and scrawnier than their lowland cousins. The global market is brutal: whereas Euro Lambs can sell at a premium on the continent because it doesn't have to freeze its products, the non-EU market will force it to go head-to-head against frozen New Zealand lambs. Abandoning the sheep industry entirely would not only kill off much of Shropshire's rural life. It would mean that the upland hills, deprived of their woolly lawnmowers, would degenerate into scrubland. A threat to Shropshire's sheep industry is also a threat to A.E. Housman's blue remembered hills. ■

**SPECIAL
REPORT:**

Islam in the West

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- February 16th 2019
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Here
to stay

The World in 2019



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A measure of humanity.



Leonardo da Vinci
The Renaissance treatment.



Christine Lagarde
A boost for inclusive growth.



Ellen Johnson Sirleaf
Empowering women in Africa.



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Here to stay

Muslims have had a significant presence in the West for three generations, says Nicolas Pelham. Though both sides remain wary, they are getting closer

EVERY FRIDAY lunchtime, Washington's Church of the Epiphany near the White House turns into a mosque. Hundreds of Muslims prostrate themselves in the direction of Mecca on carpets spread on the ground (pictured). The congregation includes Homeland Security and FBI agents, State Department bureaucrats and a posse of lawyers from the Department of Justice. The imam is a Treasury official. His sermons steer clear of politics.

America's Muslims have come a long way since some of their ancestors arrived as slaves from West Africa in the 16th century. From the late 19th century to the 1920s a wave of well-off Arabs came to study and stayed on, entering the ranks of America's middle class. In a nation of immigrants, Muslims found it easier to fit in than in Europe with its more settled population. Except in a few cities such as Dearborn, Michigan, Muslims in America are thinly spread, totalling about 3.5m, or 1.1% of the population.

Europe's relationship with Islam has been longer, deeper and more conflicted. The religion had previously entered Europe in the eighth century in Spain under a caliphate and again in the early 14th century in south-eastern Europe under the Ottomans. Both times it came in by the sword and was driven out more than half a millennium later. In the 20th century the Muslims in Europe were different from America's, too. Millions remained after the Ottoman armies were defeated, and new ones were brought in as soldiers and workers. European powers drafted some 3.5m Muslims from their colonies to fight two world wars. Most went home afterwards, but more arrived to repair the war damage.

In the two decades after 1945 western European governments

recruited hundreds of thousands of migrant labourers from far-flung places. Britain brought in Pakistanis from the Kashmiri mountains and the highlands of Bangladesh's Sylhet; France turned to its north African territories; and Germany imported workers from Turkey's Anatolian hills. They were expected to leave when their work was done, but instead fetched their families. Germany took its time to grant them and their German-born children citizenship. More recently an outpouring of asylum-seekers from the Muslim world's many conflicts has changed the demography. Between 2014 and 2016 alone about 1m migrants arrived in Europe, most of them Arab. Germany took in half of them.

They asked for workers, and people came

Leaving out Russia and Turkey, Europe is now home to about 26m Muslims, who account for about 5% of its population and are typically much younger than the locals. In many European cities Muhammad (in its various spellings) has become the most popular name for a child.

Precise numbers are hard to pin down. Besides, Muslims are not a homogeneous group; they differ by religious practice, culture and ethnicity. Their experience also varies from country to country. British law protects diversity in religion and practice, whereas in France the display of religious symbols, including the veil, is banned in most public institutions, including schools. Yet French Muslims tend to be less religious than British ones, and non-Muslims in France are happier to have Muslims as neighbours and more likely to marry one. ▶

► In some ways the 20th-century wave of Muslim arrivals in the West has done remarkably well. Many of them went from the mostly illiterate edges of the Islamic world to industrial cities. They often came from large families. Their children have gone a long way to closing the gaps in education, salary and lifestyles with their adopted countries.

Muslims are also becoming increasingly prominent in Western politics. In November's midterm elections, Americans voted two Muslim women, Rashida Tlaib and Ilhan Omar, into Congress for the first time. London, Europe's largest city, has a Muslim mayor, Sadiq Khan. The continent's largest port, Rotterdam, has a Moroccan-born one, Ahmed Aboutaleb. And Muslims play a large part in Western entertainment, sports and fashion.

But the past two decades have been marred by violence and fear, too. Since 2000 more than 3,670 people have been killed in jihadist attacks in the West, 2,996 of them in America on September 11th 2001 alone. Over the same period 119 people died in anti-Muslim assaults. Jihadists make up a minuscule fringe of Muslims in the West, but those terrorist attacks turned Islam into a looming threat in many Western minds. Far-right parties fed on, and fanned, such fears. Even short of violence, the relationship between Muslims

and their Western host countries was often wary or worse.

America's Muslims until fairly recently considered themselves a cut above Europe's. They were more middle-class, more integrated and enjoyed a more harmonious relationship with their chosen country. But a combination of America's involvement in the Middle East, the jihadist reaction to it and a concurrent surge of white nationalism has disturbed the harmony. In a survey in 2017, 42% of Muslim schoolchildren in America said they were bullied because of their faith. One in five Americans would deny Muslim citizens the right to vote. President Donald Trump encouraged such hostility during his election campaign, pledging a "total and complete shutdown of Muslims entering the United States". Soon after coming to office he tried to impose a visa ban on six mainly Muslim countries. And last month he stirred fears of Muslim immigration again by suggesting that prayer mats had been left at the Mexican border where he wants to build a wall.

This report will explore how Muslim identity has been moulded by external and internal pressures since the mass migration to the West began in the 1950s. It will trace the impact of the laissez-faire approach Western governments initially adopted to the incoming faith and then of increasingly interventionist policies as ►►

Third time lucky?

Islam in Europe goes back a long way

THE SYRIAN refugees who recently arrived on Greece's shores punctured their dinghies to ensure there was no way back. They were following a tradition dating to Islam's first foray into Europe. In 711, a century after the faith was founded, Tariq ibn Ziyad, a Muslim commander, sailed across the Strait of Gibraltar and ordered his men to burn their boats on arrival. His successors established a caliphate, or realm, over al-Andalus that was to remain on the Iberian peninsula for the next 782 years.

A Muslim army that fanned north across the Pyrenees was defeated by Frankish and Burgundian forces between Tours and Poitiers in 732. But for that defeat, wrote Edward Gibbon, an 18th-century English historian, "the Arabian fleet might have sailed without a naval combat into the mouth of the Thames." The colleges of Córdoba, in southern Spain, became a centre of scholarship for science, medicine and literature as well as Islamic studies. With few exceptions, Muslim rule was pluralist and inclusive of Christians and Jews. Not so the Christian armies who pushed them back in the Reconquista, culminating in 1492 with their victory in Granada, the last Muslim-controlled enclave. Libraries were burned, mosques and synagogues destroyed, and their worshippers expelled, forced to convert, or killed. The Inquisition purged what remained.



Besieging Vienna to no avail

While one caliphate waned in western Europe, another rose in the east. The Ottoman empire started in what is now Turkey and at its height dominated parts of central and south-eastern Europe, north Africa and the Middle East. In 1453 the Ottomans conquered Constantinople (now Istanbul), the seat of eastern Christianity. They were not beyond turning churches into mosques and forcibly converting Christians. But they also presided over another era of pluralism. Muslims and Jews fleeing Catholic Spain found refuge in the east, as did many Christians deemed heretics by the pope.

In much of the Ottoman empire Muslims were a minority. The sultan delegated

authority over non-Muslim communities to their religious leaders in a system of government called the *millet*. Mosques, churches and synagogues in Ottoman cities were built side by side. And while Christians were fighting religious wars elsewhere in Europe, the Ottomans preserved a remarkable peace among different faiths in territories now regarded as seething with religious strife.

The Ottomans ruled their European possessions for longer than they did their Middle Eastern ones. They gave Austria its coffeehouses and, legend has it, France its croissants (from the Islamic crescent on the Ottoman flag). One of Wolfgang Amadeus Mozart's operas is set in a seraglio. Johann Wolfgang von Goethe, one of Germany's greatest writers and poets, spoke Arabic. His "West-Eastern Divan", a collection of poems, takes its title from the Koranic verse, "to Allah belong the east and the west."

The Ottomans twice laid siege to Vienna, in 1529 and 1683, and lost both times. Thereafter the Muslim tide retreated. Christian nationalists from Athens to Budapest re-enacted the Reconquista, levelling hundreds of mosques and expelling millions of Europe's Muslims. Meanwhile across the Atlantic Muslim slaves were baptised by their owners and given Christian names. By the eve of the first world war, Muslim life in the West had all but come to an end.

► the Muslim population grew and the relationship became more troubled. It will explore how Muslim communities have responded to policies designed to aid assimilation or improve security.

The report will also look at the generational shifts within Muslim communities as their members have adapted to life in the West. Flexibility and pluralism helped Islam flourish as a global religion for 1,400 years, but recently in the West Muslims have had to devise a theology for living as a small minority among non-Muslims, not as rulers. This is still a work in progress. The first generation of Muslim immigrants largely accepted the West as they found it and kept a low profile, unsure how long they would be staying. They brought their rituals and traditions with them and looked to their countries of origin to cater for their spiritual needs. Imams came from Turkey, north Africa and South Asia. Some Muslim countries funded the building and running of mosques.

As ties with the West became stronger, those with the incomers' countries of origin diminished. Religion became more important than ethnicity as a marker of identity. The second generation of Muslims in the West rejected the quiet and submissive faith of their parents and looked for preachers who spoke their language and understood their concerns, often online. They wanted a religion that empowered them. At the extreme end, a few embraced violence. Jihadists are overwhelmingly either second-generation Muslims or converts.

A third generation of Muslim millennials feels more confident both of its Western identity and its Islam. It has the tools to negotiate politics and the justice system, and to interact with the establishment. Religion is increasingly becoming a matter of individual choice. The 10,000-plus mosques in the West represent the entire spectrum of Islamic belief and practice, from the Deobandis (see glossary) to women-led prayer. Many have left the faith altogether.

Past and recent experience has made Muslims wary of taking their future in the West for granted. But if the mainstream prevails, they are about to embark on a new phase. Three generations after their arrival, they are fashioning a theology for highly diverse societies and secular systems of government in which Islam does not hold power. In short, they are building a Western Islam. ■

A third generation of Muslim millennials feels more confident both of its Western identity and its Islam

Need to know

A brief glossary

Sunnis: followers of the *sunnah*, or tradition, of the Prophet Muhammad. They make up more than 80% of Muslims worldwide.

Shia: followers of the Prophet's son-in-law, Ali, and his descendants.

Salafists: followers of the *al-salaf al-salih* (the pious ancestors) who want to return to what they see as the original, pure, Islam of the Prophet. Sponsored by Saudi Arabia, they span a spectrum from piety to extreme violence.

Ahmadis: a Muslim sect considered heretic by many Sunnis for proclaiming its 19th-century founder in India, Mirza Ghulam Ahmed, as the Messiah.

Deobandis: a 19th-century anti-British movement that originated in colonial India and is now the most influential strain of Islam in Britain.

Muslim Brotherhood: a political ideology founded in Egypt in 1928 to oppose British rule. It is now banned in Egypt, Saudi Arabia and the UAE as a terrorist organisation. Its European and American followers reject violence. They are active in communal organisations but often hide their affiliation.

Milli Görüş (National Vision): a Turkish Islamist movement with ties to the Muslim Brotherhood. Founded in 1969, it opposes the secular Turkish republic.

Diyanet İşleri Başkanlığı: a branch of the Turkish president's office with a staff of 120,000, dealing with all religious matters for Sunnis of Turkish origin at home and abroad. It acts as the highest religious authority in matters of doctrine and practice.

DITIB (Turkish abbreviation for Turkish-Islamic Union for Religious Affairs): the German arm of the Diyanet, based in the Central Mosque of Cologne.

Muslim World League: a body founded in 1962 to promote Saudi leadership of Islam worldwide. It finances the construction of mosques, distributes Korans and Islamic literature, organises Islamic classes and supports the spread of Salafism.

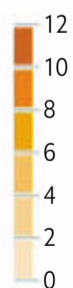
Jihad: Arabic for struggle. This can refer to an individual purging of the soul or the pursuit of a "just" war against heresy. For extremists, this is the most important pillar of Islam.

Sharia: God's will expressed in law. For traditionalists, it is immutable; for modernisers, ever-changing.

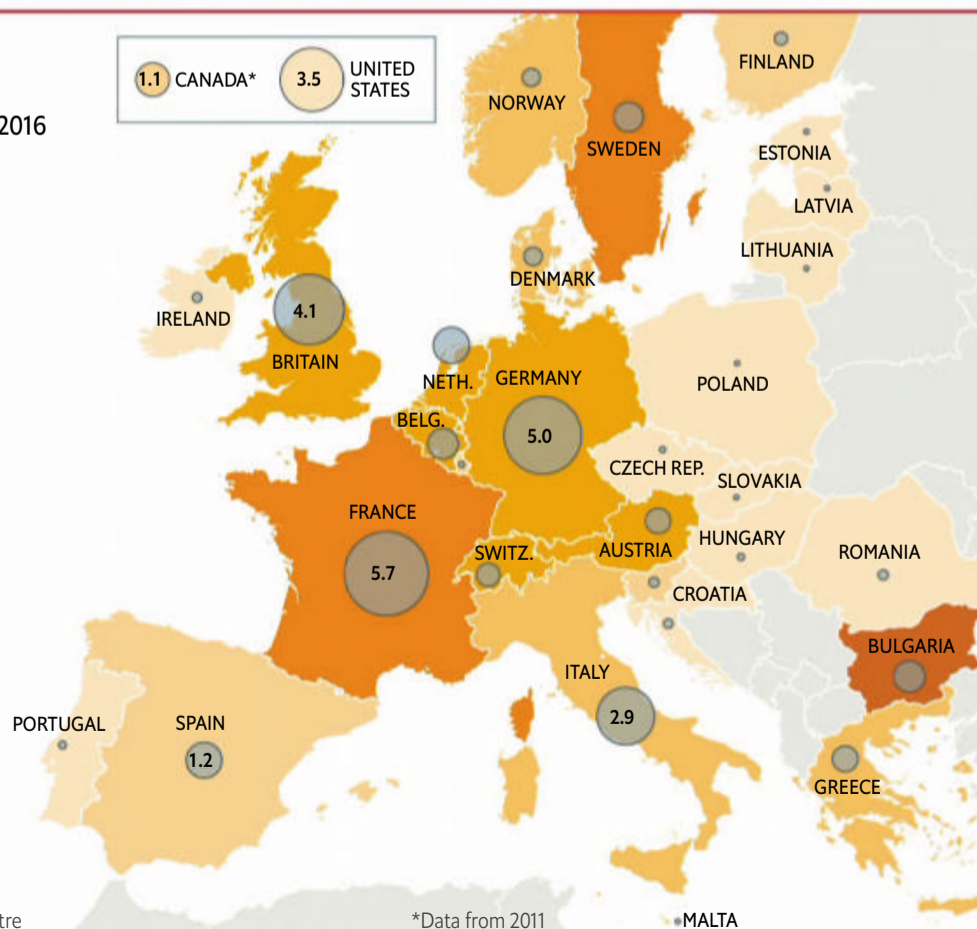
Far and wide

Muslims in Europe and North America, 2016

Share of total population, %



Number, m



Source: Pew Research Centre

*Data from 2011

•MALTA



Influence from abroad

Soft power

Foreign funding of Europe's mosques is a mixed blessing

THE IMAM of Germany's largest mosque (pictured) is struggling to fill it. It holds 1,200 worshippers, cost €20m (\$22.8m) and was opened last September to much fanfare in Cologne, North Rhine-Westphalia, the German state with the biggest concentration of Muslims. But only a few dozen elderly men attend his Sunday noon prayers.

It might help if the imam spoke German. But he is a Turkish civil servant, one of hundreds sent on three-year secondments by Turkey's Diyanet Isleri Baskanligi (directorate of religious affairs). It runs Turkey's 900 mosques in Germany and around 1,000 more in places from Macedonia to Maryland. Like official religious bodies in other Muslim countries, it builds and maintains flagship mosques to project its own national variant of Islam, keep its diaspora loyal and cement its influence in the West.

When Muslim migrants first started to arrive in Europe, there were good reasons for Western governments to outsource religious provision to foreign ones. Most of the incomers were too poor to pay for imams, and the West lacked the skills to cater for migrants' spiritual needs. Muslim governments had the religious institutions to do it. In addition to building and running mosques, the Diyanet and its local arm, DITIB (see glossary in previous article), provided extensive support to communities, running football clubs, summer camps and a subsidised funeral service for Muslims across Europe.

The arrangement seemed mutually beneficial. Western governments preserved their secular credentials, their budgets and, in many cases, the polite fiction that Muslim migrants were outsiders whose presence was temporary. In some parts of Germany and the Netherlands Turkey's Diyanet was even asked to provide religious education for Muslims in state schools. Middle Eastern

Sunni governments spread their own national creeds. Their agents also kept tabs on troublemakers.

After the oil-price shocks of the 1970s, Saudi Arabia embarked on a programme for Muslim hegemony. Its fundamentalist Salafism unnerved some, but it had the petrodollars to finance the project, and it helped reinforce the defences against Iran's call to revolution. The Muslim World League, the foreign arm of the Saudi religious establishment, built and operated large mosques abroad. They trained a new cadre of imams, offering lavish scholarships at the Islamic University of Madinah in the holy city of Medina, where 80% of the students were religious scholars from abroad.

Muslim autocrats came to value the soft power they gained. Preachers from Saudi Arabia and Algeria delivered diatribes against the menace of democracy, which they castigated as a Western artifice against God's rule. Egypt's informants kept watch on the dissident Muslim Brothers who had been chased abroad. Morocco's mosques promoted the authority of its king and "Commander of the Faithful" over rebellious Berbers from the Rif, many of whom moved to Europe. In recent years Turkey's imams abroad have been praising the policies of their paymaster, President Recep Tayyip Erdogan, and sounding an Islamist note.

Turkey, Saudi Arabia, Qatar and, to a lesser extent, Iran extended their influence in Europe by helping the 7m indigenous Muslims of eastern Europe recover from the ravages of communism and the Balkan wars of the 1990s. They set up universities and rebuilt hundreds of war-torn mosques. "These were European mosques, and not a single mosque was rebuilt by Europe," says Muhammad Jusic of the Islamic Community, the Sarajevo-based organisation that manages Bosnia's Muslim affairs. Mr Erdogan, in particular, is reaping the dividends from restoring Sarajevo's Ottoman mosques. When he visited the city last year, Bosnia's president, Bakir Izetbegovic, hailed him as God's messenger.

Rising jihadist activity in the West strengthened the case for tightening foreign-government control of the mosques. North African officials pointed to their centuries of experience in promoting moderate orthodox Islam. "Morocco guarantees the security of the religion and guards against those entering mosques to plant mines in the psyches of worshippers," says Ahmed Al-Abbadi, who acts as the Moroccan king's representative for religious affairs.

But accomplishing this was sometimes hard. Foreign imams on short-term assignments typically did not speak the language of the country they were working in, and seemed more concerned about securing promotion back home than building relations abroad. They slowed down the integration of first-generation Muslim migrants to the West and failed to grasp the difficulties faced by the second generation. "Foreign imams don't make inspiring role models," says Khaled Abou el Fadl, an academic from Egypt who chairs the Islamic Studies programme at the University of California, Los Angeles.

The politics of religion

DITIB's Turkish officials compare its mosques in the West to foreign-run churches, like the Russian Orthodox or Lutheran ones in the Middle East, but many of them appear to be increasingly used for political ends. Sermons reflect Turkey's tilt from secularism to an assertive Islamism. Having tried and failed for decades to join the EU, says a seasoned European diplomat, the country is now seeking to enter the West through its mosques. At the opening of the giant new mosque in Cologne last September Mr Erdogan and his religious establishment caused consternation by excluding the local officials who had supported its construction. The following month he unveiled a restored Ottoman shrine in Hungary's capital, Budapest. The expansion of foreign-dominated Islam in Europe shows no sign of abating, even though the continent's native-born Muslims will soon outnumber its immigrant ones. ■

Western responses

Taking back control

Western governments are trying to make Islam their own

HORST SEEHOFER, the German interior minister and then-leader of Bavaria's Christian Socialist Union, was in a conciliatory mood. Addressing a conference of Muslims in Berlin last November, he publicly reversed his earlier position that Islam did not belong in Germany. It could belong, he told his audience, as long as it embraced German, not foreign, values. His call for assimilation was underlined by the bill of fare at the official reception that evening, which included riesling wines and pork-topped canapés. If Muslims did not like the country's nudity and alcohol, tutted an official, they could go elsewhere.

The drive to integrate Islam on Germany's terms is the brainchild of Markus Kerber, a top civil servant at the interior ministry and founder of the Islam Conference, a gathering of Muslim representatives that Germany has been holding intermittently since 2006. He wants to wrest control of the country's mosques from foreign hands, a task he likens to that of Otto von Bismarck, Germany's first chancellor, when he tried to prise the Catholic church from the Vatican's clutches in the 19th century. Instead of relying on foreign support, Mr Kerber thinks, mosques in Germany could be funded in the same way as Christian and Jewish places of worship: through a voluntary religious levy on registered members of the faith. Foreign imams should be replaced by German ones, who would be trained at the new Islamic-theology departments that some of the German *Länder* have established at a handful of universities. Within a decade, Mr Kerber hopes, imams will need German certificates to be able to officiate.

Across the West, governments are developing ways of addressing mounting public concern. The run of jihadist attacks (albeit by a small fringe of extremists) and public resistance to mass Muslim migration have helped propel far-right movements into power across Europe. Policies initially designed to focus on security breaches have broadened, first to curb support for and contact with violent extremism and then to counter extremism of all kinds. Many Western leaders, having previously encouraged multiculturalism and diversity, now echo Mr Seehofer's call for Muslims to adapt their faith to Western norms.

Hands on or hands off?

Security remains a key element. Intelligence agencies monitor known extremists. Parliaments have passed laws making it a criminal offence for their countries' citizens to fight abroad. Some radical preachers have been expelled or jailed. Dozens of mosques have been closed down. But policymakers are also using other branches of government to tackle what a German official calls "the biggest exogenous influence on the West". Rather than rely on foreign governments to cater for the needs of their Muslim residents, many Western policymakers now prefer to draw up their own strategies. "We're fed up with their religious preachers," says a Belgian security official. "Their sermons are never about being European and always about being Turkish. It turns [the Muslim communities] into a ghetto." He is even more concerned about the sway held by Saudi Arabia.

It is easy to blame foreign management of Islam; harder to tailor a workable alternative. After the jihadist attacks on London's transport system in 2005, successive British governments tight-

ened up on their laissez-faire approach to Islam in Britain and became more interventionist. In 2007 Tony Blair, a Labour prime minister, unveiled a programme that initially tried to build local partnerships with non-violent Islamists such as the Muslim Brotherhood and Salafist groups to rein in the violent ones. As jihadist attacks spread in Europe, a Conservative government greatly expanded the definition of extremism and made it clear that it would support only liberal Muslims.

France has long struggled to reconcile its desire to keep Islam out of the public domain with a growing wish to control it. In 2016 its then prime minister, Manuel Valls, labelled the religion a problem, but found that the principle of *laïcité* (secularism in public affairs) and a law from 1905 stating that "the republic shall not recognise or subsidise any religion" prevented him from tackling it. The current president, Emmanuel Macron, is considering relaxing that law and supporting the creation of an independent foundation to manage Muslim affairs. The new body, the Muslim Association for French Islam (AMIF), aims to raise funds by issuing licences for France's (currently unregulated) market in *halal* food and permits for French Muslims to go on the annual *haj* (pilgrimage) to Mecca. Proceeds will be used to pay imams and vet them for radicalisation or anti-Semitism. "It will make Islam better accepted in France," says an AMIF organiser.

The European country with the most experience of state supervision of Islam is Austria. When the Austro-Hungarian empire pushed the Ottomans out of the Balkans in 1878, a substantial Muslim population was left behind, mainly in Bosnia. As was customary, the victorious soldiers ransacked the mosques, and the Catholic church built a cathedral on the ruins of the Ottoman barracks in ▶▶



Veiled threat?

► Sarajevo. But instead of expelling Bosnia's Muslims, Emperor Franz Joseph I formally accepted them as his subjects. He set up a new body, the Islamic Community, to minister to Muslim affairs, and appointed a *mufti* to run it. A law passed in 1912 made Islam an official religion and put it on a par with Christianity. It survived Austrian governments of many colours until 2015, when an incoming right-wing one amended it to curb Turkish influence and ban foreign funding of mosques. Last June 40 Turkish imams were expelled and seven foreign-run mosques ordered to close.

Newly arrived refugees now have to take a compulsory course in Austrian values, and the religious curriculum for Muslim schoolchildren has been revised. The official at the education ministry in charge of the overhaul is the picture of Muslim orthodoxy; not a wisp of hair pokes from under her headscarf. But she is an ardent supporter of strong measures to end "Muslim self-isolation". She is in favour of the government's closure of Muslim kindergartens, a ban on headscarves for girls under ten, and encouraging Muslim girls to attend swimming lessons and go on school trips. Her new curriculum requires students to write sermons opposing forced marriage and demonisation of homosexuals rather than learn religious texts by rote. "If we don't contextualise our religion, we'll lose our children," she says.

Many Muslims respond well to efforts to include them. The government's integration centre in the heart of the Austrian capital, Vienna, is lined with old photographs of Egyptian women in bikinis and unveiled Afghan students before the Islamists dominated public space. The mixed class of young Iranians and Afghans attending the one-day course in Austrian values listen intently. A translator relays the lessons on Mozart's sonatas, Gustav Klimt's paintings, Austria's descent into Nazism and its post-war recovery, but most of the class speak German well enough not to need him. Some volunteer to give presentations in their host country's language on democracy, the dangers of anti-Semitism and the protection of gay rights. "If only all Austrians had to sit [this test]," says the instructor.

Of booze and burqas

Austria has joined France, the Netherlands, Denmark, Belgium, Hungary and Bulgaria in banning the burqa, as have a number of cities and regions. Denmark has gone further than most. The country has one of western Europe's lowest rates of jihadist attacks, but fear of Islam is pervasive. Last year the right-wing government introduced a rule requiring children from designated poor districts inhabited mainly by immigrants, which it calls "ghettos", to attend a day-care centre for 25 hours a week from the age of one (as almost all Danish children do). Another recent law requires new citizens to shake hands at naturalisation ceremonies, even though some Muslims oppose touching members of the opposite sex on religious grounds. Government subsidies to Muslim (but not Christian or Jewish) schools have been cut, and some have closed down. To many Muslims and Western liberals, such policies seem counterproductive. Muslims feel stigmatised, alienated and defensive. Unlike in other Western countries, young Muslims in Denmark are more observant than their elders.

After a century of separation of church and state, many worry, too, about state intervention in religious affairs. Some Muslims fear that government efforts to form representative bodies will be dominated by large communal organisations. Others warn against trying to replicate government controls on Islam that have proved stifling in much of the Muslim world. "If you opt for state-sponsored Islam, you're no better than Iran," says Muddassar Ahmed, who leads Concordia, an international caucus of young Western Muslim leaders. Letting Islam develop organically as a matter of personal faith, he says, would be more in keeping with the norms of Western modernity. ■

Jihadist Islam

Hollow victories

The destructive power of a violent fringe

NO PLACE IN Europe has done more to nurture Europe's jihadists than the quaint neighbourhood of Molenbeek in Brussels. Some of its youth planned the Paris attacks in November 2015 and the suicide-bombings in Brussels five months later. Molenbeek is now quiet, but Johan Leman, a veteran social worker who knew one of the bombers, finds the lull almost more unnerving than the attacks. Since the jihadists first appeared in the 1990s, he twice thought they had gone, but they struck again years later and more violently than before. "They are incubating again," he says.

The overwhelming majority of Muslims is law-abiding and has no truck with Islamic State (IS). Of the 30m of those who live in the West, just 7,000 joined the terrorist organisation's battles abroad. Even fewer perpetrated violence in Europe. Yet militant groups like IS have a disproportionate influence on how the West sees Muslims. An opinion poll by Pew in 2017 found that IS caused more concern in the West than any other international issue, above climate change and the global economy. A tiny radicalised fringe group is tarring Islam in the West with an undeserved brush.

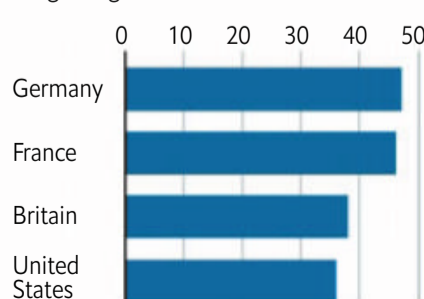
Jihadism has its origins in the liberation struggles against Western colonialism in the Middle East. Religious leaders in Algeria, Libya and Palestine waged jihads against their French, Italian and British overlords in the 19th and 20th centuries. Defence of Islam was just one of the reasons militants picked up arms to push out the West. Once the foreign armies had gone, those hostilities faded. From the 1950s onwards Western governments and Islamists had a common foe: the pro-Soviet nationalist regimes that took power in the Middle East. In the 1980s they joined forces to remove the Soviets from Afghanistan.

Back then Abdullah Azzam, the founder of al-Qaeda, an army of predominantly Arab Islamist volunteers in Afghanistan, got an American visa to tour America's mosques to raise funds for jihad. After Osama bin Laden took the helm, many of his henchmen found asylum in Europe. But the relationship soured. Soon after the Soviets had left, American forces moved into Saudi Arabia to oust Iraq from Kuwait. Allies became enemies again, culminating in the attacks of September 11th 2001 when al-Qaeda used hijacked planes to fell the twin towers of New York's World Trade Centre and ►►

Permutations of prejudice

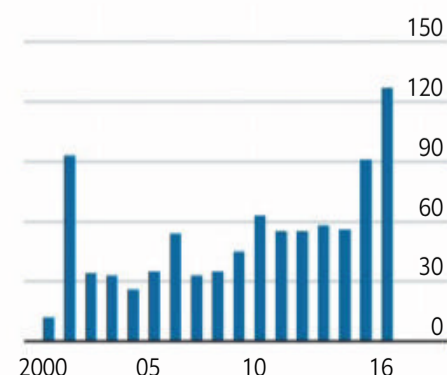
"There is a fundamental clash between Islam and the values of society in my country"

% agreeing



Sources: YouGov; Pew Research Centre; FBI

United States, anti-Muslim assaults*



*Reported to the FBI

part of the Pentagon in Washington, DC. America declared war on terror, invaded Afghanistan and Iraq and attracted a fresh generation of recruits to confront them. Al-Qaeda spread underground.

In 2014 IS swept the heartlands of the Middle East, mesmerising Muslims and non-Muslims alike with the speed and barbarity of its victories. Al-Qaeda had been focused on getting the West out of Muslim lands and ending its support for Arab dictators it deemed apostates and stooges. IS tried to carve a “caliphate” out of the Middle East’s failed states as a base and prepared for global expansion. Its view of the world, rooted in classical texts, was beguilingly simple. Those it had conquered were *dar al-Islam* (the territory of Islam). Those yet to be conquered were *dar al-harb* (the territory of war). Through multiple channels, from pulpits to social media, it launched a worldwide call for support.

This ideological shift triggered a clear change in recruitment. Al-Qaeda had aspired to create an intellectual elite and its disciples were almost all Arabs. IS appealed to all Muslims. Their first task was to cement the caliphate. Those who could should make the *hijra*, or flight to the new state, emulating the followers of the Prophet Muhammad who left pagan-ruled Mecca for a new Islamic state in Medina. Those who were unable to make the journey should fight behind enemy lines.

The romance of radicalism

For a small, radicalised segment of the Muslim population, IS had a magnetic appeal. A disproportionately large number of this group came from the West. Muslims in western Europe account for only 1.5% of the world’s total Muslim population of 1.8bn, but made up more than a sixth of the 30,000 foreign fighters who joined IS after its declaration of the caliphate in 2014. Terrorism experts estimate that one-third of the total have been killed, one-third are still at large and, worryingly, one-third have returned to their home countries. Still, the vast majority of IS attacks in Europe and America were carried out by Muslims who had never been to Syria or Iraq but chose to fight from home. Of 455 jihadist terrorists, 70% were citizens of the countries where they perpetrated the attacks, and half were native-born.

Earlier jihads, in Algeria and Bosnia in the 1990s, had taken place on Europe’s doorstep. The number of supporters they attracted were smaller, but for some young Muslims they promised adventure and heroism, akin to the Spanish civil war which drew European romantics in the 1930s. “I don’t see myself as an extremist,” says Ismail Royer, an American who converted to Islam and went to fight in Bosnia and Kashmir. “I see myself as having been naive, romantic, a Don Quixote kind of guy.” He renounced violence while in jail in America and now works for a Washington-based NGO promoting religious freedom.

Mr Royer had been radicalised by jihadist preachers who were born in America but had grown up in the Middle East and later returned with a new ideology. Others were swayed by Arab veterans of the Afghan war who won asylum in the West in the 1990s. France also unwittingly played a part in disseminating the ideology. It feared that the Algerian civil war then in

Terrorist timeline

Selected jihadist attacks in western Europe and North America

Number of deaths



Sources: Tony Blair Institute for Global Change; press reports

progress might spread to Muslims with Algerian roots in France. After two jihadist attacks, including one in Paris in 1994, it arrested many of its *barbus*, or beards, causing an exodus to Belgium, Germany and Britain.

Although al-Qaeda had little interest in Western Muslims, other Islamist groups courted them. Hizb ut-Tahrir, the Liberation Party, was born in Palestine in the 1950s, but acquired a mass following in Britain and Denmark with its call to restore a global caliphate. An offshoot, al-Muhajiroun, more openly espoused violence. Its charismatic preachers packed London’s 8,000-seat Wembley Arena, urging followers to boycott Western democracies and eschew secular lifestyles as a manifestation of *kufur* (unbelief). Other conservative schools, such as the Salafists, were less political and mostly rejected violence, but advocated keeping away from non-Muslims. Some Salafist scholars spread hate of non-Muslims of all kinds.

In some parts of Europe such teaching dovetailed with an already divided society. But it had broader reach, too. Unlike the foreign-run mosques of the first generation, it packaged Islam in the vernacular. On the pretext of recovering the pristine faith of the Prophet, Salafists purged the first generation’s traditional customs that second-generation Muslims, and converts raised in the West, found so alienating.

“They offered Islam for those who had no tradition,” says Azhar Majothi, a British Muslim scholar of Salafism at Nottingham University. Kubra Gumusay, a German Muslim writer, concurs. “Religious identity was often used by native-born Muslims as a tool to dissociate themselves from the ethnic identities of their parents,” she notes. In particular, it liberated girls constrained by their parents’ traditions. Many teenage girls were driven to IS’s caliphate abroad by dreams of female activism, as well as the desire to escape arranged marriages. Some 17% of Europe’s foreign fighters were women.

An assertive Islamic identity particularly appealed to second-generation Muslims who did not feel quite at home with Western ways. “They were rebelling against both their parents and society,” says M’hammed Henniche, a communal leader in Saint Denis, a suburb of Paris.

Not many preachers openly advocated violence in the West, and many Salafists opposed breaking the law. But when IS surfaced, it found a constituency whose ear could be tuned to their message. Second-generation migrants had already perpetrated several attacks. In 2004 Mohammad Bouyeri, a Dutch-born Berber Islamist, ▶▶

United in violence

Foreign jihadist fighters by region of origin 2017, '000



Sources: The Soufan Centre; The Global Strategy Centre

► killed Theo van Gogh, a film-maker who produced documentaries criticising Islam. The note left on his body read, “Europe, you’re next.” In 2005 three second-generation British Muslims and a convert blew themselves up on London’s public-transport system, killing 52.

Half of the jihadists who carried out attacks in the West since 9/11 were radicalised online, according to New America, a think-tank based in Washington, DC. Some preachers streamed self-erasing lectures on Snapchat. Their messages were particularly lethal in America, given the ready availability of weapons. Since 2013, 87 people have been killed in terrorist attacks there. “We’re bigger than ever,” insists a Danish organiser of Hizb ut-Tahrir. “You just can’t see us.” Germany’s spy agency agrees. It estimates that the number of Salafists providing a pool of recruits for jihadists has increased from under 4,000 in 2013 to more than 10,000 today.

Preachers ousted from their pulpits whispered invitations to meet privately to worshippers at Friday prayers. And increasingly gyms and schools became recruitment centres. Friends plotted their *hijra* from gritty estates and stifling parental control in the schoolyard. A dozen left one summer holiday from Campus de Brug high school in a Brussels suburb. In Dinslaken, a working-class town in Germany’s Rhineland, Lamya Kaddor, a high-school teacher of Islamic studies, discovered one day that her pupils had gone. “They knew nothing about Islam,” she says. “They took drugs, went to parties, had girlfriends.”

Europe’s prisons provided another source of recruits. They contained large numbers of Muslim inmates convicted for criminal offences who were already well-versed in skills like smuggling and gun-running. Two-thirds of foreign fighters in Germany and the Netherlands had a criminal record. Jihadism and petty crime were so intertwined that some used the term “gangster Islam”. Muslim chaplains found themselves being turned away when they tried to visit prisoners of their faith.

The suspension of Saudi funding, under Western pressure, also encouraged some Salafist groups to find less legitimate sources of finance. IS had a particular knack for penetrating the underworld and giving criminals a cause. Infidel assets, explained IS’s leader in Germany, were *ghanima*, or spoils of war. Khalid Zerkani, an IS recruiter from Morocco, followed the hashish trail from farms deep in the country’s Rif mountains to the waystations in Europe where many of the Rif’s Berbers lived, and eventually settled in Belgium’s Molenbeek. “He was a father figure,” says a local social worker. “He would ask about your future and explain how you could find a better job, a better salary and a just society under the sharia. And your sins would be forgiven.” Mr Zerkani was arrested in 2014.

One of his recruits, Ibrahim Abdeslam, owned Les Béguines, a gay bar in Molenbeek that was repeatedly raided for drugs. He sold it six weeks before donning a suicide-vest and blowing himself up in a bar during the Paris attacks in November 2015 that killed 130. When his brother, Salah, who planned the getaway, was eventually captured in March 2016, his friends retaliated four days later with attacks on the Brussels metro and airport, killing 32.

Les Béguines was shut down soon after the Brussels attack, but would-be jihadists can easily find other places to meet. For some, the gangsters still carry street-cred. At L’Épicerie, a Molenbeek warehouse turned into a theatre by locals of Moroccan origin, teenagers offer their rendition of a parents’ evening. “You’ve been playing truant. Why?” asks the teacher in the play. “I went to Afghanistan,” shrugs the boy. The audience laughs.

For most Western Muslims the appeal of jihadism reassuringly tails off after two generations. Only 7% of attacks in the West were perpetrated by grandchildren of immigrants. But police fear a new wave of violence when the current crop of radicalised prisoners are released. If places like Molenbeek are to break the cycle of jihad, young Muslims will need to feel properly at home in the West. ■



Fusing cultures

West-eastern divan

How Islam is adapting to life in the West

“PEOPLE ARE of two types in relation to you,” Imam Ali, the prophet Muhammad’s son-in-law and one of his first caliphs, or successors, is reputed to have said. “Either your brother in Islam, or your brother in humanity.” The Shia community of Mahfil Ali in north London tries to turn word into deed. Women often open services with a prayer. Sermons are in English. For the past decade the community has gone to the local church on Christmas Eve to attend midnight mass. Most ambitiously, it is turning its two-hut mosque into a £20m (\$26m) *Salaam* (Peace) centre, complete with sports facilities, a restaurant, a theatre and a public library. There is talk of making a prayer space for Christians and Jews. “We want to nurture the community that nurtured us,” says a local leader.

Mosques in the West have come a long way since migrant workers rolled out plastic mats in their back rooms. A new generation of cathedral mosques has brought Islam out of Muslim districts into the public arena. Instead of traditional structures with inward-looking courtyards, their architects now design wide staircases that connect to the street. Sports facilities draw in younger Muslims who may have lost interest in the faith, as well as non-Muslims. The Islamic Centre of Greater Cincinnati, spread over 18 acres (seven hectares), is one of many in America that feels more like a ►►



Western Islam is fragmenting into myriad interpretations

a cleric or priest. It's intellectually empowering."

Though German officials, among others, have cut off dialogue, a new generation of Salafists is experimenting with greater openness. Searching for allies to stem secularism's advance, Salafist imams engage in interfaith dialogue with like-minded conservatives of other faiths. The rapid influx of converts, too, has forced them to find ways to deal with their non-Muslim relatives. For role models, preachers look to the first Muslims in Mecca 1,400 years ago. They were also converts but kept their ties with their pagan families. And when they were persecuted, they embarked on the first *hijra*, or migration, and found refuge with the Christian rulers of Abyssinia. From his home in Memphis, Tennessee, Mr Qadhi plans to launch a new Islamic seminary later this year, staffed exclusively by Western lecturers. The teaching there, he says, will be "post-Salafist", concentrating on the essentials. "While old-school Salafists are arguing over the minutiae of Islamic law, their children are debating whether or not God even exists," he adds.

The second strand of the faith, political Islam, has long advocated engagement with non-Muslim society, not least to defend the interests of the *umma*, or Muslim community. Its main organisation, the Muslim Brotherhood, began as an armed anti-colonial movement in the Middle East. But chased into exile, its leaders have established a host of offshoots which profess loyalty to the West and praise its democratic systems (to the horror of the Muslim rulers they fled). It can be highly pragmatic. At a class at the Institut Européen des Sciences Humaines in Paris, Europe's largest Muslim college and a bastion of Brotherhood orthodoxy, a female lecturer emphasises the flexibility of the sharia, or Islamic law, and its guiding principle of *maslaha*, or communal interest.

Another of the Brotherhood's institutions, the Dublin-based European Council for Fatwa and Research, is rewriting orthodox precepts. Its jurists have approved mortgages, despite the Islamic prohibition on interest. They have ruled that female converts to Islam can keep their non-Muslim husbands. And some increasingly turn a blind eye to ways of life hitherto deemed deviant. "I'm not God. It's his business. I don't interfere," says Taha Sabri, the imam of an Islamist mosque in Berlin.

If the Brotherhood gives Islam a Western hue, liberals, the third strand, give their Western lifestyles an Islamic one. For more than a generation, Bassam Tibi, a devout academic of Syrian origin at Göttingen university in Germany, has campaigned for "euro-Islam", which by his definition is rooted in the principles of the Renaissance, Enlightenment and French Revolution. The faith, he says, has to adapt to its new environment, just as it did when it spread elsewhere in the world. "Africans made an African Islam and Indonesians made an Indonesian one," he notes. "Islam is flexible and can be European."

A few congregations of women-led mosques have surfaced in the West beyond the ivory towers of academia. Some are women-only, others mixed. Weekly prayers are often conducted on Sundays for members unable to leave work on Fridays. In 2008 Rabya Mueller, a former Catholic nun who converted to Islam, formed the Islamic Liberal Bund, modelled closely on liberal Judaism, and has begun leading prayers. Together with Lamyia Kaddor, a German woman with a Syrian background, she is replacing Islam's patriarchal baggage with gender equality and a commitment to gay rights. Much of their work, she says, involves marrying Muslims and non-Muslims of either gender. On Twitter, @queermuslims advertises prayer meetings for homosexual adherents of the faith. A training centre for gay imams has opened in France.

At the far end of the spectrum, a fourth strand wants to dispense with the religion altogether. In November six German academics, including one non-Muslim, formed the Secular Islam Initiative to promote "a folkloric relationship to Islam", according to one of its founders, Hamed Abdel-Samad, the son of an Egyptian

▶ country club than a mosque. Christian and Jewish teams compete in its basketball league.

Foreign organisations, Western governments and jihadists have all sought to speak for and mould Islam in the West, but the more established the faith becomes there, the less truck it wants with any of them. Of the three generations that have grown up since Muslims arrived in the West in the 20th century, the third is the most stridently opposed to government interference, be it foreign or Western, and to jihadist propaganda. As time passes, the old ties loosen. In most of the West, unlike in Muslim countries, no licence is currently needed to become an imam. Instead of a faith shaped from outside, millennial Muslims are creating something unprecedented: a do-it-yourself Islam.

That makes the religion frustratingly messy, but also diverse, dynamic and fluid. It is fragmenting into myriad interpretations, permutations and sects. Each by itself might be small, but collectively they are acquiring a critical mass that is pushing the faith's boundaries. Western Islam covers the full spectrum of Islamic traditions, from the most conservative to the sort that considers Islam a culture but no longer a faith, and everything in between.

The four schools of Western Islam

To outsiders, the Salafist strand of the faith looks deeply traditional and unwelcoming. Its members wear Islamic dress and send their children to segregated Muslim schools. Boys in white tunics shiver in the cold. Teachers focus on scripture. But the Salafists insist that much of what they believe chimes with a Western approach to the faith. "Its appeal is like that of Protestant reformation in Christianity," says Yasir Qadhi, America's best-known preacher, who studied with Salafist masters. "It gives the individual direct connection to the text without going through

► imam and author of a critical biography of the Prophet Muhammad. The organisation is still at the fledgling stage, but it may express the views of a surprising number of Muslims born in the West. According to a German government survey, only 20% of the country's Muslims belong to a religious organisation. Many of the rest lead secular lives.

The number of lapsed Muslims in France is probably even higher than in Germany, particularly among descendants of north Africa's Berbers, many of whom have long viewed Islam as a figleaf for Arabisation. Half the men of Algerian origin in France marry outside the faith, and 60% of those of Algerian parentage say they have no religious affiliation. In America the Pew Research Centre estimates that 23% of Muslims no longer identify with the faith. "We're facing the same problem of assimilation as the Jews," says an imam in Dearborn, Michigan.

Thinking the unthinkable

Mosques seeking to rejuvenate their flock are having to adapt to changing sexual practices, too. Half of America's Muslim students, male and female, admit to having had premarital sex, according to a study in 2014. "When I began teaching in 2003, no girl would admit to having a boyfriend," says Ms Kaddor, who until recently taught religious studies for Muslims in a Rhineland school. "Now, some openly say they're bisexual." Muslim dating apps abound. "Find a beautiful Arab or Muslim girl on muzmatch," promises one that claims a million users, complete with an optional chaperone feature.

Women are also increasingly demanding a say, not least because they are now typically better educated than men. The number of women on mosque boards is still small but growing, even in orthodox communities. Inside the prayer hall, women, originally confined to the gallery, are moving to the back of the ground floor and sometimes down the sides. In many Black American mosques men and women share the same hall. Prejudice against homosexuality remains strong but is retreating. Among British Muslims over 65, 76% want to ban the practice; for those aged 18-24, the proportion is 40%.

Adherents of all four strands often change allegiance. Mr Abdel-Samad was briefly a Muslim Brother before converting to secularism. Many Salafist preachers were nominal Christians who trod the path in reverse. Such cross-fertilisation does not always breed understanding. Imams deviating from orthodoxy risk expulsion from their mosques. Abdel Adhim Kamouss, a Salafist preacher in Berlin, has been ousted from two mosques for asserting that the Prophet did not condemn homosexuality or shaking hands with women. Mr Kamouss is one of several people interviewed for this report to receive a *fatwa* sentencing him to death for apostasy. In the suburbs of some British cities Muslim shopkeepers are forced to close before Friday prayers. And women can still become victims of honour crimes in conservative enclaves such as Dewsbury in northern England.

Optimists say such violence is a sign of desperation. In France the last known honour crime was committed two decades ago. Across the West Muslims turn out to vote in greater numbers than the rest of the population and increasingly interact with non-Muslims. For many of the younger ones, divisions of sect, ethnicity and religious observance are less and less relevant. In short, given a range of choices, Muslims in the West increasingly see Islam more as a matter of personal choice than a creed guided by government, whether at home or abroad. "The younger generation has won the battle," says Olivier Roy, a French author on Islam in the West.

Arab governments sometimes berate their Western counterparts for not doing enough to curb extremism, by which they often mean curbing their exiled dissidents. In fact, Western govern-

ments do monitor hate speech and support for terrorism. But viewing Islam primarily through a security prism distorts relations between Muslims and non-Muslims in the West.

Muslim inclusion in local decision-making can break down prejudice but often faces resistance from communities. Jennifer Eggert, a Muslim expert on terrorism, tours London mosques arguing for Muslims to play a bigger part in countering terrorism. The New York Police Department overcame communal mistrust by creating a Muslim Officers Society, the first in America. This has helped increase police recruitment among Muslims from fewer than a dozen in 2001 to over 1,000, says its founder, Adeel Rana. The inauguration last month of America's first two Muslim congresswomen may also help normalise Muslim participation at all levels of society.

Integrating Islam more into national histories could play a part, too. In some British mosques imams pinned poppies on each other to mark the centennial of the first world war and remember the hundreds of thousands of Muslims killed in battle. But their sacrifice is rarely commemorated at national level, contributing to the feeling that Muslims remain outsiders. Now "we are creating a generation not of foreign fighters but of foreign citizens," says Khalid Chaouki, a former MP in Italy's parliament who runs the country's largest mosque in Rome.

Cultural programmes, too, can cross communal boundaries. When the Benaki Museum in Athens began offering school tours of its Islamic art collection, an MP accused it of spreading the culture of terror. A decade on, the museum has expanded the programme to include interactive tours of life in Ottoman Athens. "We're filling a big gap in our history that most schools skip over," says Maria-Christina Yannoulidou, the head of the museum's education department, referring to 450 years of Muslim rule that Greece omits from its curriculum. "We want to challenge taboos and show the ordinary lives that heroic histories obscure."

Religious leaders are also seeking to bridge divides. Many priests work hard to counter far-right narratives, accusing anti-immigrant politicians of betraying Christian ethics. Many churches double as sanctuaries for refugees. Some synagogues as well as churches in America host Muslim Friday prayers for congregations lacking a space to worship. In the same vein, after a right-wing gunman fired on a Pittsburgh synagogue in October, Muslims packed the vigils, sent tweets of condolence and spoke at events on anti-Semitism. In Germany's election in 2017 church-going voters were three times less likely to vote for the far-right AfD party than secular ones.

Having settled in the West for the third time in history, this time in a different role, Islam seems destined to stay. The journey so far has not been easy. But a third generation of Muslims now seems set to become a permanent part of a more diverse, more tolerant Western society—as long as that society continues to nurture those virtues. ■

Religious leaders are seeking to bridge divides

ACKNOWLEDGMENTS A list of acknowledgments and sources is included in the online version of this special report

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South African politics

The enigma of Ramaphosa

SOWETO

South Africa's president is making uneven progress in repairing the damage caused by his predecessor

IVY RAMAPHOSA is used to visitors. Most weeks callers will knock on the door of her home in Soweto, on the outskirts of Johannesburg. They come trying to reach her brother, Cyril, who moved here with Ivy and their family in 1963, during the apogee of apartheid. Today he makes only the occasional appearance. As President of South Africa, he is a busy man.

Doorstepping the president is partly a sign of desperation. Despite some improvements since the advent of democracy in 1994, life for most South Africans is a struggle. More than a third are jobless (including those who have given up looking); among young people the share is a half. Around 50% of households have less than 3,000 rand (\$220) to spend per month. Public services are dire: 78% of fourth-graders cannot read and understand a simple sentence, and schoolchildren occasionally drown in pit toilets, as Mr Ramaphosa mentioned in his annual State of the Nation Address on February 7th.

Little wonder, then, that some petitioners go straight to the top. Vast hopes have been placed in Mr Ramaphosa. On February 15th it will be a year since he replaced Jacob Zuma, a president under whom graft

metastasised and spread throughout the state. Mr Ramaphosa, a cleaner and more competent politician, is doing his best to fight it.

It is a huge task. Mr Zuma's cronies ransacked the state and plundered state-owned enterprises (SOEs). Mr Zuma appointed weak or crooked officials to run the very law-enforcement institutions that should have stopped them.

In the first months of last year Mr Ramaphosa replaced the boards of corrupted firms: Eskom, the power utility; Transnet, which runs railways and ports; and Denel, an arms company. He purged the cabinet of more than a dozen of Mr Zuma's allies and replaced them with grown-ups such as Pravin Gordhan, a former finance minister now charged with sorting out the SOEs. Yet integrity at the helm has not always improved performance. Eskom, especially, remains a mess. Much of South Africa still endures blackouts.

More headway has been made in the justice system. In November Mr Ramaphosa fired Tom Moyane, who as head of the tax authority stopped his staff from pursuing fraudsters. A month later the president appointed Shamila Batohi, for-

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merly of the International Criminal Court, as head of the National Prosecuting Authority, which had blocked investigations into Mr Zuma. Mr Ramaphosa announced further reforms to the police, the NPA and the intelligence services on February 7th.

Much of his speech was dedicated to the economy. South Africa's GDP has barely outpaced the growth in population over the past decade. Last year the country suffered a recession for just the second time since 1994. Public debt is officially 56% of GDP, up from 28% in 2008. The real figure is higher once state firms are included.

Mr Ramaphosa has launched a flurry of initiatives to kick-start the economy. A drive to raise 1.2trn rand of investment by 2023 has earned pledges of 300bn rand (though most are only on paper). Yet until the labour market is reformed, so that firms can fire surplus or inept workers, they will be reluctant to hire. A youth project supposed to add 330,000 jobs annually created just 2,000 last year.

Mr Ramaphosa hinted at more radicalism in his speech. He pledged to cut government spending, break up Eskom, release state-owned land for development, introduce a new competition law and make it easier for tourists to get visas (previously it was ridiculously cumbersome). He vowed that South Africa would rise from 82nd out of 190 in the World Bank's Ease of Doing Business rankings to the top 50.

Whether Mr Ramaphosa succeeds depends firstly on elections on May 8th. In local elections in 2016 the ruling party, the African National Congress (ANC), slumped to 54% of the vote. Polls suggest that this time ►

▶ it will win around 60%, helped by the weakness of the opposition parties.

Mr Ramaphosa's allies say a big win would give him a mandate to clean up the state and revive the economy. But he would still face fierce opposition from his own party and its allies. After 25 years in office the ANC has become a magnet for anyone who wants to enter politics to get rich, so many party bigwigs do not want the president to clean things up. South Africa's deputy president, David Mabuza, and the party secretary-general, Ace Magashule, are both inclined to block reform. Since Mr Ramaphosa won the party leadership in 2017 by a mere 179 votes out of more than 4,500 delegates, it would not take much for rivals to push him out.

Mr Ramaphosa's fans note his lifetime of outfoxing opponents. As head of the National Union of Mineworkers he was a skilled negotiator. Nelson Mandela put him in charge of talks to end apartheid when he was only 39. Later, Mr Ramaphosa used his nous—and his political connections—to make a fortune in business. He is charming and ruthless. “He has the patience of a vulture,” says a friend of many decades, adding, admiringly: “He's the most calculating person I know.”

To what end, though? Mr Ramaphosa has brought honesty and more proficiency to the presidency. But it is unclear whether this ultimate insider, who was deputy president under Mr Zuma, has the will to take on the pillars of South African life—big government, politically connected business, big labour—that have both made his career and obstruct reform. “I am an enigma,” Mr Ramaphosa once told a biographer. And so he remains. ■

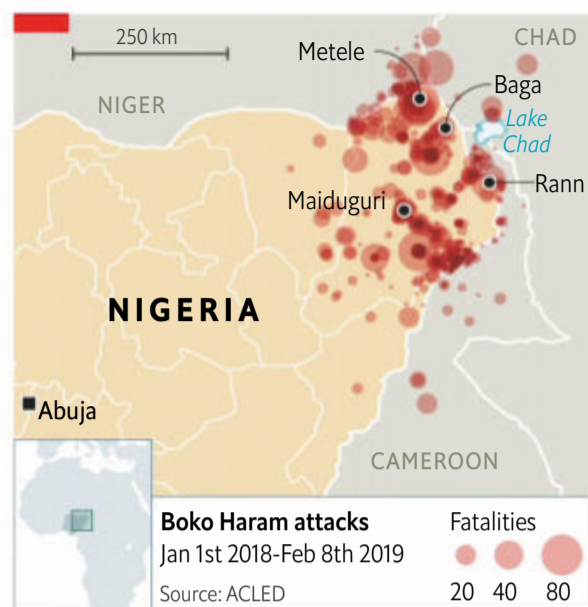
Boko Haram

Buhari's Vietnam

Setbacks in the fight against schoolgirl-kidnapping jihadists

A WILD-EYED Nigerian soldier looks into the camera: “We don't have adequate weapons,” he says. “We can't just be wasting our lives.” Nigerian opposition activists, who have circulated the video widely, say it shows soldiers fleeing an offensive by Boko Haram, the bloodthirsty jihadists terrorising north-eastern Nigeria, in December. Army officials say the footage is from 2014, the nadir of their fight against the militants. Few believe the official line.

Muhammadu Buhari, Nigeria's president, came to power in 2015 promising to defeat Boko Haram. His inauguration was followed by military success. Insurgents



were expelled from towns they had captured and forced into the bush. But this was followed by three years of stalemate that is now beginning to look like defeat.

Unable to gain full control of the often impassable forests and swamps that shelter the jihadists, Nigeria's generals took a leaf from the counter-insurgency manual America used during the Vietnam war, when it fortified “strategic hamlets” to separate farmers from guerrillas. Nigeria's version was to gather people into “garrison towns” surrounded by earthen ditches and guarded by the army.

Meanwhile Boko Haram and its offshoots were left to gather strength. Last year they attacked army bases and garrison towns. In December they seized Baga, a town by Lake Chad, including a military base. The jihadists were only dislodged from it two weeks later. In January the jihadists twice raided Rann, near the Cameroonian border, killing at least 60 civilians. Many soldiers abandoned their posts. The UN says 60,000 people have fled their homes in the past three months.

Shoddy equipment has left garrisons in small towns vulnerable to attack. After Boko Haram killed at least 44 soldiers in the town of Metele, survivors produced a video decrying the state of the Soviet-era tanks they had been given to defend the base. The rustiness of Nigeria's army is not for lack of money.

The former president, Goodluck Jonathan, allocated billions of dollars for buying weapons. But much of that money was stolen. Sambo Dasuki, Mr Jonathan's national security adviser, has been charged with fraud and is accused of diverting \$2.1bn from an arms fund. He denies it. Prosecutors allege that much of the money was used to buy votes for Mr Jonathan and the then-ruling People's Democratic Party ahead of the election in 2015.

Under Mr Buhari the government has again showered cash upon the armed forces, some from unusual sources. In December 2017, for instance, the government took \$1bn from Nigeria's excess oil ac-

count, a rainy-day fund, to pay for war. But it has provided little oversight of how the money is spent and many suspect that the theft has continued.

The army's ineptitude has coincided with the rise of Islamic State West Africa Province (ISWAP), a faction of Boko Haram aligned with Islamic State. It is said to have been behind most of the recent raids. ISWAP has focused on military targets and proved adept at picking out vulnerable ones to attack. Alex Thurston of Miami University says the raids help it build momentum, as it often steals supplies and weapons from the bases it attacks.

The army's setbacks in the north-east are hurting Mr Buhari's campaign to win another presidential term in elections on February 16th. Although his repeated claims that Boko Haram has been defeated have always rung hollow, many voters will now see them as evidence that their president is worryingly out of touch. ■

France and Chad

New dog, old tricks

NAIROBI

France is propping up African strongmen again

IRISS DÉBY, Chad's president, knows better than most how threatening a Toyota pickup truck can be. In 1990 he seized power after leading 300 of them on a dash through the desert to capture N'Djamena, Chad's capital. Three years earlier, as army chief, his converted battle-wagons smashed through Libyan lines to end the “Toyota War”. So when three pickup convoys carrying Libya-based rebels were spotted 370 miles into Chadian territory last week Mr Déby had every reason to fret.

Help was at hand. For three days French warplanes strafed the convoys. Chad's army scooped up the survivors; it claimed to have captured 250 rebels. Chad serves as the headquarters of Operation Barkhane, France's counter-jihadist mission in five former colonies in the Sahel. In a region that has become fertile territory for Islamists seeking a foothold after the collapse of Islamic State in Syria and Iraq, France sees Mr Déby as a bulwark.

Yet Mr Déby is also a repressive autocrat who has squandered Chad's oil wealth and beggared his people. He changed the constitution to stay on until 2033 and has won a series of dodgy elections. Emmanuel Macron came to power in 2017 promising to end “Françafrique”, the decades-old policy of propping up African strongmen to serve French interests. He visited Burkina Faso, hoping to atone for France's role in the es- ▶▶

► cape of Blaise Compaoré, the president toppled in a revolution in 2014. Aiding Mr Déby looks to some like a return to old tricks—though France insists that its forces answered a legitimate request from Mr Déby to foil a coup.

France gave military support to three of Mr Déby's predecessors. French logistical support also helped Mr Déby beat back rebels who reached N'Djamena in 2008. Yet even when the rebels were shelling the presidential palace itself, France hung back from the direct military intervention seen last week. That the last resort has now become the first response shows how much Mr Macron's moralising has hit the buffers of African realpolitik.

Not only is Mr Déby viewed as indispensable for Operation Barkhane, but there is little prospect that a replacement would be any better. "The French have never believed that countries like Chad improve and they don't believe they are susceptible to democratisation," says Richard Moncrieff of the International Crisis Group, a think-tank. So why risk the downfall of a strongman who serves French interests? Moreover, France can still demonstrate the benefit of its military muscle to African leaders that China, for all its financial might, cannot match.

France's help should ensure Mr Déby's survival, for a while at least. Still, France's intervention is not without its risks. Opposition parties were horrified. Strikes and protests against Mr Déby could yet coalesce into a popular revolt. Should Mr Déby suffer the same fate as Mr Compaoré, a new Chadian leader with genuine popular legitimacy might be inclined to look on France with a jaundiced eye. ■

Down to one square mile

The caliphate's last stand

Islamic State is nearly dead. Its ideas are not

THE LAST defenders of the caliphate grazed like sheep until there was no grass left to eat. America bombed from above. Kurdish-led fighters pursued them on the ground. And Syrian and Iraqi armies maintained a siege from their respective positions across the Euphrates river and Iraqi border. Less than five years after it had proclaimed a caliphate the size of Britain, the realm of Islamic State (IS) has shrunk to less than a square mile in a riverside hamlet, Baghuz al-Fawqani, on Syria's border with Iraq.

A few hundred fighters continue the battle, but as *The Economist* went to press,



Into the final redoubt

the American-led coalition was already erecting a podium for victory celebrations nearby. The oilfields and archaeological sites that IS had looted to finance the world's most powerful jihadist movement provide a backdrop. Its hospitals and police stations lie in ruins. Some 35,000 people, including about 3,000 fighters, have fled. Many of those who were captured are foreigners, who lacked the local connections to slink away undetected.

Yet the defeat of this caliphate will not kill the dream of one. Sunni Muslims, who once flocked to its banner, still feel economically and politically oppressed in Syria and Iraq. But Sunnis have paid a high price for the rule of IS and it will find it hard to rally them again. The tens of thousands of Muslims from around the world once drawn by its success have fled in the opposite direction. Even other jihadist groups do not want them. Hayat Tahrir al-Sham (HTS), an offshoot of al-Qaeda and now the leading jihadist force in Syria, has shunned an American offer to allow IS fighters to flee into their territory in Syria's north-western province of Idlib. HTS leaders crave respectability and fear being tarnished by association with IS. Moreover the presence of IS fighters could invite more bombing by Syria's patron, Russia.

What is left of IS will also find it harder to find ungoverned places to fill. Iraq's army and Hashd al-Shaabi, or Shia-led militias, control the cities and borders whence IS once sprung. More adeptly than most expected, the Kurdish-led Syrian Democratic Forces have stood up a security apparatus in the quarter of Syria they control. However corrupt and obnoxious Sunni Arabs find them, these forces have proved able to prevent IS from regrouping in large numbers. Raqqa and Mosul, once

the caliphate's largest cities, are devastated, but also quiet.

IS is in retreat elsewhere. Egypt's army has levelled Sheikh Zuweid, the city in Sinai where the jihadists once flew their flag. Libya's borders remain porous, but IS has lost its Mediterranean stronghold of Sirte. Successive defeats have made it harder to draw fresh recruits. Since a high in 2015, attacks in the West are sharply down.

To be sure, IS has had months to plan for a future without territory and to shift weapons and gold. Its fighters still murder village elders, extort money and wage a low-level war of attrition. At night Kurds retreat from their checkpoints into secure compounds. In January IS demonstrated its resilience in an attack that killed 14, including four Americans, near the Turkish border 300km from the front.

America's withdrawal from Syria could also play into its hands. Without American support, Kurdish rule of north-eastern Syria could be challenged. If Turkish and Syrian forces decide to exploit the vacuum and move in, possibly clashing in doing so, the mayhem could again create opportunities for IS to regroup. For the moment, however, the jihadists who once struck fear across the region are broken. ■

Southern exposure

The battle for Libya's frontier

CAIRO

Militants have made a fortune there as bandits and mercenaries

THE INTERNECINE fighting in Libya is often reduced to east versus west: Khalifa Haftar, the warlord who controls the former, against a United Nations-backed government in the latter. But this year's most important fighting is some 600km south of the capital, Tripoli. Last month General Haftar sent his Libyan National Army (LNA) to pacify Fezzan, a vast expanse of desert plagued by ethnic and tribal feuds. It has already taken the town of Sabha, home to perhaps one-fifth of the area's population. Now it is fighting for a bigger prize 200km to the south-west: the Sharara oilfield.

Before going offline in December it pumped 315,000 barrels per day (b/d). That was about a third of the country's output, which had been at a five-year high. Then the tribesmen tasked with guarding the facility took it over to demand better pay. The closure mothballed the nearby "Elephant" oilfield, which relies on Sharara for electricity. That took another 73,000 b/d out of production.

After brief skirmishes the LNA says it has retaken the field. It promises to let the ►►

▶ Tripoli-based National Oil Corporation resume control and restart production.

But it will still hold the territory around the field. The LNA already controls the Sirte basin, home to most of Libya's oil reserves, and the coastline near Ras Lanuf, where its export terminals are located. Last summer it seized those terminals and tried to redirect their revenues to a rival oil company in Benghazi. It backed down after America and the EU threatened to impose sanctions and stop buying Libyan oil. With Iran under sanctions and Venezuela in chaos, though, General Haftar may come to view that as an empty threat. The UN hopes to organise elections and a constitutional convention this year (though it had the same goal in 2018). General Haftar's control of oil resources gives him leverage over the rival government, which barely controls Tripoli.

The LNA insists this is not a power grab, but rather an effort to rid southern Libya of foreign mercenaries. Hundreds of militants from neighbouring Chad are fighting in the area and preying on locals. The mayor of Sabha describes his town as "under occupation" by foreign militias. Yet the LNA is not entirely made up of Libyans, either. It fights alongside militiamen from Darfur, mostly offshoots of the Sudan Liberation Army, a rebel group that splintered after it struck a peace agreement with the government in Khartoum in 2006.

Few of these foreigners have ideological affinity with any of Libya's warring sides. The country's vast desert provides an ungoverned space in which they can hide and regroup—and make money. Benghazi's main jihadist militia pays a recruitment fee of \$3,000 per foreign fighter, according to the UN. Others follow the Fezzan's long and lucrative tradition of smuggling. A litre of subsidised petrol that costs 10 US cents in Libya fetches ten times as much in Chad. Since the overthrow in 2011 of Muammar Qaddafi, Libya's dictator, smugglers have made money moving people as well as fuel, taking them north to the Mediterranean and onwards to Europe. Drugs are big business, too. Foreigners now take a cut, either

trafficking goods and people themselves or, more often, intercepting convoys and demanding payment.

The instability this causes is being felt across the region. Earlier this month Chadian rebels used Libya as a base from which to launch a coup against Idriss Déby, Chad's president. It was thwarted with the help of French air power (see earlier article). Sudanese militants, meanwhile, have used their new-found wealth to buy dozens of 4x4s which they too may use to fight their own government. The influx of foreigners is a problem for Libya. It is one for their home countries as well. ■

Saudi missiles

Protection rocket

Satellite photos point to Saudi missile-making

IN 2016 Muhammad bin Salman, Saudi Arabia's crown prince and de facto ruler, announced the latest stage of "Saudisation"—the replacement of foreign workers with Saudi ones. It now appears the policy does not stop at swapping out bankers and bakers, but extends to ballistic missiles.

Satellite photos analysed by researchers from the Middlebury Institute of International Studies, and reported by the *Washington Post*, appear to show that Saudi Arabia has been building a factory for rocket engines, at an existing missile base in al-Watah, south-west of Riyadh. It seems to be configured for solid-fuel rockets, which can be launched more quickly than liquid-fuelled ones.

Saudi Arabia is no newcomer to missiles. Having watched Iran and Iraq fling them at each other during the 1980s, it bought a few dozen DF-3 missiles from China in 1987. It came close to unleashing them after being struck by Iraqi Scud missiles during the Gulf war in 1991. In the 2000s it probably picked up a batch of newer, more accurate Chinese DF-21s.

Iran, the kingdom's arch-rival, has been honing its missile force despite Western opposition and UN rebukes, conducting 135 test launches since 1990. On December 1st it tested one thought capable of comfortably reaching any corner of Saudi soil (see map). In January Ali Shamkhani, the head of Iran's national security council, insisted that although his country was not looking to expand the range of its missiles, "it is continuously working on increasing the precision." That is reassuring for Europeans and Americans; less so for Saudis.

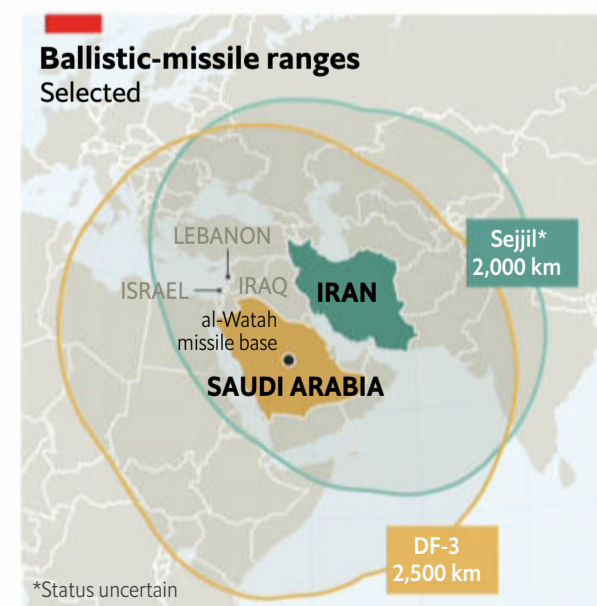
Nor is Iran the only concern. Hizbullah, a Lebanese militant group nurtured and

armed by Iran, has a growing arsenal of missiles; some can already reach the north-western parts of Saudi Arabia. Israel is also armed to the teeth. Though Prince Muhammad is on good terms with the Jewish state, satellite images published in 2013 reportedly showed that one of the Saudi DF-3 launching pads at al-Watah was set in the direction of Tel Aviv.

Because missiles are ideal delivery systems for nuclear weapons, news of the plant has also revived worries about Saudi Arabia's atomic intentions. America's abandonment of a multinational nuclear deal with Iran last year has increased the risk that Iran will resume large-scale enrichment of uranium. Saudi Arabia has vowed to keep pace. It wants to build two nuclear reactors and insists on its right to enrich uranium (and to reprocess spent fuel from those reactors, another path to a bomb). "Without a doubt if Iran developed a nuclear bomb," warned Prince Muhammad last March, "we will follow suit." The Trump administration has refused to sell civil nuclear technology on these terms.

So the Saudis may turn to other nuclear friends. Western diplomats and spooks have long been concerned that Pakistan, whose own nuclear programme was bankrolled by Saudi Arabia, might be a ready supplier of know-how, fuel or bombs. In 1999 Saudi Arabia's then defence minister horrified American officials by touring Pakistan's nuclear facilities and meeting A.Q. Khan, the scientist who sold nuclear technology to North Korea, Iran and Libya. Ties remain close. Prince Muhammad was due to agree on \$14bn of investment in Pakistan during a visit to the country on February 16th.

Another option lies further east. Michael Elleman, a missile expert at IISS, a think-tank, says he is almost certain that the apparent rocket factory was "designed, equipped and constructed by an outside entity". Saudi Arabia has "no capacity" for such a project. The facility, he notes, closely resembles a Chinese one in Lantian. Saudisation, evidently, has some way to go. ■





Spanish politics

Sánchez touches the void

MADRID

The fraught Catalan issue pushes Spain to the brink of its third general election since 2015

THE NOTION that Pedro Sánchez could govern his country for long without calling a general election always seemed unlikely. He came to office as prime minister unexpectedly last June following a censure motion against his conservative predecessor, Mariano Rajoy. But his socialist party has only 84, or 24%, of the 350 seats in Congress. The alliance of leftists and Basque and Catalan nationalists that backed his minority government was united chiefly in rejecting Mr Rajoy. On February 13th Mr Sánchez's government seemed to run out of road when its budget was rejected, by 191 votes to 158. On February 15th the prime minister is due to announce if—and more likely when—he will call a general election.

It would be the third time in little more than three years that Spaniards have been called upon to vote. The past two elections produced hung parliaments and weak governments, and the same outcome seems inevitable this time around. Indeed, politics has become even more fragmented with the recent rise of Vox, a far-right nationalist party which is poised to enter parliament for the first time.

What doomed Mr Sánchez, as in part it had done Mr Rajoy, was the conflict in Catalonia, where almost half of voters support independence. By chance, the budget debate coincided with the start of the oral phase of the trial of 12 separatist leaders who face charges of rebellion and misuse of funds for organising an unconstitutional referendum followed by an illegal declaration of independence in October 2017.

Mr Sánchez attempted to defuse the Catalan conflict, talking to the separatist government in Barcelona about their more everyday grievances. The budget included an 18.5% increase in public investment in Catalonia. Rejecting it would be “a historic mistake which you will have to explain to Catalans”, María Jesús Montero, the finance minister, told separatist legislators during the parliamentary debate.

But the 17 Catalan nationalist deputies joined the opposition to vote it down nonetheless. Partly because of the emotive climate generated by the trial, as a condition for backing the budget their leaders had insisted that Mr Sánchez agree to talks with an international mediator about self-determination in Catalonia. In what was Mr

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Sánchez's biggest mistake in his short time as prime minister, he dallied with that proposal, agreeing to inter-party talks in Catalonia with an external “rapporteur”. That was not enough for the separatists, but opponents seized on it as a concession to the independence movement's long-standing demand to “internationalise” the Catalan conflict. Mr Sánchez swiftly retreated, breaking off contact with the separatist administration in Barcelona.

An independence referendum is legally impossible without amending the constitution, a cumbersome procedure. And it is a political non-starter: the vast majority of Spaniards and many Catalans reject the separatists' attempt to break up their country. International law does not recognise a right to self-determination in an advanced democracy. The government insisted this week that it would not trade the budget for a referendum.

In a febrile political atmosphere the three right-of-centre parties held a rally in Madrid's Plaza Colón on February 10th at which some 45,000 people, many waving Spanish flags, turned out under the slogan “For a United Spain—elections now”. Pablo Casado, who replaced Mr Rajoy as leader of the conservative People's Party in the summer, has operated in hyperbolic gear ever since. This month he has called Mr Sánchez a “traitor”, “liar” and “felon”.

Mr Sánchez has said several times that if his budget was rejected, that would shorten the life of the parliament, which in theory runs until June 2020. The betting in Madrid is that he will go to the country in ▶▶

► April. If so, he will doubtless try to make the budget, with its modest increase in spending, social provision and taxes, the main issue in an old-fashioned left-right battle. His government was notable for its feminism (more than half of his cabinet are women) and for his determination that Spain should play an active international role. But a spring election would take place against the background of the Catalan trial. Most of the defendants claim that they are political prisoners. The prosecutor argues that they are being judged for their actions,

not their ideas. The opposition would try to make the election about defending the constitution and keeping Spain together.

Opinion polls give five parties between 10% and 25% of the vote. Mr Sánchez is an effective campaigner. But at the outset, the most likely outcome is a right-of-centre coalition, backed by Vox. Some of the separatists have long claimed, implausibly, that their battle is against Spanish “fascism”. With their parliamentary vote this week, they seem to want to bring some semblance of that into being. ■

Energy politics

Paying the piper

BERLIN

Germany's dogged support for the Nord Stream 2 gas pipeline infuriates its neighbours and baffles its friends

“CALMLY, WITHOUT giving in to provocations, we lay our gas pipeline over their sanctions.” This piece of doggerel, delivered, mortifyingly, in hip-hop form last year by a Kremlin propagandist, invited Russians to resist Western attempts to thwart the motherland's mighty energy policy. In fact, even though Russia is under sanctions, Nord Stream 2 (NS2), a Russia-Germany undersea gas pipe that has divided Europeans and angered America, is not. Day by day, the companies contracted by Gazprom, the Russian state-owned gas giant and NS2's sole shareholder, are laying their concrete-coated steel pipe segments on the bed of the Baltic Sea. They aim to finish by the end of the year.

NS2 is a deeply troubling prospect for those who have long feared the Kremlin's ability to export political influence along with gas. Critics charge that, by increasing dependence on Russia, it exposes parts of Europe to the risk of energy blackmail at the hands of an increasingly antagonistic supplier. Ukraine is particularly jittery. NS2 bypasses its territory entirely, potentially depriving it of transit fees it currently charges Gazprom, worth about 2% of GDP, and of a useful piece of leverage against a large, aggressive neighbour. No wonder Gazprom has vowed to eliminate its dependence on Ukraine for transit.

For a time, sceptics of NS2 looked to the European Commission for salvation. The EU's pro-market energy rules have successfully tamed Gazprom's ability to weaponise its gas exports in the past. Over the past week governments and MEPs wrestled over an update to a directive covering pipelines from outside the EU. After a brief Franco-German *contretemps*, a settlement was found: EU rules to encourage competition will apply to NS2 when it enters European

territory, but German regulators will be left in charge of implementing them. Exemptions from the pro-market strictures are allowed, though the commission must sign off on them.

This could make life trickier for Gazprom. Its monopoly on Russian piped gas exports, for instance, violates an EU rule obliging owners to grant third parties access to pipelines (Rosneft, another Russian energy giant, is said to be sniffing around). Merely negotiating with German officials and waiting for approval from Brussels will delay the point at which gas starts to flow.

Yet the EU probably will not stop it. Many European governments, including the Baltic and Nordic states, Poland, France and Britain, had hoped otherwise. And they might once have had cause to expect Germany to be on their side. In 2014, after Russia annexed Crimea and invaded eastern Ukraine, Angela Merkel formed a common EU line on sanctions that, defying all predictions, still holds today (indeed, more measures may follow next week). The

chancellor hinted at a multi-generational struggle against Russia.

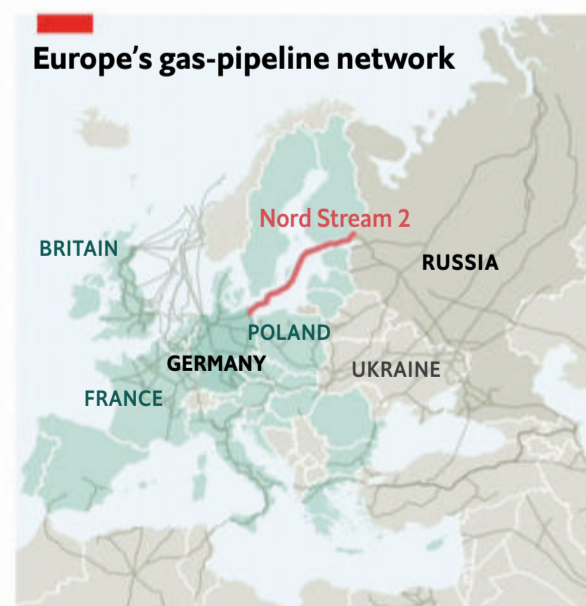
But talk about energy, and Germany reverts to small-minded legalism. NS2 does not threaten the security of Europe's supplies, say German officials, because of the multiplicity of import options from elsewhere. It creates interdependence, because Gazprom needs European custom. Mrs Merkel has belatedly acknowledged that NS2 has a political dimension, and now insists that gas must continue to flow through Ukraine. But it is not clear how that promise can be upheld. And a broader strategic assessment of the impact of the pipeline is almost wholly absent in Berlin.

What explains Germany's attitude? Its consumers and firms like the prospect of secure, cheap supplies; gas fuels half Germany's heating. Some want to sell it on to Germany's neighbours. Mrs Merkel's coalition partners, the Social Democrats, have their fair share of *Putinverstehers* (“Putin-understanders”). Mrs Merkel, whose parliamentary constituency encompasses the point at which NS2 reaches Germany, has stared down these interest groups before. But her furious telephone diplomacy to other EU leaders over the past week shows how much the project matters to her. “It's very inward-looking, and has damaged Germany's image in Europe,” says Stefan Meister at the German Council on Foreign Relations.

If there is a wild card, it lies across the Atlantic. America has long argued that NS2 undermines European security, but under Donald Trump the tone has sharpened. His ambassador to Germany, Richard Grenell, has angered his hosts by threatening European companies involved in NS2 with sanctions. (Five European firms are co-financing the pipeline, and dozens more are contractors.)

Germans detect an outrageous attempt to use Ukraine as a pretext to bully them into buying American liquefied natural gas (LNG), which sells at a 20% premium over Russia's piped stuff. This is hardly unreasonable; Mr Trump has not otherwise evinced much concern over eastern Europe's security. Germany hopes its plans to build at least two LNG terminals on its north coast, confirmed this week, will help mollify the administration. But Congress and the State Department are at least as tough on NS2 as the White House, and will not be bought off.

Yet although American sanctions remain possible, their potential utility dwindles daily as the construction of NS2 creates facts on the seabed. And ultimately, even if European firms quit the project under American pressure, Gazprom and its sponsors in the Kremlin will find a way to finish the job themselves. However unhappy it makes some Europeans, the pipeline looks unstoppable. ■



Italy

Rattling the doors

ROME

A threat to the central bank

THE BANK OF ITALY has long been seen as one of a handful of efficient and incorruptible institutions that curb Italy's anarchic tendencies. But on February 9th this august establishment came under fire from the two deputy prime ministers who call the shots in the populist government that is nominally led by Giuseppe Conte, the prime minister. Matteo Salvini, who leads the hard-right Northern League, said he wanted to "reboot" the senior management at both the central bank and the stockmarket regulator, Consob. Luigi Di Maio of the Five Star Movement (M5S) demanded "discontinuity". Both alleged the Bank had failed to protect investors and deposit-holders. Two days earlier, the cabinet had refused to approve a further six-year term for Luigi Federico Signorini, the deputy director-general primarily responsible for banking supervision.

The attack sent ripples of apprehension through the euro zone amid media stories that the populist coalition wanted to get its hands on the Bank's gold reserves, the third-largest of any country, to fund its expansionary fiscal policies. The president of the Eurogroup of finance ministers, Mario Centeno, and the EU commissioner for economic affairs, Pierre Moscovici, both pointedly stressed the need to preserve the independence of central banks in the single currency area.

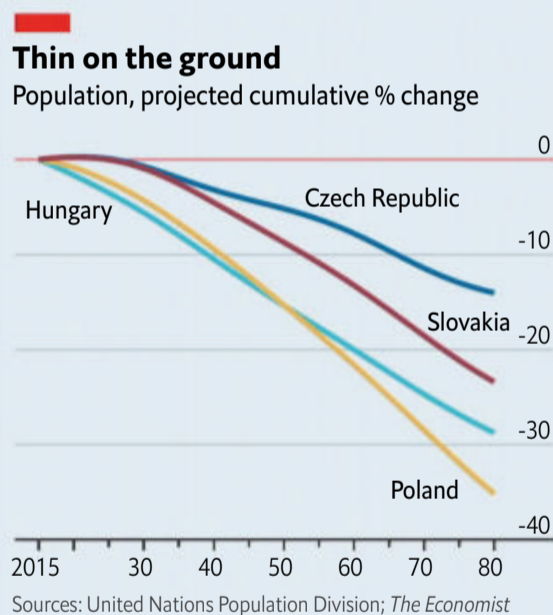
On an optimistic interpretation, the threats were perhaps not meant to be taken too seriously. The coalition leaders' remarks were addressed to a very specific audience: an assembly of stakeholders who lost money when two banks in the Veneto region were liquidated in 2017. The government has promised partially to reimburse them. But EU rules on state aid could yet prevent that. Inveighing against the central bank enabled the party leaders to win plaudits from an unhappy audience.

It also gave them something to agree on. The League and M5S have clashed on numerous other issues. And the outcome of a regional election in Abruzzo on February 10th loaded yet more pressure on their already shaky partnership. The candidate for governor from the M5S, nominally the senior coalition partner, scraped barely 20% (at last year's general election, the party won nearly 40% of the vote there). The League ran in Abruzzo as part of a conservative alliance that won almost half the vote, increasing the temptation for Mr Salvini to

"IMMIGRATION MEANS surrender," thundered Viktor Orban, Hungary's prime minister, at a state-of-the-nation address in Budapest on February 10th. The strongman expounded his pet conspiracy theories, pouring vitriol on George Soros, a billionaire whom he blames for many of Hungary's problems, and the EU. Both, he railed, were conspiring to flood Hungary with migrants, many of them criminals or terrorists.

With migration so emphatically ruled out, how then to deal with Hungary's shrinking, ageing population? The answer, says Mr Orban, himself a father of five, is to have lots of babies. To get Hungarians in the mood for producing them, his speech unveiled a slate of policies for families, which the government estimates will cost 150bn forints (\$500m), or 0.3% of GDP, in 2020.

Women with more than four chil-



ditch the anti-establishment M5S for his party's traditional allies on the right.

His and Mr Di Maio's rhetoric may have been exaggerated, but their concerns are real. Italy has experienced more than its fair share of banking scandals in recent years. The causes include successive recessions, mismanagement and even criminality. But this is not the first time a finger has been pointed at the central bank. In 2017 the then governing centre-left Democratic Party tried to block the re-appointment of the governor, Ignazio Visco.

Marcello Messeri, of LUISS University in Rome, notes that the loan-to-deposit ratio of Italian banks before the euro-zone crisis was 1.4, against a euro-area average of below 1.1. He suggests the regulator "should have rung alarm bells on this excessive

Hungary

Family fortunes

New policies to increase the birth rate might stoke the wrong sort of boom

dren, he promised, will never have to pay income tax. Also, those below the age of 40 who get married can obtain cheap loans, with increasing amounts of the money written off as they have more babies. A scheme that offers families cheap mortgages to buy new homes will be broadened, and growing families will even get help buying seven-seater cars. Child-care provision will be increased.

As in other central European countries, Hungary's population is expected to decline rapidly over the century (see chart). In 2016 the fertility rate was just under 1.5 children per woman. Mr Orban wants that to rise to 2.1 by 2030.

His new policies, though, are unlikely to give birth to a baby boom. Hungary is already a relatively big spender on family benefits, according to the OECD. Despite that, the birth rate has barely budged in recent years, says Balazs Romhanyi, of the Fiscal Responsibility Institute. Of all the measures announced, only expanded child care has been found by researchers to have a noticeable effect on fertility, notes Agota Scharle of the Budapest Institute, a think-tank.

Subsidised credit will doubtless have the side-effect of shoring up support for Mr Orban, which may be the point. But it could also swell an economy that is close to overheating, and inflate house prices, warns Mr Romhanyi.

Increasing the number of children does not help much if all they do is emigrate, he says, pointing to outflows in recent years. An obvious solution would be to encourage immigration. On that, Mr Orban will not give in.

funding." To bridge the gap, some banks made loans conditional on borrowers agreeing to buy the banks' own risky subordinated bonds. Claudio Borghi, the League deputy who chairs the lower house budget committee, is a former managing director of Deutsche Bank in Italy. "If my bank's analysts knew what was going on, how come the Bank of Italy did not?" he asks.

Because of how the Bank's top executives are chosen, with the role of the Italian cabinet being merely consultative, it is doubtful whether the government can block Mr Signorini's reappointment for long. Just two days after delivering his harangue, Mr Salvini adroitly shifted his position. Which official took which job did not interest him, he maintained, "but it is clear something needs to be changed." ■

Protests in Russia

The Strunino story

STRUNINO

A small town north of Moscow typifies growing discontent with the government

FOR DECADES, scarcely a peep was heard from Strunino. “There hasn’t been a protest here in a hundred years,” says Oleg Aristarkhov, a former head doctor of the hospital in this sleepy town some 120km north-east of Moscow. But when local activists organised a march in January against planned cuts to medical services, more than 100 people took to the streets.

The trouble began in 2015, when regional authorities started closing hospital departments in Strunino and merging them with those in the neighbouring city of Alexandrov. After the children’s clinic, the dermatological ward and the psychiatric ward went under the knife last summer, exasperated city-council members called into President Vladimir Putin’s “Direct Line”, an annual televised spectacle in which Russians plead with their leader to solve local problems. Mr Putin blessed their request, decreeing that the departments be refurbished by year’s end. Yet, as 2019 began, the wards remained closed. The activists sprang to life, kicking up a minor national scandal with their demonstrations. The federal health ministry dispatched senior officials, hoping to placate them, but to no avail. Locals marched again on February 10th. One pensioner, Tatiana Shmiganovskaya, even held a brief hunger strike.

Struninites still hope Mr Putin’s command will be heeded. “We believe in only one man: Vladimir Vladimirovich Putin,” Ms Shmiganovskaya declares. In the meeting room where the city council gathers, a portrait of the president stands in the corner of the room, perched on a shelf typically reserved for religious icons. Yet as the system he built fails them, many are questioning their faith in it. “What are we supposed to do, not believe in the authorities at all?” says Galina Bolotina, a councillor. “How are we supposed to live then?”

The tale is an example of shifts in public opinion that are reshaping the country’s political landscape. Following the annexation of Crimea in 2014, Mr Putin’s ratings soared above 80%. Domestic issues receded while foreign conflicts captured the imagination. Most Russians backed their leadership, welcoming its professed restoration of national glory regardless of the economic consequences. Analysts called it the “Crimean consensus”. That consensus has ended, ushering in a more flammable, less predictable era. Mr Putin’s approval ratings have fallen to 64%, a level last seen

before the war. More Russians—45%—say the country is headed in the wrong direction than in the right one, the highest share in over a decade. This month, those calling for the government to resign topped 50% for the first time since the Levada Centre, an independent pollster, began asking the question. As Lev Gudkov, the centre’s director, puts it, “You can’t be in a euphoric state forever—at some point, you sober up.”

The rapture began to fade last May, when the government announced plans to raise the retirement age. Cuts to social services considered basic rights precipitated a “desacralisation of the authorities”, argues Mikhail Vinogradov, a political analyst. Yet the pension reform was not so much the cause of frustration as a catalyst for dormant discontent. Real incomes in Russia have fallen by more than 10% since 2014. Though Russia’s economy is growing again, nearly 40% of Russians say their material well-being has worsened in the past year, compared with fewer than 10% who see improvement. In a recent report, Mikhail Dmitriev, an economist who predicted Russia’s previous mass protests in 2011-12, notes that his focus groups indicate a readiness for change.

Such complaints can be heard across the country, not least in Strunino. “They don’t listen to the people,” gripes Irina Bandalak, head of the council’s health-care committee. Broken promises undermine mutual trust. “How can they lie so unscrupulously?” grouses one doctor. Officials skirt responsibility, infuriating their con-

stituents. At a recent gathering, Marina Chekunova, a deputy regional governor, scolded staff in Strunino for the sorry state of their clinic, telling them to hang clean curtains and wash the floors. Employees responded by pointing out that the facilities have problems that curtains cannot fix: the walls are riddled with holes. “It’s like you think the authorities should do everything for you, as if I’m the golden fish,” Ms Chekunova retorted, invoking a fairy-tale about a fish that grants its captor’s wishes.

Russians have become more willing to challenge the authorities. In gubernatorial elections last year, protest votes defeated Kremlin-backed candidates in four regions. The share of the population ready to participate in political or economic protests, according to polls, was at 6-8% last March; by the end of 2018, it had reached 22-30%, higher than after the 2008 financial crisis or during the protests of 2011-12. Discontent has shifted from the urban middle class that rose against electoral fraud then, to *byudzhethniki*, or public-sector employees. Though typically less able and willing to organise, they also make up the government’s traditional base of support. Alexei Navalny, Russia’s leading opposition politician, recently launched a union for public-sector workers, hoping to capitalise on their frustrations.

Rising up, slowly

Although these trends do not portend the collapse of Mr Putin’s regime, they do present fresh challenges as he approaches two decades in power. Sixteen more gubernatorial elections loom this year. Foreign adventures generate ever less enthusiasm. Rising inflation, a sales-tax rise and plans to tax self-employed workers will pinch wallets further. “I heard a story on the radio about German pilots striking, and it hit me that we’re just sitting here swallowing all of this,” says the doctor in Strunino. “This is just the tip of the tip of the iceberg.” ■



Democracy in action, Russia-style

Charlemagne | Shrinking the Black Sea

A new mega-port may force western Europeans to think differently about Georgia



IT IS OFF-SEASON in Anaklia. The snack stands on the Black Sea promenade are shut, the hotels are empty, palm trees rustle in the mild February breeze. Cows graze amid marshy ponds and tangerine and hazelnut orchards. But just outside this sleepy Georgian resort, a lunar landscape is emerging. Black sand has been dredged from the seabed to create an eight-metre high, 80-hectare plateau to drain water from the boggy ground into 2,500km of pipes. These are the first steps in the construction of a new deep-water container port. To stand here and look in different directions is to grasp its significance. North along the coast: Abkhazia, a Russian-backed breakaway state, then Russia, then battle-scarred Ukraine. Straight ahead: the Black Sea and, over the horizon, the EU.

Georgia is blessed and cursed by its geography, says Salome Zourabichvili, its new president. Blessed because the country is a lush intersection on the silk roads between Europe and Asia. Cursed because it is hemmed in by mighty empires with a penchant for invading: Persians, Turks and Arabs from the south, Mongols and Russians from the north. Moscow ruled Georgia for most of the 19th and 20th centuries, and invaded briefly in 2008. It still has control over Abkhazia and South Ossetia, another breakaway, and last year warned of a “terrible conflict” should Georgia try to join NATO. Georgians, however, want to join not just NATO but the EU too. “We consider ourselves European, perhaps even more so than the Europeans,” jokes Ms Zourabichvili.

Yet leaders in Brussels, Berlin and Paris consider Georgian membership of either club improbable for now. Though it outperforms some EU member states on crucial indicators like transparency, the country is on the “wrong” (eastern) side of the Black Sea and thus considered part of Russia’s neighbourhood. The port under construction at Anaklia proposes to change this perception by, in effect, shrinking the Black Sea and giving western Europeans other reasons to care about Georgia.

How? Currently there are three land corridors between China and Europe: a southern one, via Iran, made impractical by American sanctions; a middle one, via the Caspian Sea and then across Georgia to the Black Sea, made impractical by the lack of modern deep-sea Georgian ports; and a northern one, via Russia, on which most east-west land trade currently flows. Anaklia proposes to

change that by giving the middle corridor the deep-sea port it lacks and removing the bottleneck.

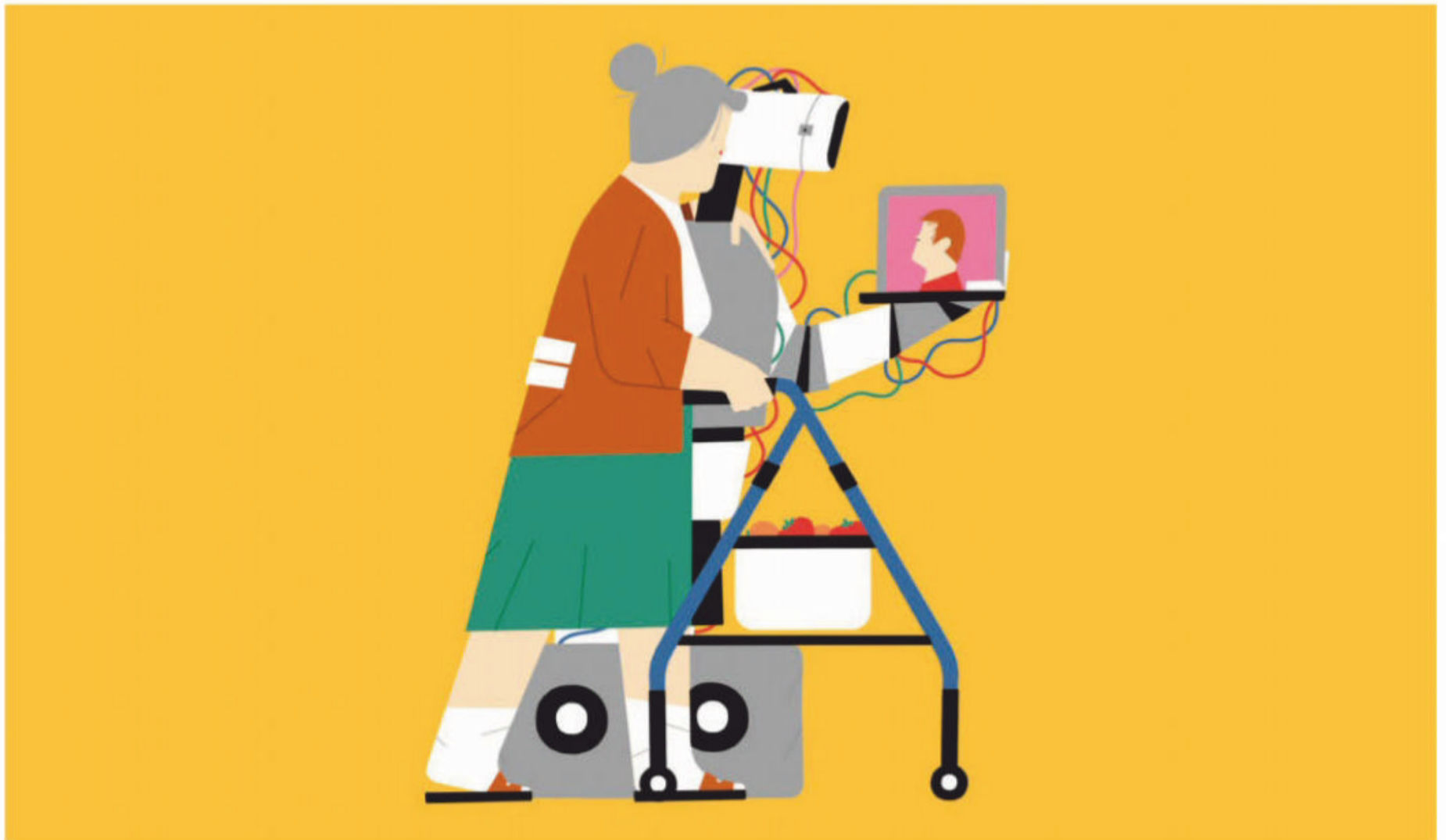
The first phase of construction—two container berths and one for bulk goods like fertiliser, plus EU-funded road and rail links—is due for completion by 2021. Financed by a consortium of Georgian, European and American investors, as well as the Chinese-backed Asian Infrastructure Investment Bank, it will have an annual capacity of 1m TEU, about twice that of all of Georgia’s existing ports combined (one TEU is equivalent to one regular container). The long-term plan envisages expanding that to 5m TEU within four decades, making Anaklia the largest port on the Black Sea. It will accommodate 10,000-TEU ships, the largest that can pass through the Bosphorus. Existing Georgian ports are limited to ships around one-tenth the size. Currently goods are loaded onto small vessels and taken to Istanbul, where they are transferred to larger ships from other Black Sea ports for the onward journey through the Mediterranean. Anaklia will enable such vessels to sail directly from Georgia, drastically increasing trade on the route. The consortium, Georgia’s government and European partners claim this will make the country more relevant to the West, increase interaction across the sea and (it is suggested) raise the diplomatic costs of future Russian interventions. “We know the EU is not ready to offer us membership,” says Natalie Sabanadze, Georgia’s ambassador in Brussels: “But we want to be prepared for when they are.”

There is an additional dimension. Five minutes from Anaklia, Georgian soldiers in a watchtower peer over marshy woodlands to the demarcation line with Abkhazia. Farther along the Enguri River, preposterously large Georgian and Abkhazian flags fly from opposite hilltops. In between, ethnic Georgian residents of Abkhazia walk daily across a footbridge to a cluster of taxis and shops on the Georgian-controlled side to claim their pensions, obtain medication and take their children to school. The jobs and prosperity generated by Anaklia will, Georgian authorities hope, increase the pressure on Abkhaz and Russian authorities to liberalise travel—last month they sealed the “border” for 26 days—and perhaps eventually move towards talks on power sharing.

The new silk road

Running a project of such ambition in a volatile region has not been simple. Construction at Anaklia was meant to begin in 2016, but wobbles over financing and a change of government slowed things down. Russian journalists have suggested that the port might be a covert NATO naval base. And now TBC Bank, a big backer, is under investigation over allegations of money laundering (TBC denies these). Consortium insiders hint at sabotage attempts, but point out that it has now raised the \$600m needed for construction and that work is under way.

If Anaklia dodges the brickbats and succeeds, it will become a symbol. “Enough with post-Soviet,” proclaims Tedo Japaridze, a former Georgian foreign minister and vice-chairman of the Anaklia consortium: “Georgia is not a post-Soviet state!” He has a point. Young Georgians have no memory of the Soviet Union and a fading one of the invasion in 2008. “The legacy of the Soviet Union is gradually leaving the region, along with the influence of Russia,” concurs Thomas de Waal of Carnegie Europe, a think-tank, pointing to both the Anaklia port project and free-trade deals with the EU and China. Europeans might, in other words, have to get used to the idea that the country is not, in fact, merely part of Russia’s neighbourhood. Blessed and cursed by its geography Georgia may be. But it does not have to be a prisoner of it. ■



Demography and automation

Robots that look after grandma

Because of ageing, the world needs a robotics revolution. The machines don't seem ready for one

WHEN GILL PRATT sat down to discuss the job of running the Toyota Research Institute, the carmaker's new research division, his Japanese interviewers wrote one word on a piece of paper and asked him to talk about it. The word was dementia. That might seem a strange topic to put to one of the most respected figures in the world of robotics, a man who had previously run a competition to find artificially intelligent, semi-autonomous robots for the Pentagon. But, Mr Pratt says, the company's interest in ageing was a big reason for him to take the job. "The question for all of us", he says, "is, how can we use technology to make the quality of life better as people get older?"

Ageing and robots are more closely related than you might think. Young countries with many children have few robots. Ageing nations have lots. The countries with the largest number of robots per industrial worker include South Korea, Singapore, Germany and Japan, which have some of the oldest workforces in the world.

The connection does not merely reflect

the fact that young countries tend to be poor and cannot afford fancy machines, which they do not need anyway. It holds good within rich countries, too. Those with relatively few robots compared with the size of their workforce include Britain and France, both of which (by rich-country standards) are ageing slowly.

Two recent studies quantify the connection. Daron Acemoglu of the Massachusetts Institute of Technology (MIT) and Pascual Restrepo of Boston University show that, between 1993 and 2014, the countries that invested the most in robotics were those that were ageing the fastest—measured as a rise in the ratio of people over 56 compared with those aged 26-55. The authors posit a rule of thumb: a ten-point rise in their ageing ratio is associated with 0.9 extra robots per thousand workers.

A study from Germany used different measures but reached the same conclusion. Ana Abeliasky of the University of Göttingen and Klaus Prettner of the University of Hohenheim found that the growth in the number of robots per thou-

sand workers rises twice as fast as the fall in the growth rate of the population (ie, if population growth falls by 1%, the growth in robot density rises by 2%). Population growth is closely related to age structure.

These findings should not be surprising. Robots typically substitute for labour. That is why many people fear that they will destroy jobs. Countries with plenty of young workers do not need labour substitutes. Wages there also tend to be low, making automation unprofitable. But ageing creates demand for automation in two ways. First, to prevent output falling as more people retire, machines are necessary to substitute for those who have left the workforce or to enable ageing workers to continue to do physical labour. Second, once people have retired they create markets for new kinds of automation, including robots that help with the medical and other requirements of caring for people who can no longer look after themselves.

Automation is destiny

As a result, the connection between robots and ageing is a powerful one. Mr Acemoglu reckons that ageing is the biggest single influence upon how many robots a country has. He estimates it explains close to 40% of the variation in the numbers of robots countries introduce.

The influence will grow. This year, there will be more people over 65 than under five for the first time in human history. By 2060, the number of Americans over 65 ▶▶

▶ will double, to 98m, while in Japan, 40% of the population will be 65 or older. There will not be enough younger people to look after so many, unless robots help (and probably an influx of migrants is permitted, too).

Shrinking and ageing workforces matter as much. China is now the world's largest robot maker, producing 137,900 industrial robots (typically, machines used in assembly lines) in 2017. Between 2015 and 2040, according to the UN, China's working-age population (aged 20 to 64) will fall by a staggering 124m, or over 13%. Applying Mr Acemoglu's rule of thumb to this decline, China would by the end of the period need to install roughly 2m more robots. That is more than four years' worth of all the industrial robots produced in the world in 2018 and six times as many as the increase in worldwide production over the past nine years.

Such problems loom even in countries ageing more slowly than China—such as Britain. Between 2016 and 2025, according to Mercer, a consultancy, the proportion of British workers who are under 30 will fall by four percentage points and that of over 50s will rise by ten points. That sounds manageable. But it masks big regional swings. In that period, London (which is relatively youthful) will see the share of its labour force under 30 fall by a quarter and the share over 50 rise even more.

That will put enormous pressure on some industries. A third of teachers and building workers in Britain are over 50, as are more than a third of health-care workers, farmers and lorry drivers. They are quitting in droves. A poll in 2015 found that a third of doctors planned to retire by 2020. And this is in a country whose ageing is relatively gentle. Automation is not the only way to deal with skills shortages (immigration and later retirement also help) but it is one of the most important.

Over the next few years, demography will change the kinds of robots people need, as well as increase the number in use. At the moment, the robotics market is dominated by industrial machines, the sort used to assemble cars or electrical equipment. Sales of industrial-robotics systems were \$48bn in 2017, seven times as much as "service robots", a category that includes logistics robots for running warehouses, medical robots, robotic milking machines, exoskeletons that help people lift heavy objects and household robots that vacuum the floor.

As demographic change speeds up, service robots will become more important. One day, their makers hope, they will enable old people to live alone and stay mobile for longer. Robots will help assuage loneliness and mitigate the effects of dementia. They will make it easier to look after people in nursing homes and enable

older workers who want to stay employed to keep up with the physical demands of labour. These robots will also be fundamentally different from industrial ones, which usually replace human activity—fitting a car windscreen, for example. By contrast, service robots extend it. For example, if an exoskeleton helps someone lift something heavy, the person still has to be there.

You can see the stirrings of this robot revolution most clearly in Japan. AIBO, a robotic puppy with artificial intelligence (AI) made by Sony, and Paro, a furry seal made by Japan's National Institute of Advanced Industrial Science and Technology, are therapeutic robots for children and patients with dementia. Pepper, made by SoftBank, is a humanoid robot which can carry out conversations on a limited range of topics, so long as its human interlocutor does not stray too far from the script. MySpoon is a robot for those who cannot feed themselves. HAL, by Cyberdyne and Muscle Suit, by Innophys, are exoskeletons, helping nurses pick up and carry patients (HAL stands for hybrid-assistive limb). Panasonic's Resyone is a robotic bed that transforms itself into a wheelchair. And so on.

Demand for these gizmos is growing fast, if from a low base. Sony said it had sold 11,111 AIBOs in the three months after the new model went on sale in January 2018. Japan's government reckons that 8% of nursing homes now have lifting robots, and its national robot strategy (every country should have one) calls for four-fifths of the elderly receiving care to have some care provided by a robot by 2020.

For the time being, though, the technology remains a long way from transformative. According to the International Federation of Robotics, an estimated 20,000 robots were sold in 2018 that could realisti-

cally be described as helpful for ageing (medical robots, handicap assistance, exoskeletons and the like). That is less than 5% of industrial robots.

The number will doubtless grow. The question is how quickly. Mr Pratt is optimistic. Over the past five years, he argues, there have been huge advances in artificial intelligence, enabling machines to surpass humans in certain kinds of information-processing, notably pattern recognition which (within limits) robots can perform more quickly and reliably than humans. New firms are pouring into the business. A third of robot companies are less than six years old and make service robots. The costs of research and development are coming down and investment is rising. Within a decade, Mr Pratt reckons, domestic robots will help people cook at home and car-guidance systems will keep them mobile for longer.

Machine learning

But for that to happen, robots will have to perform a dauntingly long list of things they cannot yet do. They cannot navigate reliably around an ordinary home, move their hands with human dexterity, or conduct open-ended conversations. Although they can provide some physical assistance to the elderly, one robot can do only one thing, so multiple tasks would require your home to be stuffed with machines.

Their pattern recognition is not 100% reliable. One image classifier could not tell the difference between a snow plough and an overturned school bus. Robots struggle to operate on the basis of incomplete information, or to adapt to novelty as quickly as humans do. Driverless cars are proving harder to develop than most people expected. Rodney Brooks, a professor at MIT, reckons that driverless services comparable to those offered by conventional taxis are unlikely before 2032. Google's Duplex, an AI-enabled personal assistant launched in 2018, can so far make appointments only for hair salons and restaurants. All this suggests that, as solutions to the problems of ageing, robots have some way to go.

Their limitations have significant implications. Robots that make the end of life more bearable are likely to remain expensive for many years, so only rich people will buy them. That may limit their wider social acceptance. Companies may not be able to automate their way out of future skills shortages. Other responses, such as raising wages, attracting more women into paid work and allowing more migration, will be just as important. Last, there may be room for the expansion of global supply chains, as work shifts from ageing China and other middle-income countries, to Africa and poorer places with more labour. Ageing demands a robotics revolution but it may be slow to arrive. ■





Bezos v Pecker

In his prime

NEW YORK

A billionaire, a scandal and what they say about power in America

A CENTRAL CURIOSITY of the contretemps between Amazon's boss, Jeff Bezos, and David Pecker, who runs the *National Enquirer*, is that an American scandal sheet sold in supermarkets holds such relevance in 2019. The internet vaporised the old business model of print publications, and social media diminished the newsstand appeal of celebrity gossip. A close examination of Bezos v Pecker suggests that it represents a last hurrah of the American tabloid, as well as a victory of sorts for the Amazon founder. But the affair also holds worrying lessons about how tangled and concentrated—and thus manipulable—power has become in the 21st century.

The saga has played out mostly online. On January 9th Mr Bezos announced on Twitter that he and his wife, MacKenzie, had agreed to divorce. Hours later the *Enquirer* said it would publish an exposé of Mr Bezos's extramarital affair; that 12-page report, including photographs and intimate texts, hit the aisles days later. On February 7th Mr Bezos turned to another online platform, Medium, to allege that the publisher

of the *Enquirer*, American Media LLC, was blackmailing him.

Under the headline "No thank you, Mr Pecker", Mr Bezos wrote that American Media executives threatened to publish more revealing photos of him and his paramour unless he agreed to declare publicly that their pursuit of the story about his affair was not motivated by politics or any other "external forces".

Dick pic energy

Instead the Amazon boss thickened the plot. He piled emphasis on politics and external forces, noting Mr Pecker's business ties to the kingdom of Saudi Arabia, whose regime is accused of murdering Jamal Khashoggi, a columnist for the *Washington Post*, which Mr Bezos owns. (In 2018 Mr Pecker reportedly sought backing from Saudi investors to bid for *Time* magazine, and American Media also published a glossy propaganda magazine extolling Muhammad bin Salman, the crown prince).

Mr Bezos also referred to Mr Pecker's friendship with President Donald Trump,

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who has relished attacking Mr Bezos, Amazon and the *Post* on Twitter. Mr Bezos suggested that his paper's coverage of both the Khashoggi murder and of Mr Trump have made "certain powerful people" conclude he is their enemy. He hinted at the possibility that there were other motives behind the *Enquirer's* coverage, including Mr Trump's animus towards him. After all, during the 2016 presidential campaign the *Enquirer* endorsed Mr Pecker's old friend, the first time it had ever backed a candidate. Mr Trump tweeted in mock sympathy for "Jeff Bozo" after the *Enquirer* published its account of the extramarital affair.

It will take time for investigators to untangle precisely who did what and why, and whether blackmail or other crimes were committed. To be sure, the *Enquirer* would have needed no encouragement from either Mr Trump or the Saudis to go after what is classic tabloid fare—exposing, as it were, the world's richest man, whose personal style has lately morphed from tech geek to muscle-ripped socialite.

The stakes for Mr Pecker and his company are particularly high. In 2018 American Media had entered into an immunity deal in connection with the successful prosecution of Michael Cohen, Mr Trump's former lawyer, in which Mr Pecker admitted to buying negative stories about Mr Trump in order to bury them, a practice known as "catch and kill". Federal prosecutors in New York's southern district are reportedly examining whether the company ►►

violated the terms of that immunity deal, which includes a promise not to commit any crimes for at least three years.

On February 10th an attorney for Mr Pecker told ABC News that the company did nothing illegal, that the *Enquirer* merely reported on Mr Bezos's extramarital affair, and then conducted negotiations in which both sides wanted something. A lawyer experienced in tabloid litigation says that the

case presents a murky legal question, in part because it is so unusual: "Normally, someone says, 'Pay me money, or I will publish photos.' This is a bit of a different situation." Under federal law, a threat can count as extortion if it seeks to extract something "of value", but prosecutors tend to be wary of pursuing media companies.

Beyond its legal implications, the story casts light on three shifts in the nature of

power in modern business and politics. The first is about its fragility when digital privacy is increasingly at risk—even that of billionaires who spend heavily on physical security. In tabloid high jinks of yesteryear, a private eye might hope to get a snapshot outside a celebrity's bungalow, but he or she could hardly hope to get a "dick pic".

In the event Mr Bezos was able to stare down Mr Pecker, his alleged antagonist. But others in powerful positions might feel more vulnerable. There may be many cases of successful digital blackmail of powerful figures, including in the tech industry, that the public might never learn about. "I could name ten right now, people successfully extorted or very close to it," says Blair Berk, a criminal lawyer in Hollywood. "I represent folks who are targeted specifically because they are more vulnerable to having reputations ruined."

The second lesson compounds the worries presented by the first: that power is increasingly concentrated in the hands of a few global titans. Mr Bezos is a prime example, with his control of a tech platform that has become a formidable player everywhere it operates, and which, via Amazon Web Services, has about a third of the cloud market for business. Even American Media appears to be an Amazon cloud customer.

Critics of Mr Trump have fretted that he could be unduly influenced by Russia or Saudi Arabia, where his family has had business dealings, or that he could be the victim of "kompromat" held by Vladimir Putin. But the concentration of technological and market power threatens to turn people like Mr Bezos and Mark Zuckerberg of Facebook into potential single points of vulnerability that could be as worrying. A successful blackmail of Mr Bezos in a decade, when, say, Amazon's Alexa-controlled devices are widespread, would give the blackmailer a powerful platform.

A third change is that any scurrilous sort on the internet can become a digital tabloid unto themselves. Ms Berk says that celebrities have more to worry about from "the immediate power and terror of an In-▶

Amazon's HQ2

Return to sender

LONG ISLAND CITY, QUEENS

The e-commerce giant is not getting the welcome it expected.

"DELIVERING EVERYTHING under the sun and 25,000 new jobs", bragged a glossy flyer from Amazon about its plans to build a second headquarters in Queens. The mailer, posted to many New Yorkers last month, urged recipients to ring their state lawmakers to tell them to support the project. The giant retailer is facing opposition from a few vocal politicians, so much so that the *Washington Post*, which is owned by Jeff Bezos, Amazon's founder, recently reported that the company is having second thoughts about building in the Big Apple.

In 2017 Amazon announced it was looking for a second headquarters, launching an intense municipal beauty pageant. It pitted more than 200 cities against each other to extract the most subsidies. New York's winning \$3bn offer was not the most generous, but it has become controversial. Opponents, who include Alexandria Ocasio-Cortez, a local congressional representative, wonder why the city is giving billions to a company led by the world's richest man. Michael Bloomberg, New York's former mayor, thinks the company would have settled on New York without the incentives. The Cornell Tech campus is across the river from the proposed Amazon site and the city has lots of engineers and developers.

Andrew Cuomo, New York's governor, once said that he would change his name to "Amazon Cuomo" if the company came, and continues to insist that New York needs Amazon. That view has been challenged in Albany, the state capital. Mike Gianaris, a state senator and Amazon foe, has been nominated to the state panel which has the power to kill the deal. He criticises the secrecy behind it. Nor is he a fan of "corporate welfare". Governor Cuomo says such opposition from state legislators is "governmental malpractice". During a recent state hearing Bill de Blasio, New York's mayor, pointed out that 25,000 well-paid jobs



Vigorous corporate oversight

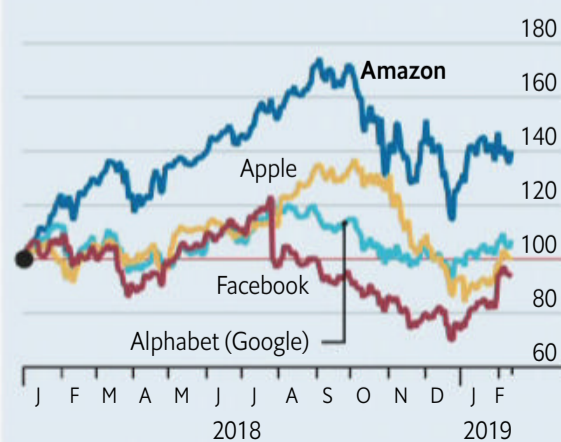
are coming to Queens. The positions have an average salary of \$150,000.

Kathryn Wylde, of Partnership for New York City, which represents big firms, says the rumoured threats by Amazon to abandon New York are not idle, but that "leaving would be embarrassing for both sides." Jukay Hsu, of Pursuit, a local charity which teaches low-income people to code, thinks there is posturing on both sides. Those close to Amazon say leaving New York is no bluff. It could easily go across the river to Newark, New Jersey, which had offered a \$7bn incentive package, more than double New York's bid. Newark, eight miles from Manhattan, would give Amazon easy access to the latter's talent pool.

Recent polls show that New Yorkers support the Amazon deal, with the strongest support from African-Americans and Latinos. Even union households back it. Meanwhile, other places are reminding Amazon that they are open for business. Virginia, which shared the winning bid, is giving Amazon a decidedly warmer welcome. On January 28th, its lawmakers approved its subsidy plan after nine whole minutes of debate.

Still on top

Share prices, January 1st 2018=100



Source: Datastream from Refinitiv

▶ stagram post” than from prying tabloids. “Tabloids no longer have the power.”

Indeed the media group that allegedly held the power in this affair, the *Enquirer*, would seem all but crumbling. Its print circulation has fallen from 6m in 1978 to 218,000, according to the Alliance for Audited Media. American Media owns other titles, such as *OK!* and *Star*, that are also in decline. And the operation is heavily indebted. In January American Media managed to raise \$460m to refinance its debts. But the *Enquirer* may be in a precarious financial position as it spars with Mr Bezos.

As for Amazon, the personal troubles of its boss have not translated into reputational damage for the firm, although Mr Bezos admitted that his ownership of the *Post* is a “complexifier”. Shareholders are interested in what his impending divorce will mean for his 16% stake, which could fall by half. But they strongly back his leadership of Amazon, which has continued outperforming the stockmarket and its peers (see chart on previous page). Its shares have barely budged since news of the divorce.

If his battle with American Media escalates in an unfavourable way for Mr Bezos,

he could become more of a target, and a complexifier for his own company. Amazon frequently bids for government contracts, including with the Pentagon. It is opening new corporate campuses in New York City and in northern Virginia whose success in part depend on public sentiment (see box on previous page). Yet for now, one senior Wall Street figure reckons Mr Bezos has shown where the true power lies, making Amazon stronger still. “Jeff’s willingness to put it all out there shows he is not blackmail-able...this guy’s a total badass, you can’t get him.” ■

Bartleby Engaged or vacant?



Why companies are keen to survey their workers

HOW DO YOU rate this sentence? Please give a number between one and five where one is “I’ve stopped reading already” and five is “give this columnist a Pulitzer prize.” If this rings a bell, you are probably one of the millions of workers who have undertaken an employee-engagement survey.

Such questionnaires are all the rage in America. Korn Ferry, one of the biggest survey groups, says that three-quarters of the largest American companies regularly poll their workers. The firm itself has surveyed over 7m employees working for more than 400 companies in the past three years alone.

Employer enthusiasm for surveys is easy to understand. A highly motivated workforce is seen as the secret sauce for corporate success. Employee engagement has been shown to have a statistically significant relationship with profitability, productivity, worker retention, safety and customer satisfaction.

Surveys show that firms mostly fail to motivate the majority of their workers. A Gallup survey last year found that, on average, only 15% of workers around the world felt fully engaged with their jobs, although America was doing better than most, with a 34% level of engagement compared with 10% in western Europe. Many employees clearly feel they are stuck in dead-end jobs.

Having workers who care about what they do rather than going through the motions is even more important in a modern, service-based economy than in a manufacturing-driven one. The principle that tasks should be broken down into small, efficient steps to be mindlessly repeated by employees all day has thankfully gone the way of the Model-T Ford. Firms now automate repetitive tasks. Service workers need to be flexible

and creative, particularly when responding to customers’ desires. The more content and committed they are, the better such workers will perform.

Of course, managers can hardly expect their workers to arrive each day like Snow White’s seven dwarves singing “Hi ho”. (Although the efficiency of the dwarves must be doubted since, despite all the jewels they found, they lived in a rundown shack.) And firms should probably pay less attention to levels of satisfaction than to whether the trend is up or down.

The most important factors in employee engagement, according to a forthcoming book from Marcus Buckingham and Ashley Goodall*, are whether employees understand what is expected of them, feel they are surrounded by supportive colleagues and believe they will be recognised when they perform well. As well as gauging overall morale, many companies use surveys to test the impact of group initiatives or to see if individual divisions show signs of staff disenchantment.

Alliance Data, an American marketing-services group, has been running engage-

ment surveys since it was set up in 1996. So far its workers have not tired of answering the questions; the survey has a 92% response rate, according to Karen Wald, the group’s chief of staff. The firm carefully scrutinises results for specific management problems. A few years ago, a survey revealed that employees’ perception of newly appointed managers as a class was poor. Training for managers was revamped and the results duly improved. This year the survey will concentrate on diversity and inclusion to ensure that minority workers feel they are being well treated.

At Toyota Motor North America, Terri von Lehmden, vice-president of HR transformation and strategy, says that the car company has been conducting surveys for more than 20 years. One came in handy when it needed to combine its manufacturing and sales divisions, a change requiring around 4,000 workers to move to Texas. Before going ahead, the firm conducted a survey which found that many workers were willing to uproot their families and move across the country. When staff choose to attend internal “town-hall” meetings and join workplace clubs, that is also a sign of commitment.

Indeed, one suspects that firms which put a lot of effort into keeping their workers happy hardly need to conduct surveys—they will always get fairly good results. Worker-retention rates tell them all they need to know. It is inattentive companies that need surveys to tell them where and how they are going wrong. Like Tolstoy’s families, every unhappy company is unhappy in its own way.



* *Nine Lies About Work*, to be published in April

The car industry (1)

Tata to the rescue

Jaguar Land Rover, Britain's biggest carmaker, is in a hole

RANGE ROVERS, the pricey range-topping models from Jaguar Land Rover (JLR), flaunt interiors swagged in leather and wood. Such opulence distracts attention from the car's capability as a rugged off-roader, as adept at driving up a mountain-side as gliding around the smartest part of town. JLR's ability to haul itself out of the mire is also about to undergo a serious test.

After a string of quarterly losses, on February 7th JLR revealed another, of £273m (\$351m) in the latest three-month period. On top of that there was a whopping asset write-down, of £3.1bn. In the immediate aftermath, shares in its parent company, Tata Motors, which is the carmaking arm of the Indian conglomerate, collapsed by 18% and have now fallen by 60% in the past year. Tata Motors relies on JLR for about 80% of its sales and all of its profits. Despite the blow, Natarajan Chandrasekaran, chairman of Tata Group as well as the car division, says his company is committed to JLR and determined to turn it around.

It would not be the first turnaround. When Tata acquired JLR from Ford in 2008 it was close to bankruptcy. Since then sales have tripled, to over 600,000 cars a year in 2017. Profits have rolled in. But Ralf Speth, a former BMW executive hired to lead JLR on a route to catch its German rivals, may in recent years have gone too far, too fast. He pushed to sell 1m cars a year to help spread the costs of developing future technology.

JLR hit the brakes in 2018. Sales volumes fell by 5% worldwide in the 12 months to December, after plummeting in China at the end of the year (see chart) as the slowing economy put off buyers and Jaguar's relationship with its dealers in the country deteriorated. The company now faces an array of problems. Its best market continues to collapse and it is reliant on increasingly unpopular diesel engines (which power the vast majority of its cars in Europe). Add to that the threat of American tariffs and a hard Brexit and the near future looks worrisome.

Brexit and trade wars are out of JLR's hands. Its huge bet on diesel engines and its poor handling of its Chinese dealers were not. The latter had to sell cars at a loss to meet stiff sales targets or keep them on forecourts—and have since refused to hold ever-growing inventories. JLR's woes also owe much to its overambition. Mr Speth spent freely and costs have soared.

In going for growth JLR now spends too



much making too many models for a carmaker of its size. Range Rovers are popular and the Evoque has been an unexpected success but the new Discovery and Velar have performed poorly. What to do with Jaguar is another conundrum. In the recent past the brand has probably never made an annual profit (Tata Motors does not break out figures). Mr Speth's decision to invest in upmarket saloon cars, a contracting part of the market where the Germans have a stranglehold, looks a costly mistake. The XE and XF have never sold well. Mr Speth himself "may need to take responsibility for what's gone wrong" says Robin Zhu of Bernstein, an equity-research firm.

Tata, nevertheless, remains committed to the management that turned JLR from near bankruptcy to become the world's fourth-largest luxury car brand. It plans to cut costs by £2.5bn over the next 18 months and will axe 4,500 jobs (around a tenth of the workforce) on top of 1,500 job losses announced in 2018. That should turn its cash-flow positive by 2020-21, according to Tata.

The Indian group's judgment that JLR is a good business that will recover, seems sound. Tata may have washed its hands of Corus, another ailing British acquisition, putting the steelmaker into a joint venture with ThyssenKrupp of Germany last year, but it sees JLR as an important bet on new technology and thus the future. Jaguar may need to rethink what sort of cars it makes but Range Rover is among the most profitable brands in the business and updated models arriving in the next few years will give the firm a boost. If it can get through the next year, then concentrate on expensive SUVs, JLR should get back on track. ■

The car industry (2)

Entente non-cordiale

The Renault-Nissan alliance and its former chief are still in limbo

CARLOS GHOSN's long sojourn at the top of the car industry ended suddenly when Japanese prosecutors boarded his plane in Tokyo last November to detain him on charges of financial misconduct. Dismissed soon afterwards as chairman of Nissan and Mitsubishi, he has since been replaced as chief executive and chairman of Renault, the third partner in an alliance that is the world's biggest carmaker.

Mr Ghosn protests his innocence of under-reporting his pay and shifting potential trading losses from personal foreign-exchange derivatives contracts to Nissan during the financial crisis. His chances of acquittal in a country where the conviction rate is 99% may have lengthened further. On February 13th Mr Ghosn, who has occupied a prison cell since his detention, dismissed his legal team and appointed new Japanese lawyers to represent him. The reasons are unclear—Mr Ghosn may be unhappy that his previous lawyers had not secured his release on bail, or his counsel may have doubted their ability to win his case when it comes to trial later this year.

Renault initially gave Mr Ghosn's financial activities as its own boss a clean bill of health, and stood by him. Many of its executives may have privately agreed with his claim that Nissan's bosses wanted to take him out to prevent his plans for a French-dominated merger to replace the looser alliance structure. Nissan executives resent that Renault owns a controlling 43.4% in the Japanese firm but Nissan has only a non-voting 15% stake in Renault.

Now Renault appears to have uncovered suspect activity. It has asked French authorities to investigate Mr Ghosn for benefiting from a sponsorship deal between the carmaker and the palace of Versailles, which he used as the venue for his lavish wedding. Mr Ghosn says it was an error and that he will repay €50,000 (\$56,500) to Renault. On February 13th Renault cancelled deferred pay to Mr Ghosn and a non-compete deal together worth about €30m.

Relations between Renault and its Japanese partner remain in the deep freeze. The French firm is livid at the way Nissan has handled the investigation of Mr Ghosn, especially its refusal for a long while to share any details of his alleged misdeeds. But both parties accept that relations must be revived, and quickly, as joint decisions on investments are required to keep the alliance on track as car markets around the

▶ world start to weaken. Poor results at Nissan, announced on February 12th, underline the necessity of making up. As well as revealing an \$84m charge linked to Mr Ghosn's compensation, it said that margins and profits had drooped.

Jean-Dominique Senard, Renault's new chairman, is in Japan this week to meet Hiroto Saikawa, Nissan's boss, to discuss the alliance's future. Both realise they are stuck with each other. Unwinding a partnership built over nearly two decades would be fiendishly hard. Neither company looks strong enough to survive alone in the competitive mass market.

But resolving issues such as who should become chairman of Nissan, and who should lead the alliance, will not make for easy compromise. France's government, Renault's biggest shareholder, wants Mr Senard to assume the latter role, to keep Nissan firmly under French control. Nissan, for its part, has said that its aim is to rebalance in its favour an alliance to which it contributes the bulk of profits. Neither the future for Mr Ghosn nor for the alliance he created is getting any clearer. ■

China's gold business

The bijoux of Beigao

PUTIAN CITY

Streets are paved with gold in a Chinese town

FOR DECADES after the rise of Mao Zedong, Chinese were banned from purchasing gold. The central bank, its only buyer, allocated it to a few state-owned jewellers. Only in the early 2000s was the ban lifted, when Shanghai launched what is now the world's largest physical gold exchange, and anyone was allowed to enter the gold business. It has flourished. During a Chinese gold rush created by jewellery buyers and bullion investors in 2013, bars in Western vaults were melted into smaller ingots and sent east. GFMS, a precious-metals consultancy, called this "the largest movement of gold, by value, in history".

Chinese demand for gold jewellery has regularly surpassed that of India and America combined since then, accounting last year for 14% of physical gold demand globally. China has been the world's largest producer since 2007. Yet it consumes even more gold (1,089 tonnes) than it unearths (426 tonnes). Flush with cash, its miners are moving to the high street: China Gold and Shandong Gold, two state-owned giants that are the country's largest miners, have recently set up jewellery affiliates.

Roland Wang of the World Gold Council, an industry body that in September

opened a Chinese chapter, says the gold-retail market has transformed since the rush. A younger generation of recently married consumers has more to spend on adornments. Shenzhen, a southern enclave where the private gold trade was permitted in one area in the ban years, remains the metal's largest manufacturing base, but goldsmiths from Putian, a city in the coastal province of Fujian, have become a potent force in jewellery retail.

Today its merchants generate over one-third of China's gold-jewellery retail sales of over 650 tonnes, says Lin Ruoxiang of the city's gold-and-jewellery trade association, which counts over 300 members. For a sense of their industry's promise, drive around the Putian peninsula, across the strait from Taiwan. Though the region is known for two other profitable industries—counterfeit trainers and private hospitals—the latter has been losing investors to gold, says the trade association.

On the city's main street, 20 gold shops, including local chains like Goldwharf and Luk Luk Luck, vie with ubiquitous shopfronts advertising low-cost Oppo and Vivo smartphones, up from a handful a couple of years ago. Taiwanese television starlets grace jewellery billboards. For Chinese new year this month, a holiday week in which gold sales quintuple, music plays and lantern-shaped disco balls whirl.

In part of Beigao, a nondescript town of around 100,000 people in the Putian municipal area, nine in ten people work in the gold business, says Mr Lin. The place churns with construction activity. Rows of half-finished houses have a magic-beanstalk feel to them, sprouting columns, balustrades and flowery stucco. Mr Zhang's home has eight floors. Over a lunch of puffer fish, gold-industry bosses recall days when the sweet potatoes, a staple crop,

were too few to go around.

Today, young buyers "think nothing of spending a few thousand renminbi on a necklace" as a fashion statement, says Zhang Guowang, a fourth-generation jeweller who runs Huachang Jewellery, one of the largest in Putian, with a few hundred stores around China. They are forcing the industry to modernise. Their parents preferred the saturated yellow of 24-carat gold, evocative of ingots. Because gold at that purity is too soft for intricate designs and holding gems, clunky jewellery had long been the norm, chiefly sold by the gramme. Its main appeal was as an investment, recouped by selling the piece back to the shop.

But young Chinese find 24-carat gold tacky. Many shops have introduced a matt range for them. And jewellers are increasingly using lower-carat gold more creatively (and are thus able to charge a premium for design). Shanghai's oldest jeweller, Lao Feng Xiang, has collaborated with Disney since 2016 to use its characters. Another shop, Chenghuang Jewellery, is selling tiny globular gold pigs to fix as charms on woven bracelets, for the Year of the Pig.

This month Beigao will open a gold industrial park, featuring factories, dormitories for workers and a gold-coloured 26-floor skyscraper, all costing 3bn yuan (\$440m). It hopes to lure gold entrepreneurs home from Shenzhen; the region's low labour costs may appeal—as could its keen consumers. Across town, locals crowd a Luk Luk Luck shop. Opposite, its new sister chain, Like You, has flamingo-shaped cushions, pale pink poufs and walls covered in fabric petals. Since the brand started selling last year it has opened eight shops, including in Shenzhen and Beijing. But for now, says a manager, sales are strongest here, in the capital of gold. ■



Soft gold, hard currency

Schumpeter | Slim pickings

The cautionary tale of Mexico's new president and its richest man



MEXICO CITY'S "historic" centre has been transformed from the romantic wreck it was in the late 1990s, when Schumpeter got married there. Some of its denizens are the same—out-of-tune organ grinders, peddlers of cow's-brain tacos and the like. But many cobbled streets have since been pedestrianised and baroque buildings restored. It made a haunting backdrop to the Day of the Dead parade in the James Bond film "Spectre".

Credit for the refurbishment early in the millennium goes to two men who have always made an unlikely pair. They are Andrés Manuel López Obrador, a messianic left-winger who is Mexico's new president, and Carlos Slim, a gruff telecommunications magnate and one of the world's richest men. They barely talk these days, but their paths have crossed enough to reveal a lot about Mr López Obrador's approach to business. As the former partnership suggests, he is not militantly anti-capitalist. However there is plenty for the private sector to worry about.

In less than 100 days in office, Mr López Obrador, known by his initials as AMLO, already cuts a confident presidential figure. His popularity is sky high, consumer confidence is up, and financial markets have settled since late last year when his decision to cancel a \$13bn airport in Mexico City sent the peso swooning. He has seen through a sensible budget. His attacks on graft and campaign against poverty strike a chord, even with Mr Slim. Foreign investors are staying—though they are taking care of their cash.

Yet on a daily basis, AMLO shows an antipathy to economic modernisation like no other Mexican leader in 30 years. The threats are heard at daybreak in the city centre when Mr López Obrador holds a two-hour press conference above a buried palace where the Aztec emperors once held court. He keeps journalists awake with jocular sarcasm against the "neoliberals" and upper-class "fifís" who were the main beneficiaries of decades of free-market reforms. In recent days he has moved things up a gear by attacking Mexico's independent regulatory structures. It seems to have escaped him that the reason for their painstaking creation in recent years was to counterbalance Mr Slim and other moguls.

To understand what is at stake, consider the economic concentration almost endemic to Mexico. More than 30 years ago, when this columnist first visited the country, it was a one-party, big-

company state. Pemex, the government-owned oil firm, was an absolute monopoly, as was Telmex, the state phone company. The main private firms that flourished had close ruling-party ties. Supermarket shelves contained only one or two brands of anything. This was the tail-end of the era depicted in the film "Roma"; for shoppers, it was still only black and white.

Then in the 1990s things went technicolour. The North American Free Trade Agreement produced a flood of consumer goods. Many state-owned firms were privatised, most lucratively Telmex, which was sold to Mr Slim. Yet economic power remained concentrated in a few hands, especially in telecoms, television and banking. In 2012, the high-water mark of the business-mogul era, Telmex controlled 80% of the fixed-line market and 70% of mobile. But eventually politicians mustered courage to stand up to Mr Slim. In recent years, regulators have imposed curbs on his mobile firm for its dominance, showing a clout they never had before.

Until Mr López Obrador came to power, that is, with a business agenda that can at best be described as labyrinthine. Take his relationship with Mr Slim. After AMLO became governor of Mexico City in 2000, the two men made common cause over the city centre, which had shaped both their lives. For AMLO, the *Zócalo*, or main square, had been where he staged his biggest protests against electoral fraud. For Mr Slim, it was a business training ground. His father, a Lebanese-born trader, bought land there during the revolution of 1910-17. Mr Slim's first notable purchase was of Sanborns, a retail chain whose blue-tiled restaurant is a gateway to the centre.

Their plan to embellish the heart of Mexico City involved Mr Slim putting up most of the cash, in return for being able to buy many of the buildings that would benefit from the facelift. It showed Mr López Obrador's taste for cutting deals with businessmen who could help him politically. Their relationship has since turned frosty, especially after the cancellation of the Mexico City airport, of which Mr Slim was a big backer. But AMLO has other billionaires to turn to, such as Ricardo Salinas Pliego, whose empire spans TV, banking and retail. He is a long-standing rival of Mr Slim.

Sending off the referees

Recently Mr López Obrador has deepened the sense of unease in the private sector. He has cancelled auctions for private oil contracts that were part of a reform of Mexican energy, and put his full weight behind Pemex, which is still state-owned. On February 11th he announced that his government would seek revision of problematic natural-gas pipeline contracts that firms, including Mr Slim's Grupo Carso, had signed with the state electricity utility.

Perhaps most insidiously, he is attacking the two main energy regulators, accusing them of operating on behalf of the private sector against state firms (which was part of their remit), and vowing to "renew" them. They are also suffering big budget cuts. Moreover, he appears to be picking winners in business. Last month Alejandra Palacios, Mexico's trustbuster-in-chief, criticised the government for awarding stewardship of anti-poverty projects to Banco Azteca, a bank, without holding a competitive auction. Her target was the government, not the bank, but Azteca, which is owned by Mr Salinas Pliego, has launched a formal complaint against her. It may feel emboldened by AMLO's rhetoric.

For the time being, the rest of the private sector is keeping its head down, and trying to look good in the president's eyes with charitable work on behalf of the poor. But where once Mr Slim's economic power smothered Mexico, Mr López Obrador's political power does now. That is just as troubling for the free market. ■



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American banks

Bigger is beautiful

NEW YORK

American banking's biggest merger since the financial crisis may herald further consolidation. Good

GIANT BANKS are made, not born. Today's American behemoths were formed by a dizzying series of deals in the decade before the financial crisis. Nations-Bank and BankAmerica became Bank of America. Wells Fargo joined with Norwest. J.P. Morgan and Chase melded, and then bought Bank One. The crisis brought more mergers, but out of necessity as much as ambition: JPMorgan Chase took on Washington Mutual; Wells, Wachovia. But since the crisis hook-ups have been smaller. The very biggest banks are barred from retail acquisitions on competition grounds. Supervisors have become quicker at approving tie-ups between tiddlers.

On February 7th the big-deal drought ended. BB&T, based in Winston-Salem, North Carolina, and SunTrust, of Atlanta, Georgia, said that they would merge. The new, unnamed entity, valued at \$66bn, will be far smaller than America's biggest but far bigger than anything created since the crisis. It will be America's sixth-largest retail bank by assets and, with \$332bn, the fifth-largest holder of domestic deposits (see chart). Its business will be concentrated in the economically vibrant south-east. Both banks' shares rose on the news.

That is unusual. Share prices, particularly those of acquirers, tend to slide when mergers are announced. On average, since 2015 acquiring banks have suffered a 3.3% decline. Yet BB&T, slightly the bigger of the pair, saw its price climb by 4.3%; SunTrust's rose by 10.2%. (Investors are not alone: the head of another big bank applauds the extra scale.) The shares of the partners in a smaller deal unveiled on January 28th, TCF Financial, from Minnesota, and Chemical Financial, from Michigan, also went up.



Markets' approval reflects two shifts that have made bank mergers more appealing. The first is an unwrapping of red tape. Last May Congress passed legislation to raise the asset threshold for complying with "enhanced prudential standards" to \$250bn from \$50bn. In October the Federal Reserve proposed raising the threshold at which it imposes its strictest capital and liquidity rules to \$700bn from \$250bn.

The combined BB&T and SunTrust can take advantage of this. As separate banks, both were close to Congress's new \$250bn limit—BB&T at \$226bn, SunTrust at \$216bn. Instead of edging over the line and facing the cost of complying with extra regulations individually, they can burst past it and share the burden. If the Fed goes ahead with its proposal the combined bank will have many years of organic growth ahead of it without needing to worry about the \$700bn threshold.

The second change is that competition for deposits is heating up. Regional banks, of which BB&T and SunTrust are among the biggest, have competed with their national rivals through better local branch networks. But the giants, though banned from buying, are muscling in. Bank of America and JPMorgan Chase are rolling out around 500 branches each nationwide. Nor is physical banking the sole way to win deposits. Flashy apps and slick online banking matter ever more. This gives an edge to banks with big technology and advertising budgets. The national banks appear to be winning. The top three—Bank of America, JPMorgan Chase and Wells Fargo—snared \$118bn of new deposits in 2017. Twenty re- ▶▶

regional banks attracted just \$55bn.

To compete, regional banks need to bulk up. BB&T and SunTrust claim that they will lop \$1.6bn, or 13%, off annual operating costs—a plausible estimate, says Keith Horowitz, an analyst at Citigroup, since a quarter of their branches are within two miles of a branch belonging to the other. The two headquarters will become one, in Charlotte, North Carolina, already the region's banking capital (and home to Bank of America). There are sure to be lay-offs, though an elaborate executive transition has been worked out that appears to have

pleased the occupants of both banks' corner offices. These savings will release money to spend on making the merged bank fitter to compete. It will shell out an extra \$100m a year on technology.

More mergers of regionals are likely. Betsy Graseck, an analyst at Morgan Stanley, notes a dearth of banks with assets between \$500bn and \$700bn. This leaves plenty of room for banks to merge and stay below the Fed's putative new threshold. That said, Mike Mayo, an analyst at Wells Fargo believes there are few potential partners with an overlap that would yield the

savings promised by BB&T and SunTrust.

Of course, even that deal has risks. Mr Mayo points out that attempts to merge incompatible back-office systems have proven disastrous in the past. But today's technical challenges are smaller than those faced by banks merging two decades ago. A handful of companies now provide the technology used by thousands of banks for processing transactions and running websites. This reduces the chance of a slip-up.

Attracting new customers without alienating the old could be a higher hurdle. Both banks have a long local history. Their ▶▶

Buttonwood Catching the gold bug

When trouble strikes, where should you hide? The case for holding gold

IMAGINE YOU have an assignation in New York. You have not been told where you should meet the other person and she has not been told where to meet you. You have no understanding of where to find her or where she might usually be found. She is as ignorant of you. You cannot communicate. You must somehow guess how to find each other and make those guesses coincide. Where should you go? And at what time of day?

A good answer is Grand Central Station at noon. That was the response of the majority asked by Thomas Schelling, a game theorist and Nobel prizewinner in economics, in experiments reported "The Strategy of Conflict", published in 1960. People are often able to act tacitly in concert if they know that others are trying to do the same, said Schelling. Most situations throw up a clue, a "focal point", around which to co-ordinate, even if it takes imagination as much as logic to find it.

Now imagine the world economy goes into a tailspin. There is panic selling of risky assets. Where should you seek safety? Cash is the most liquid asset; but which kind? The dollar is a natural focal point. Yet America's fiscal indiscipline and its sizeable current-account deficit might give pause. Other currencies have their faults, too. There is one other destination you might consider, if only because others are starting to think the same way. And that is gold.

A lot of people respond to this suggestion by backing away gently while claiming an urgent appointment elsewhere. Gold keeps some strange company. Ardent gold bugs seem to know a lot about firearms, the best places with access to fresh water and the best ways to preserve food. And what, after all, are its merits? It is supposed to be an inflation

hedge. Yet there is not much of that to hedge against. Inflation barely threatens the standard rich-world target of 2%. And after gaining \$100 an ounce recently, gold is hardly cheap by past standards, in inflation-adjusted terms (see chart).

Consider the alternatives, though. The euro is flawed. It has no unique sovereign issuer to stand behind it. And the yuan is not a currency you can trade easily. The yen, admittedly, is a good bolthole. Japan's net foreign assets—what Japan's residents own abroad minus what they owe to foreigners—are worth \$3trn, or 60% of annual GDP. In a crisis, some of that capital comes home, pushing up the yen. Those seeking safety follow suit. The Swiss franc has similar appeal. Still, there is a downside. Past form suggests both countries are likely to cap a rise in their currencies by printing more of them. Short-term interest rates have been negative for years in Japan, Switzerland and the euro area, in part to deter currency strength. By contrast gold's yield—zero—seems almost racy.

And the dollar? As a global currency it has no peers. During the last big crisis, in 2008, the dollar rallied. There had been

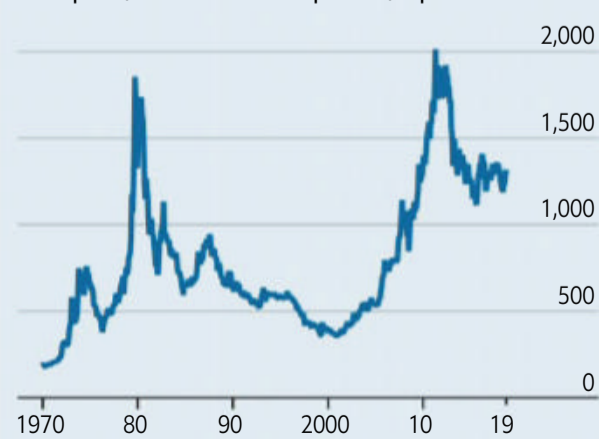
lots of global borrowing in greenbacks. So when trouble struck, there was a scramble for dollar liquidity. The world still has a large short position on the dollar, in that there has been heavy borrowing in the currency beyond America's shores. Yet the world is also long dollar assets. America's listed firms make up the bulk of global stockmarket indices. Its government-bond market has swollen to 100% of GDP. And the dollar still accounts for the bulk of official reserves.

Tellingly, the managers of those rainy-day funds seem a mite concerned that they are crammed into the same spot. The share of dollars in the \$10.7trn of reserves reported to the IMF has dropped from over 65% when Donald Trump was elected president to below 62% in the latest figures. This may in part be a response to growing political risks. The dollar's central role in global trade and finance allows America to impose financial sanctions to great effect. It has been doing so with greater frequency, so Russia, for instance, has drastically cut the dollar share of its reserves, to 22%, while raising the shares of euros and yuan. Russia has been a big buyer of gold, too. In that, it is not alone. Net purchases of gold by central banks rose by 74% last year to the highest since 1971, the year the dollar's peg to the gold price broke.

Now, as then, there are growing concerns that the dollar is a crowded trade. It is as if there are so many people in Grand Central Station that it is impossible to find the person you're supposed to meet there—or if you do find them, you cannot fight your way out without mishap. It is why gold is starting to appeal again as a spot to converge upon. You would have to mix with some strange people there. But can you really say that you would never visit?

See you at Grand Central

Gold price, November 2018 prices*, \$ per ounce



Source: Datastream from Refinitiv

*Deflated by PCE deflator

logos adorn sports stadiums in their home towns. SunTrust financed the international expansion of Coca-Cola, Atlanta's most famous brand. Coke, in turn, held its secret soda recipe in a vault at SunTrust from 1925 to 2011. Customers of BB&T might be wary of a big merger. The bank saw a period of rapid growth after customers fled Wachovia, also based in Winston-Salem, after it was bought by Wells Fargo in 2008.

Elizabeth Warren, a Democratic senator and a presidential candidate for 2020—and a vocal critic of big banks—thinks that the BB&T-SunTrust deal will create another bank that is “too big to fail”. She believes that deregulation will call forth a wave of mergers that will hurt consumers.

Yet the new bank will be less than one-sixth of the size of the biggest. Though America has 5,000 banks, the top three control a big and rising share of the market. In 2007, just before politicians panicked about banks being too big to fail, they held 20% of deposits. Now they have 32%. Bigger regionals should be better equipped to take on the giants. Goliath is winning, says Mr Mayo. Time to beef up David, then. ■

The China-US trade dispute

An ocean apart

SHANGHAI

Although hopes of a deal buoy up stockmarkets, a chasm remains

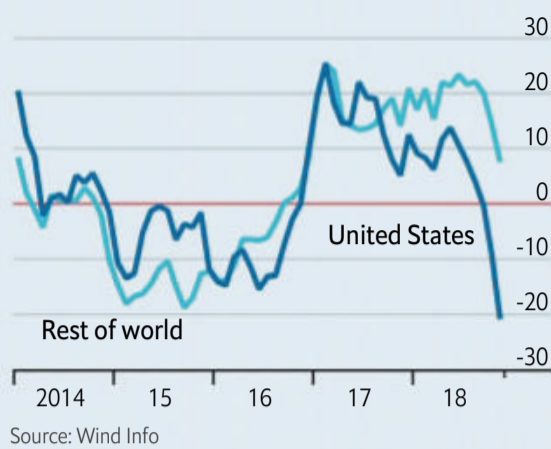
LAST YEAR, when American officials visited Beijing for trade negotiations, they spent more time fighting among themselves than against China. They could not agree on who should lead the talks or what their goal should be. Seeing such amateurism, their Chinese interlocutors reckoned that they had little to worry about.

Many of the same Americans have been back in Beijing for more talks in recent days. But this time they had an undisputed leader—Robert Lighthizer, the hard-nosed United States Trade Representative—and a clear set of demands. Their Chinese counterparts, having seen President Donald Trump's zeal for tariffs, knew that they had something to worry about after all.

America has set a deadline of March 1st for an agreement. If it is missed, tariffs on \$200bn-worth of imports from China are due to rise from 10% to 25%, inflicting more pain on a slowing Chinese economy. That would invite a sharper backlash from China. Its ability to direct firms to shift purchases to other countries has already hurt American exporters (see chart). Chinese officials resent the deadline but it has focused minds. The latest talks, which began on February 11th and were due to end on

The Trump effect

China, imports, % change on a year earlier
Three-month moving average



February 15th, are the third round this year.

All this has fed expectations that the two sides could soon make peace—or at least extend their truce. Mr Trump told reporters that he might let the deadline slide if a good deal is within reach. Another meeting between Mr Trump and Xi Jinping, China's president, is under discussion. Investors have taken heart. American and Chinese stockmarkets have both risen by about 10% this year.

The outlines of a deal have been in view for a while. China would probably promise to buy lots of goods from America, from soybeans to natural gas, and allow foreign companies more access to its economy. America would cut tariffs and perhaps promise to remain open to Chinese investors, as long as they are not part of a state-backed assault on sensitive technology.

Yet when negotiators get into the details, problems surface. After many frustrating years waiting for China to open its markets, the Americans suspect that its pledges will be empty. The Chinese suspect that America is motivated by a desire not for fair trade but for thwarting a new rival.

Two key outstanding questions are thus how to measure whether China lives up to its word, and what America can do if it fails. Scott Kennedy of the Centre for Strategic and International Studies in Washington says changes should be measured by China's economic outcomes, not by its stated policies. The government has, for instance, agreed to scrap rules that foreign firms must find local partners to make cars in China. The test, says Mr Kennedy, ought to be whether foreign carmakers actually do set up wholly owned firms in China and operate them successfully.

And if it is judged that China is not keeping its promises? One option is to submit disputes to neutral arbitration. Mr Lighthizer is said to dislike this idea. Another is to give America the right to slap tariffs unilaterally on Chinese goods—which China is understandably loth to accept. Even as the trade war seems to be cooling, a chasm still lies between the combatants. ■

Philanthropy

The maniacal and the miraculous

The productive anger of Bill Gates

GETTING KILLED in a video game, receiving unfair treatment from a teacher, seeing a relative go to jail: the teenagers taking part in Chicago's Becoming a Man (BAM) initiative admit to a variety of frustrations, some trivial, some tragic, that can stir their anger. The initiative, which teaches young men how to regulate their emotions, aims to lower crime rates and improve graduation rates. Recently one BAM group invited an unusual guest into their counselling circle: Bill Gates, the second-richest man in the world. So what pushes his buttons?

Mr Gates answers that question in his latest annual letter, written with his wife Melinda, describing the work of the \$50bn charitable foundation they oversee. He admits to being “pretty harsh” with his parents as a child and “tough” on people at Microsoft. (“Over the decades I've mellowed out on that,” he says.) He also remembers “getting mad” at a meeting when he learned that polio cases were increasing.

In his first letter ten years ago, Mr Gates argued that a “maniacal focus on drawing in the best talent and measuring results” would make a difference in the foundation's fields of interest: global health, development and American education. In health, he feels vindicated. The progress in research, vaccine delivery and statistical monitoring to which they have contributed is “more miraculous than the digital revolution,” Mr Gates says.

But in education, results are less striking ▶▶



Always something to be mad about

ing: test scores have been harder to budge. Even in health, the eradication of polio has proven maddeningly elusive. In 2003 he thought the disease would be gone in a couple of years. But it lingers.

What explains this uneven impact? Partly, a paradox of progress: the more successful development efforts become, the less effective they look. Now that polio has been eliminated from countries like India, only the hardest cases remain, such as Afghanistan. The unevenness also reflects underlying differences in the problems the foundation tackles.

Such problems can be roughly divided into three categories (following a taxonomy by Lant Pritchett of Harvard and Michael Woolcock of the World Bank). Some require the exercise of ingenuity and discretion by small teams (eg, inventing a new vaccine); some demand the programmatic mobilisation of legions of people (immunisation drives). Others require both.

Improving education falls into this third, difficult category. It is not a problem that a small team of brilliant people can crack. Nor can a good education be delivered, like a vaccine, by following a strict protocol to the letter. Instead it requires legions of teachers to respond thoughtfully and conscientiously to pupils' needs. Mr Gates left his BAM circle wishing every classroom could emulate its intimacy and respectfulness. But that is hard to bottle.

Some problems that seem to belong to one category end up in another. Mr and Mrs Gates first thought the fight against malaria would require a breakthrough vaccine. To their surprise, the world has instead made headway by rolling out bed nets, a programmatic not technical solution.

An opposite example is sanitation. Removing the dirt and danger of human waste would not seem to require much innovation. Effective sewers and toilets have been around for over a century. But installing them is no longer feasible in many poor countries, Mr Gates argues, where cities are too big and water too scarce. Instead he wants to reinvent the toilet. In Beijing last year, he reviewed the latest self-contained models that, in effect, are their own sewage treatment plant, killing pathogens on site.

"If you want to improve the world," Mr Gates once wrote, "you need something to be mad about." The letter contains many candidates, including the neglected causes of climate change ("trucks, cement and cow farts") and the shortage of data on women's unpaid work. But does he worry that his passions might distort his foundation's priorities? "I might be the last person people would accuse of setting strategies based on non-numeric emotions," he says. The BAM circle touched his heart, his wife writes. But she's also careful to cite a University of Chicago study showing it cut arrests for violent crime by almost half. ■

The labour market

True colours

Men still pick "blue" jobs and women "pink" jobs. Does this matter?

EVERY YEAR a few women become the first of their sex to hold a particular job. The stars of 2018 include Tennessee's first female senator and the first female head of the New York Stock Exchange. There is the occasional male first, too: in 2018 the first men graduated from Norland College, which trains nannies for rich British families. Each year also sees a few occupations abandon sex-based hiring restrictions: in October Britain's Special Air Service decided to admit women for the first time.

Fifty years ago this would have been unimaginable. "The hilarity of the notion that all jobs should be open to both sexes spawned a running joke," writes Gillian Thomas in "Because of Sex", her book on the impact of Title VII of America's 1964 Civil Rights Act. Officials liked to quip that the law had created a "Bunny problem": men would have to be considered for employment as scantily clad waitresses in Playboy clubs. It took court cases to end bans on male flight attendants and female railway workers.

Today, across the West, almost all jobs are open to both sexes. (Laws generally allow for exceptions, for example for actors.) That has brought economic gains: 25% of the growth in output per worker in America between 1960 and 2010 can be attributed to improved talent allocation due to integration by sex and race, according to Chang-Tai Hsieh of the University of Chicago and his colleagues. But most sex-based integration happened in the 1970s and 1980s, and mostly in white-collar jobs. It has since largely stalled.

Most men still work mostly with men, and most women with women. In the European Union 69% of women with jobs are in

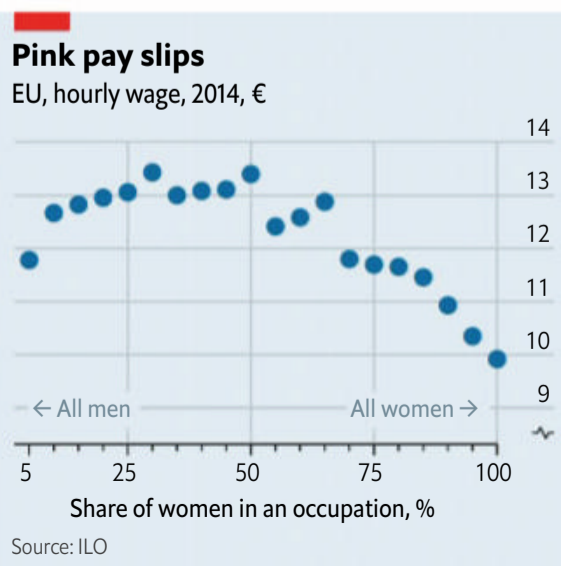
female-dominated occupations (ie, in which over 60% of workers are female). In Germany, 69% of working men are in jobs where at least 70% of their colleagues are male. In America some of the commonest occupations for women—primary-school teaching, nursing and secretarial work—are at least 80% female. About half of America's workforce would need to switch professions to bring the labour market into perfect balance between the sexes.

This occupational segregation has consequences for earnings. It accounts for one-third of America's gender pay gap, according to a paper published in 2017 by Francine Blau and Lawrence Kahn of Cornell University. Together, occupational segregation and the simple scarcity of women in senior jobs explain most of Sweden's pay gap. Female-dominated jobs are mostly lower-paid than mixed or male-dominated ones. Of the 30 highest-paying occupations in America, 26 are male-dominated; of the 30 lowest-paying ones, 23 are female-dominated. In Europe, hourly pay is 35% lower in the most feminised workplaces than in mixed ones (see chart).

Though women are now as well-qualified as men, they are more likely to enter lower-paid occupations with fewer opportunities for progression. Moreover, jobs that women do may be paid less precisely because women do them. When women enter a male occupation, wages tend to fall. In her "pollution" theory of discrimination, Claudia Goldin, an economist at Harvard, posits that men in male-dominated jobs fear that, if women move in, the work will be deemed to have become easier and less worthy of decent pay and status.

What keeps women in "pink" jobs and men in "blue" ones? There is no reason to expect a 50-50 split in every occupation, says Professor Blau. "But if the question is 'Are we there yet?' we have enough evidence to answer with a resounding 'no.'"

Female graduates in science, technology, engineering and mathematics are less likely than their male peers to get a job in their field, and more likely to leave if they do. Women in male-dominated jobs suffer more harassment and discrimination than those in mixed occupations. Parenthood increases segregation, with mothers in flexible, lower-paying jobs and fathers in inflexible, higher-paying ones, suggesting that motherhood influences and constrains career choices. ▶▶





Fighting fires, they're all orange

► Employers in male-dominated sectors increasingly fear that a dearth of women is bad for business. Studies have linked mixed-sex teams variously to improvements in productivity, innovation, safety and profitability.

In 2014 Nicole O'Keefe, from Perth in Australia, moved from human resources with BHP Billiton, a mining company, to train as one of its electricians. As a girl she never considered technical jobs, she says, because she never got to do woodwork or metalwork in school. Athalie Williams, the company's head of human resources, says flexible working and creative recruiting have helped halve female turnover since 2016 and increased women's share of the workforce by 40%.

That has brought business benefits. BHP's most diverse teams outperform the average by around 15% on measures such as meeting production forecasts, sticking to timetables and—because female miners are gentler on gears and more likely to respond to alarm lights—cutting maintenance costs. The number of injuries is about half that in male-dominated teams doing similar work.

For women who do not want to go into traditionally male fields, what matters is an end to the long pattern of devaluing women's work compared with men's. Because women are over-represented in low-wage jobs, minimum wages can have a large effect. Broadly, American states with a minimum wage above the federal level have narrower gender pay gaps than those without. In Britain, says Sheila Wild, the founder of EqualPayPortal, an information resource, "the national minimum wage has made the biggest improvement to the gender pay gap since the Equal Pay Act in 1970".

Most Western countries have had equal-pay laws since the 1970s. Over time

these have gone beyond ensuring the same pay for the same job to requiring equal pay for work of equal value. Last October cleaners, caterers and nursery staff for Glasgow city council took to the streets to protest against getting up to £3 (\$3.86) less per hour than colleagues in male-dominated jobs, such as bin men and street sweepers. Tesco, a supermarket, faces claims of up to £4bn for paying (mostly male) warehouse staff more than (mostly female) shop-floor staff doing similar tasks.

Such comparisons are harder to make for white-collar jobs—between, say, human resources and information technology. The world's most thorough effort to do so is in Iceland, where companies must prove that they pay fairly across occupations. Many have struggled. The deadline for those with over 250 employees has been extended by a year, to January 2020.

One of the first to go through the process was Arion Bank. "It was a lot of work figuring out a methodology that was fair, flexible and workable," says Ásta Einarsdóttir, who works in its human-resources team, "but now we would never want to go back." Most salary corrections were upwards, but some employees' pay was cut.

Does it matter for society at large that nearly all early-years educators are female and firefighters male? Finland used to set quotas for men in primary-school teaching. Some would like them back. The fire service of New South Wales now has quotas for female firefighters. "If more women were in traditionally 'masculine' jobs, then women on the whole would earn more," says Kate Bahn of Equitable Growth, a research institute in Washington. "And if more men were in 'feminine' jobs, then these jobs would pay better to all." Higher wages may mean costs for others, but society may deem that a price worth paying. ■

Basic income and work incentives

Field notes

A Finnish trial is as clear as mud

AMONG THE adherents of universal basic income (UBI) are the Italian government, India's opposition party and Alexandria Ocasio-Cortez, a Democratic congresswoman in America. Boosters argue that a minimum income would be a safety-net for people in precarious jobs—eg, those at risk of being displaced by automation. Others see a way of eliminating complex, even corrupt, social-security bureaucracies.

Naysayers, horrified by the potential cost of UBI, fret that state handouts will put recipients off work. Early results from Finland's basic-income experiment, released on February 8th, suggest that such fears are overdone, but don't resolve much else.

Researchers randomly chose 2,000 people on the dole to receive for two years a monthly payment of €560 (\$634) instead, whether or not they sought or started work. After a year, recipients were no less likely to be working than those on the dole. On average, both groups worked nearly 50 days a year and earned around €4,250.

Some UBI supporters may be disappointed that the scheme did not increase time worked. Unlike other benefits, which are withdrawn as claimants find work and so tend to discourage them from accepting a job offer, the basic income creates no such disincentive, because it is paid even after claimants take up work. But most proponents do not see employment as UBI's primary goal. They will be cheered by the fact that the participants reported being happier.

There are limits to the lessons from the experiment. The results only assess its first year. Even the trial's full two-year duration—a time period settled on because of a lack of resources, and ministerial impatience—may not be enough to observe changes to behaviour, says Minna Ylikännö, a researcher on the project. The scheme was also restricted to the unemployed. Other pilots, such as that funded by Y Combinator, a startup accelerator, in America, will also shed light on how low earners might respond if they are paid a basic income. Evidence so far is scant. But that has not stopped Italy, which begins its "citizens' income" scheme—a variant paying €780 a month to those living below the poverty line—in the spring. True believers need no proof.

Free exchange | Replacebook

Imagine a world without Facebook. It might be a better place



THERE HAS never been such an agglomeration of humanity as Facebook. Some 2.3bn people, 30% of the world's population, engage with the network each month. Economists reckon it may yield trillions of dollars' worth of value for its users. But Facebook is also blamed for all sorts of social horrors: from addiction and bullying to the erosion of fact-based political discourse and the enabling of genocide. New research—and there is more all the time—suggests such accusations are not entirely without merit. It may be time to consider what life without Facebook would be like.

To begin to imagine such a world, suppose that researchers could kick a sample of people off Facebook and observe the results. In fact, several teams of scholars have done just that. In January Hunt Allcott, of New York University, and Luca Braghieri, Sarah Eichmeyer and Matthew Gentzkow, of Stanford University, published results of the largest such experiment yet. They recruited several thousand Facebookers and sorted them into control and treatment groups. Members of the treatment group were asked to deactivate their Facebook profiles for four weeks in late 2018. The researchers checked up on their volunteers to make sure they stayed off the social network, and then studied what happened to people cast into the digital wilderness.

Those booted off enjoyed an additional hour of free time on average. They tended not to redistribute their liberated minutes to other websites and social networks, but chose instead to watch more television and spend time with friends and family. They consumed much less news, and were thus less aware of events but also less polarised in their views about them than those still on the network. Leaving Facebook boosted self-reported happiness and reduced feelings of depression and anxiety.

It also helped some to break the Facebook habit. Several weeks after the deactivation period, those who had been off Facebook spent 23% less time on it than those who had never left, and 5% of the forced leavers had yet to turn their accounts back on. And the amount of money subjects were willing to accept to shut their accounts for another four weeks was 13% lower after the month off than it had been before. Users, in other words, overestimate how much they value the service: a misperception corrected by a month of abstention. Even so, most are loth to call it quits entirely. That

reluctance would seem to indicate that Facebook, despite its problems, generates lots of value for consumers, which would presumably vanish were the network to disappear.

Yet that is not quite clear. Consider the choice faced by the treatment group when the deactivation period is over: to rejoin the network or remain off while the rest continue to like and share. It is possible that a user might not want to go without a service used by 2.3bn others, but also that the world would be better off if the service did not exist at all.

How could that be? A social network thrives thanks to increasing returns to scale. The more people on a network, the more potential connections it facilitates and the larger its value to each user. Such effects helped power Facebook's rise; founded in 2004, it took off as the share of the population online grew explosively. New netizens naturally gravitated to the social network used by most of their friends and family, which reinforced Facebook's advantages—in much the same way that a booming city attracts new residents because of the opportunities created by the large pool of people already there. You could say Facebook is the world's first digital megacity, thronging with people, enabling huge amounts of human contact, both good and bad.

In the life of physical cities, the attraction of being close to others can lead to remarkable durability. Industrial towns sprouted along the Great Lakes in the 19th century because of the advantage of being close to water transport—especially once canals linked the lakes to the Atlantic. Great Lakes shipping is not the economic force it once was, yet millions of people remain in cities like Chicago and Detroit, Cleveland and Buffalo. Interpreting that durability is tricky. Suppose a team of researchers were to approach a few thousand midwesterners and ask them, for the sake of experiment, to spend a month in southern California. The subjects of the experiment might find the experience surprisingly enjoyable, yet nonetheless return home because of the friends, family and professional contacts who remain in the Midwest. The choice to return could reflect the unique value created by midwestern cities. But it might instead mean that midwesterners are stuck in a bad equilibrium: that well-being would go up if only they could agree, collectively, to decamp to sunnier climes.

Friends, Romans

Such things occur outside idle thought experiments. Guy Michaels, of the London School of Economics, and Ferdinand Rauch, of the University of Oxford, studied the fortunes of Roman-era towns in Britain and France. When the empire foundered, those fortunes diverged; the French political order was less disturbed by the collapse than the British, and more towns continued to function in France than in Britain. As a result, new towns arose more readily in Britain than in France when, in later centuries, the advantages of proximity to navigable water became apparent. Between 1200 and 1700, populations grew much faster in towns with access to the coast than in those without. Britons benefited from having their urban network “reset”, while the French were stuck liking and sharing the towns their Roman ancestors occupied.

Such ruts are hard to spot in real time, and there may well be net value in a Facebook-like network. Were Mark Zuckerberg to turn off his creation, another, similar platform might be propelled to dominance. But the Facebook era could instead be the product of unique, fleeting historical circumstances. In that case, a sunnier social-network ecology might be achievable—if only the citizens of Facebook could be nudged to seek something better. ■



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Border-control technology

The invisible boundary

New systems could make hard frontiers disappear, but the level of background surveillance would be uncomfortable

IT IS AN all too familiar scene. Long queues of people and vehicles waiting to cross a border, paperwork all in a flutter and stony-faced customs officials rummaging through belongings and peering into the backs of lorries. A question on many minds is whether technology can do away with such perturbations. And the answer is yes. New systems are making it easier to cross borders on land, at ports and in air terminals. Within a few years it should be possible, at least in theory, for a border to become invisible. People and goods would flow through without stopping, leaving all the formalities to take place electronically and out of sight.

This might appear the ideal answer to the seemingly intractable problem of the nature of the border between Britain and Ireland when Britain leaves the European Union. Neither side wants the return of a “hard” border of physical infrastructure, with its associated security and customs checks. But retaining an open border would impose legal constraints on Britain’s freedom to change its laws in ways that diverge from the EU’s. To many on the

British side, this would be tantamount to keeping Britain in the EU.

If technology could make the border invisible on the ground, leaving legal checks to be done elsewhere, that might satisfy most parties. Yet as promising as the technology to do this is, in practice the cost of fully deploying the kit required for an open border is likely to be expensive, and the accompanying level of electronic surveillance too high for many to stomach, especially in Ireland.

Paperwork be damned

Despite these concerns, a number of borders around the world are being modernised with new technology, in order to become more open. The starting-point is taking the “paper” out of the paperwork.

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Documentation involved in shipping goods from one country to another is going virtual. Electronic customs declarations are being made easier to submit, allowing the pre-clearance of shipments and the on-line payment of tariffs.

Switzerland, for one, aims to digitise its border procedures with the EU fully by 2026. A SFr400m (\$400m) programme known as DaziT will provide a central on-line portal for all customs services. This will, for instance, let travellers use smartphones and tablets to declare foreign purchases on which duties may be owed.

The security of such systems is likely to be protected by blockchain, the technology that underpins cryptocurrencies like Bitcoin. A blockchain records transactions on a decentralised register in a way that is difficult to tamper with. Last May Singapore introduced electronic certificates of origin, based on blockchain, for goods travelling into and out of the country. The system, developed by vCargo Cloud, a local firm, allows a mobile-phone app to be used to scan a QR code, a fancy type of matrix bar code, attached to the goods in question. The app will reveal the certificate.

Singapore’s busy port, along with ports in Hong Kong, Rotterdam, Philadelphia and other places, have started to use a blockchain-enabled process called TradeLens. This is the result of a collaboration between Maersk, a big Danish shipping firm, and IBM, an American computer firm. TradeLens provides access to a range of electronic data tracking shipping contain- ▶▶

ers and their contents for importers, freight forwarders, port operators and customs authorities.

One of the advantages of using blockchain is that it readily reveals if things have been tampered with. Every time a code or a sensor attached to goods is scanned, that event is logged in the blockchain and tagged with other data, such as the location of the goods. But no system is foolproof, so authorities will want to ensure that whatever crosses their borders is what the data purport it to be. Hence some sort of facility for physical checks will still be needed.

That is largely the case at one of the most technologically advanced land borders: that between Sweden, an EU member, and Norway, which is part of the EU's single market but not a member of the EU's customs union. The 1,600km border is largely open for travellers, although automatic number-plate recognition (ANPR) cameras are used to monitor passing vehicles, and officials will pull over any suspicious ones. Electronic pre-arrival customs declarations have been introduced and, in some cases, Norway will let companies ship goods across unmanned crossings. Most lorries, however, still need to stop at specific manned crossings to have their details checked. If it is not too busy, this need take only a few minutes.

Lars Karlsson, a Swedish customs expert, looked at what technologies could be used to reduce or eliminate the need to stop and undergo border checks, with a particular reference to Ireland, in a report presented to the European Parliament in 2017. Mr Karlsson said any such system would, as a starting-point, require a fully electronic environment for documentation and payments.

It would work something like this. Pre-registered companies, sometimes called "trusted traders", would have to submit additional information, such as details of the lorry being used and the person driving it. The driver might need an enhanced licence containing biometric data (facial scans, for example). As the lorry approached a border it would be identified by ANPR cameras. Other roadside sensors would detect a code placed on the driver's mobile phone, which would identify him. The system would text a customs release note to the driver and alert authorities that the goods stated on an electronic manifest have just passed over. At a hard border, the release note might instead open a gate automatically for the lorry to drive through.

Trust. But verify

No country has yet put together all these elements to create an open border. The obstacles are not technological, though. For one thing, since it would need co-ordination between different customs authorities, the negotiations could be protracted.



Some companies have also expressed concern that trusted-trader schemes might prove bureaucratic and expensive, especially for small firms.

Assuming such problems can be overcome, authorities would still want ways to catch smugglers. Again, technology can help. It is now reasonably straightforward to use mobile-phone networks and satellites to track people, goods and vehicles. This would let authorities check that cargo arrives at its intended destination. Fujitsu, a Japanese firm, says that cameras can be used to read not just number plates but also the identification markings on containers, and check that seals have not been tampered with. Using artificial-intelligence techniques, the company reckons cameras can be taught to recognise the faces of drivers as well.

At some point physical checks will be needed, although these do not have to be carried out at a border. Vehicles could be pulled over at other locations for random shakedowns or because the data flag something as suspicious. Mobile customs units could carry out checks, even at delivery locations, using hand-held devices to scan, at a distance, smart tags attached to individual products and cartons. And other techniques are available, too. Container x-ray scanning is becoming faster, more powerful and capable of identifying not just outlines but also detail, including people hiding inside. Some of this scanning equipment is mobile.

As for keeping an eye on people crossing borders, systems being developed for use at airports might find wider use. One idea is a single digital travel "token" to speed people through airport terminals, even on multiple legs of a journey. A prototype of such a system has been developed by SITA Lab, a Swiss technology group owned by the airline industry.

In SITA's system the token resides on a traveller's mobile phone and represents encrypted travel documents, passport details and other information. Whenever the

traveller arrives at a checkpoint or is stopped by an official, the app is used to generate a QR code. That code is then scanned to confirm the traveller's details. These are held in a database secured, as might be expected, by blockchain. Regular commuters across land borders could carry similar tokens on their mobile devices.

For remote borders with little or no infrastructure, there are various techniques that can keep an eye, or rather an ear, out. QinetiQ, a British firm, has a system called OptaSense, which uses a fibre-optic cable laid in the ground. Sound from above creates vibrations in this cable. These affect its light-carrying properties. Those changes can be detected at a distance by shining a laser through the cable. The equipment is sensitive enough to discriminate between the sounds made by different types of vehicle, such as a tractor or a lorry, and to detect people walking about.

Given enough money and determination, it should therefore be possible to make a hard border disappear. The difficult bit is the politics—especially whether the level of background surveillance required would be acceptable to people. In Ireland, with its long history of troubles, that is unlikely to be the case. Even a solitary ANPR camera at an Irish border crossing might be blown up. However, in other parts of the world, where hard borders now exist, travellers are likely to find that their passage will become easier. ■

Prion disease

A twisted tale

Cerebral amyloid angiopathy, a rare brain illness, may be caused by prions

A PAPER PUBLISHED in this month's *Annals of Neurology*, by Gargi Banerjee and David Werring of University College, London, adds to evidence that prion diseases are more widespread and varied than had been realised. Such diseases are caused by misfolded protein molecules that have the unfortunate property of triggering similar misfolding in others of their kind, and so transmitting their pathological character to previously healthy molecules. They came to public attention in the 1990s, when a variant form of the best known of them, Creutzfeldt-Jakob disease (CJD), was shown to be transmissible from cattle to people. This sparked fears of an epidemic among beef eaters, which fortunately failed to come to pass. Ever since, doctors have kept an eye open for anything similar. Dr Banerjee's and Dr Werring's results suggest cerebral amyloid angiopathy (CAA), a haemor- ▶

► rhage-causing illness closely related to Alzheimer's, may be an example.

The story starts in 2015, when a team led by John Collinge, a neuroscientist at University College who is one of the world's leading CJD researchers, examined the brains of eight people who had died from the illness after contracting it from human-growth-hormone treatments. Until 1985, when synthetic versions of the molecule became available, growth hormone was extracted from the pituitary glands of cadavers—along with (though this was not known at the time) CJD-causing prions, if such were present. Subsequent mixing of the extracts spread the prions widely. By the time the practice ceased, around 30,000 people had received injections of cadaver-derived growth hormone. By 2012, 450 cases of CJD around the world had been attributed to growth-hormone treatments.

Dr Collinge and his team found that six of the eight brains they examined contained, besides signs of CJD, deposits of amyloid-beta (aB), a protein which forms the plaques that are the principal hallmark of Alzheimer's disease. In four of the six the deposits were widespread. Oddly, those concerned had died between the ages of 36 and 51—too young to show Alzheimer-related pathology in normal circumstances, given that they did not have genetic mutations linked to the early-onset version of the disease. The researchers concluded that the growth-hormone injections had probably also contained aB, and that this had transmitted amyloid pathology to the unfortunate four, in addition to CJD.

Last December a second piece of evidence emerged. Another team led by Dr Collinge obtained samples of cadaver-derived human growth hormone that had been stored since the 1980s. As they had suspected, they found that those samples which were of the type given to people in Britain who had contracted CJD did indeed contain aB. Moreover, mice genetically engineered to produce human amyloid protein that were injected with material from these samples developed significantly more amyloid plaques than did mice injected with synthetic growth hormone.

In the latest paper, Dr Banerjee and Dr Werring, who are not members of Dr Collinge's research group, though they collaborate with it, describe three patients admitted to a specialist cerebral-haemorrhage clinic run by Dr Werring. Out of 663 patients referred there since the beginning of 2015, the three described were the only ones under the age of 50 who received a diagnosis of CAA. They were between 34 and 48 years old—and CAA rarely occurs in those under 55.

Intriguingly, the three had something else in common. All had undergone, three to four decades earlier, brain-repair procedures that involved the transplantation

from a deceased donor of material from the dura mater, a membrane covering the brain. Dr Banerjee's and Dr Werring's study cannot prove that aB carried along with the transplants caused the disease, but both early-onset CAA and dura-mater grafts are rare, so mere coincidence seems unlikely.

On a practical level, Dr Banerjee and Dr Werring suggest that doctors now ask patients with symptoms that might indicate CAA if they have had neurosurgery earlier in life, especially if they are young. Though dura-mater grafts were banned in Britain in 1992, precisely to avoid the risk of prion transmission, some of those affected may not yet have surfaced—and while there is

no cure for CAA, there are ways to reduce the risk of haemorrhage if doctors have the right diagnosis.

There is a more general point though. Stanley Prusiner, the neuroscientist who developed and proved prion theory (and also coined the term), has long argued that most neurodegenerative illnesses, Alzheimer's included, are prion diseases of one sort or another. To many, that seems unlikely, as the only human prion diseases known at the moment all involve the same type of protein as CJD. If CAA, which involves amyloid-beta rather than the CJD protein, also proves prionic, it strengthens the idea that Dr Prusiner is right. ■



Automotive engineering

Look! No brakes

The use of regenerative braking in electric cars will change the way people drive, and also the market for components

IN 1894, WHEN Louis Antoine Krieger started making electrically powered horseless carriages (pictured above), he introduced a feature that had appeared earlier on some electric trains. The motors that drove the front wheels of Krieger's landulet could operate in reverse, to work as generators when the driver slowed down. That let them recover kinetic energy from the vehicle's forward motion, turn it into electricity and use this to top up the battery. But there was another benefit. The harvesting of this otherwise-lost energy also produced a handy braking effect, helping slow the vehicle without the driver having to apply the somewhat dodgy mechanical brakes.

Regenerative braking, as the technology Krieger used is now called, pretty much disappeared from road transport when electric power gave way to the internal-

combustion engine. But, with sales of petrol- and diesel-powered vehicles peaking, and scores of new electric and hybrid cars appearing on the market, it is staging a comeback. Its principal advantage is that it increases the distance a vehicle is able to travel between charges. For example, according to its makers Audi, regeneration contributes 30% of the 400km maximum range of the firm's e-tron SUV. But regenerative braking, as it is known for short, also promises to do for the brake pedal what automatic gear boxes did for the clutch, and thus to make driving a one-pedal experience.

As Martin Tolliday, an automotive expert at Ricardo, a British engineering consultancy, observes, regenerative systems already encourage a different way of driving. Some cars, such as the Tesla Model 3, permit the driver to choose levels ranging ►►

▶ from mild to aggressive. Mild lets the car coast more freely. Aggressive pulls the car up more sharply and recovers the most energy. Carmakers put sensors in such vehicles to turn on the brake lights once the force of regen braking reaches a level similar to that of conventional braking.

Regeneration also permits braking methods to be blended. When a driver lightly touches the brakes in some models, it is not the friction brakes that are applied initially, but regen braking instead. Nissan, a Japanese firm, has taken this idea furthest. The latest version of its Leaf electric car features a switch that activates what it calls the ePedal. This combines acceleration and braking into a single action. As with other electric cars, when the driver relaxes pressure on the pedal, regenerative braking takes over. With an ePedal, though, if he takes his foot off altogether, the friction brakes are eventually applied as well.

The Leaf still has a brake pedal, but it is there for use only in extremities. In normal road conditions Nissan reckons the ePedal can meet 90% of a driver's deceleration needs and, particularly in heavy traffic, it avoids his having to shift his foot constantly from one pedal to another. Once he has got used to it, he rapidly learns how to play the ePedal when approaching junctions or stationary traffic ahead, and can bring his vehicle to a standstill without ever pressing the brake. He need not do so even going downhill. On inclines, the car will hold itself stationary until the ePedal is pressed, at which point it will set off again.

Nor are drivers the only people who will be affected by the rise of regen braking. So, too, will those who service cars and who make components for them. Conventional brakes work by clamping a set of friction pads onto a disc on the wheel hub. The result of this friction is wear and tear, so pads and discs need to be replaced at frequent intervals. Regen braking means those components may last the lifetime of the vehicle. Some taxi drivers of elderly Toyota Prius hybrids reckon they are running on their vehicle's original set of brake pads, even with a million kilometres on the odometer.

Whether and when the brake pedal will disappear completely remains to be seen. Mr Tolliday thinks it is likely to happen eventually. Already, a number of cars use auto-braking, in which radar sensors apply the brakes if a vehicle gets too close to the one in front. In such a situation, if he is driving at all, a motorist with a single pedal could simply remove his foot and let the sensors work out how best to brake without the vehicle losing control of itself. ■

Correction: In "Eco-nomics" (Feb 9th), we described Hugh Possingham as moonlighting as chief scientist at the Nature Conservancy, while working at the University of Queensland. In fact, it is the other way around. Working at the Nature Conservancy is Dr Possingham's day job. Sorry.

Culinary science

Rates of exchange

Preparing olives for the table takes for ever. Here is how to do it faster

DEBITTERING OLIVES is a messy process. In their natural state the fruit of the olive tree are loaded with compounds called phenols that make them unpalatable to people. If an olive is destined to be crushed for its oil, the phenols do not matter. Most will be retained in the pulp left over after pressing. Table olives, though, must be purged of their phenols before being eaten.

At the moment, this is done by soaking them in water, or brine, or brine followed by a solution of sodium hydroxide known as lye. This liberates the phenols and draws them out by osmosis. For the osmotic process to be effective, though, the bathing liquid needs to be changed frequently. This is tedious, messy and generates phenol-rich waste that is toxic to plants and animals. A better way of cleaning olives would be welcome. And one is now on offer. Rebecca Johnson and Alyson Mitchell of the University of California, Davis, report in the *Journal of Agricultural and Food Chemistry* that they can do the job using tiny resin beads.

Ion-exchange resins are high-porosity forms of polystyrene tweaked with extra chemical groups that let them capture molecules of different sorts. Many varieties of ion-exchange resin are commercially available, often in the form of hollow beads. These beads have a large surface area relative to their volume, maximising the amount of polymer available for reaction. Beads are also easy to handle.

Dr Mitchell already knew, from previ-

ous work, that some ion-exchange beads are capable of collecting the phenols found in olives. She wondered whether adding these beads to the brine tanks in which olives are stored prior to processing with lye might make it possible to debitter olives without having to use lye at all.

To test this idea, she mixed samples of olive pulp with beads and left the mix for half an hour at room temperature. Of the four types of bead she tried, two proved good at removing phenolic compounds called oleuropein, ligstroside, oleacin and tyrosol from the pulp. One of these two, FPX66, is used for debittering citrus fruits and is therefore already certified by America's Food and Drug Administration as safe for use in food preparation. Dr Mitchell therefore asked Ms Johnson to carry out a more extensive experiment using it.

This trial involved whole olives, which Ms Johnson put in flasks filled with commercial storage brine and FPX66 beads. She then left the olives to soak and sampled them from time to time until 273 days had passed, this being the normal period for which olives are stored in brine prior to processing with lye. The experiment worked. On the days of the first two samplings, the 6th and 26th of the experiment, Ms Johnson found that phenol levels had dropped to a point where the olives would be considered bitter but edible. By day 76 they were at a point where they would hardly be considered bitter at all.

If this discovery can be translated into commercial operation, the brine-soaking stage could be shortened by three-quarters and the lye step dropped altogether, with huge savings in time and materials—for the beads themselves can, after appropriate processing to remove and dispose of the phenols, be recycled. Ion-exchange beads thus have the potential to make processing olives cleaner, faster and cheaper. ■



Summer is icumen in



Political fiction

From confetti to mosaic

An improbably compelling novel about the EU is a battle cry for the union's ideals

CROSS THE centre of Brussels from west to east, and it becomes clear what a disjointed, patchwork city it is. There are the bland European restaurants near the neo-Gothic church of St Catherine, kebab shops and Arab cafés around the Boulevard Anspach, gaggles of tourists on the Grand Place and then, up the hill, the windswept avenues and often hideous architecture of the European Union's institutions. Like the city, the EU can feel fragmented and discordant, lacking a common mood or a shared story. That, anyway, is the argument of doom mongers in an age when nationalism is rising, Britain is lurching out of the union and mainstream leaders are struggling to preserve solidarity.

"The Capital" begs to differ. Published in German in 2017 and now in English, the novel insists that compelling stories can be told about both Brussels and the EU itself. Robert Menasse, its Austrian author, lurked for several years in the city's streets and restaurants, as well as in the murmuring corridors of the EU. The Brussels he discovered was not bland and dysfunctional but rich in quirky and uplifting details, from its no-nonsense bistros to the way Eurocrats of different nationalities cycle to

The Capital. By Robert Menasse. Translated by Jamie Bulloch. *MacLehose Press*; 417 pages; £15. To be published in America by *Liveright* in June; \$27.95

work. "The German officials would accelerate past...as if bent on winning a circuit race," he writes (in Jamie Bulloch's translation). "The Dutch officials were relaxed on their 'granny bikes', as were their colleagues from the Latin countries, who cycled sedately in their suits without breaking into a sweat." Contrary to stereotypes, Mr Menasse found that these Eurocrats tended to be clever, humane and dedicated.

From such material he created what might seem impossible: a readable novel of Brussels. "The Capital" is a mischievous yet profound story about storytelling; about the art of shaping a narrative by finding resonances in the messy stuff of life.

The plot pivots on a plan to mark the 50th birthday of the European Commission with a ceremony at Auschwitz. But the lives of the characters—multinational officials, a zealous Polish assassin, a Belgian Holocaust survivor—are also woven together on the loom of the city, as they brush

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by each other in its streets, and in echoes and recurring motifs. One of those is pigs—the shape of the book-ends on the survivor's shelves, the subject of a zany hunt in central Brussels and the cause of a row over exports to China. "The algorithm that filters everything imaginable and which has ordered our story until now is, of course, mad, but more importantly it is reassuring," the author says of such patterns. "The world is confetti, but the algorithm allows us to experience it as a mosaic."

Unity can come from diversity, in other words. This mantra, the EU's slogan, sounds sarcastic amid today's fractures (last week France withdrew its ambassador to Italy), about which Mr Menasse is as depressed as anyone. Plans for the ceremony at Auschwitz sink amid petty bickering between member states and a lack of appreciation for the EU's story and symbols. This deafness to narrative is contrasted with Auschwitz itself, a place so laden with meaning and emotion as to be overwhelming. Visiting the camp, an official is dumbstruck: "He felt...how? He couldn't say, he couldn't find the word for it."

The choice of Auschwitz as (implicitly) the EU's ultimate justification is revealing. Born in 1954, Mr Menasse is at the tail end of the generation of "1968ers" in the German-speaking world, who grew up after the war and, as left-liberal students in the 1960s and 1970s, started asking difficult questions of their elders. He and Jürgen Habermas, the doyen of German philosophers and a guiding light to 1968ers, are mutual admirers. Among other things, "The Capital" is a bold novelisation of Mr ▶▶

► Habermas's thinking about Europe.

Mr Habermas expressed this thinking most crisply in 2012 in "The Crisis of the European Union". He blames the EU's travails on the misplaced belief that Europe's peoples are so disparate—too many languages, too many histories, too little "demos"—that they must choose between an authentically democratic polity at national level and technocratic diktat at a supranational one devoid of a common culture. Mr Menasse satirises this belief in "The Capital". Austria's government protests when it is offered the culture job in the Commission, which is eventually dumped on Fenia Xenopoulou, a glum Greek careerist. "The image of 'European culture,'" the novel notes, "was a poor one."

The novel also captures the Habermasian warning that forgoing a pan-European narrative in this way leaves the emotive, storytelling side of European politics to blood-and-soil nationalists—embodied in Mateusz Oswiecki, a fanatical killer and a tormented child of central Europe's traumas (his name alludes to Oswiecim, the Polish site of Auschwitz). Revelling in the differences and clashes between the nationalities that rub shoulders in Brussels, the book also embodies Mr Habermas's

view that Europe does not need a homogenised culture to build a coherent federation. Rather, it suggests that common civic and moral principles, derived from the lessons of history, can provide a basis for supranational democracy. Mr Menasse is open-minded enough to satirise the very "constitutional patriotism" he advocates: Alois Erhart, an Austrian intellectual and a cipher for the author, proposes moving Europe's capital from Brussels to Auschwitz.

With determination, "The Capital" implies, Europe can yet write the common story that seems to elude it today. "The EU is man-made," Mr Menasse has argued elsewhere; "and everything that humans make, you must be able to tell in a narrative." This approach, whimsical yet Utopian, has the merit of avoiding the two main modes of European analysis, namely complacent optimism and defeatist pessimism. The philosophy also makes the novel momentous. It captures the glowing idealism of an era when the EU was run by people who remembered the war. Readers may see this school of thought as a relic of the past or a beacon for the future. Either way, they will not find a more spirited expression of it than Mr Menasse's unexpectedly delightful book about Brussels. ■

laritza was not spontaneous: it was planned. Various strands began to coalesce into something resembling today's version in the 1930s, shortly before the Spanish civil war broke out. Under General Franco, the tradition was repressed, as was Euskara itself; in-migration from other parts of Spain diluted use of the language further. The championship was firmly re-established only in 1980. Bertsozale Elkarte was founded "to stop the tradition dying," says Igor Elortza, a *bertsolari*.

The revivals of *bertsolaritza* and Euskara have gone hand in hand, said Ms Esteibar. Volunteers set up a network of *bertsolaritza* schools. Meanwhile, encouraged by the regional government—dominated by Basque nationalists—public schools began to teach in Euskara; wizened *bertsolaris* gave lessons. Almost everyone at the Pamplona shindig said they were exposed to the tradition at school, rather than at home. Euskara's recovery has been boosted by the fact that it is required for most jobs in the regional administration. A study in 2016 showed that 34% of people in the Basque country speak it (up from a quarter in 1991); that includes 70% of Basques under 25.

This has pumped fresh life into *bertsolaritza*. Not long ago, it was "something for men, in the bar, at night," said Ms Esteibar. Increasingly, the typical *bertsolari* is young, urban and educated. They often deal with contemporary issues of family, society, ethnicity and politics; in Pamplona the songs touched on Venezuela, the closure of squats and the gender politics of dinner parties. The growing role of women is one way *bertsolaritza* is evolving. Ms Lujanbio is the first female champion in a historically male discipline (see picture).

Enthusiasts in Pamplona described *bertsolaritza* as a social movement. The poetry is central, but it is the link to Basque language and identity that ensures the appeal. In politics, Basque nationalism has dark, exclusionary undertones, yet the sense of community at these gatherings is wholesome and enchanting. Over bitter cider and sweet shots of Patxaran, a sloe and anise liqueur, everyone had their own story about how they got hooked—but hooked was the word they used. It is the camaraderie that draws the *bertsolaris* to the continuous events, few of which pay. "It's why I'm here," said Xabi Igoa, a young practitioner.

The history of *bertsolaritza* explains the atmosphere in the auditorium. The silence before the *bertsolari* begins to sing is reverential. The audience is expectant but generous: they laugh and whoop when the performers please them, and will them to recover when they stumble. From time to time, the pattern of rhythm and rhyme in a *bertso* reveals what the last few lines will be before the poet delivers them. These moments, when the audience and the *bertsolari* sing together, feel almost religious. ■

Rhyme and regionalism

The singer and the song

PAMPLONA

Poetry slams are helping to revitalise the Basque language

BEFORE AN AUDIENCE of 500 people on the outskirts of Pamplona, Maialen Lujanbio, the reigning champion of *bertsolaritza*, the Basque oral tradition of improvised song, steps up to the microphone. She stands in silence, thinking.

Ms Lujanbio is composing a *bertso*, the rules of which are simple but exacting. Given a theme or a prompt, *bertsolaris* invent a poem of between eight and 12 lines, which must fit a prescribed rhyming form. Next they choose a melody from thousands of traditional tunes, or coin a new one on the spot. *Bertsolaris* usually think for around 30 seconds. The silence can feel chasmic. And then they sing.

Pamplona is in Navarra, on the edge of the Basque country, but some of its population speaks Euskara, the Basque language; the festival was one of 2,000 such events a year across Basque-influenced regions in Spain and France, according to Estibalitz Esteibar of Bertsozale Elkarte, an association that promotes the tradition. They range from *bertso* dinners, in which a feast is capped by an impromptu performance,

to the Basque country championship, a rap battle that is the climax of a quadrennial contest. In 2017, 15,000 tickets were sold for the championship; almost half of all Basque-speakers tuned in on television.

No other oral folk art commands this kind of audience. But the success of *bertso-*



Queen of the beat

Colonial history

Evils of empire

Amritsar 1919: An Empire of Fear and the Making of a Massacre. By Kim Wagner. Yale University Press; 360 pages; \$32.50 and £20

ON THE AFTERNOON of April 13th 1919 General Reginald Dyer led a column of troops and armoured cars through the streets of ancient Amritsar, holy city of the Sikh faith. Their destination was a dusty, enclosed clearing called the Jallianwala Bagh. Failing to squeeze the vehicles and machine-guns through a narrow entrance, Dyer entered with just the soldiers. Before them was a crowd of about 15,000 peaceful, unarmed Indian men, women and children quietly listening to political speeches. Many had come out of idle curiosity.

Dyer, however, saw something very different: a “defiant and murderous mob,” as Kim Wagner puts it in “Amritsar 1919”, “one which had only days before run rampant through Amritsar and which still had the blood of Englishmen on its hands.” Barely pausing, Dyer gave the order to fire. After ten minutes and 1,650 rifle rounds, at least 379 people lay dead; hundreds were injured. Dyer offered no medical help to the wounded. His duty done, he left abruptly.

The Amritsar massacre was probably the most murderous single act in the history of the British Empire. The facts are not in doubt, but its meaning remains hotly disputed. British bigwigs have visited Amritsar to pay their respects, but despite many promptings there has never been an official apology. Indeed, to apologists for empire, this was merely an aberration. As Winston Churchill commented at the time, the slaughter might have been a “monstrous event”, but it was also without parallel “in the modern history of the British Empire...an event which stands in singular and sinister isolation.” Recent historians have taken the same line.

“Amritsar 1919” aims to show how profoundly misleading Churchill’s interpretation was. Mr Wagner maintains that Dyer acted as a loyal servant of a colonial administration founded on terror and violence, particularly in the years after what the British called the “Indian Mutiny” and Indians the “First War of Independence” of 1857. Then the massacre of European women and children at Cawnpore had horrified the British, and the revolt was stamped out with extreme savagery. Thereafter the Raj was paranoid about another insurrection, and its officers, such as Dyer, often acted disproportionately, largely out of fear. This is what happened at Amritsar.

Provoked by the expulsion of two local leaders, three days earlier a mob had indeed run riot through the city, killing three British men and assaulting a woman. There was no evidence that this presaged a wider revolt, yet, haunted by the mutiny, this is exactly what Dyer and other officers believed. When he came upon the gathering at the Jallianwala Bagh, he sincerely thought he had “stumbled upon nothing less than the epicentre and hotbed of the rebellion”. He wanted to get his retaliation in before the imaginary insurgents turned on his soldiers.

This, Mr Wagner reminds readers, is why Dyer was feted as a hero by most Anglo-Indians, and by many in Britain. He had shot dead hundreds of civilians, but other officers had contemplated bombing Amritsar as well. By heading off another mutiny, he had saved the Raj. A London newspaper raised £26,000 for him, a huge sum. Meanwhile some Indians later rejected the relatively paltry amounts that were offered to the victims as compensation.

Mr Wagner argues his case fluently and rigorously in this excellent book. The centenary would be as good a time as any to apologise for Amritsar. In Mr Wagner’s telling, such contrition might apply to many other acts of cruelty and violence visited upon Britannia’s imperial subjects. ■

Sport and modernity

In search of lost time

GROS ISLET, ST LUCIA

The resurgence of the West Indies cricket team recalls a glorious history

IT IS AN odd sports fan who travels half-way around the world and is happy to see his team lose. Yet that describes many of the 5,000 sun-pinked English cricket fans who watched England play the West Indies on the Caribbean island of St Lucia this week. Asked whether he minded that England had already lost the three-Test series, having been beaten in Barbados and Antigua, Steve, a retired building-society manager from Somerset, looked almost put out. “Not remotely!” he exclaimed. “We think it’s marvellous,” said his wife Anne.

It would be hard to imagine a set of fans more supportive of the other side. When the Trinidadian bowler Shannon Gabriel charged in murderously, feet pounding the turf, the English contingent murmured contentedly. It was real West Indian fast-bowling: “pace like fire”. Nostalgic for the time when it ruled cricket, and mindful of how much the game has changed since then, they revelled in the sight.

To understand this, consider first that



Blast from the past

there is nothing in sport—not the Boston Celtics in the 1960s or Brazil’s finest footballers—to touch what the tiny populations of the Anglophone Caribbean achieved in cricket.

The Test match, the game’s five-day format, is the most gruelling challenge in team sport. Imagine two baseball series packed into a single game. Then multiply that by three, or even five, to make a Test series. It is a brutal examination, at which, between 1980 and 1995, the West Indies were undefeated. Their victims included, in England and Australia, two of the world’s richest countries; and in India and Pakistan, two of the most populous. Barbados, by contrast, had a poor population of around 240,000. Yet some reckon the island has produced more great cricketers than India. Trinidad produced the best book on cricket, “Beyond a Boundary”, by C.L.R. James in 1963. It was a crazy over-performance—a real-life case of Asterix and a Gaulish village against the Roman Empire.

But it was unsustainable, if only because mercurial politics was part of the magic potion. After centuries of racial and economic injustice in the Caribbean, the 1970s and ’80s were a time of self-determination and growth. Most of the islands had just or were about to become independent. And cricket was their means of self-expression. It was the only thing at which they were world-beating. It was also, thanks to the English professional leagues, a rare means to earn a living. The hegemony was fuelled by the cricketing mania this stirred, in a unique interlude between colonialism and modernity. With economic growth, outward migration and other distractions (including television, which came to the islands in the 1970s), the frenzy cooled just enough for the world domination to end.

Yet the calamity that has befallen West Indian cricket in the past decade, including player mutinies, threatened bankruptcy ►►

▶ and serial defeats, was not inevitable. It reflects the commercial and geopolitical forces now buffeting the game everywhere. This points to a second reason why the West Indians' first series victory over England in a decade was so poignant.

The growth of club-based cricket franchises, especially in India, has put huge pressure on the culture of international competition that has underpinned cricket since the late 19th century. Attracted by million-dollar salaries in India, some of the best Caribbean players have abandoned their international side to become globe-

trotting freelancers. No wonder the West Indies has struggled. And the richest cricket countries, India, England and Australia, have done little to counter this trend. They are mainly concerned to maximise their revenues from the shorter formats the franchises play. The result, everywhere outside England, is that Test cricket is dying. But for the English fans in St Lucia, the stadium would have been empty. As in Barbados and Antigua, few locals showed up.

Contrary to its image as a fusty Victorian heirloom, cricket has constantly evolved. Yet these changes, the downgrad-

ing of international and Test cricket, will be seismic. They augur a game almost unrecognisable from its current form, and less loved by its devotees. That is why the West Indies' latest win is so precious to them. Achieved by the same means—terrifying fast-bowling—as their past greatness, it represents a twitching of the veil of cricket history, sending lost images and emotions tumbling forth. The West Indies will not again be a cricket giant: they face too many impediments. But their mini-resurgence feels almost as unlikely as their domination was, and glorious while it lasts. ■

Johnson What we talk about when we talk



Less language than you might think is devoted to conveying information

DAN MALLORY'S first novel, a psychological thriller, entered the *New York Times* bestseller list at number one. He is a handsome and charming man-about-town. He is also, according to a recent profile in the *New Yorker*, an extravagant liar: about surviving tumours, losing his mother to cancer, having two doctorates and much besides. He impersonated his brother in emails to support these lies, before killing him off, telling friends he had committed suicide. The brother is alive and well.

Asked what language is for, many people are likely to say "to communicate"; some might add, "to convey information about the world". Spectacular cases like Mr Mallory's show that this is not always the case. Sometimes, people lie. Yet outlandish as his story seems, in a sense Mr Mallory's use of language may not be that unusual. Only a minority of remarks are "propositional"—ie, assertions that purport to be true.

One study at Stanford University looked at over 1,000 five-minute conversations between strangers; the researchers tagged bits of the exchanges by their function. Each tagged utterance was more or less a complete bit of speech, ranging from "Me, I'm in the legal department" to a plain "No". They found that just 36% of utterances even purported to be statements of fact.

What are speakers doing the rest of the time? The next biggest category (19%) was "Acknowledge (Backchannel)": things like "Uh-huh". A further 5% of utterances were "Agree—Accept" responses ("That's exactly it"); 2% were "Appreciation" ("I can imagine"). People spend a lot of speech time simply letting the other person know they are listening. Conversation is co-operation.

In other words, conveying facts about

reality is only one of language's functions. It is also a tool to create new realities: in the case of a conversation, a social bond. Seen in this light, Mr Mallory's lies look less like an aberration and more like an extreme form of social performance. He has not commented on the scandal in detail, but it may be that he didn't so much want the world to think he had two doctorates as merely hope to be liked and admired. Most people want the same.

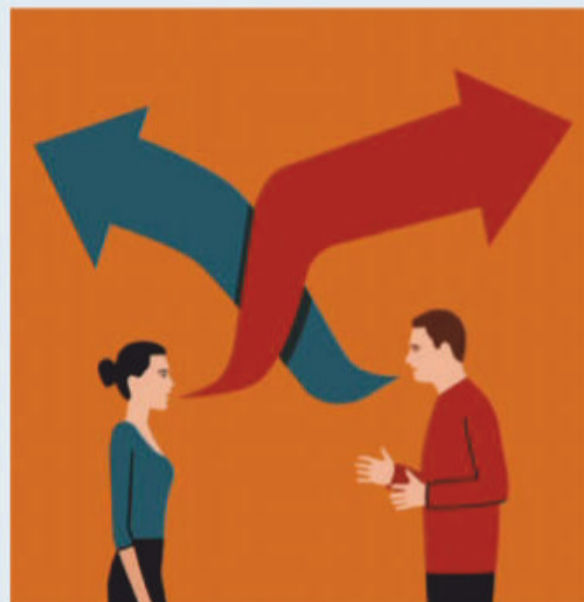
Outright fibs aside, language that isn't strictly propositional might sometimes be called "expressive". Take, for example, religious creeds. Many Christians today admit they doubt the miracles of the Bible. But they will happily recite the Nicene creed—a statement of faith that includes the physical resurrection of Jesus—and not feel they are lying or hypocrites. If a fact is being imparted, it is not "Jesus was resurrected" but rather "I am a Christian, and it is important that I say this." Many thoughtful modern theologians join philosophers like Wittgenstein in seeing creedal statements this way. If they are right, atheists waste their breath when

they debunk Biblical stories.

Religion is not the only context in which people speak to express themselves rather than to propound facts. That Barack and Michelle Obama have a high wall around their house, as Donald Trump said in December, was quickly shown to be false. But Mr Trump is so prone to this kind of thing that fact-checking may miss the point. He is conveying something about himself (in this case, his disdain for liberal hypocrites, whether they have a wall or not) rather than saying true things about the world. When they elected him, many of his supporters wanted a fighter on their side, not a Wikipedia editor.

All this can lead to difficulties. Most people, when they talk, expect leeway for opinion, exaggeration, self-expression, evasion or irony—all the niceties, quips and obfuscation that make up so much chat. Yet they often make insufficient allowance for those nuances when others are speaking, or miss the relevant cues. Consider the naïf who takes it literally when a spouse says: "It's okay, I'm fine. You go ahead." The later row ("You said it was fine!") can be frustrating for all involved. There are indeed places where what is said is supposed to be factual: legal testimony, say, or scientific research. But these are the exceptions—artificially regulated environments in which the natural foibles of speech stand out. Human beings would sound awfully odd if they talked that way all the time.

A partial tonic for confusion would be for everyone to realise just how much language is non-propositional. Another tactic is talking about talking more. Asking an interlocutor, "Are you expressing yourself or proposing a fact?" may not make for charming conversation. But it may prevent misunderstandings.





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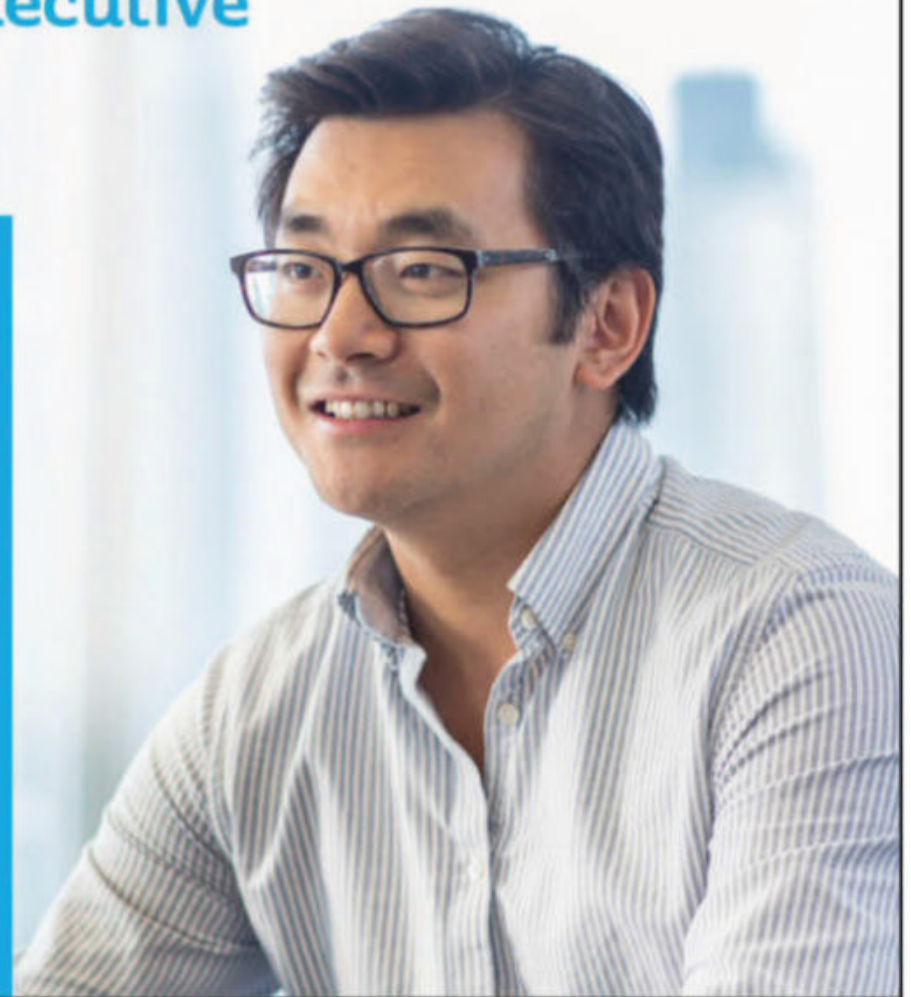
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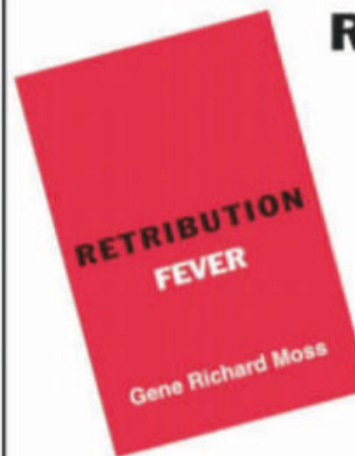
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ATHENA ADVISERS

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD) No. CR-2018-009151

IN THE MATTER OF
ROYAL & SUN ALLIANCE INSURANCE PLC
- and -
IN THE MATTER OF
THE MARINE INSURANCE COMPANY LIMITED
- and -
IN THE MATTER OF
MERCANTILE INDEMNITY COMPANY LIMITED
- and -
IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000

Notice is hereby given that on 17 January 2019 an Application was made under section 107 of the Financial Services and Markets Act 2000 (the "Act") in the High Court of Justice of England and Wales by the above-named Royal & Sun Alliance Insurance plc ("RSAI") and The Marine Insurance Company Limited ("MIC") (together the "Transferors") and Mercantile Indemnity Company Limited (the "Transferee") for Orders:

- (1) Under section 111 of the Act sanctioning a scheme (the "Scheme") for:
- the transfer to the Transferee of certain direct and reinsurance business of the Transferors, namely certain UK-based commercial general insurance business; and
 - the making of ancillary provisions under section 112 of the Act for implementing the Scheme.

The following documents are available and may be obtained by any person free of charge by downloading them from the website (www.rsagroup.com/RSAITransfers) or by making a request by email to RSATransfers@equiniti.com, or in writing at RSA Insurance Group, 20 Fenchurch Street, London EC3M 3AU, United Kingdom (Attention: Jonathan Colson) or by calling the Scheme helpline on +44 121 415 0966 at any time until the making of an order sanctioning the Scheme:

- a copy of the Scheme document;
- a copy of the report on the terms of the Scheme prepared by an independent expert in accordance with Section 109 of the Act;
- a communications pack, which includes a statement setting out the terms of the Scheme and a summary of the independent expert's report.

Anyone who has any questions regarding the proposed Scheme or would like further information should contact us using the above details.

The specific nature of the transferred business differs between RSAI and MIC, but in both cases constitutes part of their respective commercial general insurance businesses.

It is intended that the Scheme will transfer from RSAI to the Transferee certain commercial general insurance policies that include liability cover and that were either: (i) written by or on behalf of RSAI prior to 2006, or (ii) written by or on behalf of another insurer prior to 2006 and transferred to RSAI prior to 7 February 2017. Policies that relate exclusively to marine or motor liabilities, or were underwritten by a branch or agency incorporated or domiciled outside the UK are excluded from the Scheme, as are certain other specifically excluded policies.

It is intended that the Scheme will transfer from MIC to the Transferee the following categories of commercial general insurance policies that were either written: (i) by or on behalf of MIC, or (ii) written by or on behalf of another insurer and transferred to MIC prior to 7 February 2017:

- all marine energy policies written prior to 2004;
- all other marine policies written prior to 1997; and
- all aviation policies written prior to 2009.

The Scheme will also transfer various business contracts from each of RSAI and MIC to the Transferee, including all or part of certain outwards reinsurance contracts. The business of the Transferors, comprising policies and business contracts, and associated assets and liabilities, that is to be transferred to the Transferee by the Scheme forms the "Transferred Business".

The Scheme will transfer the Transferors' rights and obligations under the commercial general insurance policies forming part of the Transferred Business (referred to as the "Transferred Policies") without alteration to Mercantile. The holders of the Transferred Policies (and any persons entitled to beneficial rights under such Transferred Policies) will, with effect from 00.01 BST (British Summer Time) on 1 July 2019 (or at such other later time and/or such other date as the Transferors and Transferee may agree) (the "Effective Date"), become entitled, to the exclusion of any rights which they may have had against the Transferors under a Transferred Policy, to the same rights against the Transferee. Similarly, the holders of the Transferred Policies shall be liable to account to the Transferee for any further or additional premiums or other sums attributable or referable thereto, as and when they become due and payable. Responsibility for handling all claims under the Transferred Policies, which are currently being handled by, or on behalf of, the Transferors will transfer to the Transferee. The Transferee shall be entitled to any and all defences, claims, counterclaims and rights of set-off under the Transferred Policies, which would have been available to the Transferors prior to the Effective Date.

Subject to certain exclusions, at and with effect from the Effective Date, all assets and liabilities that are comprised in, arising from or in connection with the Transferred Business shall transfer to the Transferee. Various business contracts will also transfer so that they will become agreements between the Transferee and the relevant third party. The Scheme will be valid and binding on counterparties to such contracts notwithstanding any restriction on transfer or assignment contained in any such contract.

The Application is due to be heard at the High Court of Justice of England and Wales (High Court), 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL, United Kingdom on 13 June 2019. Any person who considers that he or she may be adversely affected by the Scheme has the right to make representations and/or to appear at the Court hearing. It is requested that any person intending to make representations (either in writing or by telephone) and/or appear at the hearing (either in person or using legal representation), please contact RSA on +44 121 415 0966 or in writing at the email address below as soon as possible and before 13 June 2019 to set out the nature of their representations. This will enable the Transferors and the Transferee to provide notification of any changes to the hearing and, where possible, to address any concerns raised in advance of the hearing. If the requested notice is not given, attendance at the Court hearing, either in person or using legal representation, will still be permitted.

Jonathan Colson
RSA Insurance Group
20 Fenchurch Street, London EC3M 3AU, United Kingdom
RSATransfers@equiniti.com

Tenders

**BANCA D'ITALIA
EUROSYSTEM
CONCESSION NOTICE EXTRACT**

Acting on behalf of the Eurosystem, the Banca d'Italia has launched an open procedure pursuant to Directive 23/2014/EU to award up to three concessions for the provision of Eurosystem Market Infrastructure (ESMIG) connectivity services. The estimated value of the concessions for the contractual duration of 10 years is € 541,700,065.00 (excluding VAT). The time limit for the receipt of tenders is 28 March 2019 at 16:00:00. The rules of participation are stated in the Concession Notice, published in the OJEU on 30 January 2019 (ref. 2019/S 021-046979) and are available at <https://gareappalti.bancaditalia.it> (together with all the other tender documents).

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Economic data

	Gross domestic product			Consumer prices		Unemployment rate		Current-account balance		Budget balance		Interest rates		Currency units			
	% change on year ago latest	quarter*	2018†	% change on year ago latest	2018†	%		% of GDP, 2018†	% of GDP, 2018†	10-yr gov't bonds latest,%	change on year ago, bp	per \$ Feb 13th	% change on year ago				
United States	3.0	Q3	3.4	2.9	1.6	Jan	2.4	4.0	Jan	-2.4		-3.8	2.7		-17.0	-	
China	6.4	Q4	6.1	6.6	1.9	Dec	1.9	3.8	Q4§	0.3		-3.9	2.9	§§	-97.0	6.76	-6.2
Japan	nil	Q4	1.4	1.0	0.3	Dec	1.0	2.4	Dec	3.7		-3.5	nil		-9.0	111	-3.0
Britain	1.3	Q4	0.7	1.3	1.8	Jan	2.3	4.0	Oct††	-3.9		-1.3	1.2		-42.0	0.78	-7.7
Canada	2.1	Q3	2.0	2.1	2.0	Dec	2.3	5.8	Jan	-2.8		-2.2	1.9		-38.0	1.32	-4.5
Euro area	1.2	Q4	0.9	1.9	1.6	Dec	1.7	7.9	Dec	3.5		-0.7	0.1		-62.0	0.89	-9.0
Austria	2.2	Q3	-1.9	2.7	1.9	Dec	2.1	4.7	Dec	2.1		-0.2	0.5		-36.0	0.89	-9.0
Belgium	1.2	Q4	1.2	1.4	2.0	Jan	2.3	5.5	Dec	0.5		-1.0	0.7		-32.0	0.89	-9.0
France	0.9	Q4	1.1	1.5	1.2	Jan	2.1	9.1	Dec	-0.8		-2.6	0.6		-43.0	0.89	-9.0
Germany	1.2	Q3	-0.8	1.5	1.7	Dec	1.9	3.3	Dec‡	7.5		1.4	0.1		-62.0	0.89	-9.0
Greece	2.4	Q3	4.3	2.1	0.6	Dec	0.6	18.5	Nov	-1.9		-0.1	3.9		-50.0	0.89	-9.0
Italy	0.1	Q4	-0.9	0.9	0.9	Jan	1.2	10.3	Dec	2.6		-1.9	2.8		71.0	0.89	-9.0
Netherlands	2.4	Q3	0.6	2.5	2.2	Jan	1.6	4.4	Dec	10.3		1.2	0.2		-55.0	0.89	-9.0
Spain	2.4	Q4	2.8	2.5	1.0	Jan	1.7	14.3	Dec	1.0		-2.7	1.2		-24.0	0.89	-9.0
Czech Republic	2.4	Q3	2.4	2.8	2.5	Jan	2.2	2.2	Dec‡	0.8		1.0	1.8		-8.0	22.9	-10.1
Denmark	2.4	Q3	2.9	0.9	1.3	Jan	0.8	3.8	Dec	6.1		-0.4	0.3		-56.0	6.61	-8.8
Norway	1.7	Q4	1.9	1.7	3.1	Jan	2.8	3.8	Nov††	7.5		7.0	1.7		-27.0	8.64	-8.7
Poland	5.7	Q3	7.0	5.1	1.1	Dec	1.7	5.8	Dec§	-0.5		-0.9	2.7		-80.0	3.84	-12.0
Russia	1.5	Q3	na	1.7	5.0	Jan	2.9	4.8	Dec§	6.6		2.7	8.4		112	65.8	-12.2
Sweden	1.7	Q3	-0.9	2.3	2.0	Dec	2.0	6.0	Dec§	2.2		0.9	0.3		-59.0	9.23	-12.9
Switzerland	2.4	Q3	-0.9	2.6	0.6	Jan	0.9	2.4	Jan	9.6		0.9	-0.2		-42.0	1.01	-7.9
Turkey	1.6	Q3	na	3.1	20.4	Jan	16.4	11.6	Oct§	-4.5		-1.9	14.8		268	5.27	-27.7
Australia	2.8	Q3	1.0	3.0	1.8	Q4	2.0	5.0	Dec	-2.4		-0.6	2.1		-73.0	1.41	-9.9
Hong Kong	2.9	Q3	0.3	3.4	2.6	Dec	2.4	2.8	Dec††	3.0		2.0	1.8		-19.0	7.85	-0.4
India	7.1	Q3	3.3	7.3	2.0	Jan	4.0	7.1	Jan	-2.7		-3.6	7.5		-3.0	70.8	-9.2
Indonesia	5.2	Q4	na	5.2	2.8	Jan	3.2	5.3	Q3§	-2.8		-1.9	7.9		150	14,058	-2.9
Malaysia	4.4	Q3	na	4.7	0.2	Dec	1.0	3.3	Dec§	2.2		-3.7	4.0		1.0	4.07	-3.2
Pakistan	5.4	2018**	na	5.4	7.2	Jan	5.1	5.8	2018	-5.3		-5.1	13.1	†††	457	139	-20.4
Philippines	6.1	Q4	6.6	6.2	4.4	Jan	5.3	5.1	Q4§	-2.8		-2.8	6.3		-25.0	52.1	-0.3
Singapore	2.2	Q4	1.6	3.2	0.5	Dec	0.4	2.2	Q4	17.9		-0.5	2.1		-9.0	1.36	-2.9
South Korea	3.2	Q4	3.9	2.7	0.8	Jan	1.5	4.5	Jan§	5.1		0.3	2.0		-79.0	1,122	-3.3
Taiwan	1.8	Q4	1.5	2.6	0.2	Jan	1.4	3.7	Dec	12.8		-0.5	0.8		-23.0	30.8	-4.8
Thailand	3.3	Q3	-0.1	4.1	0.3	Jan	1.1	0.9	Dec§	6.9		-3.0	2.3		-24.0	31.3	0.5
Argentina	-3.5	Q3	-2.7	-2.0	47.1	Dec	34.3	9.0	Q3§	-6.0		-5.5	11.3		562	38.1	-47.6
Brazil	1.3	Q3	3.1	1.2	3.8	Jan	3.7	11.6	Dec§	-0.8		-7.1	7.0		-167	3.75	-12.0
Chile	2.8	Q3	1.1	4.0	1.8	Jan	2.4	6.7	Dec§††	-2.5		-2.0	4.1		-44.0	663	-9.9
Colombia	2.6	Q3	0.9	2.6	3.1	Jan	3.2	9.7	Dec§	-3.2		-2.4	6.7		16.0	3,133	-7.3
Mexico	1.8	Q4	1.2	2.1	4.4	Jan	4.9	3.6	Dec	-1.7		-2.5	8.6		80.0	19.4	-4.1
Peru	2.3	Q3	-8.3	3.9	2.1	Jan	1.3	5.7	Dec§	-2.0		-2.5	5.6		64.0	3.34	-2.1
Egypt	5.3	Q3	na	5.3	12.7	Jan	14.4	10.0	Q3§	-2.2		-9.5	na		nil	17.6	0.8
Israel	2.9	Q3	2.3	3.2	0.8	Dec	0.8	4.3	Dec	1.7		-3.0	2.1		13.0	3.65	-3.3
Saudi Arabia	2.2	2018	na	1.5	2.2	Dec	2.5	6.0	Q3	6.1		-5.3	na		nil	3.75	nil
South Africa	1.1	Q3	2.2	0.8	4.5	Dec	4.6	27.1	Q4§	-3.1		-3.9	8.9		45.0	14.0	-14.4

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. §Not seasonally adjusted. ‡New series. **Year ending June. ††Latest 3 months. †††3-month moving average. §§5-year yield. ††††Dollar-denominated bonds.

Markets

In local currency	Index Feb 13th	% change on:	
		one week	Dec 29th 2017
United States S&P 500	2,753.0	0.8	3.0
United States NAScomp	7,420.4	0.6	7.5
China Shanghai Comp	2,721.1	3.9	-17.7
China Shenzhen Comp	1,389.7	6.1	-26.8
Japan Nikkei 225	21,144.5	1.3	-7.1
Japan Topix	1,589.3	0.5	-12.6
Britain FTSE 100	7,190.8	0.2	-6.5
Canada S&P TSX	15,626.7	-0.5	-3.6
Euro area EURO STOXX 50	3,202.4	-0.3	-8.6
France CAC 40	5,074.3	-0.1	-4.5
Germany DAX*	11,167.2	-1.4	-13.6
Italy FTSE/MIB	19,989.9	nil	-8.5
Netherlands AEX	536.3	-0.1	-1.5
Spain IBEX 35	8,982.4	-1.3	-10.6
Poland WIG	59,957.1	-2.2	-5.9
Russia RTS, \$ terms	1,190.8	-2.1	3.1
Switzerland SMI	9,164.1	0.2	-2.3
Turkey BIST	101,645.8	-0.9	-11.9
Australia All Ord.	6,140.2	0.8	-0.4
Hong Kong Hang Seng	28,497.6	1.8	-4.8
India BSE	36,034.1	-2.5	5.8
Indonesia IDX	6,419.1	-2.0	1.0
Malaysia KLSE	1,685.3	0.1	-6.2

	index Feb 13th	% change on:	
		one week	Dec 29th 2017
Pakistan KSE	40,544.1	-2.3	0.2
Singapore STI	3,244.8	1.9	-4.6
South Korea KOSPI	2,201.5	-0.1	-10.8
Taiwan TWI	10,090.6	1.6	-5.2
Thailand SET	1,655.7	-0.2	-5.6
Argentina MERV	37,038.9	0.8	23.2
Brazil BVSP	95,842.4	1.3	25.4
Mexico IPC	42,284.1	-3.6	-14.3
Egypt EGX 30	14,949.1	1.2	-0.5
Israel TA-125	1,420.8	0.4	4.1
Saudi Arabia Tadawul	8,617.2	-0.2	19.2
South Africa JSE AS	54,543.2	-0.1	-8.3
World, dev'd MSCI	2,052.8	0.3	-2.4
Emerging markets MSCI	1,041.8	-0.6	-10.1

US corporate bonds, spread over Treasuries

	Basis points	
	latest	Dec 29th 2017
Investment grade	172	137
High-yield	478	404

Sources: Datastream from Refinitiv; Standard & Poor's Global Fixed Income Research. *Total return index.

Commodities

The Economist commodity-price index

2005=100	% change on			
	Feb 5th	Feb 12th*	month	year
Dollar Index				
All Items	141.0	139.0	0.8	-8.6
Food	147.8	147.0	-0.9	-4.9
Industrials				
All	133.9	130.7	2.9	-12.5
Non-food agriculturals	125.6	121.9	0.8	-11.7
Metals	137.4	134.4	3.7	-12.9
Sterling Index				
All items	198.1	196.2	0.2	-1.5
Euro Index				
All items	153.6	152.9	2.0	nil
Gold				
\$ per oz	1,313.5	1,309.5	1.6	-1.5
West Texas Intermediate				
\$ per barrel	53.7	53.1	1.9	-10.3

Sources: CME Group; Cotlook; Darmann & Curl; Datastream from Refinitiv; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Urner Barry; WSJ. *Provisional.

For more countries and additional data, visit Economist.com/indicators

Few "Hans" on deck

New studies show migrants to America may have been highly individualistic

"GIVE ME YOUR tired, your poor, your huddled masses yearning to breathe free," reads the poem on the Statue of Liberty. Censuses show that America's 19th-century immigrants were poor. No data exist on whether they also yearned for freedom. But new studies use a proxy for individualism—first names—to suggest that they did.

Academics can learn a lot about society from names. The persistence of privileged surnames in prized jobs reveals the slow pace of social mobility. And studies show that American firms tend to reject fake job applications that use typical black names.

In the 1800s Nordic countries tracked the names of the 25% of their population that moved to America. A recent paper by Anne Sofie Beck Knudsen of Lund University found that, among people of similar backgrounds, emigrants were less likely than people who stayed put to have one of their country's ten most common names.

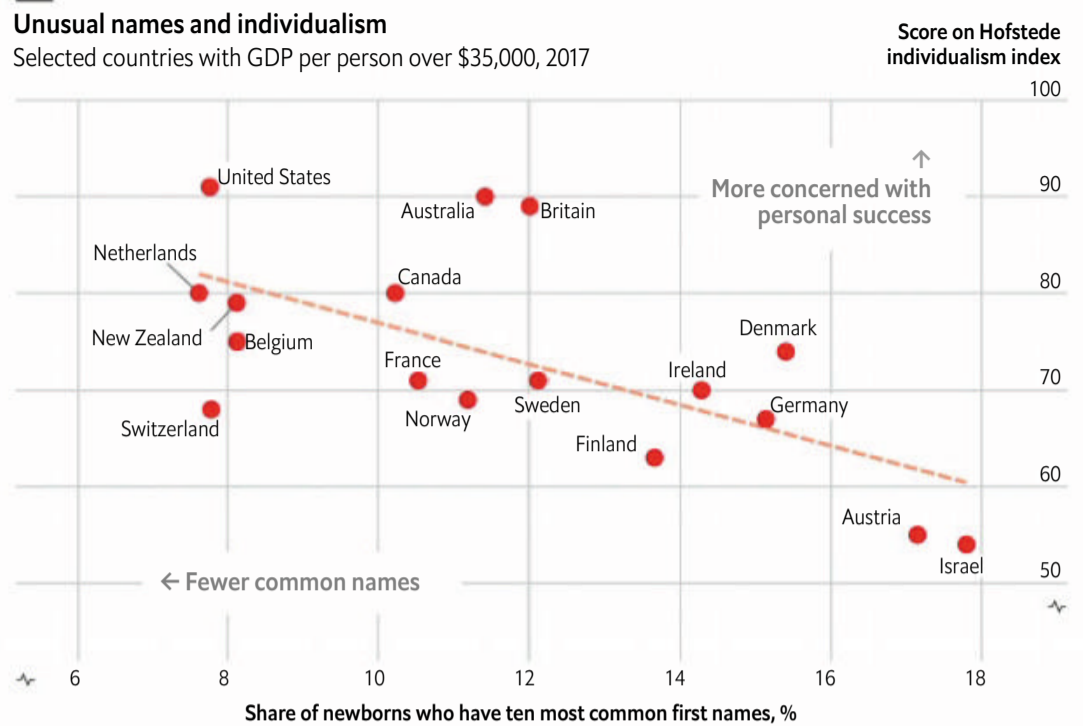
That matters, since people with rare names tend to be individualists—perhaps because their parents want them to stand out. In one paper, students with unique names among their classmates had higher non-conformity scores (counted by things like "a desire to not always follow rules"). And countries with diverse names rank highly on the Hofstede individualism survey, which asks if people care more about personal success or their communities.

If Nordic emigrants were unusually individualistic, that may have affected politics. In the 1860s frosts ruined Swedish harvests. This set off emigration in areas near seaports. Mounir Karadja and Erik Prawitz, two economists, have found that unions and left-wing parties grew faster in these regions than in similar parts of Sweden (including port towns that avoided frosts).

The authors write that the option to emigrate emboldened workers to join unions, who backed leftist parties. But emigrants' rare names imply another possible explanation: an exodus of individualists left behind people friendly to collectivism.

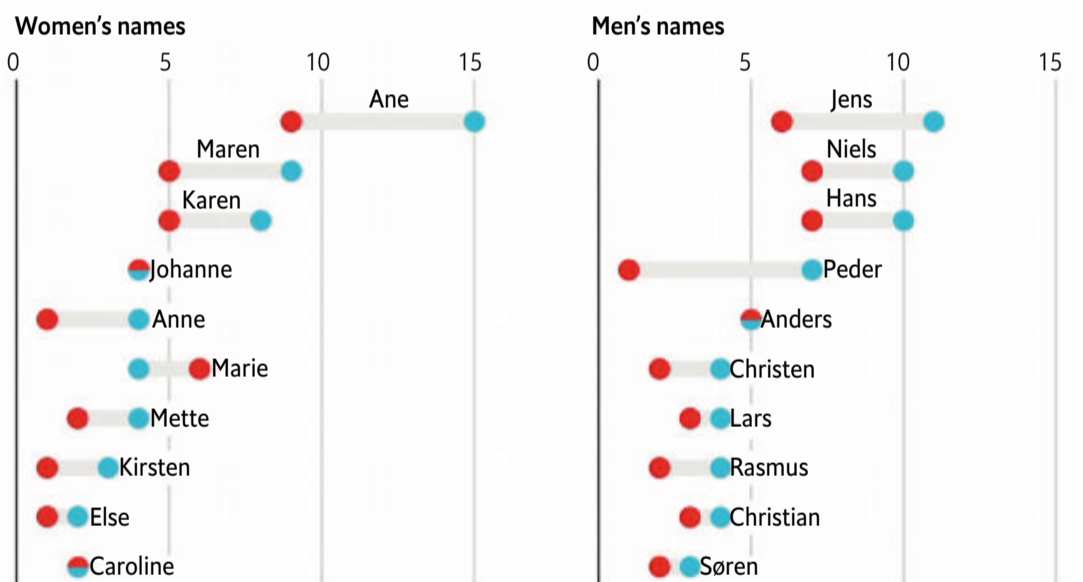
American data bolster this story. Nordic immigrants with rare names were most likely to marry foreigners and learn English. Mesay Gebresilasse, Martin Fiszbein and Samuel Bazzi of Boston University find that the western frontier was full of people with rare names. Today, poll respondents in such places dislike taxes more than others in their state of the same sex, age and race do. The frontier spirit lives on. ■

→ **Rich countries with more unusual names are more individualistic**

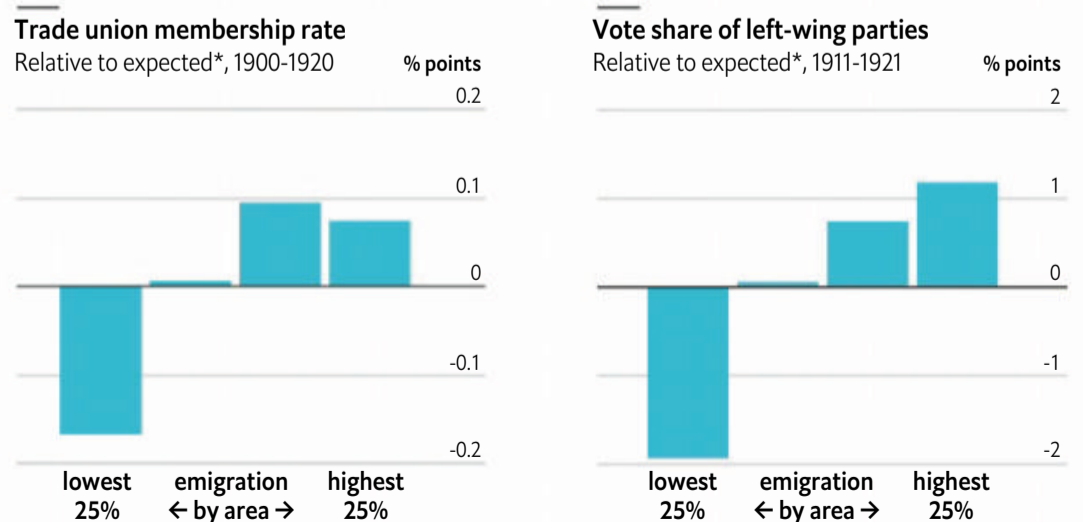


→ **Few Scandinavian immigrants to America had common names**

Most common first names among Danish immigrants to America and Danish population
As % of total, 1845



→ **After emigrants left Sweden in the 1800s, the people remaining in high-emigration areas tended to embrace collectivist public policies**



*Based on population, geography and agricultural fertility Sources: "Those who stayed: individualism, self-selection and cultural change during the age of mass migration" by A.S.B. Knudsen, 2019; "Exit, voice and political change: evidence from Swedish mass migration to the United States" by M. Karadja and E. Prawitz, 2018



Looking after the neighbourhood

James McManus, last of the Tammany-style district leaders and king of Hell's Kitchen, died on February 4th, aged 84

THERE WAS NO secret, James McManus thought, to running a good funeral home. First you had to know your customers, and he knew them all, right down to the sort of prayer cards they needed. You had to help them through their grieving, persuading them, for example, not to spend all the insurance money at once. And then you had to be there on the day. He always was, thin-faced and mild-looking in his glasses. That way he could make sure that the family flowers were placed closest to the casket and that, if some venue-owner tried to curb the wake, he could be told, with only brief pressure against the wall, to take himself away.

This full-service business, his part-time job, was just a section of his more general work for the community of Hell's Kitchen, the once-slum-now-trendy-bistro-and-luxury-walkup area west of the Theatre District in Manhattan. For half a century, as district leader and president of the McManus Midtown Democratic Association, he presided over the place by helping people. Every Monday and Thursday at the clubhouse in the West 40s, which for some time shared its premises with the funeral home, all sorts of petitioners would come through the door. They wanted apartments, jobs, advice with tax forms, help to clear the junkies from the next-door stoop. He could do most of that with one phone call. ("Bill, if you ever did me a favour, do me one now.") He could not fix parking tickets but, almost as impressive, he could pay them. He could get a lease renewed like magic, and once found a pickpocket rooms because, after all, the man's eyes were going. When he was not at the club, he picked up calls from the needy at his house. He had never married; this was his family.

These things were not done simply out of the goodness of his heart. Each favour, he hoped, would earn a vote for the Democratic Party, locally or nationally. (Larger favours for, say, law firms could be repaid with bulk purchases of tickets for the club's half-yearly cocktail parties.) With club members voting as a solid block and

with so many grateful neighbours on his side, he could make sure his candidate prevailed most of the time. He was also on the Board of Elections, which meant he could make judges— or, as he saw it, "help friends". In rooms well-smoked from his Lucky Strikes, he steadily leaned on City Hall to do what was good for Hell's Kitchen.

It was not the same power as in the old days, though. He was no Boss Tweed, the most notorious ruler of the New York Democratic machine ("Tammany Hall"), though people often cast that stuff in his direction. He was not even his great-uncle Thomas, "The McManus", who had founded the club in 1892, wrested control of Tammany Hall in 1905, and would greet Irish immigrants fresh off the boat with voter-registration forms. Reforming city governments had weeded out the most blatant votes-for-favours schemes. Besides, as he liked to say, he was just an undertaker.

Nonetheless it was pretty clear that he would follow in the family line, like his grandfather and his father before him. He grew up in the very house on West 49th Street where Thomas had lived and had been laid out for his wake, surrounded by more than 500 floral pieces. Sometimes he would go with his father to Caruso's saloon near City Hall, where "contracts" would be sorted out over coffee before they all adjourned to the Jamaica racetrack, where real business was done. By 1963, when his father died, he already controlled 41 of the 80 county committeemen who voted for the district leader. He sweet-talked one of them on the way to the funeral.

His motto was the same: "Take care of the neighbourhood." But Hell's Kitchen was changing. Both the Hudson docks and the theatres were declining, and with them jobs. The end of the docks saw the mobsters move out to Jersey, which cleared one headache, though the McManuses and the mobsters had always tried to keep out of each other's way. A fresh headache emerged with the arrival of pimps, peep shows and pornography seeping through from Times Square. In 1977 he and the club, inspired by a speech from Cardinal Cooke, organised street protests against the tide of filth. Gradually the burlesques retreated; new theatres opened. As developers moved in next, with their glassy towers, he fought to set up a conservation district and to reserve a share of all new-built units at subsidised rents for actors, artists and locals. He succeeded grandly, though he did not reserve an apartment for himself. That wouldn't have looked good, he felt.

He also opened wide the clubhouse doors to the new folk moving in. Every individual mattered, and all those individuals added up. Blacks and Puerto Ricans leavened the old Irish flavour of the clubhouse, with its photos of John Kennedy and Gerry Adams on the walls. Tongue-tied Russian immigrants were found jobs because, in time, they would be citizens and they would vote.

The wisdom of political compromise was something he also understood. He was ready to buck his party or to work with opponents, if it helped Hell's Kitchen and reflected what local voters wanted. In 1972, although not that liberal himself, he let in student activists to work for George McGovern's presidential campaign. In 1970 he put the club's votes behind Bella Abzug (leftier still, but "our Commie") in her first congressional race. He got along with Mayor Rudy Giuliani, a Republican, and in 1983 even picked Nelson Rockefeller's grand-daughter as his co-leader—one of the upper-middle-class arrivals in Hell's Kitchen he wanted to get to know.

He realised, however, that they might not want to know him. There were blots on his copybook, such as letting nine of his relatives and friends give the funeral parlour as their voting address. But the chief problem was that politics of the old style, face to face, had gone out. Even a jury summons was hard to take care of now. Though a nephew succeeded him, he sensed that he was the last McManus to wield the sort of power that could draw every candidate for mayor of New York to his St Patrick's Day breakfast.

Thomas "The" McManus had a bronze plaque in the club; that was how they treated leaders in the old days. For himself, he had his place reserved in the family plot at Calvary Cemetery in Queens. There was room for 48 in there, but no more kings. ■

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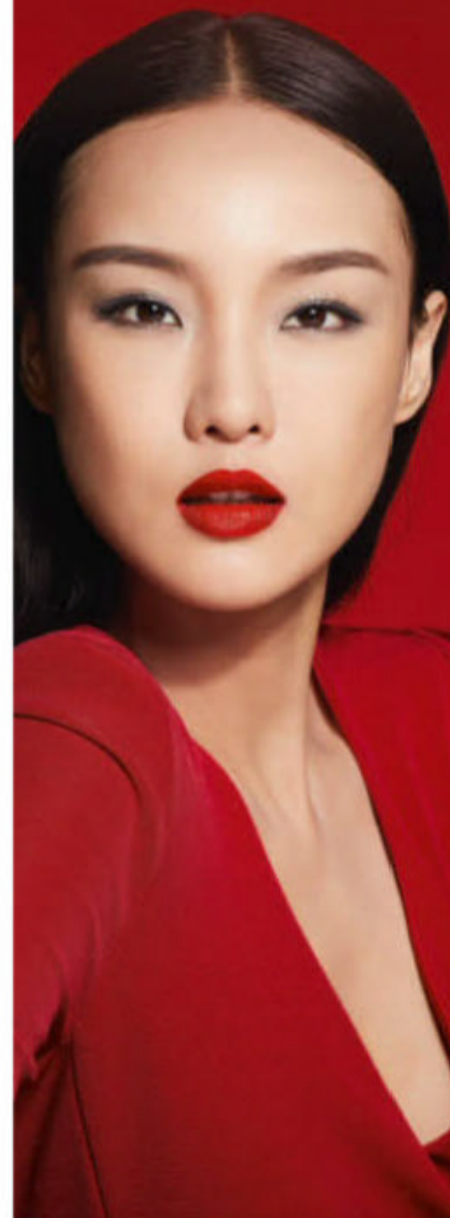
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