The Economist

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Assad's hollow victory

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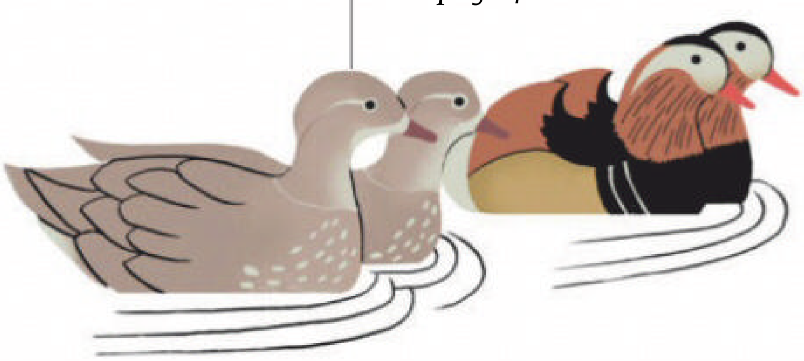

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to take part in *"a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress."*

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The squabble over **Britain's** withdrawal from the European Union intensified in Parliament. MPs in the House of Commons defied the government by passing a bill that seeks a delay to Brexit until January 31st if a deal has not been passed in the chamber by October 19th. Boris Johnson purged the 21 MPs who rebelled against him from the Conservative Party, leaving the prime minister in charge of a government 43 short of a working majority. Mr Johnson now wants to hold an election. He has a lead in the polls—but so did Theresa May before a setback at an election in 2017.

In what many considered to be a pre-election giveaway, the government outlined plans to increase **spending**, which for the first time in 11 years would enlarge the size of the British state relative to GDP. Sajid Javid, the chancellor of the exchequer, said that Britain could "afford to turn the page on austerity".

HS2, Britain's controversial high-speed rail project, faced more delays and an estimate for the final bill soared to £90bn ($110bn), or £260m per mile. The project was planned in two phases and originally costed at £30bn in 2010. The escalating price means HS2 is in danger of being derailed.

Members of the Five Star Movement in **Italy** voted to accept a new government in coalition with their former enemies, the Democrats, to be headed by the incumbent prime minister, Giuseppe Conte. This means that the plan by the hard-right leader of the Northern League, Matteo Salvini, to force an election has failed, for now.

In **Germany**, the Christian Democrats in Saxony and the Social Democrats in Brandenburg saw off challenges from the hard-right Alternative for Germany in state elections, which means that at the national level, the grand coalition between the CDU and the SPD is likely to continue.

The ringleaders

A military judge set January 11th 2021 as the start date for the trial of the five men accused of plotting the **9/11 attacks**. The trial, to be held at Guantánamo Bay, may not happen if it is found that the defendants' statements were extracted under torture. If it does occur Khalid Sheikh Mohammed and four others will face a court, 20 years after the atrocities.

Thirty-four people died when a fire broke out on a **boat** chartered for a scuba-diving excursion off the coast of Los Angeles. It was the worst loss of life on a vessel in American waters in four decades.

A bit of a climbdown

Hong Kong's chief executive, Carrie Lam, said she would formally withdraw the legislation that triggered the past three months of protests in the territory. The bill would have allowed the extradition of criminal suspects to courts on the Chinese mainland. In a leaked off-the-record speech, Mrs Lam said China had no plans to send in the army to control the unrest.

The **Chinese Communist Party** said its Central Committee would meet on an unspecified date in October. The committee, comprising more than 300 of the country's most powerful officials, has not met since early last year—the longest gap in decades. It is due to discuss ways of "perfecting" the country's socialist system.

Zalmay Khalilzad, the diplomat conducting talks with the insurgents of the Taliban regarding an American withdrawal from **Afghanistan**, declared that the two sides had reached a preliminary deal. The plan is for a quick withdrawal of 5,400 of the 14,000 American troops in the country, followed by the staggered departure of the remainder, provided the Taliban meet certain conditions.

The government of **Bangladesh** ordered mobile-phone operators to end service in the camps housing Rohingya Muslim refugees from Myanmar, and to stop selling mobile access to residents of the camps. The UN said the move would further isolate the 750,000 Rohingyas, who fled a pogrom backed by the Burmese army in 2017.

Kazakhstan's president, Kassym-Jomart Tokayev, promised to ease laws restricting public protests. Police have suppressed sporadic demonstrations against his stage-managed succession to the presidency earlier this year, after the abrupt resignation of Nursultan Nazarbayev, the strongman of 30 years. Mr Tokayev also affirmed Mr Nazarbayev's daughter Dariga as head of the senate and thus next in line to the presidency.

Seeking shelter

Hurricane Dorian, thought to be equal in strength to the most powerful ever recorded in the Atlantic to make landfall, devastated the Bahamas. With sustained winds of up to 185mph (300kph) the storm hit the Abaco islands, which have 17,000 inhabitants, before moving on to Grand Bahama, which has 52,000. It caused the sea to rise nearly eight metres (26 feet) above normal. At least 20 people died.

Iván Márquez, a former second-in-command of the FARC, a guerrilla group that ended its 52-year war against the **Colombian** state in 2016, announced that he would lead fighters back into battle, accusing Colombia's government of "shredding" the peace agreement. Most leaders of the FARC, now a political party with seats in congress, condemned Mr Márquez's return to war.

Police in **Guatemala** arrested Sandra Torres, the runner-up in the presidential election in August, on charges of violating campaign-finance laws. She claimed that she was being politically persecuted.

No end in sight

The international Red Cross said that as many as 100 people were killed when an air strike by the Saudi-led coalition that is fighting Houthi rebels in **Yemen** hit a detention centre under rebel control. The Saudis said the centre had been used to store drones. A UN report listed possible war crimes that have been committed in the five-year conflict, which include the use of indiscriminate air strikes.

Israel exchanged fire with **Hizbullah**, the Lebanese militia-cum-party backed by Iran, in their most serious border clash in years. Israel was responding to a missile attack from Hizbullah, which the militia said was in retaliation for an Israeli drone attack in the suburbs of Beirut.

Police in **South Africa** arrested 300 people after riots directed at migrants from other parts of Africa broke out in Johannesburg and Pretoria, killing at least five people. Violence against workers from other areas of the continent is relatively common in South Africa, which has an official unemployment rate of 29%.

Pope Francis started a week-long visit to Mozambique, Madagascar and Mauritius, his second trip to sub-Saharan Africa.

The Argentine government introduced emergency **capital controls**, restricting the amount of dollars that people and firms can buy. The measures are meant to stop money gushing out of the country amid a run on the peso, which has tumbled as investors fret that October's presidential election will be won by a ticket that includes Cristina Fernández de Kirchner, a former president whose spendthrift policies ruined the economy.

India's GDP

% increase on a year earlier

Source: Haver Analytics

India's economy grew by 5% in the second quarter compared with the same three months last year, the country's slowest growth rate in six years and well below market forecasts. Separate figures showed that domestic car sales slumped in August (by 49% for Tata Motors compared with August 2018) and that manufacturing activity was cooling rapidly. More government stimulus is now on the cards.

The Indian government also announced plans to streamline the country's **state-controlled banks**, which hold lots of bad debt, cramping their ability to lend, and proposed that ten state banks be merged into four new ones. Markets gave the idea a cool reception.

Australia's GDP grew by 1.4% in the second quarter, the slowest pace since the financial crisis. Exports are booming, but consumers in the Lucky Country are reining in their spending.

Turkey's annual inflation rate fell to 15% in August, the lowest it has been for 15 months. Inflation soared to 25% at the end of last year amid a currency crisis. Today's more stable lira and decreasing price pressures have boosted expectations that the central bank will again slash interest rates when it meets on September 12th, though probably by not as much as the 4.25-percentage-point cut to rates in July.

America and China agreed to resume high-level talks in early October to try to resolve their **trade dispute**. Negotiators last met in July and there is little hope that a breakthrough will come soon. There was evidence this week that the dispute is having an effect on **manufacturing**. Factory output in America surprisingly contracted in August for the first time in three years. In Britain manufacturing activity fell to a seven-year low. And in Germany a purchasing-managers' index suggested that manufacturing had shrunk for an eighth consecutive month. Figures in China showed manufacturing contracting for the fourth month in a row.

Uber's share price hit a new low ahead of the expected passage of a bill in California that would reclassify the employment status of the company's drivers in the state from contractor to employee, a threat to its low-labour-cost business model.

The rural-urban split

Walmart decided to stop selling ammunition that can be used in military-style weapons and handguns. The retailer has come under pressure to do more to curb gun sales since last month's mass shooting at one of its stores in El Paso. This week a gunman murdered seven people at random in west Texas. Walmart stopped selling handguns in the 1990s and semi-automatics in 2015, but the latest surge in shootings has led to calls for parents to boycott its stores in the back-to-school season.

A key ally of Muhammad bin Salman, Saudi Arabia's crown prince and de facto ruler, was put in charge of **Saudi Aramco**. The promotion of Yasir al-Rumayyan to chairman makes the on-off IPO of the state oil company more likely; it could come as early as next year.

Cathay Pacific's chairman stood down, three weeks after its chief executive resigned amid the political turmoil in Hong Kong, Cathay's home hub. The airline draws a lot of business from the Chinese mainland, where the government has told it to bar cabin crew who participate in Hong Kong's pro-democracy protests from flying to Chinese airports. Cathay has sacked two pilots who joined the marches. The new chairman, like the new CEO, comes from Swire Group, a conglomerate with a 45% stake in Cathay.

Nickel prices soared to five-year highs after the Indonesian government brought forward a ban on exports of nickel ore to December, two years earlier than it had proposed. The metal is used in stainless steel and increasingly in batteries for electric cars, an industry which Indonesia wants to develop domestically.

A web of intrigue

There were more **privacy scandals** involving internet companies. Google was fined $170m in America for illegally collecting data from child users on its YouTube site in order to target them with ads. And a two-year hacking campaign was uncovered (by Google's researchers) that tapped into text messages and photos on hundreds of thousands of iPhones. As a reminder that no one is immune, the Twitter account of Jack Dorsey, Twitter's boss, was briefly hijacked; a number of offensive messages and a bomb threat were tweeted out.


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The Economist

Assad's hollow victory

The dictator is on the verge of vanquishing his enemies. But Syria will poison the region for years to come

"ASSAD OR WE burn the country." For years Bashar al-Assad's troops have daubed that phrase onto walls in the towns they recapture. The insurgents pushed the dictator to the brink. But Mr Assad shrugged off the empty threats of Western leaders, and enlisted the help of Iran and Russia. True to his slogan, he destroyed whole cities and gassed and starved his own people. What rebels remain are holed up in Idlib province. It, too, will soon fall. Against all the odds, the monster has won.

Yet it is a hollow victory. Far from bringing order to the country, as the Russians and Iranians claim, Mr Assad has displaced half the population. Eight years of civil war have destroyed the economy and cost 500,000 lives. Mr Assad has nothing good to offer his people. His country will be wretched and divided. The consequences will be felt far beyond its borders.

The precise moment of Mr Assad's triumph will be determined in Idlib. About 3m people live there, many of whom fled fighting elsewhere. The area is controlled by the hardest-core rebels, jihadists linked to al-Qaeda, who will not go quietly. That, too, is a legacy of Mr Assad's ruthlessness. He released hundreds of jihadists from prison in 2011, hoping that they would taint the once-peaceful, multi-confessional uprising. Now the regime is bombing them, along with civilians and hospitals. The offensive will take time—and it will be bloody (see Briefing).

When the fighting stops, the tensions that originally threatened the regime will remain—but they will be worse than ever. Start with religion. Mr Assad's father, Hafez, a member of the Alawite minority, clung to power partly by holding the line between the country's faiths. His son, though, painted his Sunni opponents as fundamentalists as a way of rallying Christians, Druze and secular-minded Syrians to his side. Millions of Sunnis have fled the country, creating what Mr Assad calls "a healthier and more homogeneous society", but millions remain. They have seen their homes looted, property confiscated and districts overrun by Assad supporters. Resentful, fearful and oppressed, they will be a source of opposition to the regime.

Next are Syrians' grievances. Back in 2011 corruption, poverty and social inequality united the uprising. Things have only got worse. Syria's GDP is one-third of what it was before the war. The UN reckons that more than eight in ten people are poor. Much of the country lies in ruins. But the government's plans to rebuild Syria risk tearing it further apart. Reconstruction will cost between \$250bn and \$400bn, but Mr Assad has neither the money nor the manpower to carry it out. So he has focused resources on areas that remained loyal. The Sunni slums that did not are being demolished and redeveloped for his bourgeois supporters. His cronies reap the profits, as the country's class and religious fault lines grow wider.

Then there is Mr Assad's cruelty. Hafez kept Syria in check with a brutal secret police and occasional campaigns of murderous violence. His son, in danger of losing power, has tortured and killed at least 14,000 people in the regime's sprawling network of clandestine prisons, according to the Syrian Network for Human Rights, an NGO. Nearly 128,000 people are thought to remain in the dungeons, though many are probably dead. Even as the war nears its end, the pace of executions is increasing. Almost every Syrian has lost someone close to them in the war. Psychologists speak ominously of a breakdown in society.

Last is Mr Assad's debt to Iran and Russia. He owes his victory to their supply of firepower, advice and money and their willingness to back a pariah. They will expect to be paid, with interest.

For Syrians, therefore, Mr Assad's victory is a catastrophe. But his opponents are exhausted so, in spite of his weaknesses, he could yet cling to power for years. And for as long as he is in charge, Syria's misery will spread across the region.

The war has already drawn in a handful of outside powers, but the chaos could grow. Iran treats Syria as a second front against Israel to complement Hizbullah, its proxy in Lebanon. Israel has launched hundreds of air strikes on Iranian positions during the war. One in August prevented Iranian and Hizbullah operatives from attacking Israel with armed drones, the Israeli army says. Turkey, which has troops in the north, is threatening to launch an offensive against Kurdish forces, whom it considers terrorists, near its border. That could lead to a face-off with America, which supports the Kurds and had been trying to calm the Turks.

Refugees will destabilise Syria's neighbours, too. Those who have fled Mr Assad do not want to go home—indeed their numbers will grow because of the offensive in Idlib. The longer they stay in camps, the greater the danger that they become a permanent, festering diaspora. They are already unsettling host countries, such as Jordan, Lebanon and Turkey, where many locals accuse them of draining resources and taking jobs. Turkey is sending some back, even to places like Idlib.

And that could spill over into the wider world. Dispossessed at home and unwanted abroad, refugees are at risk of radicalisation. Mr Assad's ruthless tactics have left large parts of his population bitter and alienated. His prisons will incubate extremism. What better breeding ground for al-Qaeda and Islamic State (IS), which the American government says is already "resurging in Syria"? In May America dropped 54 bombs and missiles on jihadists in Iraq and Syria. That number rose to over 100 in each of June and July.

Having failed to act in the war's early days, when they might have pushed the dictator out, Western countries can do little now to change Syria's course. Some European leaders think it is time to engage with Mr Assad, participate in reconstruction and send the refugees home. This is misguided. The refugees will not return willingly. Reconstruction will only benefit the regime and the warlords and foreigners who backed it. Better to let Russia and Iran pay.

Instead the West should try to spare Syria's suffering by offering strictly humanitarian assistance and threatening retribution for heinous acts, such as the use of chemical weapons. America should stay to keep IS and al-Qaeda in check. But for as long as Mr Assad is allowed to misrule Syria, most aid money would be better spent helping its neighbours. Syrians have suffered terribly. With Mr Assad's victory, their misery will go on. ■

British politics

The Unconservative Party

The Tories' tightening embrace of radical populism sets Britain up for a dangerously polarised election

BORIS JOHNSON has been Conservative leader for little more than a month, and until this week had appeared in Parliament as prime minister only once. But that did not stop him carrying out the biggest purge in the party's history on September 3rd. After a backbench rebellion led to a resounding defeat of his uncompromising Brexit policy, 21 moderate Conservative MPs, including seven former cabinet members and a grandson of Winston Churchill, had the whip withdrawn and were told they would not be allowed to stand as Tories at the next election.

It was the most dramatic step in a long process: the transformation of Britain's ruling party from conservatives into radical populists (see Britain section). The capture of the Tories by fanatics determined to pursue a no-deal Brexit has caused the party to abandon the principles by which it has governed Britain for most of the past century. With an election looming, and the Labour opposition captured by an equally radical hard-left, the Tories' sinister metamorphosis is terrible news.

Junking more than 40 years of cautious pro-Europeanism after the referendum of 2016 was itself a big change. But under Mr Johnson and his Svengali-like adviser, Dominic Cummings, who masterminded the Leave campaign, the Tory party has become not just pro-Brexit but pro-no-deal. Mr Johnson claims he is working flat-out to get a better withdrawal agreement from the EU. Yet in his flailing performance before MPs this week, like an undergraduate bluffing his way through a viva, he was found out. He has no real proposal for replacing the contested Irish backstop. Reports that Mr Cummings privately admitted the negotiations in Brussels are a "sham" ring all too true. Mr Johnson's unconservative plan seems to be to win a quick election, either after crashing out with no deal or, as it has turned out, claiming to have been thwarted by "enemies of the people" in Parliament.

The religion of no-deal has wrecked other Conservative principles. Sajid Javid, the fiscally prudent chancellor, this week dished out billions of pounds worth of pre-election goodies. He gave money to public services without demanding much in the way of reform, and focused on day-to-day spending rather than investing for the future. Spending power was supposedly being kept aside to cope with a no-deal crash-out. But faith dictates that no-deal will do no great harm to the economy, so no safety-net is required. To show any such caution, as Mr Javid's predecessor (now an ex-Tory) did, is a form of heresy.

The most unconservative behaviour of Mr Johnson's government has been its constitutional recklessness. Not only has it suspended Parliament (having said that it would not), so as to limit MPs' time to legislate on Brexit (which, again, it said was unconnected). It also toyed with using even more underhand tactics, such as recommending that the queen not enact legislation passed by Parliament. Would the government abide by the law, a cabinet ally of Mr Johnson was asked? "We will see what the legislation says," he replied. In a country whose constitution depends on a willingness to follow convention and tradition, even making such a threat weakens the rules—and paves the way for the next round of abuses, be it by a Labour or Tory government.

This week there were still just enough conservatives in the Conservative Party to block the most dangerous part of Mr Johnson's Brexit policy. As we went to press, a bill designed to stop no-deal was making its way through the House of Lords. But the defeat of the government, and its loss of any sort of majority, points towards an election. It will be a contest in which, for the first time in living memory, Britain has no centre-right party. Nor, thanks to Labour's far-left leader, Jeremy Corbyn, will it have a mainstream opposition. Instead the two leading parties will, in their different ways, be bent on damaging the economy; and both will pose a threat to Britain's institutions. Brexit's dreadful consequences continue. ■

The European Central Bank

Parting gifts

Before he steps down, Mario Draghi must make one last stand

IF MARIO DRAGHI had been hoping for a quiet few months before he retires from the European Central Bank (ECB) at the end of October, he has been disappointed. He has been in charge for eight high-wire years. In 2012 he quelled panic about the break-up of the euro zone by pledging to do "whatever it takes" to save the single currency. In 2015 he introduced quantitative easing (QE, creating money to buy bonds) in the face of fierce opposition from northern member states. Now the euro zone is flirting with recession and governments are not helping by being slow to loosen fiscal policy. At the central bank's meeting on September 12th, Mr Draghi must dust himself down one last time.

Investors' jitters about a recession and the impact of the trade war have sent bond yields tumbling. The ECB's hawks—such as Jens Weidmann, the head of the Bundesbank, and Klaas Knot, of the Dutch central bank—caution against overreacting with a large stimulus. But the economic data are dreadful. Output in Germany shrank in the second quarter, and some economists are pencilling in another contraction in the third. Italy is stagnating. According to a survey of purchasing managers released on September 2nd, Europe's manufacturing decline shows no sign of abating. The deeper it is and the longer it lasts, the more likely that trouble brims over into the rest of the economy. In Germany ▸▸


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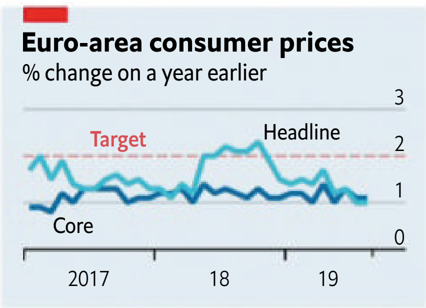
retail sales are already slipping and firms are planning to hire fewer workers.

Inflation is dangerously low. Both the headline figure and the "core" measure—which strips away volatile food and energy prices—are stuck at around 1%, below the ECB's target of inflation below, but close to, 2%. Investors' medium-term expectations, as measured by swap rates, have drifted down to 1.2%, well below levels in 2014-15, when the bank prepared to launch QE. The views of professional forecasters surveyed by the ECB have fallen to their bleakest since polling began in 1999. In an attempt to bolster its credibility, the bank has tweaked its language to emphasise that it does not want to undershoot the target of 2% consistently. But without action, those words count for little.

Some economists, among them Larry Summers of Harvard University, argue that, with little ammunition left, central banks should refrain from action so as to force governments to step into the breach with fiscal policy. They are right that the root cause of the economic woe is a shortfall of demand. Sovereign borrowing costs in much of the euro area are near zero or below it. In an ideal world governments would leap at the chance to borrow so cheaply in order to invest. And it is also true that monetary policy is likely to be less effective because rates are so low. The ECB's deposit rate is already -0.4%. At some point the benefits of further cuts will be offset by their costs, for example if customers begin to withdraw funds from banks and thus destabilise them. With financial conditions already much looser, QE will not be as effective as it was in 2015.



But for the ECB to stand back and do nothing would be irresponsible. It is legally obliged to achieve price stability. Germany's government shows little appetite to borrow to spend, even if its entire bond yield-curve is submerged below zero. There is even less sign of co-ordinated regional fiscal stimulus in the offing. Until governments loosen the purse-strings, the ECB has no choice but to act. It is the only game in town.

Mr Draghi must therefore be bold on September 12th. Although the scope for interest-rate cuts is limited, it still exists. The important thing is to mitigate the impact on financial stability by, say, "tiering" deposit rates—giving banks a rebate on some of the interest they would otherwise have to pay to park spare cash with the central bank. This would signal that the ECB can cut rates further without blowing up the banking system.

He should also restart QE and commit the bank to buying bonds until underlying inflation shows a meaningful recovery. Mr Draghi has said before that he views asset purchases as particularly helpful in reviving inflation expectations. One constraint is the ECB's self-imposed limit on the share of a country's government bonds that the bank can buy. This should be lifted from a third to a half, sending a powerful signal that the ECB means business. The legality of QE is still being questioned in Germany's constitutional court, but a ruling by the European Court of Justice last year appears to give the ECB room to raise those limits in its quest for price stability. The promise of lower borrowing costs for longer might even prompt national treasuries into issuing more debt.

Last, Mr Draghi must use the bully pulpit to urge governments to exercise their fiscal powers to fend off a recession. You might think that he should avoid taking action at the end of his tenure, so as not to bind the hands of his successor, Christine Lagarde. Not so. A determined response now will save her much work later. Mr Draghi is in a unique position. His stature with investors and governments gives him real clout. And since he departs in a few weeks he can be blunter than he has been in putting across the message that governments, not just the ECB, must act. That would cement his legacy as the man who saved the euro. ■

Argentina

A superclassic crisis

Populists, not reformers, deserve most of the blame for Argentina's latest fiasco

BEFORE HE BECAME president of Argentina in 2015, Mauricio Macri was president of a Buenos Aires football club, Boca Juniors. On September 1st the team faced its crosstown adversary, River Plate, in the *superclásico*, as contests between the sides are called. The two armies of fans at last had something to agree about. As they made their way to the stadium, Mr Macri's government announced an emergency reimposition of currency controls. Almost everyone believes that the new policy marks the end, in effect, of his time in office. It also confirms the horrible reality that Argentina has once again become a financial outcast.

The controls limit the amount of dollars that Argentines can buy and force exporters to repatriate their earnings. They come shortly after the government said it would delay repayments of some of its short-term debt and seek an extension of longer-term liabilities. Intended to prevent capital flight and stabilise the peso, the measures are the final humiliation for Mr Macri, a businessman who promised to revive the economy by scrapping controls and reforming a bloated public sector.

Foreign investors bought into his liberalising vision after the 2015 election, with Wall Street chiefs such as Jamie Dimon, boss of JPMorgan Chase, proclaiming that Argentina had come in from the cold. And when the financial markets became choppier, in 2018, the IMF backed him with $57bn, its largest-ever loan. A year on, the position could hardly be worse. Inflation is over 50%. The peso has dropped by 30% in the past 12 months, and the country's dollar bonds trade at less than half their face value.

Plenty of Argentines and some outsiders may conclude that Mr Macri's agenda to liberalise the economy, and the IMF's support, were misplaced. In fact much of the blame for Mr Macri's failure lies with his populist predecessor, Cristina Fernández de Kirchner, who is running again in the upcoming elections as a vice-presidential candidate. Ms Fernández left behind a gaping budget deficit, artificially low utility prices, statistics that were brazenly manipulated and ruinously high public spending. After years of such mismanagement it has become ever harder to persuade Argentines that prices and the currency will be stable. Their mistrust of their economic institutions is sadly self-vindicating. It makes investors unusually skittish. Who would trust a ▸▸

country with so little faith in itself?

Mr Macri and the IMF made mistakes (see Finance section). To avoid a public backlash Mr Macri decided to narrow the budget deficit gradually, testing the bond market's patience rather than the electorate's. In hindsight he should have balanced the books sooner. Perhaps the IMF should have made a smaller loan (coupled, presumably, with an earlier debt restructuring). But it hoped that a large bail-out would restore investor confidence, allowing Argentina to recover without spending all the money the fund had promised.

On top of the tactical errors by the government, what finally broke investors' confidence was the spectre of populists returning to power. Alberto Fernández and his controversial running-mate, Ms Fernández (they are not related and he is more moderate than she), triumphed in a primary vote on August 11th and are almost certain to win October's election. Investors' fear of what the opposition would do led to panic and capital flight, and led the government to do some of those things itself, including delaying debt repayments and imposing currency controls.

Although Mr Fernández has drained Mr Macri of power, he has been reluctant to act as Argentina's next leader himself. He has instead struck vague and contradictory positions. If he wins, Mr Fernández will not be formally inaugurated until December. Until then Argentina will face a damaging political vacuum. The outgoing government is introducing measures, including price freezes and handouts, to try to protect the population from the shock rippling through the economy. But the situation is still dire, and the new man will still face the long-term problem that defeated Mr Macri: how to bring Argentina's economy back in line with market realities. A large part of the electorate and the probable next president seem keen to dodge that question. Until it is confronted, decline and crisis will beckon. ■

AI and war

Mind control

As computers play a bigger role in warfare, the dangers to humans rise

THE CONTEST between China and America, the world's two superpowers, has many dimensions, from skirmishes over steel quotas to squabbles over student visas. One of the most alarming and least understood is the race towards artificial-intelligence-enabled warfare. Both countries are investing large sums in militarised artificial intelligence (AI), from autonomous robots to software that gives generals rapid tactical advice in the heat of battle. China frets that America has an edge thanks to the breakthroughs of Western companies, such as their successes in sophisticated strategy games. America fears that China's autocrats have free access to copious data and can enlist local tech firms on national service. Neither side wants to fall behind. As Jack Shanahan, a general who is the Pentagon's point man for AI, put it last month, "What I don't want to see is a future where our potential adversaries have a fully AI-enabled force and we do not."

AI-enabled weapons may offer superhuman speed and precision (see Science section). But they also have the potential to upset the balance of power. In order to gain a military advantage, the temptation for armies will be to allow them not only to recommend decisions but also to give orders. That could have worrying consequences. Able to think faster than humans, an AI-enabled command system might cue up missile strikes on aircraft carriers and airbases at a pace that leaves no time for diplomacy and in ways that are not fully understood by its operators. On top of that, AI systems can be hacked, and tricked with manipulated data.

During the 20th century the world eventually found a way to manage a paradigm shift in military technology, the emergence of the nuclear bomb. A global disaster was avoided through a combination of three approaches: deterrence, arms control and safety measures. Many are looking to this template for AI. Unfortunately it is only of limited use—and not just because the technology is new.

Deterrence rested on the consensus that if nuclear bombs were used, they would pose catastrophic risks to both sides. But the threat posed by AI is less lurid and less clear. It might aid surprise attacks or confound them, and the death toll could range from none to millions. Likewise, cold-war arms-control rested on transparency, the ability to know with some confidence what the other side was up to. Unlike missile silos, software cannot be spied on from satellites. And whereas warheads can be inspected by enemies without reducing their potency, showing the outside world an algorithm could compromise its effectiveness. The incentive may be for both sides to mislead the other. "Adversaries' ignorance of AI-developed configurations will become a strategic advantage," suggests Henry Kissinger, who led America's cold-war arms-control efforts with the Soviet Union.

That leaves the last control—safety. Nuclear arsenals involve complex systems in which the risk of accidents is high. Protocols have been developed to ensure weapons cannot be used without authorisation, such as fail-safe mechanisms that mean bombs do not detonate if they are dropped prematurely. More thinking is required on how analogous measures might apply to AI systems, particularly those entrusted with orchestrating military forces across a chaotic and foggy battlefield.

The principles that these rules must embody are straightforward. AI will have to reflect human values, such as fairness, and be resilient to attempts to fool it. Crucially, to be safe, AI weapons will have to be as explainable as possible so that humans can understand how they take decisions. Many Western companies developing AI for commercial purposes, including self-driving cars and facial-recognition software, are already testing their AI systems to ensure that they exhibit some of these characteristics. The stakes are higher in the military sphere, where deception is routine and the pace is frenzied. Amid a confrontation between the world's two big powers, the temptation will be to cut corners for temporary advantage. So far there is little sign that the dangers have been taken seriously enough—although the Pentagon's AI centre is hiring an ethicist. Leaving warfare to computers will make the world a more dangerous place. ■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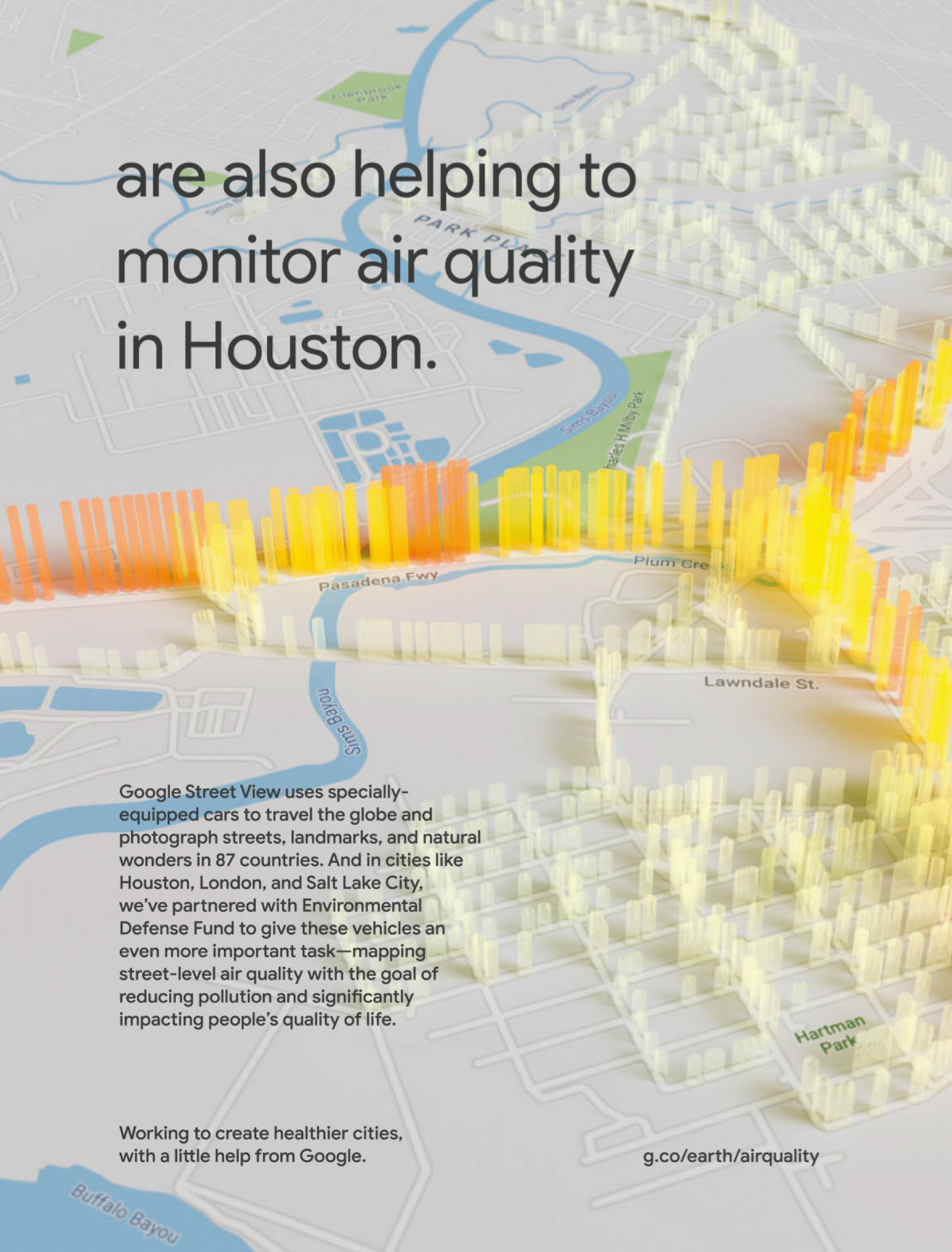
The same Street View vehicles that help map 11 million miles of road

Google



are also helping to monitor air quality in Houston.

Google Street View uses specially-equipped cars to travel the globe and photograph streets, landmarks, and natural wonders in 87 countries. And in cities like Houston, London, and Salt Lake City, we've partnered with Environmental Defense Fund to give these vehicles an even more important task—mapping street-level air quality with the goal of reducing pollution and significantly impacting people's quality of life.

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Hungary's government

The achievements of Viktor Orban, Hungary's prime minister, "are bad for Hungarian liberty", you say in your briefing ("The entanglement of powers", August 31st). In fact, the opposite is true. The past nine years of the Orban governments have been good for the country. GDP growth is one of the best in the European Union and our unemployment rate has hit all-time lows. Debt-to-GDP is down and deficits remain well below 3%. Investment is up, interest rates down and real wages are growing. The number of marriages has increased by 43% and divorces have fallen. The employment rate of women has reached an all-time high and abortions have dropped by nearly a third. Those are not the numbers of a "hollowed-out" democracy, but point to the optimism and confidence of a free people.

Moreover, we did not build "a fence to keep out Middle Eastern refugees". The fence was built as a barrier to prevent illegal entries into the EU's visa-free Schengen area, with which Hungary met its Schengen treaty obligations to secure the EU's external border. Most of those attempting to cross illegally were not refugees.

And, yes, the governing parties have won three straight parliamentary elections, and many other electoral contests, with big margins. This has given us the democratic mandate to pursue these policies. Hungary's free and vociferous press do a much better job than *The Economist* at asking why the opposition continues to fail to win over voters.

You, along with many of our critics, have a hard time with Prime Minister Orban's unapologetic defence of the Christian cultural identity of Europe. But the fact is, as the prime minister said in a speech in July, "liberal democracy was capable of surviving until it abandoned its Christian foundations." Illiberal democracy, he said, "is Christian liberty and the protection of Christian liberty." In our view, illiberalism is about putting the common good first. An illiberal is one who protects the country's borders, who protects the nation's culture.

ZOLTAN KOVACS
State secretary for international communications and relations
Cabinet Office of the Prime Minister
Budapest

An auk-ward lesson

You reported on the conservation efforts to protect the puffins of the Faroe Islands ("Well worth saving", August 10th). This is not the first time the Faroes have witnessed a survival drama between hunters and seabirds. The islands were one of the last redoubts of the puffin's larger cousin, the great auk (*Pinguinus impennis*). An iconic three-foot-tall flightless bird with a close resemblance to a penguin, it was one of the greatest examples of convergent evolution. Sadly the last pair were killed in 1844 so that their egg could be sold at auction in London.

EDEN COTTEE-JONES
London

A custom zone for all-Ireland

One solution to the conundrum surrounding the "backstop" in the Brexit withdrawal agreement ("Who's gonna stop no-deal?", August 31st) is to create an all-Ireland No-Custom Area, which would qualify as a Frontier Traffic area under Article 24 of the GATT/WTO. This would entail the free circulation within Ireland only of products originating in either part of the island, trade which represents the majority of intra-Ireland trade. Products originating from the rest of the European Union and directed to Northern Ireland (or the rest of the United Kingdom), or vice versa, would not benefit from this "passporting".

The issue is one of controlling circumvention and fraud. This can be done by appropriate controls not at the border but before products reach their destination, through labelling, marks of origins and so on, backed by adequate sanctions. In this way both the freedom of the UK to establish its own custom and regulatory regime for all its territory, including Northern Ireland, and the absence of an intra-Ireland border would be preserved. The establishment of such an area and its principles could be immediately agreed in an additional protocol to the withdrawal agreement before October 31st, to be completed during the transition period.

PROF. GIORGIO SACERDOTI
Former member of the Appellate Body of the WTO
Milan

English in Hong Kong

The row over reintroducing French as a language of instruction in Moroccan schools ("Quel est le problème?", August 17th) reminds me of the mother-tongue teaching policy in Hong Kong, which was introduced when China took control of the city in 1997. For many pupils, this means learning in Cantonese Chinese. In a place where both English and Chinese are the official languages, the dismal reality is that many local graduates leave school with subpar English proficiency. Indeed, Hong Kong is consistently outranked by Singapore and Shanghai in the EF English Proficiency Index, blemishing Hong Kong's reputation as an international commercial hub. In an interconnected world, not all languages are equally prominent, particularly in business and diplomacy. Re-establishing cultural identity can be achieved without undermining efforts to keep up with the tide of globalisation.

JUSTIN BONG-KWAN
Hong Kong

Don't blow your top

You rightly questioned the right not to be offended ("Speak up", August 17th). One of the foremost experts on offensive language was the late Reinhold Aman, the publisher of *Maledicta*, "an international journal of verbal aggression". Aman argued that an agitated person can be compared to an overflowing steam boiler. The use of invective, in his view, serves as a relief valve that restores emotional and physical balance.

CHRISTOPHER STEHBERGER
Traunstein, Germany

The social fabric

Bagehot submits that Margaret Thatcher's famous quote, "There is no such thing as society", is a "sin" against Burkean conservatism (August 3rd). But in that interview for *Woman's Own* in 1987, Thatcher went on to say that we are a "living tapestry" of people, who by "our own efforts" help those who are unfortunate. In her autobiography she gave this clarification: "It's our duty to look after ourselves and then to look after our neighbour." Her point was that society is not abstract; if everyone thinks that others are responsible for looking after the vulnerable, then nothing will be done for them. Individuals have primacy in Thatcherism, but they do have social duties. Edmund Burke would agree.

WILLIAM PEDEN
Ancona, Italy

Bagehot might review *The Economist*'s recent coverage of Boris Johnson, which aptly describes him as more Rabelaisian harlequin than "Rousseauan" ideologue.

TRAVIS WHITE-SCHWOCH
Chicago

My greatest joy as an American reading your publication is to become acquainted with British slang. Bagehot lamented the "berks" who now control the Tory party. Upon looking up the etymology of this particular lingo, I was not disappointed. I recommend your other readers give it a whirl.

JED CRUMBO
Nashville, Tennessee

Letters are welcome and should be addressed to the Editor at
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Email: letters@economist.com
More letters are available at:
Economist.com/letters

AT WWF, WE ARE LOOKING FOR HIGHLY QUALIFIED CANDIDATES FOR OUR GLOBAL ENVIRONMENT AND SOCIAL SAFEGUARD UNIT (ONE DIRECTOR AND 3 REGIONAL HEADS ROLES)

WWF

WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

To further strengthen our deep commitment to working with people, including local and indigenous communities, and to respecting human rights, WWF is setting up a central unit to spearhead, manage and support the implementation of robust global Environmental and Social Safeguard Framework (ESSF) across our entire network of WWF offices and operations worldwide.

We are looking for qualified and passionate candidates to lead the further development, implementation and update of WWF's Network policies and practices relevant to mainstreaming the ESSF into all WWF's global operations;

The **Director Environment and Social Safeguards** is an expert, with excellent management and communications skills, who will lead the due diligence work of the WWF network, related to social safeguards, providing quality assurance over risk screening and mitigation planning. The Director will further be responsible for periodically updating standards, procedures, guidance and toolkits. They will also oversee safeguards' knowledge management and capacity development.

Three Regional Heads, Safeguards (Africa, Americas and Asia) will use their extensive knowledge of these respective regions and of the challenges of environment conservation and social and economic development to provide guidance and support to project teams in the implementation of WWF's ESSF and, under the direction of the Director Environment and Social Safeguards, provide quality assurance for WWF's safeguards work, in line with ESSF standards.

For full details on this position and ways to apply: **http://wwf.oxfordhr.co.uk/**

OMBUDSPERSON ROLE

WWF International is establishing an independent monitoring and review function to assist in the resolution of complaints and ensuring WWF offices comply with the Environmental and Social Safeguards Framework (ESSF). WWF is recruiting an Ombudsperson to lead the Office.

The Ombudsperson will be appointed by, and report to, the WWF International Board, under the administrative oversight of the WWF Network Executive Team (NET).

This is a very senior role requiring world-wide experience of work in development/with international organizations, combined with superb judgement and excellent people, communication and negotiations skills.

For full details on this position and ways to apply: **http://wwf.oxfordhr.co.uk/**

Gavi The Vaccine Alliance

Director of Governance
Geneva, Switzerland

Gavi is a public-private partnership committed to save lives and protect people's health by increasing equitable and sustainable use of vaccines in lower-income countries. The Vaccine Alliance brings together developing country and donor governments, the World Health Organization, UNICEF, the World Bank, the vaccine industry, technical agencies, civil society, the Bill & Melinda Gates Foundation and other private sector partners. Since 2000, Gavi has contributed to the immunisation of nearly 700 million children and the prevention of more than 10 million future deaths.

Gavi has an engaged Board of global leaders which is chaired by Dr. Ngozi Okonjo-Iweala. The Director of Governance works at the heart of the organisation. S/he will ensure that its members are fully supported in their deliberations and that information flows to and from the Board in a way that is effective and leads to clear and acute communication.

Candidates will grasp the focus on urgency and innovation at the core of Gavi's mission. They will bring experience working successfully with complex, multi-constituency, boards. The broader global development landscape will be familiar to candidates. They will also be conversant with the language and mechanisms through which governments, multilateral agencies, corporations, private foundations, and other actors in this domain engage with each other. In addition to broad international experience, the Director will speak English fluently. French language proficiency would be a strong positive.

Gavi is committed to diversity within its workforce and encourages applications from all qualified candidates.

The Gavi Alliance has retained Russell Reynolds Associates to advise on this appointment. For further information about the position and additional details on qualifications, requirements, terms and conditions of service and how to apply, please visit: **www.rraresponses.com**

The closing date for applications is 29 September 2019.

Russell Reynolds ASSOCIATES

Wings over prayers

In Idlib a deceitful near-decade of war is grinding towards a close. But the suffering will go on

EIGHT YEARS into a savage war, the images still numb. Near the village of Haas, a headless child lies amid the rubble of bombed homes. In the town of Ariha, an infant dangles several stories up from the wreckage of another building while her father looks on in horror. There is smoke and dust and blood, gnarled metal and smashed concrete, and the vacant stares of people who have endured almost a decade of violence.

This is the start of a protracted battle for the province of Idlib, a swathe of scrubland in north-western Syria which contains dozens of towns and villages like Ariha and Haas as well as the city for which it is named. Lying between Aleppo and the coastal province of Latakia, it is the last big chunk of territory held by rebels.

All summer long Syrian and Russian jets have bombed Idlib, destroying homes, hospitals, schools and bakeries. The United Nations sought to protect medical facilities by sharing their co-ordinates with Russia ("humanitarian deconfliction", in UN jargon), but after dozens of air strikes on hospitals and clinics, doctors came to believe that the no-strike list was in fact being used as a target set. They have stopped sharing their locations.

On the ground the Syrian army has retaken Khan Sheikhoun, the site of a vicious chemical-weapons attack by the regime in 2017. The biggest town in the south of the province, it occupies a strategic position along the M5, the motorway that connects Damascus to Aleppo. It will thus be a forward base as the army moves north in the coming months, fighting what remains of the opposition for one battered village after another while bombers roar overhead.

There have been desperate attempts to halt the offensive. As *The Economist* went to press, a Russian-brokered ceasefire had temporarily halted the regime's bombing. It will not last. Syria's president, Bashar al-Assad, ever the revanchist, is determined to retake the last bit of rebel-held land. The Syrian dictator's opponents can do little to resist him, while his allies are unwilling or unable to restrain him.

It is tempting to think that, for all its ghastliness, this campaign at least marks the end of the war. But it marks at best the end of the fighting: not of the damage. It threatens to send a new exodus of refugees to Turkey, where hundreds of thousands of newly displaced Syrians have massed on the border, and perhaps beyond. And it will leave Mr Assad in control of a depopulated, ruined country, ruled through fear and beholden to allies busy squabbling for spoils. Syria will be suffering and unstable for years, possibly decades.

Mr Assad had long telegraphed this offensive. Until this summer, though, he was in no position to launch it. His army, never much of a fighting force to begin with, was badly depleted after eight years of war. Iran wanted no part of the battle for a province it saw as peripheral and unimportant. Most of all, he was restrained by a deal Russia and Turkey made in 2018. The Sochi agreement, as it is known, put the onus on Turkey to enforce a buffer zone up to 25km deep between the rebels in Idlib and the regime. Extremist groups like Hayat Tahrir ▸▸

→ Also in this section

24 Turkey toughens on refugees

al-Sham (HTS), al-Qaeda's former Syrian wing, were supposed to be completely excluded from this buffer zone. Less fanatical groups could stay—albeit without heavy weapons. Russia, in turn, would restrain Mr Assad.

But the obdurate Syrian president never accepted the idea of a rebel-held scar on the edges of his realm. And Turkey overestimated its ability to control groups like HTS. Both the rebels and the regime violated the terms of the truce, lobbing ordnance and explosive drones at each other. Even if they had not, no one knew how to turn a temporary ceasefire into a lasting peace between sworn enemies. The deal was never more than a can-kicking exercise.

This summer the can ran out of road, and both Russia and Iran threw their support behind Mr Assad's offensive. The 12 observation posts dotted around Idlib from which Turkish soldiers were meant to enforce the ceasefire are now an irrelevance; the one in Morek, south of Khan Sheikhoun, is surrounded by the Syrian army. The soldiers inside are safe, for now, but other Turkish outposts have been hit by air strikes. A Turkish military convoy has been bombed as well.

Meltdown

Hoping to salvage the Sochi agreement, Recep Tayyip Erdogan, the president of Turkey, flew to Russia on August 27th. He wanted Vladimir Putin to restrain his Syrian allies. The Russian president sent him away empty-handed (though he did treat Mr Erdogan to an ice-cream cone for the benefit of the press corps). Unless Turkey is willing to occupy Idlib, as it did parts of Aleppo in 2016, it cannot forestall a regime offensive. Russia talks of creating a new buffer zone along the border, as if the 3m desperate people in Idlib could be crammed into a few kilometres.

More than 400,000 of those people have already fled their homes. Civilians find shelter where they can. Some camp in olive groves, one family beneath each tree. Civilians and surviving fighters will flee abroad as the regime advances. For many this will be a second exile. In staunch pro-opposition areas like the Damascus suburbs, the regime struck deals with rebels: it allowed them to live but banished them to Idlib. Now it will push them farther.

More than half the pre-war population of 21m is now either internally displaced or abroad. To some extent this is a simple side-effect of war. But it is also a result of government policy, like the truces which displaced rebels to Idlib. Many have no homes to return to. The regime has used new laws to seize the property of some of the displaced, who tend to be Sunnis. In places like Marota City, on the western outskirts of Damascus, well-connected developers plan gleaming new homes that will one day house loyalists.

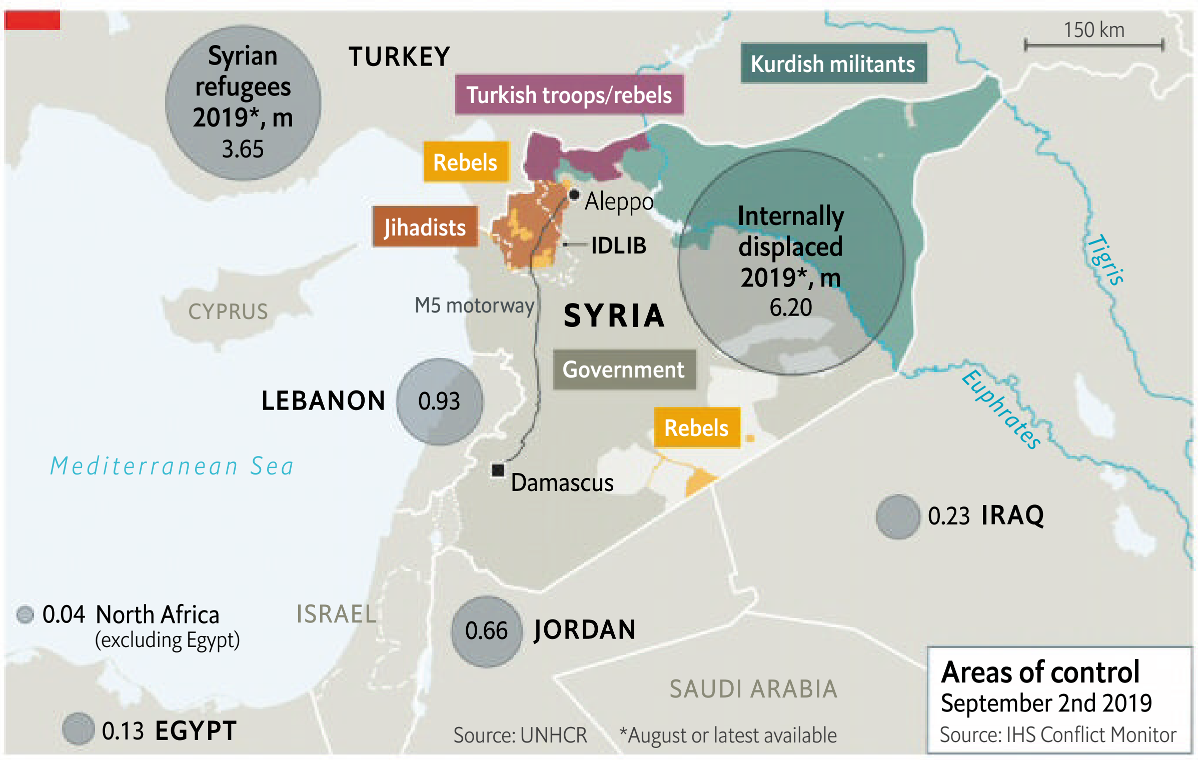
Elsewhere there are few signs of reconstruction. The government cannot afford it. Gross domestic product is, at best, one-third of its pre-war level, according to UN estimates; Venezuela looks almost prosperous in comparison. The Syrian pound, which for years was consistently worth two American cents, is now worth less than a tenth of that. The industrial base that churned out textiles and consumer goods is devastated; today's main exports are seeds, apples and nuts. Basic services are scarce. Last winter brought rolling blackouts and long queues at petrol stations.

As the fighting draws to a close, Western powers have begun to debate whether to invest in rebuilding. America is unlikely to help. President Donald Trump is averse to spending money on foreigners; both parties in Congress find the thought of working with Mr Assad odious. The EU says it will give no help until it sees political reform, but not all its member states agree with this line. Some of their diplomats couch their arguments for moving quicker in humanitarian terms: "Do you give someone a bottle of water or rebuild the pipes?" Others insist, implausibly, that aid might persuade Mr Assad to share power and ease repression. "There's a real opportunity to have some kind of leverage over how this pans out," says one foreign-policy official in Brussels. This is wishful thinking.

A few offer an honest if self-interested argument: rebuilding Syria might encourage refugees to go home. The devastation of their country currently makes return very uninviting, particularly for refugees in Europe, who live in relative comfort compared with their compatriots in squalid camps in Lebanon or Jordan. But material wants are not their chief concern. In February the UN surveyed residents of one camp, Rukban, a desperate patch of desert on the eastern edge of the border between Syria and Jordan. More than 80% wanted to go back to their home towns, wrecked as they might be.

Yet they feared to do so. They told the UN they would be homeless, because the regime confiscated their property, or that they would be detained, or pressed into military service—all fair concerns. One group, the Syrian Network for Human Rights, estimates that at least 2,000 returnees have been arrested in the past two years. Another organisation found that 75% of returnees had been interrogated, detained or conscripted.

Syria can look elsewhere for reconstruction money. China would have no qualms about dealing with a brutal dictatorship. It would want to turn a profit, though, and little about Syria's corrupt and shattered economy looks profitable. Mr Assad's closest allies, Russia and Iran, are struggling under economic sanctions. Neither can pick up a sizeable share of the estimated \$250bn-\$400bn tab to rebuild Syria. ▸▸



They want simply to claim the spoils: generous concessions to extract oil, mine phosphates and operate ports.

For decades Syria was a centralised regime with a closed economy. Damascus controlled the provision of all basic services, from health care to bread. As Mr Assad lost control of territory, however, things got more complicated. Russia and Iran forged ties with pro-regime militias, which in turn built economic fiefs. Businessmen and crooks stepped in to deliver services—and turn healthy profits. All concerned profess loyalty to Mr Assad; but they have other interests and fealties.

There are growing hints that Mr Assad is worried about this loss of control. In August, for example, his defence minister tried to rein in a loyalist militia known as the Tiger Forces. Commanded by Suhail al-Hassan, a favourite of the Russians, the Tigers have a reputation for brutal effectiveness, with allegations of massacres and torture that date back to the earliest days of the war. The unit has now been subsumed into the army, though it remains to be seen whether this is merely a cosmetic change.

Then there is the unexpected bit of palace intrigue in Damascus this summer. Rami Makhlouf is a cousin of the president who made a fortune through his ownership of Syriatel, the largest mobile-phone operator, and then branched out to property, banking and other sectors. (He also helped finance the Tiger Forces.) With his family ties and wealth, he seemed untouchable—until August, when both regime supporters and critics said that Mr Makhlouf, and perhaps dozens of other tycoons, were being investigated. Offices were supposedly raided and assets frozen.

Apologists were keen to paint this as an anti-corruption exercise—and graft is, to be sure, a huge problem in Syria. Mr Makhlouf's son caused a stir this summer when he shared photos of his gilded lifestyle on Instagram. While his compatriots suffer and die, Mohammad Makhlouf showed himself with his luxury car collection in Dubai and flying around on a monogrammed private jet.

But thinking Mr Assad would genuinely campaign against corruption is like imagining Mr Trump crusading for civility. The issue is not restitution but redistribution. Mr Putin wants some of the billions of dollars Russia has lent Syria repaid. Mr Assad is shaking down cronies to cover the bill. His regime likes to portray itself as standing against an "imperialist" West. But it is in thrall to Russia and Iran.

Indeed, almost from the start, the Syrian war was fought on false premises. Mr Assad cast his opponents as terrorists. Western powers misled the rebels to believe they would have help. Turkey pretended not to see tens of thousands of foreign fighters streaming across its borders. The delusions continue today, whether in Russia and Turkey mooting deals to save Idlib or European states thinking they have "leverage" over Mr Assad. But no amount of foreign aid will extract democratic reforms from a blood-soaked dictator who burned his country and gassed his people to stay in power. Nor will it convince many of the refugees who fled Syria to return.

It is far too late for a happier ending. The Syrians who took part in the uprising—as rebels, activists and the like—realise this. Scattered to the wind in exile, they have, in a sense, moved on: there are jobs to find, languages to learn, lives to build. But they also doubt this is truly the end. The abuse and corruption that caused the uprising in 2011 have only worsened. The regime is isolated, bankrupt and hollow. "Assad ran a police state," says one former activist who found asylum in Europe. "Now he looks like a prisoner." ■

Refugees

The migrant crisis, revisited

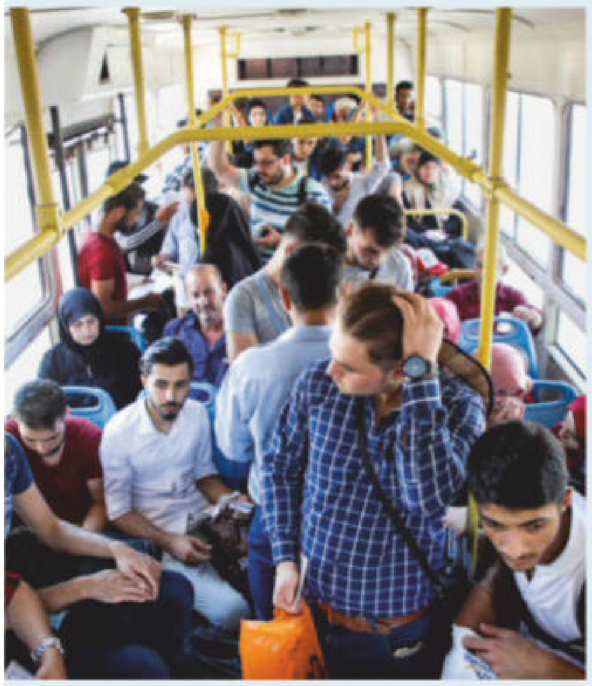
ISTANBUL

Turkey tightens restrictions on refugees

LIFE WAS HARD enough in Istanbul, says Mahmoud, speaking by phone from a police station on Symi, a tiny Greek island. Jobs were scarce, rents were high. When he heard he was to be sent back to the Anatolian province where he had first registered as a refugee years earlier, he decided instead to leave Turkey altogether. In August Mahmoud paid a smuggler $1,500 for a place on a rubber boat and headed for Symi.

Few countries can claim to have done more than Turkey for the millions fleeing the war in neighbouring Syria. The country has taken in 3.6m Syrian refugees, offering them free public health care and education along with limited access to the labour market. Over 100,000 have been granted citizenship.

Opposition parties, backed by public opinion, have long argued that some refugees should be sent packing. Stung by an economic downturn and a series of losses in municipal elections this spring, Turkey's President Recep Tayyip Erdogan seems to have come to the same conclusion. Mr Erdogan has reportedly drawn up plans to resettle 700,000 refugees in a "safe zone" he plans to set up in Syria's predominantly Kurdish north-east. The government has ordered hundreds of thousands of Syrians who, like Mahmoud, first registered outside Istanbul to leave the city by the end of October.



Back on the bus

Some will end up back in the war zones of Syria. Suleyman Soylu, the interior minister, says that around 350,000 Syrians have voluntarily returned home. Some say their return was not remotely voluntary. Ibrahim, who came to Turkey four years ago, says he was arrested in Istanbul earlier this summer because he had never applied for Turkish identity papers. Along with other refugees he was put in a bus, driven to the Syrian border and handed over to jihadists. He is now back in his home town, Al-Hasakah. His wife and baby daughter remain in Istanbul.

Turkey's government insists that it does not deport people without consent. But the ruling-party candidate in this spring's mayoral election said he would have refugees who committed crimes in Istanbul "grabbed by the ears and sent back". Officials acknowledge that refugees deemed a threat to public order or security are regularly forced to choose between returning to Syria and a year in a detention centre. The state news agency recently reported that over 6,000 people were deported from a single border province in the first half of the year.

Some of those facing expulsion have gone into hiding. Others have followed in Mahmoud's wake; he says he saw 200 more refugees arrive on Symi in the two days after he got there. Almost 10,000 Syrians got to Greece in August, mostly by sea, the highest monthly total since Mr Erdogan and the EU signed a deal to stem the flow of migrants and refugees into Europe in 2016. As one crisis unfolds on the border with Idlib, another may be brewing on the Aegean.

Governing

Bureaucratic blight

WASHINGTON, DC

The federal government's ability to operate effectively was already in question. Then Donald Trump became its master

WHEN DONALD TRUMP took office in January 2017, Joel Clement was entering his seventh year running the Interior Department's Office of Policy Analysis. Mr Clement worked on climate-change preparedness, particularly for Alaskan Natives in low-lying coastal villages. He knew that Mr Trump was a climate-change sceptic, but, he explains, "I didn't think there would be a problem. These were actual people at risk. It's not a question of what caused climate change; it's what was already happening. I was naive. They came out swinging." In June 2017 Mr Clement—who has experience in neither accounting nor the fossil-fuel industry—was reassigned to an office that collects royalty checks from oil, gas and mining firms.

Mr Clement was one of 27 senior officials reassigned; he resigned soon afterwards. Perhaps he should not have been surprised. Different administrations do things differently. Mr Trump ran as a climate-change sceptic and made Jeff Sessions his first attorney-general; of course his environmental and civil-rights policies would be different from Barack Obama's. Yet even those who wish the federal government were much smaller have an interest in making sure that its bureacracies can perform the tasks that most Americans agree are vital, from air-traffic control to co-ordinating the response to natural disasters. The federal government's ability to do these things was in question long before 2016. Then Mr Trump happened.

Criticising the federal government—which employs around 2.1m civilians, making it America's single biggest employer—is the hardiest perennial of American politics. To many outside Washington, DC, it is an abstraction and hence easy to caricature, mock or blame. Its most visible bits (namely, Congress) tend to be unpopular, while its essential functions often go unseen. Americans seldom encounter the scientists ensuring their water stays clean or that nuclear waste is properly disposed of. Most people do not think of the men and women they salute at football games as employees of the federal government.

Despite many Republican presidents running on government-shrinking platforms, and many Democrats doing the opposite, the size of the federal workforce has remained relatively constant since the 1960s. Since 1965 the federal government has added five departments and multiple agencies that collectively employ hundreds of thousands of people. It has also endured long hiring freezes. The total number of workers matters less to effective governance than what those workers do, and here alarm bells have been ringing for some time. Max Stier, who heads the Partnership for Public Service, a nonpartisan group that advocates for an effective civil service, says that the "legacy government has not kept up with the world around it…[and] has not been updated to address the problems of tomorrow."

The Government Accountability Office (GAO), which audits the federal government, has long warned of problems in recruiting and retaining public-spirited workers. The compensation system was designed in 1949 and has barely since been altered. This can make it hard to offer competitive salaries to, say, cyber-security experts. Civil-service rules have not been updated since the Civil Service Reform Act of 1978. The government frequently recruits for positions whose descriptions were written 40 years ago and do not reflect the actual work being done. According to Mr ▸▸

Stier, the federal IT workforce has five times as many people over the age of 60 as under 30, and most of the $95bn spent on federal IT goes to patching and maintaining ancient systems. And while low and mid-level government workers earn salaries comparable to or better than what they could make in the private sector, senior officials earn far less. Government workers must also endure hiring freezes, furloughs and government shutdowns.

Until fairly recently federal workers did at least receive non-monetary compensation, such as reputational boosts, or the satisfaction of contributing to the common good. Teresa Gerton, who heads the National Academy of Public Administration, says this bargain has started to fray. "We saw it during the shutdown last year. The impact that had on the morale of the current and future public workforce was devastating." Nor does serving for the most divisive president in modern history provide the same social compensation as serving a Reagan or a Clinton.

Morale in the intelligence community and State Department—both frequent targets of Mr Trump's ire—is lower than the Badwater Basin. Intelligence officers usually battle to get their work included in the president's daily brief. Today, says a source familiar with American intelligence, they fight to stay off it, lest their analysis set the president off because it clashes with his fixed beliefs. Former foreign-service officers (FSOs) complain about a lack of direction and months of painstaking work being nullified by a presidential tweet. In recent weeks two ex-FSOs have written op-eds in newspapers explaining why they could no longer serve this White House. That is rarely done: FSOs understand they will serve administrations whose policies they may dislike, but they represent something greater than themselves, and few slam the door on the way out. Often the people leaving have good offers in the private sector and are the sort of people that a government should want to retain.

Nor is the problem limited to departing personnel. Mr Trump's penchant for installing people on an acting basis rather than formally nominating them, the unusually high number of unfilled positions, the headspinning rate of turnover among senior staff and the number of nominees he has had to withdraw—65, compared with 34 for Mr Obama at this point in his presidency—render government unstable. Agencies' attention turns toward senior-staff turnover rather than their missions; recruits do not know who they will work for in six months.

Of course, not everyone in government is running for the exits. Mr Trump has plenty of fans among immigration police, whose former acting head praised the president for "taking the handcuffs off". Morale, measured in annual surveys, is also comparatively high at the departments of Transportation and Health and Human Services, agencies that Mr Trump has either boosted or ignored.

If the Trump administration is upset about the hollowing out of American government, it does not show. The Agriculture Department is losing researchers after Sonny Perdue, the secretary, announced that two research agencies would move to Kansas City, not an unreasonable request in itself, but one which some see as a way to sideline inconvenient personnel. Mick Mulvaney, the president's acting chief of staff, celebrated their departure at a Republican fundraiser, calling it "a wonderful way to streamline government". But there is a difference between streamlining government and just not governing, which is what seems to be happening in swathes of America's single-largest organisation. ■

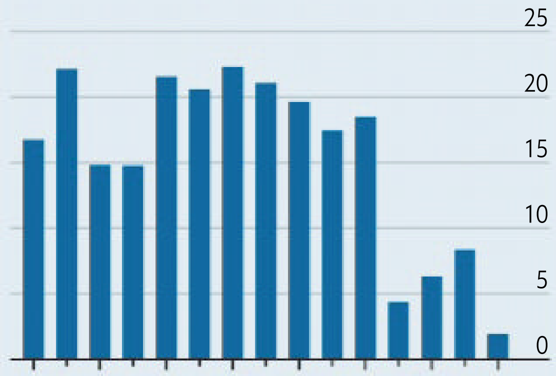
North Carolina's election

First in flight

WASHINGTON, DC

There is more to the special election than presidential approval ratings

THE MID-TERM elections in 2018 filled quietly and without notable controversy nearly all of the 435 seats in the House of Representatives. The election in North Carolina's ninth congressional district was an exception. In the ten months since last November's contest the district has been the focus of several trials for election fraud, a restructuring of the state election supervisory board and the departure of a discredited would-be congressman. After September 10th, if all goes according to plan, residents of the ninth district will at last have a representative in Congress. The race is close. In a district that has sent Republicans to Washington in every election since 1963, that alone is remarkable.



Source: The MIT Election and Data Science Lab

The 2018 election in NC-9, which stretches from suburban Charlotte through the backwoods of the Tar Heel State, was invalidated in February 2019 after campaign operatives for the Republican candidate, Mark Harris, were accused of falsifying absentee votes. Leslie McRae Dowless, a low-level campaign organiser and the mastermind of the operation, has since been indicted for obstruction of justice, conspiracy to obstruct justice and unlawful possession of absentee ballots. Mr Dowless allegedly ran a similar scheme in the 2016 general election and the 2018 primary, in which Mr Harris defeated the incumbent Republican, Robert Pittenger.

Mr Pittenger, who now works to educate parliamentarians in allied countries about surveillance, counterterrorism and intelligence-sharing, blames Mr Dowless for his loss in last year's primary. "It was all fraud," he says. Yet although he misses representing his fellow Carolinians in Washington—"I loved the job"—he did not seek the Republican nomination for next week's special election. Instead the party picked Dan Bishop, a Republican state senator, to run for the seat.

In more normal times Mr Bishop ought to be a shoo-in. Yet with every election seemingly a referendum on President Donald Trump, these are not those times. The tightness of the race is not only a Trump phenomenon, though. NC-9—which was once as friendly to Republicans as a church picnic on the lawn of a country club to celebrate Barry Goldwater's birthday—has been becoming steadily more competitive for a decade as its fields and trees have been replaced by suburbs and parking lots. In 2006 voters in the district gave the Republican candidate a vote share that was 20 points higher than the nationwide Republican tally. In 2018 the district was leaning to the right by just 2 percentage points (see chart). Mr Harris defeated his 2018 Democratic challenger Dan McCready, an ex-marine, by a mere 900 votes last year (and that includes the cheating).

In light of the seat's newfound competitiveness, money has flooded in. According to number-crunching by the Centre for Responsive Politics, a non-partisan research group, Mr McCready has raised $4.7m, whereas Mr Bishop has raised $1.9m. According to political polling, the race remains close. One survey from Harper Polling found Mr McCready beating Mr Bishop by four percentage points—within the margin of error—while another survey from the Democratic firm ALG Research found the two candidates tied on 46% each. McCready appears to have a slight edge, but the election could go either way. With luck, this time nobody will stuff the ballot boxes. ■

The ideas primary

Wonk-in-chief

WASHINGTON, DC

Elizabeth Warren's ideas get the most attention. Michael Bennet's are better

TO SIMPLIFY just a bit, the Democratic presidential primary has two competing ideological factions. The first is the brand of leftism, assertive and ascendant, championed by Bernie Sanders and Elizabeth Warren, which preaches ideas like protectionism, Medicare for All, a Green New Deal and decriminalising illegal border crossings. Arrayed against this is a squishy moderation, exemplified by Joe Biden, the former vice-president and current front-runner, and Kamala Harris, the senator from California. Both of them have attempted to please what they assume is an increasingly left-wing primary electorate, while not going so far as to alienate moderates. The results have been mixed.

Mr Biden began his campaign with a flip-flop on whether the federal government should pay for abortions (no, then yes, apparently), and Ms Harris flip-flop-flip-flopped on whether private health insurance should be abolished (no, yes, no, yes, apparently). Meanwhile the candidate perhaps most intellectually capable of challenging the party's leftward creep, Senator Michael Bennet of Colorado, is gaining little traction. "My worry is that if we're going down the road of Medicare for All and open borders...that could disqualify us with the American people going into the election in 2020," he says.

Many in the field are fixated on Medicare for All, an idea for universal coverage pitched by Mr Sanders in which the government programme for the elderly becomes a single-payer for everyone's care that is free at the point of use. Private insurance would no longer exist. "I think what we're creating here is a solution in search of a problem," says Mr Bennet, who notes that 175m Americans get health insurance through work and that the estimated tax needed for Mr Sanders's idea—$33trn over ten years—is 70% of current federal revenues.

His competing plan, known as Medicare x and, unlike others, unveiled years, not months, before his presidential run, would try to achieve universal coverage by allowing people to buy health insurance from the government and by shoring up the insurance exchanges set up under the Affordable Care Act, better known as Obamacare. "And if the American people hate private insurance as much as Bernie thinks they do, we might end up with Medicare x displacing the private market. I suspect that's not where the American people will be," Mr Bennet adds.

Rather than being defined just in relief, Mr Bennet also differs in what he would spend money on. He has put two objectives at the centre of his economic pitch: investing in the 70% of American workers without a college degree and eroding childhood poverty. Both are big, progressive-sounding ideas—except that they are not much discussed by progressives.

Help for non-college-educated Americans, which he estimates would cost $500bn over ten years, would come in the form of wage subsidies, wage insurance and grants for training. By concentrating on work, Mr Bennet takes note of the perennial worry about welfare traps. His other big proposal, monthly cash transfers of $300 for each American child, has gone unnoticed beside flashier offers like a universal basic income (from Andrew Yang) or universal child care paid for by a wealth tax (from Ms Warren). "For 3% of the costs of Medicare for All, you could reduce childhood poverty in America by 40% and end $2-a-day childhood poverty in America," says Mr Bennet. Because interventions to improve economic mobility are most effective early in life, "my starting point would be free preschool, not free college".

Ms Warren has risen in the polls by creating the brand of a wonkish populist with a plan for everything (including one inquiring supporter's love life). Mr Bennet's ideas are a foil to these. They are just as rigorous and technocratic, but more rooted in pragmatism. Unfortunately, few voters have taken notice yet. After attending the first two debates, Mr Bennet failed to qualify for the television debate that will be held on September 12th, because of its more stringent polling and fundraising requirements. Still, Mr Bennet has pledged to continue his campaign until the first actual votes, which are not for five months. ■

Shootings and gun laws

Daddy lessons

Republican states tend to loosen their gun laws following mass shootings

ON AUGUST 31ST a man armed with an AR-15 rifle fired indiscriminately along a 15-mile stretch spanning Odessa and Midland, two cities in Texas. At least 20 people were injured, seven were killed. Three days later, a 14-year-old in Alabama confessed to killing five family members—his father, stepmother and three siblings—with a handgun. There is no great mystery as to why such incidents regularly happen in America and not any other rich country, yet its lawmakers are reluctant to reduce access to firearms. New research confirms that if anything, mass shootings tend to lead to looser gun laws, not stricter ones.

Michael Luca, Deepak Malhotra and Christopher Poliquin, three economists, have published a working paper matching mass shootings from 1989 until 2014 with state legislation on gun control. The authors find that in year immediately following a mass shooting, Republican legislatures passed twice as many laws expanding access to guns compared with other years. In contrast, Mr Luca and his colleagues find that overall mass shootings have no significant effect on firearms legislation in states controlled by Democrats.

Part of this might be because guns are simply a much bigger deal for Republicans than Democrats. Surveys conducted by the Pew Research Centre, a think-tank, found that 38% of Republicans believed it was "important to protect the right of Americans to own guns" in 2000, compared with ▸▸

When trouble comes to town

20% of Democrats. The share of Republicans who see gun rights as a priority has risen to 76% since then, whereas the share of Democrats has hardly changed.

Mass shootings seem only to further galvanise people along party lines. A study published this year by David Barney and Brian Schaffner, two political scientists, found that among those who lived within 25 miles of a mass shooting, average support for stricter gun control among Democrats increased by two percentage points. The opposite was true for Republicans.

Less than 24 hours after the most recent mass shooting in Texas, nine new laws came into effect in Texas, all making it easier for civilians to carry guns. They were not motivated by the killings in Odessa and Midland, but rather by prior mass killings. It will now be easier for licensed gun owners to take their weapons into churches and other places of worship. Schools will no longer be able to prevent gun owners from keeping ammunition in their car parks. Greg Abbott, Texas's governor, says his state's newly enacted laws will make communities safer. This might sound backward, but for anyone who believes that guns equal safety, more guns make perfect sense as a response to a mass shooting.

President Donald Trump's administration is preparing new legislation which will expedite the execution of perpetrators found guilty of mass killings, and introduce a number of new gun reforms. The Texan shooter had previously failed a background check, which meant he was unable to buy a gun from a retailer. Yet he was able to obtain a rifle from a private seller, a process which does not require a background check. Mr Trump's mooted changes are unlikely to close this loophole. ■

Protesting

Dire straights

BOSTON

Straight pride struggles to catch on

"IT'S HARDER to come out as conservative than gay," complains David Elkins, a pensioner whose T-shirt reads "It's OK to be white, straight, and male". Luckily he found acceptance at Boston's first straight-pride parade. Behind him a clown with a rainbow wig and green face-paint wandered past a truck festooned with "Trump 2020" posters, and a child held a sign that says "Make normalcy normal again." The music in the background veers from "YMCA" (an odd choice) to "God Bless the USA", before settling on a disco number whose chorus is just the word "freedom" sung over and over. "We don't hate gay people," insists Dawn, who is reluctant to give her surname, and stands amid a sea of American flags. "Some of us used to be gay."

The event, held on August 31st, was organised by a group called Super Happy Fun America, which says it campaigns for heterosexuals, America's "oppressed majority". As the group's name suggests, its intention was partly to troll critics and provoke them into outrage. The language on its website often mockingly mirrors that used by social-justice activists. Some LGBT activists thought it was best to ignore the parade and starve it of attention. Others felt compelled to oppose it. The roughly 200 people who attended it were vastly outnumbered not just by the almost 1,000 counter-protesters, but also by the police keeping the groups apart.

Debates over gay rights have largely taken a back seat in the current round of America's culture wars, compared with issues of race and gender. (This is less true of transgender rights.) Polling by the Pew Research Centre shows that almost two-thirds of Americans, including nearly half of Republicans, now support gay marriage. Straight pride, which has lived for years on the fringes of social media, has struggled to catch on; analogous movements like men's-rights activism and white nationalism, both of which have inspired acts of terrorism, are far better known.

Even among those at the parade, motivations varied. A few, like Lois, who had travelled from Los Angeles, warned darkly of "gay domination" and "schools teaching anal sex to five-year-olds". Others, like Kristy, a transgender woman, said they just wanted to support free speech. Some brought signs supporting the president's proposed border wall. "I'm only here to make the left look ridiculous, to draw them out and expose their true colours," said Patrick. Many spent the entire parade filming the counter-marchers.

Attitudes like Patrick's made it tricky for the event's critics to decide how to respond. The organisers of Boston's gay-pride parade, which drew 750,000 people this year, released a statement saying they were "not interested in responding to their bait". The counter-marchers, chanting slogans like "Boston hates you!", disagreed. "I know they want to go home and say 'I triggered a snowflake', but it's a stronger message to oppose them," said Meghan Self, a schoolteacher. "To do nothing is to say it's OK." Many described their opponents, rightly or wrongly, as white supremacists; like a lot of the parade-goers, they saw this march as just another front in the culture wars, or the resistance to the president.

The parade ended with speeches outside Boston's city hall. The small audience cheered as one roared "I want to say it's not OK to be gay," but they seemed more hesitant when another, an African-American woman introduced only as Barbara from Harlem, said "Thank God for slavery". Her tribute to America's "Judeo-Christian principles" was interrupted by a cry of "not Judeo!". A later speaker declared, "We are living in a time when bad is good and good is bad." Many of the counter-protesters, kept far away with multiple layers of barricades, would probably have agreed. ■

War in space

The force awakens

COLORADO SPRINGS

Donald Trump unveils Space Command but must wait for Space Force

IN THE SHADOW of the Rocky Mountains, at Peterson air force base in Colorado Springs, an officer of the US Air Force Space Command clutches a metallic object scarcely larger than a Rubik's Cube. "If we lose this cubesat in orbit," he explains, "it could be someone else's attack vehicle." In the past, satellite operators—like those controlling GPS satellites from nearby Schriever air force base—would have blamed problems on space weather or communication glitches. Now their minds leap to hacking, jamming and deliberate collision. And so on August 29th, after congressional instruction a year ago, President Donald Trump unveiled a new Space Command, with operational control of nearly all American space assets. He promised that a Space Force, the first new military service since the air force was established in 1947, would follow.

The distinction between command and service is important. Since the Goldwater-Nichols Act in 1986, America's armed forces have been cleaved into two parts. Individual services train and equip their respective forces, but do not send them into battle. Instead 11 so-called combatant commands divvy the world up into six geographical chunks and five functional areas such as cyber, special operations—and now space. The head of each one controls all the forces within his or her fief, whatever their service. Thus the admiral who runs the Indo-Pacific Command in Hawaii rules over infantrymen in South Korea, air-force pilots in Japan and marines in Australia. The system was designed specifically to avoid the sorts of inter-service quarrels that contributed to a botched hostage-rescue mission in Iran in 1980.

For some years, space sat awkwardly in this structure. There was a dedicated Space Command between 1985 and 2002. But after the September 11th attacks an emphasis on homeland defence led to the creation of a new Northern Command, covering North America. Space was kicked into Strategic Command, whose primary job is nuclear weapons. There was some logic to this: America's most vital satellites are those which watch for missile launches, detect nuclear detonations and pass orders from the president to nuclear forces.

But as space threats seemed to grow—China's test of an anti-satellite missile in 2007 was the first by any country since 1985—the arrangement looked problematic. In 2014 a review of space policy by the Obama administration concluded that it was "critical" for America to be able to identify threats in space and counter other countries' anti-satellite weapons. The Trump administration intensified public warnings of those vulnerabilities.

In February General John Hyten, commander of Strategic Command, said that space was his third priority, after the modernisation of nuclear forces and their command and control. "It really is important to have someone who comes to work every day and that's all they think about—space operations, space threats and defending our space assets," says Matthew Donovan, the acting secretary of the air force. That job now falls to General John "Jay" Raymond (pictured). Notably, he will have wartime control of the National Reconnaissance Office's fleet of highly classified spy satellites if they come under attack.

Take me to your leader

Not everyone is convinced that the reorganisation is urgently needed. In an essay published in July on "War on the Rocks", a website, Brian Weeden, a former space-operations officer with the air force who is now at the Secure World Foundation, a think-tank, warned that General Raymond might wind up clashing with geographical-area commanders. If, for instance, China jams American GPS signals during a war over Taiwan, Space Command and Indo-Pacific Command may disagree on how best to respond. The Pentagon is examining how such co-ordination will work. Mr Weeden also worries that a dedicated command might encourage those fixated on "future battles in space"—satellite-on-satellite combat—rather than the more pressing task of using devices orbiting Earth to help commanders wage war on its surface, such as by sharpening GPS signals or redirecting spy satellites.

Before Space Command can get stuck into cosmic battles, a more conventional war over federal dollars has to be fought. Mr Trump did not disclose which of six shortlisted bases across three states—Alabama, California and Colorado—would accommodate Space Command..

The debate is then likely to shift to Mr Trump's Space Force, which, like the other services, would train and equip the "space warfighters" (as the Pentagon calls them) for General Raymond's command. The White House has proposed a $500m-a-year service that would sit demurely within the air force, much as the marine corps is a component of the navy. Mr Weeden says that this, not Space Command, ought to have been the priority. He points out that there is a pressing need to train more space experts; over a third of space billets at Strategic Command are said to be unfilled.

Congress is broadly in favour of the force, although the Senate and House are haggling over details. The Senate wants to put off creating a fully-fledged service for at least a year, to avoid bureaucratic bloat. The Democrat-controlled House prefers a less pugnacious label: Space Corps. Whatever it is called, the aim is to inculcate a galactic esprit de corps. "When people join the marines, it's not about joining the navy," says Stephen Kitay, deputy assistant secretary of defence for space policy. "Somebody joins the marines and that's in their culture and DNA and ethos. And we're looking to create that for space." ■

PERSONAL CAPITAL®

BEHIND THE HEADLINES:

UNDERSTANDING YOUR PORTFOLIO RISK

Craig Birk, CIO for wealth management firm Personal Capital, discusses portfolio decisions vis-a-vis today's news.

What has been driving volatility in the market?
Three things were responsible for market turbulence in the fourth quarter of last year: trade fears; potential growth slowdown; and rising interest rates. Since then, earnings have exceeded expectations and the interest rate outlook has flip-flopped. Trade remains an ongoing risk. China is slowing down and tariffs will exacerbate the effect of this.

How should investors respond to unsettling headlines? Should they be scaling down the risk in their portfolios?
There are scary headlines every year; most years, markets charge right through them. Regarding trade, you can't predict what two unpredictable leaders will do. So far, proposed tariffs remain smaller in magnitude than the 2017 tax cuts. Most investors are best served sticking to a static asset allocation crafted for their needs.

People should have a strategy that works when they're not looking at the headlines. Making decisions based on the latest front page can be costly.

How can investors know how much risk they are really taking?
The first step is to understand what your asset allocation actually is. Most investors don't. It is common to have multiple accounts across numerous institutions; this makes it difficult to track and measure risk.

Many portfolios are collections that have been accumulated over time with little strategic thought. However, there are now online tools available that show you an overview of your portfolio positioning, both from an investment and retirement planning perspective.

What are the common mistakes you see investors making, and what can they do to correct these?
There are two common mistakes at opposite ends of the spectrum. First, a lot of people have become overly comfortable with the long bull run, running large over-weights in the technology sector. However, in the dotcom crash, tech stocks lost 80%. In the financial crisis, financials lost 80%. Those were the two most popular sectors, as technology is today. It's typical to underestimate the risk that comes from concentrations in specific companies or sectors.

The opposite problem is holding a large amount in cash, either through fear or through not knowing how to invest it.

What should investors be looking at to increase their diversification?
Continue to think globally. There's a reluctance to invest internationally because the US has done so well in this bull market, driven by technology. However, non-US stocks look attractive, developed-market stocks are cheap, and emerging-market stocks are cheaper still.

Bonds are also appropriate for almost everyone, particularly government bonds, as they are one of the few things that go up when stocks go down. Treasuries should make up the core of the fixed income portion of the portfolio, supplemented by others, such as corporates and emerging market bonds. Furthermore, although inflation has been muted for years, this won't always be the case, so some exposure to inflation-linked bonds is a good idea.

Craig Birk
Chief Investment Officer
Personal Capital

Lexington | Trumped by the Taliban

Donald Trump has created an opportunity for peace that he looks singularly unable to capitalise on

Afghans often celebrate auspicious events with volleys of gunfire. The Taliban went one further on September 2nd by detonating a suicide-bomb in Kabul just as an American diplomat, Zalmay Khalilzad, was confirming the outline of the draft settlement he has negotiated with the jihadist group. Up to 30 people were reported killed in the blast. Half a dozen more were shot and wounded by police in the protests that followed.

The violence underlined why the draft agreement, which would cover an initial withdrawal of around 5,000 of America's 14,000 troops in Afghanistan within five months, has been cautiously welcomed by many sceptics. The Taliban control much of the country, cannot be defeated and the war's toll on Afghans is intolerable. It also indicated how much America, 18 years after it bombed the jihadists from power, has capitulated to them.

Mr Khalilzad, a former ambassador to Afghanistan, set three conditions when launching peace talks with the militants in Doha a year ago. America would consider withdrawing only if they agreed to a ceasefire, recognised Afghanistan's government as a negotiating partner, and renounced their former alliance with al-Qaeda. This offer was itself a significant climb-down.

Under George W. Bush, America refused to negotiate with the Taliban. Under Barack Obama, it started to, but stopped after Afghanistan's government—at whose behest America claims to be operating—objected. Donald Trump's decision to revive the talks over President Ashraf Ghani's more vociferous protests was therefore a big concession to the militants, even if justified by their strength. Yet Mr Khalilzad seems to have won little by this gamble.

Though he has released few details of the draft agreement, he appears to have dropped all but his third condition. The Taliban have agreed to participate in an intra-Afghan dialogue while the Americans draw down, but have not recognised the government, which has been excluded from the talks. Last weekend Mr Khalilzad let Mr Ghani read a copy of the draft, provided he hand it back afterwards. As the slaughter in Kabul indicates, the militants have also refused to countenance a ceasefire or discuss a more lasting settlement. Beyond maintaining their commitment to re-establishing an Islamist regime, they have not indicated what power-sharing or constitutional arrangement they might be willing to accept short of total victory. That raises obvious concerns about their commitment to peace—without which it is hard to imagine how their anticipated promise to cut their cord to foreign terrorists could be verified, especially in the absence of American troops.

This is dispiriting but not surprising. As the war has dragged on, the American government's leverage over the Taliban has been eroded by its floundering and their success. According to Ronald E. Neumann, a former ambassador to Kabul, America has undertaken nine major policy shifts in Afghanistan—or three per sitting president—since launching the war. Mr Bush was against nation-building, then for it. Mr Obama ramped up the war, then ended it. Mr Trump lambasted the war for years, seemed momentarily energised by the prospect of succeeding where his predecessor failed, and now—aching for a foreign-policy win—may simply want the troops out before next year's election. No wonder the Taliban's leaders, at the helm of a profitable insurgency and confident of victory sooner or later, are not minded to compromise.

To stand a fair chance of arresting Afghanistan's descent to civil war, America will have to persuade the militants it has more sticking-power than they think. Mr Khalilzad implies it is willing to. He maintains the withdrawal will be "conditions-based", which suggests it could go into reverse if the Taliban do not get more enthusiastic about peacemaking. And indeed, Mr Trump has better cards than the militants may imagine. With another 8,000 Western troops in Afghanistan, the alliances that sustain America's effort look solid. Neighbouring Pakistan and China helped push the militants to the table. And America's current level of commitment to Afghanistan appears sustainable; Congress and the media generally ignore the conflict.

There are two problems with this somewhat hopeful case. Mr Trump may prefer to fold. His supporters want an end to America's wars almost as much as a border wall—and, having failed to wall off Mexico, he may consider the former campaign promise easier to keep. That would be consistent with an emerging paradox of his presidency. His unorthodoxy has consistently created novel opportunities—a possible splurge on infrastructure at home; a peace process with the Taliban abroad—that his personal shortcomings make him especially unlikely to realise.

More fundamentally, ushering the Taliban and government to the table, and keeping them there, would require a degree of political nous and flexibility that America lacks above all else in Afghanistan. Its efforts have been disjointed, with soldiers, diplomats and spies pushing conflicting priorities that only the faraway president can adjudicate between. Hence the policy shifts, as Mr Bush and his successors flitted from one recommendation to the next, often in response to domestic pressures. The complex politics of a country torn by war and ethnic rivalry, and between modernity and tradition, have rarely penetrated that self-absorbed process.

A republic, if they can keep it

The limited understanding of American political officers, cycled in every six months or so, has made matters worse. Mr Neumann recalls his unsuccessful effort to persuade Mr Ghani's predecessor to sack a provincial governor convicted of selling heroin in America. It was months before the then ambassador learned that the president owed a big favour to the drug-pusher's father. Remember that next time you hear politicians cudgelling each other with arguments for and against state-building. There is little recent evidence that America is capable of it. Even the more modest task of saving Afghanistan's current shaky structure may be beyond it. ■

Colombia

FARC, the sequel

BOGOTÁ

A former guerrilla leader takes up arms again

IT WAS A throwback to the bad old days. In a 32-minute video released on August 29th Iván Márquez, once the number-two commander of the FARC, a guerrilla group that waged war against the Colombian state for 52 years, announced that he was taking up arms again. Appearing in combat fatigues before a banner bearing the FARC's old crossed-rifles logo and images of Simón Bolívar and Manuel Marulanda, the group's founder, Mr Márquez accused the government of "shredding" the peace agreement it signed in 2016. He promised to "fight for a betrayed peace".

Little in his amateurish production was as it seemed. Footage shot from a drone supposedly showed the jungles of eastern Colombia, where the warrior said he would establish his new base, but the government thinks the video was filmed in Venezuela. Mr Márquez does not have the means by himself to restart the war, which killed perhaps 220,000 people and displaced 7m. The government's implementation of the peace agreement has been flawed, but that is probably not his reason for returning to the fight.

Even so, it is bad news. Mr Márquez's group may add to the violence that already plagues parts of the countryside. If it coalesces with other forces it could pose a serious military threat to the government. FARC 2 raises the risk of border skirmishes with Venezuela. And it will further polarise Colombia's bitter argument about the rights and wrongs of the peace agreement. That may shape the regional elections due in October, an important test for the president, Iván Duque.

Mr Márquez, whose real name is Luciano Marín, may have chosen the jungle in preference to an American jail cell. His nephew, Marlon Marín, was arrested last year along with Seuxis Hernández (aka Jesús Santrich), a FARC commander who is accused of conspiring to ship 10,000kg (22,000lb) of cocaine to the United States after the signing of the peace deal. Mr Santrich disappeared on June 30th when Colombia sought to extradite him to the United States (and popped up in the video alongside Mr Márquez). Marlon Marín is in American custody and is thought to have implicated Mr Márquez. Most leaders of the FARC, which became a political party and has ten seats in congress, condemned Mr Márquez's return to war.

He cannot wage it on a large scale. It is hard to see the 10,000 FARC fighters who have demobilised returning to the jungle. Mr Márquez may hope to ally with some 2,000 "dissident" FARC members, who have formed armed groups that operate mainly in southern Colombia, where they concentrate on trafficking drugs. But the strongest dissident leader is Miguel Botache Santillana, known as Gentil Duarte, a former mid-level commander who regards Mr Márquez as a traitor because he helped negotiate the peace deal.

The ageing guerrilla can still do damage. "He has half a dozen very experienced field commanders with him," says a former defence official, who sees a "serious risk of urban terrorism". One of Mr Márquez's allies, known as El Paisa, arranged the bombing of a social club in Bogotá in 2003 that killed 36 people. Universities are recruiting grounds for would-be bombers, says the former official.

Mr Márquez wants to co-ordinate with the ELN, a guerrilla group that is still at war with Colombia. In this, he will have help from Venezuela's leftist government. Hugo Chávez, the late founder of the "Bolivarian revolution", was friendly to Colombia's guerrilla groups. The current head of the regime, Nicolás Maduro, has gone further. The ELN and other armed groups have collaborated with drugs gangs facilitated by high-ranking officials of the Venezuelan ▸▸

government. In April, according to Colombian military intelligence, Mr Márquez met ELN commanders in Venezuela.

This alliance raises the risk of a confrontation between Colombia and Venezuela. Mr Duque, who calls FARC 2 a "gang of narco-terrorists" sheltered by Venezuela, may be tempted to strike its bases inside that country. This would follow an example set by Álvaro Uribe, a former president and Mr Duque's political mentor. In 2008 Mr Uribe ordered the bombing of a FARC base just over the border with Ecuador. Rafael Correa, Ecuador's then-president, did not strike back. Mr Maduro, a dictator in charge of a collapsing economy, might.

Mr Márquez's return to battle will make it harder for the government to implement the peace agreement. Signed by Mr Duque's predecessor, Juan Manuel Santos, it was narrowly rejected in a referendum. Mr Santos eventually rammed it through congress. Mr Duque won last year's election in part because of his alliance with Mr Uribe, a fierce foe of the agreement. Mr Márquez's gun-toting appearance is certain further to undermine public support for the deal.

In office Mr Duque has tried to please sceptics while taking steps endorsed by the accord's supporters. He has given priority to those parts that deter former fighters from returning to violence. The government extended beyond the terms set in the accord both stipends of former fighters and payment for leases on the transition zones where some live. It seems to be making progress in bringing development to rural areas hardest hit by the war and in updating the land registry, a precondition for such development.

But Mr Duque has been half-hearted about putting into effect many other provisions. The government is moving slowly to fulfil its commitment to hand out within ten years title to 7m hectares (17m acres) of land, mainly to poor farmers. It claims to have given titles for 300,000 hectares, but nearly all are to indigenous groups on reserves. Few farmers have received the technical assistance they need to switch from growing coca, the raw material for cocaine, to other crops. Short of money, the government has slashed by 10% or more the budgets of agencies in charge of such areas as rural development. Mr Duque has yet to send to congress a single bill to implement the agreement. More than half the needed legislation has not been passed.

The part of the deal to which he is most hostile is the "transitional justice" tribunal, called the JEP, which investigates war crimes and crimes against humanity. He, along with many Colombians, regards the sentences it can hand out as too lenient and its judges as too sympathetic to the defendants. The tribunal seemed to confirm those suspicions in May when it freed Mr Santrich as he was facing extradition. Mr Duque thinks it outrageous that accused FARC members can sit in congress. He filed six objections to the law under which the JEP operates, which were overruled by the constitutional court. For the deal's supporters, transitional justice is a painful compromise that made peace possible.

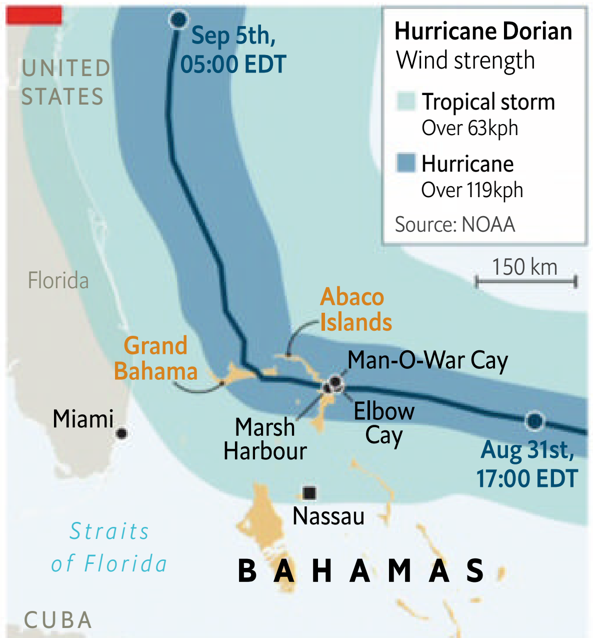
The government's most damaging failure has been to protect former combatants, as well as activists working on behalf of the poor. Around 130 demobilised guerrillas have been killed since the signing of the peace deal, mainly by dissident FARC soldiers and by members of militias spawned by right-wing paramilitary groups. Around 290 activists have also been murdered. Mr Márquez cited that to justify his own return to violence (ignoring the fact that some of the killers are his prospective allies). The number of murders in areas where armed groups are still active rose in 2018 but appears to have fallen this year. Even so, the end of the war has not brought tranquility to those regions. While Mr Duque fights the menace of Mr Márquez, he must do more to strengthen Colombia's fragile peace. ■

Hurricanes

Dorian's wrath

PORT OF SPAIN

A slow-moving storm devastates the northern Bahamas



ANY CATEGORY-FIVE hurricane is terrifying and dangerous for people in its path. Dorian, which devastated parts of the Bahamas on September 1st-3rd, seemed to take pleasure in its malice. Equal in strength to the worst Atlantic storm to make landfall ever recorded (the Labour Day hurricane of 1935), it struck the Abaco islands and then Grand Bahama with sustained winds of 300kph (185mph) and brought sea surges of nearly eight metres (26 feet). It lingered to inflict punishment, slowing down to 1mph near Grand Bahama.

As *The Economist* went to press Dorian had caused 20 confirmed deaths, most in the Abaco islands, home to 17,000 people. The toll is bound to rise. The northern Bahamas had suffered a "historic tragedy", said the prime minister, Hubert Minnis.

Dorian's first victims were the largely white residents of prosperous Man-O-War Cay and Elbow Cay. (Many are descendants of New England loyalists who joined the losing side in the American revolution.) It moved west to Marsh Harbour on Great Abaco, where it flattened the shantytowns of The Mudd and Pigeon Pea, settled by people of Haitian origin. Then it crawled past Grand Bahama, which has 52,000 inhabitants, inundating 60% of the island.

Most of the Bahamas' 400,000 people live in the capital, Nassau, on the island of New Providence, 240km south of Dorian's eye. Even there, the lights went out islandwide and low-lying districts flooded. In all, more than 60,000 people will need food and clean drinking water, according to the UN and the Red Cross. As Dorian at last moved away and up the coast of the United States, it weakened.

Bahamians largely ignored government ▸▸

No harbour was safe from Dorian

warnings to evacuate low-lying areas. The government wants such advice to be mandatory in future storms, but that might not help much. On small islands escape is not easy. Dorian ripped roofs off shelters and flooded the hospital on Grand Bahama.

Reconstruction will be slow and expensive. The government plans to appeal for “hundreds of millions, if not billions” of dollars of aid. The economy, based on tourism and offshore banking, could take years to recover. The Royal Oasis resort on Grand Bahama, wrecked in 2004 by hurricanes Frances and Jeanne, is still derelict. Matthew shut down the Grand Lucayan on the same island in 2016. Still mostly closed, its ballroom sheltered people from Dorian.

The first half of this year’s hurricane season was quiet. Among the far-flung effects of El Niño events, which are oscillations in climate caused by changes in the Pacific, are stronger upper-level westerly winds in the Atlantic, which prevent hurricanes from forming. But the effects of this year’s El Niño diminished in July, allowing Dorian to form. More ferocity may be in store. Tropical Storm Fernand has reached the Mexican coast.

The Caribbean may have to come to terms with more destructive storms. In 2017 Irma smashed up the north-eastern Caribbean, then Maria devastated Puerto Rico and Dominica. By warming the surface of the Atlantic, climate change should make hurricanes stronger. It may have played a role in slowing Dorian to a cruel crawl. A recent study by NASA and the National Oceanic and Atmospheric Administration found that the number of slow-moving hurricanes in the North Atlantic has been climbing since the 1940s. Dorian is unlikely to be the last of its kind. ■

Bello Will the “pink tide” return?

Argentina’s lurch to the left, and what it means for South America

Four years ago the unexpected victory of Mauricio Macri in Argentina’s presidential election marked the ebbing of the “pink tide”, a long period of hegemony of the left in South America. In its wake centre-right candidates went on to triumph in Peru, Ecuador, Chile and Colombia (although in Ecuador Lenín Moreno moved right only when in office). In Brazil last year a far-rightist, Jair Bolsonaro, won the presidency. Shortly after Mr Macri’s victory, in Venezuela the opposition trounced the United Socialist Party of Nicolás Maduro in a parliamentary election, the last free contest that country has seen. And Evo Morales, Bolivia’s leftist president since 2006, lost a referendum to change the constitution to allow him to run for a fourth term.

Last month Mr Macri’s bid for a second term foundered when he fared badly in “primary” elections (in reality, a dress rehearsal). Everything suggests that in the real thing in October the Peronists will return to power in the form of Alberto Fernández, a social democrat, and his running-mate, Cristina Fernández de Kirchner, who ruled as a leftist populist from 2007 to 2015. Will Argentina once again portend a broader shift in the region’s political weather?

Some analysts think so. Noting that leftists had lost in the recent past because they were incumbents rather than because voters had become more conservative, Christopher Garman of Eurasia Group, a consultancy, wrote that “anti-establishment, or change” elections risk ending market-friendly policies in several South American countries over the next three years.

He has a point. Leftist presidents were popular in part because the pink tide coincided with a commodity boom. Their successors did not have their luck. Governing is hard in South America nowadays. Voters are angry about a mixture of slower growth or economic stagnation, corruption scandals, crime and poor public services (see Graphic Detail). The fake news, “alternative facts” and smears of social media have damaged the faith of citizens in their leaders and institutions. Political fragmentation means that several current presidents lack the legislative majority required to enact needed reforms. That applies in particular to Sebastián Piñera in Chile, Martín Vizcarra in Peru and Iván Duque in Colombia. In several cases, political honeymoons have been short. Mr Duque’s approval rating is in the mid-30s, while those of Mr Piñera, Mr Moreno and Mr Bolsonaro languish in the 20s.

Yet none of this translates automatically into a return of the left. Argentina is a special case. The failure of Mr Macri’s attempt to clean up the economic mess left by Ms Fernández, and a consequent descent into recession and inflation, explain why voters have deserted him (see Finance section). Perhaps the only potential parallel is with Ecuador, where Mr Moreno, like Mr Macri, has turned to the IMF and growth is mediocre. It is not hard to see a candidate backed by Rafael Correa, Ecuador’s former populist strongman, winning in 2021.

But the left has its own problems. In Uruguay, after 14 years in power, the Broad Front looks tired. An election in October could bring victory for the centre-right. In Chile and Peru, the left is divided. Everywhere the Venezuelan catastrophe is a propaganda tool against left-wingers who have failed to keep their distance from Mr Maduro or to smash the icon of Hugo Chávez, his mentor and predecessor. And just like the swing to the right, the pink tide originally owed more to anti-incumbent feeling than to an ideological shift among voters.

Populists tend to be more successful than moderates in riding out hard times. Take Mexico, which elected Andrés Manuel López Obrador, a left-wing populist, last year. He remains liked, mainly because carefully marketed social programmes and other gestures persuade many Mexicans that he is on their side. In Bolivia, having disregarded the referendum result, Mr Morales may win another term in October, partly because he controls the state. But eventually, if they are allowed to, voters turn against populists who fail. That applied to Ms Fernández and Mr Maduro.

Rather than a shift back to the left, South American politics is moving into a pattern of volatility, with short cycles of change. That is a mixed blessing. It will make it harder for would-be imitators of Chávez and Mr Morales to establish lasting hegemony. But it impedes the long-term investment and continuity of good policy that South America needs.

Thailand's armed forces

Changing of the guard

BANGKOK

The symbiotic relationship between the army and the king is becoming one-sided

RIGID AND austere, King Chulalongkorn, the fifth monarch of Thailand's Chakri dynasty, gazes across Bangkok's Royal Plaza from a gleaming steed. The bronze statue is just one immovable legacy of the Thai monarchy. The mindset of the country's armed forces is another. The king overhauled them late in the 19th century, founding a military and naval academy, creating a ministry of defence and indelibly associating them with the crown.

Thailand's generals have seized power 12 times since a revolution brought an end to absolute monarchy in 1932. The most recent coup was in 2014. The general who led it, Prayuth Chan-ocha, has remained prime minister ever since. But his authority over the army he once commanded is fading. Instead it is King Maha Vajiralongkorn who is fast becoming the biggest influence over Thailand's men and women in uniform.

The armed forces have never really proved themselves in war. Instead they have focused on battling their country's politicians. Their most fearsome foe was Thaksin Shinawatra, whom they ousted as prime minister in 2006. The feud between his supporters and opponents has tortured Thai politics ever since. But the army appears finally to have bested its enemy, presiding over a rigged election in March that relegated the Thaksinites to a parliamentary minority for the first time since 2001. Politicians backing the army have formed a coalition government led by Mr Prayuth. But the coalition is a rickety one, composed of 18 different parties. That leaves Mr Prayuth ever more dependent on the veneer of legitimacy provided by the king.

The army's penchant for politics has always been tied to the prestige of the monarchy. "The consent of the governed is less important than the imprimatur of the monarch," explains Gregory Raymond of the Australian National University. Military regimes bolster their legitimacy by slavish devotion to the crown. A symbiotic relationship between the barracks and the palace has endured since the 1950s, each defending the other's standing.

Close ties to the royals help the armed forces avoid change. The last coup voided a constitution which had established legislative scrutiny over defence policy. Modest reforms occurred after soldiers killed dozens of democratic protesters in 1992 and again after the Asian financial crisis of 1997. Mr Thaksin managed to reduce the army's budget and placed allies in senior military posts, but achieved little lasting change. Governments which make serious attempts to clip the army's wings tend to get ousted, as Mr Thaksin's was. Even so, a popular new party, Future Forward, wants to reduce the number of generals, end conscription and cut military budgets.

The main impetus for change is coming from the palace itself, however. King Vajiralongkorn, who attended an Australian military academy, served in the army and holds the ranks of field marshal, admiral and air marshal, is obsessed with military titles, training and hierarchy. He expects others to share his passion. The queen, a former flight attendant, has risen through the ranks of his personal guard. Her ascent ▸▸

→ Also in this section

was not purely a show of grace and favour: she had to complete gruelling training with her men. She now holds the rank of general. His official concubine, a former nurse, was promoted to major-general this year. While crown prince, the king made his pet poodle, since deceased, an air marshal.

Since he came to the throne almost three years ago, the king has increased the clout of the monarchy in various ways, dispensing with a regent when he is abroad and taking direct control over the administration of all crown property. He has also inserted himself into the administration of the army. A new unit, the Royal Command Guard, has been created at his behest. It includes many of his former bodyguards. Its 5,000-odd soldiers will be under the direct command of the monarch and will be stationed in the heart of Bangkok. At the same time, an infantry regiment and a cavalry battalion that were instrumental in past coups have been ordered out of the capital. This will make it much harder for the army to launch coups without securing the support of the king in advance.

King Vajiralongkorn has stoked factionalism, too, weakening the bond between the army and the government that it installed. Mr Prayuth and his deputy prime minister, Prawit Wongsuwan, are both former army chiefs. They rose up through the Queen's Guard, elite troops from a regiment within the army's Second Infantry Division. The current army chief, Apirat Kongsompong, belongs to the King's Guard, a faction nestled instead within the First Infantry Division. The king himself once served in it. General Apirat must retire next year and his most likely successor is also from the King's Guard.

During the reign of the king's father, Bhumibol, the relationship between the armed forces and the monarchy was ambiguous. The king's advisers had a role in the appointment of senior generals, but then again, most of them were former generals themselves. The king never visibly opposed the many coups that took place during his reign, but he did once give a dressing down to a coup leader who had violently suppressed public protests, causing the offending general to resign.

Under King Vajiralongkorn, the ambiguity has diminished. Mr Prayuth has meekly complied with even the most awkward of the king's demands, agreeing, for instance, to change the text of the new constitution even after Thai voters had signed off on it. The king left the generals squirming by declining to accept the crown for almost two months after his father's death, in an unexpected show of modesty. "Prayuth's days are numbered," predicts Paul Chambers of Naresuan University. And when the inevitable happens and the army next mounts a coup, the king will be in a commanding position. ■

Narcotics in Afghanistan

Meth in the madness

ISLAMABAD

Enterprising drug barons are branching out

DRUG PRODUCERS in Afghanistan have a new line. The country responsible for growing around three-quarters of the world's opium, as well as mountains of hashish, is diversifying into methamphetamine. The amount seized by the Afghan authorities is increasing exponentially, says the UN's Office on Drugs and Crime. Police hauled in a meagre 4kg in both 2013 and 2014. In the first six months of this year the tally was 650kg.

This sudden rise has caught authorities by surprise. Afghanistan's meth boom appears to have begun in its western neighbour. Iran has long had its own meth problem, but a crackdown there has hobbled producers. Some may have relocated to the lawless western deserts of Afghanistan. Afghan migrant labourers have probably learned the meth business in Iran, then brought it home.

Afghan meth operations have a twist, says David Mansfield of the London School of Economics. Drug producers normally extract meth's main precursor, pseudoephedrine, from over-the-counter medicine for colds and flu. But governments are trying to track and restrict sales of such medicines, which have become a lot more costly and difficult to obtain. So Afghan producers have switched to another source: the ephedra bush. These red-berried shrubs grow widely in arid parts of Asia and have long been a staple of herbal medicine to treat asthma, congestion and other breathing problems, since they are a natural source of pseudoephedrine.

These days, Mr Mansfield says, many heroin factories in Farah province, on the border with Iran, are also cluttered with buckets full of soaking ephedra leaves, in preparation for making meth. Switching to this plant-based method has halved production costs, he reckons. Meanwhile, farmers tell him, the price of ephedra leaves has tripled in a year.

Where the meth is going is not clear. Much probably travels back to Iran. In July Brigadier-General Masoud Zahedian, Iran's counter-narcotics chief, complained that four tonnes of the stuff had been seized on his country's border with Afghanistan since March. But Afghanistan also has its own domestic demand. Meth is popular in Pakistan, too. Some might find its way farther afield.

How might this new drug affect Afghanistan's war economy? Opium and its profits permeate the conflict, providing not just livelihoods for poor farmers, but also funding for insurgents and easy money for corrupt officials. Ephedra, known locally as *oman*, could be a new source of wealth in areas which have so far not cashed in on opium. The bush grows best above 2,500 metres (8,200 feet), and is thus suited to different provinces from opium. But no one knows for sure where ephedra is being farmed in Afghanistan or in what quantities. The UN plans to start satellite and ground surveys to measure the crop, just as it does with opium poppies.

Afghanistan's innovative producers are not the first to use ephedra to make meth. Chinese and Burmese villagers have been known to do so as well. But Afghanistan's lawlessness and its ready-made distribution networks, thanks to the other drugs produced in the country, along with the extremely low cost of farming, could soon make it a fearsome competitor in the global meth business. ■.

Asylum in Australia

Winging it

SYDNEY

Far more would-be refugees arrive by plane than by boat

No Australian government wants to look weak on "border security". Since 2001, when John Howard, a conservative prime minister, turned back a ship which had rescued hundreds of asylum-seekers from a sinking vessel, most of them have policed the country's borders with ferocity. Asylum-seekers who arrive illegally by boat are carted off to camps in the Pacific outposts of Nauru and Papua New Guinea. Australia refuses to admit them, even if they are found to be genuine refugees.

The "Pacific solution", as this policy is known, is popular with ordinary Australians, who fear armadas of Asian immigrants. When they learn the details of individual cases, however, they often want the government to be more lenient. For instance, the government's attempt, so far blocked by the courts, to deport a happily settled Sri Lankan family who arrived by boat has prompted a public outcry. The government insists that clemency would only encourage human-trafficking. By the same token, it argues that a law passed earlier this year that allows sick asylum-seekers in Nauru and Papua New Guinea to travel to Australia for treatment will beget more boat people. It hopes to repeal it when parliament reconvenes this month.

The government normally refuses to release information about "on-water matters". Yet this week, to keep "the ever-present threat of illegal arrivals to Australia foremost in the public's mind", as Scott Morrison, the prime minister, put it, it disclosed that a boat of asylum-seekers from Sri Lanka had been intercepted off Australia's coasts—reportedly the sixth from the country to be turned back since May.

In fact, the threat is more of a trickle. Parliamentary statistics show that maritime patrols turned back 33 vessels trying to reach Australia, with a total of 810 passengers, between 2013, the year the current government came to power, and June 2018, when it last published any data. One hundred times as many people—some 80,000—have entered Australia as students or tourists during the government's tenure, only to claim asylum once inside the country. This influx exceeds even the surge in arrivals of boat people when a government led by the Labor party, now in opposition, called off the Pacific solution between 2008 and 2012.

Most "plane people" hail from either China or Malaysia, and unlike those who brave the seas, few turn out to be real refugees. But instead of being dumped in offshore detention centres, they can live and work in Australia for the years it takes their applications to be processed. This has given organised syndicates a reason to orchestrate many such applications, knowing they can funnel the applicants into low-wage jobs in restaurants, farms and brothels while their cases are reviewed.

The government points out that most plane people are eventually sent home. But processing times have lengthened under its watch, strengthening the people-smugglers' business model, notes Abul Rizvi, a former immigration official. It does not help that the tribunal to which asylum-seekers can appeal has been stripped of lawyers and filled with former political staffers. Its backlog has more than tripled over the past three years, to 22,000 cases, says Simon Jeans, a former employee.

For years, Mr Jeans argues, politicians on both sides "have accepted the leakage because the benefits of mass tourism outweigh the costs." But Labor, which is trying to convince voters that it is not soft on illegal immigrants, is suddenly keen to make hay. "If the government was serious about securing our borders", gripes Kristina Keneally, its home-affairs spokesperson, "it would be doing something about the blowout in airplane arrivals." ■

There's an easier way

Homophobia in South Korea

Pride and protest

INCHEON

Hecklers outnumber supporters at a gay pride festival

Getting to the recent "Queer Culture Festival" in Incheon was a challenge. Upon emerging from the subway, participants had to pass through a large crowd of protesters who wept, prayed loudly and told passers-by that they would burn in hell. One man had painted his face and bare feet red and wheeled a large wooden cross up and down the street, wearing a red crown of thorns and a pained expression. Lines of police officers and a barrier separated the protesters from the square where gay-rights organisations, a local left-wing party and a handful of foreign embassies had put up their stalls. Later in the day a colourful parade of several hundred dancing people, vastly outnumbered by hecklers, made its way down the surrounding streets under heavy police protection.

That was an improvement on last year, when protesters prevented the organisers from setting up their stalls in the first place and violently attacked the parade. Gay-rights activists in South Korea often have to contend with insults and threats of violence. The authorities do not seem to care much. The organisers of a queer festival in the southern city of Busan recently cancelled a street party following a dispute with the local government over permits. They said they would hold a protest instead. "We just don't feel safe," says Lee Jong-kwan, who helped organise the festival last year in Busan. "Rather than protect- ▸▸

ing us, the police harass us." (The authorities deny any discrimination.)

Unlike most Western countries, South Korea has never outlawed homosexuality. That is partly because discussing sex has traditionally been considered shameful. Many South Koreans used to be loth to acknowledge that homosexuality even existed, despite the occasional mention of gay affairs at the royal court in historical documents. That blinkered stance carries through to the present: a curriculum for sex education in schools which was introduced in 2015 makes no mention of it, on the ground that talking about it would only encourage it.

Sex between male soldiers is illegal, and men continue to be sent to jail for it. Many mainstream politicians are vocal homophobes, which appeals to some Confucian traditionalists and evangelical Christians. (Of the 30% of South Koreans who identify as Christian, more than half are members of conservative Protestant congregations.) The leader of the main opposition party recently stressed that he was opposed to homosexuality and that South Korea needed to protect its "beautiful family values".

Most South Koreans oppose same-sex marriage, and the government has no plans to recognise it. Young people, however, are more liberal than their elders. More than half of those in their 20s think gay people should be allowed to wed, so no doubt they will be able to some day.

For now, though, gay life in South Korea can be miserable. "Some of my friends have killed themselves, others have been forced into psychiatric wards or conversion therapy," says Kim Hye-yeon, a 20-something from Busan. "There's nowhere for us to go, nobody to protect us." ■

Banyan Forward to the past

An election campaign in Sri Lanka stirs old ghosts

THE FRONT-RUNNER in Sri Lanka's presidential election in November has a boring message. It is designed to be wonderfully soothing to those alarmed by the political chaos of the past couple of years, as the president and prime minister have feuded—and indeed to those for whom the brutal civil war that ended only a decade ago still casts a frightening shadow.

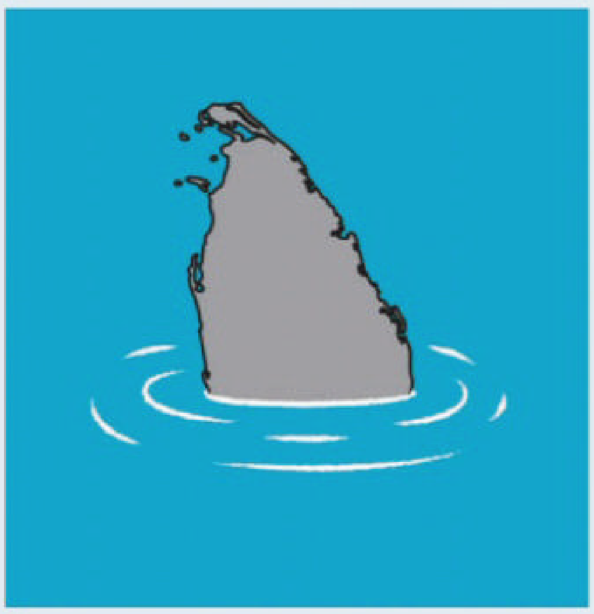
Gotabaya Rajapaksa, who declared his candidacy last month, assures voters that the future is one of peaceful, "knowledge-based" development for all. It will be led by technocrats, and be free of the curse of politicking. His years as an army officer, "Gota" says, will ensure crisp, meritocratic efficiency.

The blandness of Mr Rajapaksa's campaign is the message. For there is another Gotabaya, from under whom Sri Lanka has already once had to crawl. Ten years ago a horrendous civil war ended in a massive government assault on Tamil rebels on a narrow strip of beach in the north of the island, overseen by Mr Rajapaksa, who was secretary of defence at the time. There, Tamil commanders and their families were killed by troops meant to be accepting their surrender, but not before thousands of civilians trapped in the fighting had perished too.

A 26-year-old war had ended, with unspeakable crimes on both sides. But when the victorious government was returned in a landslide in 2010, it continued to see enemies everywhere. It grew ever more authoritarian as it championed a Buddhist Sinhalese chauvinism at the expense of Hindu, Muslim and Christian minorities. A notable critic, Lasantha Wickrematunge, a newspaper editor, had been murdered in 2009. Others began to disappear in Colombo, the capital, into white vans driven by pro-government goons. The chief justice was impeached and the rest of the judiciary brought into line. Meanwhile, Tamils in the north still lived in fear of the security forces. It was a huge relief to many when the government lost power in an electoral upset in 2015.

All this matters because the ousted government was a Rajapaksa family business. Mr Rajapaksa's brother, Mahinda, was president; another brother, Basil, oversaw the economy; a fourth was speaker of parliament. Gota wanted credit for winning the war, and bridled at claims of war crimes. He ran the security services during the era of white-van terror. He had a foul temper and a threatening tongue.

Both Basil and Mahinda are frank enough, when asked, to admit that Gota needs to keep talking about policies, not the past. Yet again and again he seems drawn back to that other country in which part of him still dwells, arguing that his achievements in ending the war and rebuilding the north have never been fully acknowledged. His greatest regret, he says, is not being properly understood. Even



reports that he kept sharks in tanks are unfair: they helped to soothe his nerves and anyway, he says, stretching out his hands, they weren't that big.

There is another worrying aspect to Gota's prospective return. It comes with the full Rajapaksa package. Basil is overseeing an efficient, high-tech campaign—dreamt up, he says, while serving time in prison for corruption. Mahinda, who sparked a constitutional crisis last year by attempting to supplant the prime minister in a parliamentary coup, now intends to win the post via parliamentary elections next year.

Should the Rajapaksas make a comeback, they may suffer from new flaws as well as old. Although they pooh-pooh the idea, it seems quite possible that Gota and Mahinda will fight over every bit of power at the country's expense. Mahinda, the oldest brother, is a sun king, his chair in his meeting room a handspan wider than the others. He says the post of prime minister will be the crucial one in government. Across town, Gota argues for a strong executive presidency.

If there is an alternative to Rajapaksa rule, it is taking an excruciating time to declare itself. It is in the power of Ranil Wickremesinghe, the prime minister, as head of one of the country's two big parties, to anoint a challenger. The 70-year-old seems to have thought of himself as the ideal candidate. But after a dismal term as prime minister, no one in his party shares his view. He has not yet come round to endorsing the ally with the best numbers in the polls, Sajith Premadasa, son of Sri Lanka's third president. Mr Premadasa's chief backers admit that not even the candidate himself really knows what he believes in. But he is popular enough—and, better yet, his name is not Rajapaksa.

Unrest in Hong Kong

Carrie Lam's blues

HONG KONG

The territory's leader has made a concession to protesters. It may not help

DURING THE past nearly three months of popular unrest in Hong Kong, unprecedented in size and intensity, the territory has become accustomed to surprises. Participants themselves have been taken aback by the scale of some of the protests, the violence they have spawned by protesters and police, and their persistence in spite of the economic harm that some residents fear they are causing and the risk they may be incurring of intervention by the mainland's security forces. Now the territory's chief executive, Carrie Lam, obdurate for weeks in the face of the protesters' demands, has changed her tune.

On September 4th, after days of speculation that the government was preparing to get far tougher, perhaps by invoking sweeping colonial-era emergency regulations, Mrs Lam made a pre-recorded televised address that was clearly intended to sound conciliatory. In it she said she would formally abandon the proposed legislation that sparked the unrest in June—a bill that would have allowed criminal suspects in Hong Kong to be extradited to Communist Party-controlled courts on the Chinese mainland. Mrs Lam shelved the bill a few days after the protests broke out, but had hitherto rejected protesters' demands that she scrap it entirely. She now says a government motion declaring its withdrawal will be submitted to the legislature when it reconvenes next month.

This was hardly a dramatic step—she had already declared the bill "dead". But it was striking in the context of recent reports that she had been refusing to ditch it completely because the leadership in Beijing would not let her. On August 30th Reuters news agency quoted unnamed sources in Hong Kong as saying that Mrs Lam had proposed doing so in a report submitted to the central government. This document had also suggested accepting one of the protesters' other demands, namely that an independent inquiry be conducted into the protests, including the use of excessive force by the police. Reuters said the response from Beijing was that no further concessions should be made.

Many pro-democracy activists have responded dismissively to Mrs Lam's announcement. They note that Mrs Lam repeated her consistent line that complaints about police violence would be handled by the Independent Police Complaints Council, which protesters say is not independent enough. She also made no concessions to their other demands: that arrested demonstrators be released and no charges pressed, that the government stop classifying the unrest as a "riot" and that full democracy be granted. The party has promised eventual "universal suffrage" in Hong Kong. But it applies the term only to the ability to cast a vote. It reserves the right to decide who can stand.

Few protesters expect the party to grant more democracy. But a slogan they often chant is "Five demands, not one less", implying that they intend to maintain pressure on the government even though they know their goal is unrealistic. Before Mrs Lam's address, the stances of both sides had appeared to be hardening. Last week, for the first time, the police refused to give permission for a proposed big rally in central Hong Kong. Organisers called it off, but thousands turned up anyway on August 31st. This led to some of the worst violence since the unrest began. ▸

→ Also in this section

Protesters threw dozens of petrol bombs and lit bonfires in the streets. The police responded with water cannon (a recent addition to their armoury) with blue dye to stain protesters at the scene and help with identification later. They also fired live rounds in warning. On the following day protesters gathered at the airport, disrupting flights and ground-transport links. They later vandalised train stations elsewhere in Hong Kong.

The scale of the unrest fuelled mounting speculation that the government might apply the martial-law-like Emergency Regulations Ordinance which was introduced by the British 75 years before their withdrawal from the territory in 1997. It was last used in 1967 to crush riots by Communist Party supporters. Under it, the government could impose censorship, seize property and arrest people far more freely. Party-controlled newspapers in Hong Kong have been braying for the law's deployment.

But using the ordinance may not help the government as much as the party's cheerleaders expect. Restricting liberties could strengthen support for the demonstrators. Business confidence could plummet should the authorities start confiscating assets. Some firms are already deeply worried about being caught in the crossfire. Hong Kong's flagship airline, Cathay Pacific, is one. The participation of some of its staff in the protests has infuriated Chinese officials. In mid-August the company dumped its chief executive as Chinese pressure on the firm grew. On September 4th its chairman, John Slosar, also said he would resign. (Cathay says he is retiring.)

Ronny Tong, a member of Mrs Lam's cabinet, says he personally has reservations about invoking the ordinance. He is concerned, for example, that if it were used to ban masks at protests (the pro-party press is eager for this to be done), the police might not be able to enforce the new rule strictly. If the police were struggling, in turn, he is worried that might prompt the mainland authorities to intervene as allowed for in the basic law.

In a recent off-record speech to businessmen, published by Reuters on September 3rd, Mrs Lam said officials in Beijing were not planning to send in the army. "They know that the price would be too huge to pay," she said. But she admitted that she had few options. "Political room for manoeuvring is very, very, very limited," she said, given the need to "serve two masters": the central government and the people of Hong Kong. She admitted that she had caused "unforgivable" havoc in the territory and said that if she had a choice, she would quit. Later, pressed by reporters, she denied having asked the central government for permission to do so and insisted she had not even thought about it. She must surely be tempted. ■

The Belt and Road Initiative

From the party, with love

BEIJING

The flop of a belt-and-road film

"PLEASE DON'T take it as a propaganda movie," urges an employee from the Chinese entertainment company behind "Common Destiny", the world's first film featuring China's Belt and Road Initiative (BRI), a global infrastructure-building scheme. That is a tall order. State media openly admit that the film, which had a nationwide première on August 30th amid much hype, received "major backing" from the government. It bears only a superficial resemblance to a drama pic.

The Chinese term for BRI is rarely mentioned in the film. But it is all about the goodwill that China supposedly manifests through the project. The plot revolves around half a dozen unrelated people from all corners of the world, each benefiting in some way from the scheme. A schoolgirl in Kenya rides a new railway built by China (a guard is pictured at its terminus in the Kenyan capital, Nairobi). An unemployed woman in Jordan is hired by a Chinese internet firm—involved in the BRI's "digital Silk Road"—after local companies turn her down. The only aspect of the film that is overtly political is its title, which is shorthand for the much ballyhooed goal of President Xi Jinping's foreign policy: "A community of common destiny for mankind". At the film's opening Martin Campbell, a New Zealander best known for directing the James Bond movies "GoldenEye" and "Casino Royale", said "Common Destiny" would "deeply touch" audiences.

Those audiences, however, appear indifferent, not stirred. In its first five days "Common Destiny" earned just 1m yuan ($140,000) at the box office. In contrast, "Wolf Warrior 2", a jingoistic action thriller also related to China's overseas influence-building, grossed 5.7bn yuan in 2017—a Chinese box-office record. One of the state firms behind that film is also an investor in "Common Destiny".

Indeed, a sizeable minority of online commenters on "Common Destiny" appear sceptical about the BRI itself. "We are a developing country, yet we frequently give money away to others," laments one on Mtime, a movie review and ticketing platform (never mind that BRI involves few free handouts). Recent research by a Chinese academic, who asks not to be identified, is revealing. It found that only a third of comments on the BRI published online in China were "enthusiastic" about the project. Two-thirds were "neutral".

Some people may not like China, as an emerging great power and the world's second-largest economy, being so closely identified with the developing world. In recent years the BRI's detractors in China have taken to mocking the project online by calling it *da sa bi* ("big spill of money"). This is a play on *da sha bi*, which literally means "big stupid cunt". Censors have tried to keep up, but posts referring to the BRI as *da sa bi* can still be found.

The academic says he is convinced that public enthusiasm for the BRI will grow, especially if the government increases publicity about the economic benefits that China itself will reap. But "as a big country, we have a duty to help less developed countries," he notes. He reckons that more than 90% of Chinese people will be receptive to this line of thought if it is delivered in the right way. Perhaps a pacier sequel to "Common Destiny" would help. ■

Waiting for the next one

Chaguan | Not yet a coming-out party

Gay Chinese take a cautious first step towards civil unions

Two decades ago there were no gay men in China. That, at least, was the claim of a senior Chinese official when asked what proportion of his country's HIV cases involved homosexual transmission. His questioner, a government minister visiting from Britain in 2000, offered her host a wager: £100 that there were, in fact, gay Chinese. "I note that he didn't take the bet," the minister scoffed as she related the exchange to a clutch of Beijing-based reporters later that day. The British ambassador, teacup frozen in mid-air, hastily declared the minister's comments off-the-record.

Chaguan attended that long-ago embassy tea party during a first posting to China. Back then Communist Party officials routinely called same-sex attraction a sickness carried by foreigners and Chinese doctors classified it as a mental disorder. Criminal penalties for homosexual acts were abolished only in 1997.

A generation later, that era of denial seems almost quaint. On September 2nd Chaguan interviewed Peng Yanzi and Yang Yi, an openly—indeed cheerfully—gay Chinese couple, about their plans to register as one another's legal guardian. Amid much joking and finishing of each other's sentences in a coffee shop in Guangzhou, their southern home town, Mr Peng, 36, and Mr Yang, 31, explained the documents they are drafting with the help of a local public notary. The mutual agreement will allow each to take medical and some financial decisions for the other, should they grow infirm, undergo surgery or otherwise lose their faculties. They are among a pioneering band of same-sex Chinese couples taking advantage of a guardianship law initially drafted with the elderly in mind. This was amended in 2017 to cover all adults. A few months later creative lawyers and activists realised that registering as mutual guardians could give same-sex couples some legal protections, even if those fall well short of those provided by gay marriage.

The democratic island of Taiwan legalised same-sex marriage in May, over the objections of conservatives steeped in Chinese cultural and religious values. For now, same-sex unions remain unthinkable on the Chinese mainland. Marriage between one man and one woman "suits our country's national condition and historical and cultural traditions", a spokesman for China's parliament declared in August.

"We're using what we can find in the current legal system to protect ourselves," says Mr Peng, who works for LGBT Rights Advocacy China, an NGO. He lives in an unusually laid-back metropolis. But mutual guardianships between gay people have also been signed in other cities, including Changsha, Nanjing and Shanghai. Nationwide attention was sparked in August when a notary's office in Beijing, where every act is weighed for its political correctness, approved the capital's first known same-sex guardianship agreement. Almost as significant, to activists, was the neutral, even supportive coverage of the event in state-owned media. Posts about mutual guardianship in Beijing have cumulatively earned over 100m views on Weibo, a microblogging platform.

Official tolerance is not unlimited. Several notarial offices have used social media to announce same-sex guardianship agreements, only to swiftly delete the posts. Censors have stepped up efforts to shield Chinese audiences from depictions of gay life in films, on television and online. In late 2018 a female author of gay erotic fiction was jailed for ten years on pornography charges.

Mr Peng and Mr Yang face a dilemma that is familiar to all who try to build a stronger civil society in China. They hope to see many more couples take advantage of mutual guardianship. They were shaken when a lesbian friend died, whereupon her parents took possession of her home and car, leaving her long-standing partner bereft. "We realised that in the eyes of the law, they were still strangers even after living together for six or seven years," says Mr Peng about the lesbian couple. "Like roommates," interjects Mr Yang. Beyond the practical benefits of guardianship, increasing the visibility of gay Chinese is a long-term goal. However, they would prefer not to attract too much attention, in case the government—which has yet to signal its view of same-sex guardianship agreements—decides that it disapproves.

Ready to hold up their bit of the sky

Gay groups in China take striking care to avoid terms liable to alarm the party, such as human or civil rights. Instead they stress how gay love is compatible with traditional family values. One of China's largest support groups, Parents and Friends of Lesbians and Gays, gives pride of place to parents who profess their acceptance of their children's homosexuality. One of the group's recent meetings in Beijing was conspicuously wholesome. Smartly dressed mothers sat around the edge of the room, making small talk about options for reaching the gathering by public transport, and politely admiring smartphone pictures of each other's offspring. Meanwhile, youngsters in campaign T-shirts put out folding chairs and rainbow flags. Once under way, the meeting featured testimonials from mothers and their lesbian daughters about family heartbreak and forgiveness.

Ming, a 22-year old student at the meeting, is guardedly optimistic. The party no longer seeks to control every aspect of people's personal lives as it did decades ago, she says. She sees government caution about gay marriage as a bid to avoid affronting majority public opinion. Attitudes to gay rights are generational, she reports. She has not come out to her own parents, who think of homosexuality as a disease. That is why her real name is not used here. But once those born in or after the 1990s become China's mainstream, "I believe things will be different," Ming says.

Until then, gay campaigners will stress small, pragmatic steps like mutual guardianship. China's rulers are obsessed with maintaining social stability. Gay Chinese couples are ready to help, by taking responsibility for their own welfare. At least the party now admits they exist. ■

The pope in Africa

Stony ground

A pontiff who professes compassion for the world's poorest finds Africa a surprisingly hard terrain

A YEAR AGO President Filipe Nyusi of Mozambique went to the Vatican and announced triumphantly that he had persuaded the pope to visit his country. Pope Francis retorted that he would make the trip in 2019—if he was still alive. This week the 82-year-old pontiff is keeping that promise, making only his second trip to sub-Saharan Africa, which is by far the biggest area of expansion for Christianity. His tour also takes in Madagascar and Mauritius.

In some ways the itinerary is apt. In Mozambique alone he can see many of the woes that afflict his burgeoning flock across Africa: terrorism, interfaith conflict, environmental harm and the spectre of state failure. Madagascar, a fragile store of biodiversity, is similarly afflicted by poverty and rapid deforestation, which reduces nature's resilience against disasters, such as the cyclones that swept the region last spring. Around 2m poor Mozambicans were hit by storms and floods.

With the locus of Christianity moving southward, this troubled continent represents the faith's greatest hope. According to Pew, an American research institute, the share of the world's Christians who live in sub-Saharan Africa will surge to 42% by 2060, up from 26% in 2015 (see chart). Without that demography-fuelled expansion in Africa, Christianity would be destined to fall rather swiftly behind Islam as the world's most popular faith. Pew predicts that by 2060 Muslim numbers will be 70% above 2015 levels, whereas the Christian flock will have risen by just 34%. As a net result, Pew reckons, Christians will make up 32% of the world's population and Muslims just one percentage point less.

But Africa also presents pastoral problems that seem at times beyond the reach of any religious leader, no matter how charismatic. Nor does Francis, despite his compassion for African migrants to the rich world, find the African church easy to navigate, given the doctrinal conservatism of its leaders.

In Mozambique's northern tip, a radical Islamist movement has claimed hundreds of lives, prompting at least one Catholic bishop to excoriate the government for failing to provide protection. Elsewhere, too, the country looks fragile. Only last month the government signed a final peace accord with the guerrillas of Renamo, its enemy in a bloody civil war that supposedly ended in 1992. Some parts of Renamo have rejected the deal, which requires fighters to disarm and co-operate in elections in October. An independent Catholic peacemaking agency, the Sant'Egidio community, has been deeply involved in mediation in Mozambique, and Francis will add his weight to the cause of reconciliation with Renamo veterans.

Christian-Muslim conflict is also sputtering across west Africa and would now make any papal visit there a logistical and security challenge. In Nigeria Christians say they are at ever-increasing risk both ▸▸

from the Boko Haram terrorist group, part of which is aligned with the jihadists of Islamic State, and from Muslim Fulani herdsmen who have attacked crop-growing farmers. At least three Catholic priests have been killed this year.

Francis has always stressed the primacy of economic factors in fuelling conflict, and he has refused to engage in Christian-Muslim name-calling. That marks a contrast with his predecessor, Benedict, who provoked a storm in 2006 with a speech that unintentionally seemed to link Islam with a propensity for violence. As Jimmy Burns, a biographer of the current pope, puts it: "Francis is convinced that environmental damage, inequality and competition for resources are the factors behind religious fundamentalism of any kind." In recent days Francis seemed to confirm his doveish credentials in matters of Christian-Muslim relations by giving a cardinal's hat to Archbishop Michael Fitzgerald, a British expert on Islam who had been demoted by Benedict, apparently for being too emollient.

Arguments based on economics as a cause of interfaith conflict may resonate in academia but some Catholic leaders from Africa are pressing Francis to serve up stronger doctrinal medicine. Among the most powerful of African-born prelates is Cardinal Robert Sarah, who grew up in Guinea under a harsh Marxist dictatorship and developed a strong antipathy to left-wing authoritarianism.

Sarah's conceptions

Cardinal Sarah has endeared himself to conservative critics of Francis by describing Islamist terrorism and liberal ideas about reproduction and sexuality as co-equal threats to the integrity of the Catholic faith. "What Nazism [and] fascism and communism were to the 20th century, Western ideologies on homosexuality and abortion and Islamic fanaticism are today," he declared in 2015. Cardinal Sarah, who is responsible for worship and liturgy at the Holy See, is more or less loyal to Francis, but many traditionalists hope he will be the next pontiff. An African candidate more in line with Francis's thinking would be Cardinal Peter Turkson of Ghana, the Vatican's point-man on development.

Even leaving aside the sensitive ideological questions that divide conservatives from relative liberals like Francis, the sheer size of the African Catholic church makes it difficult for anyone to control. Take a recent clerical dispute in Nigeria. Francis tried in 2017 to use the might of his office to force priests in the diocese of Ahiara to submit to a bishop who was not a member of their cultural and linguistic group. The clerics were told to write personal letters of apology for their reluctance to accept the unpopular prelate. Some letters were penned, but the Vatican blinked first: the bishop stepped aside.

Elizabeth Foster of Tufts University, who has just written a book called "African Catholic", says today's lively, stubborn church is in some measure a by-product of French colonial policies. During the final decade or so of colonial rule, the French state overcame its secular principles and helped the church in a burst of missionary zeal, building schools and dispensaries which spread the faith. This produced a generation of well-educated and articulate Francophone clerics, but they did not always take the line that was expected by the church or state in Paris.

Little wonder that Francis finds Africa uncomfortable. But his successor, whoever he is, will at the very least have to focus more on it. He may even be African. ■

Gambling in Ethiopia

All bets are on

ADDIS ABABA

A craze for wagering on football is sweeping the nation

GETABALEW SEIFE is beginning to feel suspicious. Four times a week he saunters into the same bar in downtown Addis Ababa and puts down a bet. He often punts on Manchester United, his favourite football club. But he almost always loses. "I think Manchester United is somehow supporting the betting companies," he says. Still, he returns. "I'm playing just to get my money back."

Like Getabalew, Ethiopia has caught gambling fever. Sports betting shops are springing up across the country. "People have gone crazy," he says. His friend had to sell his car last year after a run of bad luck. Others, though, are making out just fine. "It's a cash cow," says Sophonias Thilahun of Bet251, which plans to open 100 betting shops in Addis Ababa over the next six months. It may soon compete with 18 other companies, most of which were granted licences in the past year.

Sports gambling has been growing across Africa, fuelled by the spread of smartphones and mobile money. Kenya, Nigeria and South Africa lead the way, with multimillion-dollar gambling industries. A survey in 2017 across six sub-Saharan African countries found that more than half of young people had tried gambling. Over 75% of young Kenyans have placed a bet.

Ethiopia was until recently a laggard. Addis Ababa had a hotel casino in the time of Emperor Haile Selassie, but this was closed by the Marxist junta known as the Derg in the 1980s. Its successor, the Ethiopian People's Revolutionary Democratic Front, shared the Derg's suspicion of gambling. The first betting licence was not granted until 2013 and the market remained mostly empty until 2016. Foreign firms are still prohibited.

Recent improvements in Ethiopia's telecoms infrastructure help explain the boom. "Without internet you couldn't do anything," says Michael Demissew of Abyssinia Bet, a gambling firm that uses mobile money. The government has also softened its stance since the appointment of Abiy Ahmed, the relatively liberal prime minister, last year. It has allowed gambling advertisements on radio and television and may soon permit casinos. It is motivated by the potential for new tax revenue, says Sophonias.

But the boom also reflects deepening economic frustration among the country's youth. "Almost everyone is playing for money, not entertainment," says one punter. "You could get money here that you can't get anywhere else."

Israel's Arab citizens

Arab-Israelis or Palestinians?

RAMLE

Israel's biggest minority could hold the key to political change

IT IS EASY to spot the Jewish and Arab neighbourhoods in Ramle, one of Israel's few "mixed" cities. The Jewish ones consist mainly of tall, fairly new apartment buildings, with neat pavements. Arab areas, clustered around the city's old centre, are haphazard and dilapidated. Naif Abu-Swiss, an independent city councillor, insists that things are changing. After being elected last year, he joined the municipal ruling coalition, headed by a mayor from the right-wing Likud party, and has been put in charge of urban renewal.

"A Likudnik mayor is best for us," says Mr Abu-Swiss. "He's close to the government and gets funds for Ramle. He's not prejudiced and is investing in planning and renewal in the Arab neighbourhoods." Even so, the councillor hopes the long-serving Likud prime minister, Binyamin Netanyahu, loses the parliamentary election on September 17th, Israel's second this year (Mr Netanyahu failed to form a coalition after the first, in April). "He needs to be replaced, so Israel won't be like an Arab dictatorship," says Mr Abu-Swiss. Arab voters could be key to turfing him out.

Mr Abu-Swiss, a property developer, is one of a new wave of Arab-Israeli politicians who advocate a change of political strategy for Israel's main minority. A fifth of Israeli citizens are Arabs. They have had the right to vote in every Israeli election since the country was founded in 1948. But their main parties have never joined a national coalition government. This is partly because of the ruling parties' refusal to include them, but it also reflects the reluctance of Arab politicians themselves. Joining an Israeli government, many have argued, would make them complicit in mistreatment of their fellow Arabs.

In recent years, though, a big shift has been under way. In a poll in March, 87% of Israeli Arabs said they would like to see an Arab party join the ruling coalition. The same poll found that those who considered themselves "Arab-Israeli" outnumbered those who preferred to identify themselves as "Palestinian" or "Palestinian-Israeli".

Though the broader Israeli-Palestinian conflict is far from being solved, Israel's Palestinian citizens (unlike their brothers living without political rights under military occupation in the West Bank) have more to gain from integration. And though inequality and discrimination are still part of their daily lives, some advances have occurred. The improvement in education and health has been dramatic. Arab citizens have almost closed the gap with Jews in life expectancy and years of schooling, though they are a lot less rich. Israeli Jews on average earn over 50% more than Arabs. Half of Arab families fall below Israel's official poverty line.

A veiled threat to Netanyahu

In 2015 the Likud government passed a five-year plan to spend an extra 15bn shekels ($4.25bn) in ways that might help Arabs. This was meant mainly to help Arab local authorities which were planning new neighbourhoods and industrial zones in their jurisdiction and to improve education and job prospects. Arab politicians grumble that these projects are happening too slowly, but admit that the money is making a difference.

The political climate matters, too, however. "It's like eating in a fine restaurant, where the waitress says: 'I hope you choke on your food,'" says Issawi Frej, an Arab member of parliament. "Netanyahu is correct when he says that under his government more money than ever went to the Arab community. But it was also a period of peak incitement against Arab citizens." Mr Netanyahu has periodically accused Arab citizens of lawlessness and disloyalty. On election day in 2015 he warned that "Arab voters are moving in droves to the polling stations." In 2018 he pushed through a "nation state law" declaring that Israel is the exclusive homeland of the Jewish people and downgrading Arabic from the status of an official national language.

Despite this, Mr Frej, a member of a predominantly Jewish left-wing party, Meretz, insists that "to serve the interests of the Arab community, we need to be in coalitions and government. I'm prepared to sit with anyone, except outright racists, to achieve that." However, Mr Netanyahu's propaganda works. Even Benny Gantz, leader of Blue and White, the main opposition party, will not say in public that he is prepared to include Arab parties in his coalition if he wins.

"How can we endorse as prime minister someone who won't even talk to us?" asks Ayman Odeh, Israel's most prominent Arab politician and leader of the Joint List, an electoral alliance of four Arab parties. Nonetheless, in an interview less than four weeks before the election, Mr Odeh said he would be prepared under certain conditions to join a government under Mr Gantz. That suggestion did not go down well. Blue and White, anxious not to anger its Jewish voters, gave Mr Odeh the cold shoulder. Some of his more nationalist Arab colleagues huffily insisted that he was speaking only for himself.

In this year's first election in April the turnout of Arab voters plunged to 49%, from 64% in 2015. This has been ascribed partly to a feeling among Arabs that their votes have no influence, partly to Arab politicians' focus on nationalist issues at the expense of their constituents' domestic concerns, and partly to Jewish hostility. Attitudes on the Arab side are beginning to change. But the Jewish side, including most of the centre-left opposition, is still loth to accept Arabs as equal citizens. ■

Russia

The Kremlin v the people

MOSCOW

Repression doesn't work as well as it used to

EGOR ZHUKOV, a student in Moscow, published a video blog on August 1st in which he described how the *siloviki* (members of Russia's security services) had seized power in Russia, using protests over local elections in Moscow as an excuse. "Russia will inevitably be free," he said, "but we may not live to see it if we let fear win, because when fear wins, silence comes...a silence that will be disturbed by the screeching brakes of a black police wagon and the deafening ring of a doorbell that divides life into before and after."

Coming from a 21-year-old student, in prettified and bustling Moscow, with its hipster cafés and cycle lanes, the associations with the darkest days of the Soviet 1930s seemed like hyperbole. Eight hours later, in the middle of the night, the security services rang Mr Zhukov's doorbell. At 2.05am, he sent a text message to a friend: "They've come for me." A few hours later, he was led away and charged with involvement in "mass disturbances" during the summer protests. The charge was fabricated. Not only were the protests peaceful but Mr Zhukov was misidentified in a video used by the police. The only acts of violence during the protests were committed by the police and the security services.

But the arrest of Mr Zhukov, and of many of his fellow activists, has been met with anything but silence. Students and academics have signed open letters and picketed police headquarters. Bloggers and rappers came to support him in court. And at the next big protest, on August 10th, some 50,000 people came out onto the streets. *Stars' Secrets*, a tabloid about the life of celebrities, published a two-page spread about police violence.

On September 3rd, after a month in detention, Mr Zhukov was released and placed under house arrest, the initial charge of "mass disturbances" replaced by a somewhat softer one of "extremism". Five other detainees, also charged with "mass disturbances", were released without charge. At the same time, though, four other men who had tried to resist police violence during the summer protests were sentenced to two and three years in prison.

The Moscow protests, the largest since 2012, have demonstrated that Vladimir Putin is running out of non-violent means of sustaining himself in power. However, they also showed that ordinary Russians are no longer prepared to put up with being terrorised—and this shift in the public mood makes it harder for the Kremlin to terrorise them. The current crisis was triggered by the government's fear of losing in local elections due on September 8th across the country, with the vote for Moscow's city council especially significant. The council has little actual authority, but symbols carry enormous political weight in Russia. To many Russians, the fight for the Moscow council has turned into a proxy battle for the Kremlin itself.

This was partly the doing of Alexei Navalny, Russia's most prominent opposition leader, who urged his supporters to vote for candidates whom he identified as being most able to defeat the Kremlin's nominees. The Kremlin used bogus excuses to disqualify not just Mr Navalny's associates, but all independent candidates, including the more moderate ones. This sparked the large-scale protests.

The Moscow authorities initially showed restraint. But when a couple of ▸

tents went up in central Moscow, officials fretted that this might be the start of a Ukrainian-style uprising. The *siloviki* came rushing in to crush it. They beat up unarmed protesters, including women, arrested some 1,400 and threatened to take away children from parents who brought them to protests. "We wanted to set a small fire and fry up United Russia [the ruling party]. But then the Kremlin dumped a canister of petrol into it," says Mr Navalny.

What started as a protest against electoral shenanigans turned into a broader movement for human rights. The initial slogan *dopuskai* "let [the candidates] in" changed into *otpuskai,* "let [political prisoners] out". Kirill Rogov, an analyst, says that the one thing that independent-minded Russians can agree on is that they should be allowed to demonstrate without being beaten up.

"Society is no longer prepared to put up with violence," says Grigory Okhotin of OVD-Info, a human-rights group that monitors and provides legal help to the victims of repression. In recent weeks the group has seen an eight-fold increase in voluntary donations and a doubling of the number of volunteers, most in their mid-20s. "They are intolerant [of] repression and don't want to wait for Russia to turn into a normal country. They want to live in a normal country now," says Mr Okhotin.

In a poll by the Levada Centre, 41% of Russians (and half of Muscovites) said they thought the state's use of force was excessive and cruel; only 32% deemed it justified. Many people who once saw the state as a guarantor of stability and growth now see it as a threat. Hoping to de-escalate the crisis, the Kremlin has apparently transferred control of the Moscow streets back to civilians. The most recent protest on August 31st ended peacefully.

This tactical retreat may be followed by more repression. But the summer protests showed that brutality has costs. As Mr Zhukov wrote in his letter from prison, the regime's fall could be as sudden as his own arrest, the ring of history's bell dividing Russia's life into before and after. ■

Italian crime

Hands to yourself

VENICE

Nabbing the floating city's thieves

WITH HORDES of distracted tourists crowding its labyrinthine streets, Venice offers rich pickings for pickpockets, especially during the summer crush. The police cannot cope. So volunteers known as *Cittadini non distratti* (CND), or Undistracted Citizens, help them out.

Most of CND's roughly 60 members just take pictures of suspects, using WhatsApp to pass along leads to cops. Some only grab the thieves they spot in the shops and bars where they are employed. Even so, CND is behind a third of pickpocket arrests in Venice, says Francesco Livieri, a deputy police commissioner. Collaboration between CND and the cops is so tight, Mr Livieri jokes, that he spends more time with the volunteers than with his wife.

Privately, some volunteers say that they are behind many more than a third of pickpocket arrests. Cops are thin on the ground but "we have eyes everywhere", says Franco Dei Rossi, an affable 68-year-old street painter who founded the group nearly three decades ago. Members must decline any rewards from victims (including, says Mr Dei Rossi, the occasional come-on). As he is speaking, two men who the group says have been picking pockets for weeks stroll past and, upon recognising Mr Dei Rossi, smile wryly. He shouts back: "Get a job!"

Some members accuse city officials of neglecting pickpockets and pursuing illegal picnickers instead, who are much easier to catch and fine. Slow, lenient courts fuel street crime, says Monica Poli, a CND member. A cleaner, she hunts pickpockets after work near Venice's train station, where apprentice thieves

learn their trade by relieving newly arrived tourists of their wallets. "Here, I run things," Ms Poli says. Perhaps, but Ms Poli was recently beaten twice by packs of female pickpockets. In Venice, they outnumber their male colleagues.

The crusade is getting harder. Pickpockets circulate photos of CND volunteers, eroding their element of surprise. Also, it is no longer advisable for volunteers to restrain someone with a hand in a stranger's purse. The courts now prefer that volunteers wait until the hand has emerged clutching valuables. And female thieves have a dastardly tactic to thwart their pursuers. When caught, they routinely scream that they are being groped or raped. This has made citizens' arrests dangerous, says a CND member. He says he recently grabbed a thief who promptly ripped her own shirt and screamed that she was being attacked. Says Damiano Gizzi, a volunteer: "we risk a lynching."

Germany

Meltdown averted

DRESDEN

The parties that form Germany's ruling coalition escape electoral disaster

ON SEPTEMBER 1ST Germany's ruling Christian Democratic Union (CDU) scored its worst result at a state election in Saxony for three decades—and the party faithful, crammed into a sweaty restaurant in Dresden, cheered it to the rafters. For although the party's 32% share was almost one-fifth lower than in the last vote, in 2014, it was enough to stop the hard-right Alternative for Germany (AfD) from winning its first state election. A similar story unfolded in Brandenburg, another eastern state, where the ruling Social Democrats (SPD) squeaked a victory over the AfD with just over a quarter of the vote. The SPD once scored absolute majorities here. But the AfD's performance in eastern Germany has dramatically lowered the bar for what other parties consider success.

Disaster averted, then? The probable survival of the ruling parties in both states provides a little breathing-space to Germany's federal coalition, an unhappy marriage of the CDU (plus its Bavarian sister party) with the SPD. Annegret Kramp-Karrenbauer, the CDU's embattled national leader, can thank Michael Kretschmer, her counterpart in Saxony, for leading the party to victory in a spirited campaign. For the SPD, divided and rudderless, losing Brandenburg would have darkened the mood further as it begins a campaign to choose a leader to replace the one it kicked out in June. Several of the candidates still want the party to leave the federal government, a decision it must make in December.

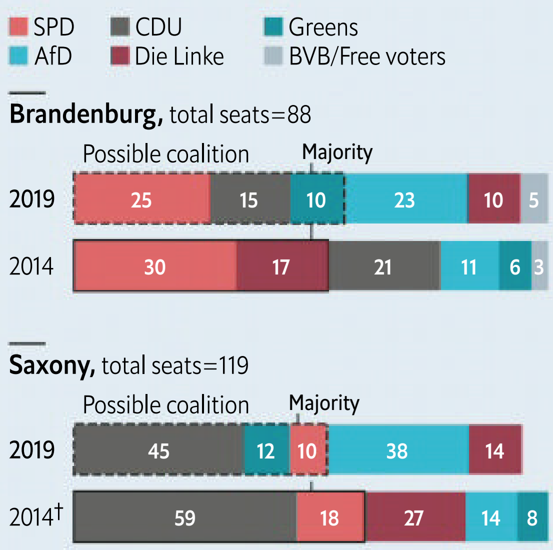
In the two states, the ruling parties now begin the tough work of building coalitions. In Saxony Mr Kretschmer's only option seems to be a "Kenya" coalition with the SPD and the Greens (the parties' colours match the country's flag), which would leave more parties sitting in government than outside it. Big differences over education, policing and energy will hamper the negotiations; success is not guaranteed. A similar combination looks possible in Brandenburg. A Kenya coalition in neighbouring Saxony-Anhalt has been a miserable experience for everyone. But awkward governing contraptions are increasingly unavoidable if the AfD is to be kept out of office, as all other parties insist. By the year's end four of the five states of the former East Germany may be run by three-party coalitions. That bolsters the AfD's claim to be the only genuine alternative.

Many members of the Saxon CDU, perhaps the country's most conservative branch, grumble about the *cordon sanitaire* their leadership has erected around the AfD. But the populists' radicalisation makes co-operation impossible: Andreas Kalbitz, the AfD's leader in Brandenburg, was plagued throughout the campaign by evidence of past links to neo-Nazi groups. That he nonetheless secured a score of 24%, including 100,000 previous non-voters, ought to concentrate minds. The party doubled its score in Brandenburg, and nearly tripled it in Saxony. In Saxony it came first among every age group below 60. This may represent the limit of its support, which has in fact been flat for two years. But electoral maps of the two states show their eastern halves painted almost entirely in the party's royal blue.

That has fuelled an anxious national conversation about the persistence of Germany's east-west divisions. November 9th will mark the 30th anniversary of the fall of the Berlin Wall (just two weeks after Thuringia, a third eastern state, holds an election). What ought to be a moment to celebrate German unity may become an occasion to highlight its rifts. ■

Phew!

Germany, state elections, seats in parliament*



Source: Wahlrecht.de *Provisional results †126 seats

The tenth city: Katowice

Silesian synthesis

KATOWICE

An occasional series on European countries' tenth-largest cities

To grasp the past and the hoped-for future of Katowice, visit Bogucice. The Warszawa II coal mineshaft, the largest of the southern Polish city's old Hard Coal Mine, has long dominated this northern district. Its skeleton and giant winch-wheel loom over a tangle of highways and communist-era tower blocks. Such, for decades, was the image of the capital of the coal-mining region of Silesia: unbeautifully industrial, pollution-scarred and hopelessly reliant on hydrocarbon. When, last December, it hosted the latest global climate conference, it seemed a preposterous choice. In the week beforehand, Greenpeace reported, it had the second-worst air quality of any city in the EU.

Poland is an environmental laggard. Its right-populist government remains emotionally fond of coal and resists tighter EU rules on emissions. Mateusz Morawiecki, its prime minister, wants to make Katowice the backdrop to his party's anti-greenery campaign in parliamentary elections in October; he has chosen Katowice as the constituency from which to run for a new seat. And yet it is worth paying attention to attempts to reinvent Katowice.

What is now Katowice was for centuries a cluster of German farms that passed between Polish, Czech, Austrian and Prussian control. From 1839 Franz Winkler, an industrialist, turned these into a coal-mining metropolis by basing his empire there. The railway came, then city status and then, after unification under Bismarck, "Germanising" cultural institutions like schools and a theatre. Polish-ising institutions followed when this part of Silesia became part of the young Polish republic in 1922, still evident today in the rational lines of the Silesian Parliament and the New York-style "Cloud Scraper" tower block. The latter was briefly used as a sniper station in 1939 when the Germans invaded.

The ravages of first Nazi and then communist control deprived the city of many of its most beautiful buildings. Since the fall of communism the city has slowly come to terms with the decline and closure of many of the mines that had thundered and churned since Winkler's time.

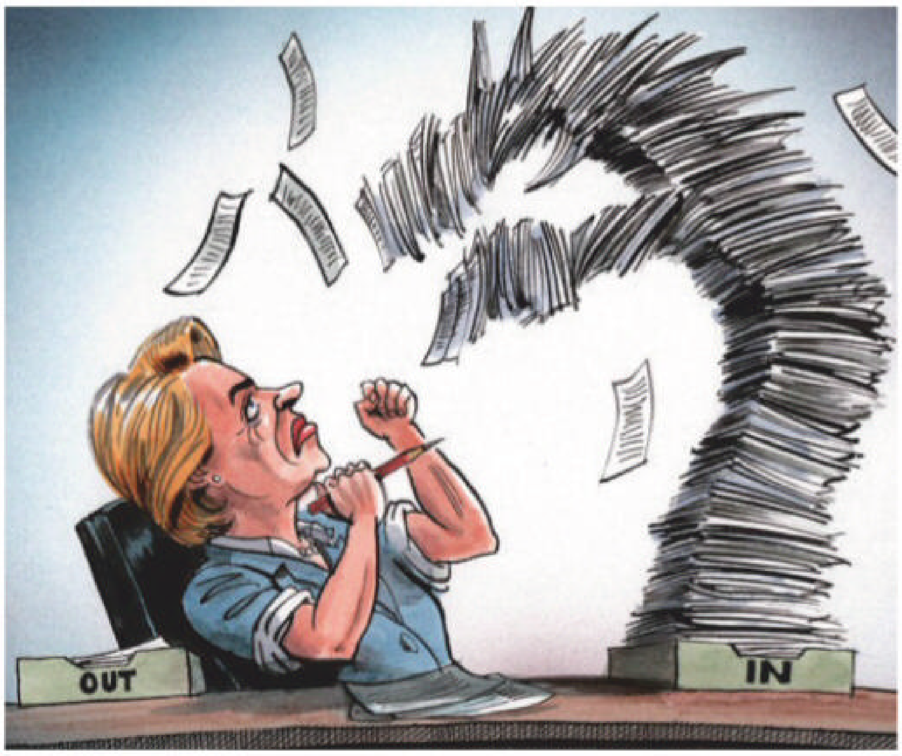
Katowice's leaders are inspired by the post-industrial reinvention of cities like Glasgow, Lille and Essen, but especially Bilbao. The Basque city has used cultural institutions like its monumental outpost of the Guggenheim Museum to strike out on a new path since the 1990s. Katowice wants to do the same with the National Polish Radio Symphony Orchestra on the site of the old KWK Katowice coal mine in Bogucice and the new Silesian Museum in Warszawa II nearby. New cycle paths twist through the city's centre, parks have been developed and former industrial sites like the Guido mine in Zabrze have reopened as tourist attractions. New business parks on the city's fringes are speeding its transition from mining (only two of the once dozens of shafts are still open) to services.

Many cities want to achieve the "Bilbao effect". Doing so takes an alchemical mix of creativity, ambition and luck. But Katowice stands a chance. Even by the standards of Poland's booming economy, it is doing very well. Overall unemployment is low (2.3%), and the city's squares, not to mention its futuristic Galeria Katowicka shopping centre, teem with workers and shoppers. Not for them the empty streets and boarded-up shops of other former coal-mining regions of Europe.

Can it last? The Polish boom will not endure forever. The final mines will eventually close. With its mighty unions and veneration of Saint Barbara (the patron saint of miners), Katowice remains at heart a coal city. But Alicja Knast, the director of the Silesian Museum, reckons it can reinvent itself. The city passed through many hands over the centuries. It has experimented with various religions. Once Protestant, it is now Catholic. It hosted an important congress in the development of Zionism and is home to Poland's first Buddhist temple. Poland's first big hip-hop artists, Kaliber 44 and Paktofonika, emerged from its reacquaintance with capitalist forces in the 1990s. Surveying the city's history from the mighty Warszawa II mine, Ms Knast is optimistic: "I'm not worried at all." ■

Charlemagne | No place for a technocrat

The incoming European Commission will be the most political yet



URSULA VON DER LEYEN was no one's first choice to be president of the European Commission. She did not run for the job during the European election campaign in May as a "lead candidate" representing a political grouping. Only because national leaders could not settle on an alternative did they resort to Germany's now-former defence minister, a centrist Christian Democrat. The European Parliament, newly fragmented after the elections, was barely convinced and endorsed her candidacy with a majority of just nine votes. When next week she presents her proposed team of 26 commissioners (one from each other member state, minus soon-to-exit Britain), and especially when she takes office on November 1st, questions about her authority will hang in the air.

Nor can she expect a honeymoon. Mrs von der Leyen formally takes the reins of the EU's executive at midnight on October 31st, the precise moment when Britain is due to leave the EU. That could make for a busy first day. Then there is the teetering pile in her in-tray: a looming economic downturn, disputes over the EU's next seven-year budget, unresolved problems in the euro zone, splits on migration and law and order, trade wars and an altogether daunting wider world. Her handling of these will depend especially on how political she is willing and able to be.

The job of commission president has evolved. The EU's executive combines the roles of "guardian of the treaties" (enforcer of rules and arbiter in disputes), initiator of legislation and implementer of decisions taken by the European Parliament and national governments. It once seemed like little more than a glorified secretariat. Roy Jenkins, the incumbent from 1977 to 1981, called his position "the impossible job." "Indeed, it can hardly be called a job at all," wrote his biographer in 1983: "The president has a number of conflicting responsibilities but no power. By no stretch of the imagination does [he] resemble the prime minister of Europe."

That has changed. Successive treaties have made the president more accountable to the European Parliament, more powerful over ordinary commissioners and better able to set the agenda. The latest stage of the process came in 2014 when the "lead candidate" convention came in, offering voters a chance to endorse a prospective president by voting for his or her party family. Jean-Claude Juncker "won" in that his centre-right European People's Party came first, and claimed this as a mandate to create a "political commission". That turned out to mean a tighter list of priorities, more control from the centre, new vice-presidents leading groups of commissioners and a greater willingness to apply political rather than merely technical judgments—for example by allowing Italy to bend budget rules in order to calm relations with its Eurosceptic government.

Mrs von der Leyen, a wonkish and unflashy type, cannot point to much of a mandate from the parliament. It is thus tempting to assume that she will ditch the "political commission", subordinate herself more to national leaders and restore the EU's top job to its more technocratic roots.

The early evidence suggests otherwise. From the start, Mrs von der Leyen has sought to put her political stamp on the next commission. She has insisted on there being more female commissioners. Twelve of the 26 nominated so far are women; Romania, the remaining member state, has proposed a man and a woman between whom Mrs von der Leyen can choose. So the next commission will be 44% or 48% female. And Mrs von der Leyen is also planning to give the vice-presidents greater powers and resources. Frans Timmermans, a Dutch socialist, and Margrethe Vestager, a Danish liberal, are earmarked for cross-cutting responsibilities for climate change and the digital economy; a central or eastern European, perhaps Vera Jourova of the Czech Republic, will also get a weighty vice-presidential role.

Those pending appointments point to three other emerging features of Mrs von der Leyen's commission. First, she is keen not to reverse but to extend the Juncker-era politicisation. Second, the new commission will have a leftish hue on many big issues. In her first 100 days Mrs von der Leyen will table a "green new deal", new minimum wage protections, pay-transparency measures and a new strategy on the ethics of artificial intelligence; she has also called for more "growth-friendly" (that is, looser) fiscal policies in the euro area. Third, Mrs von der Leyen is determined to bind in those eastern member states that feel unfairly treated in the EU; making conciliatory noises about rule-of-law infringements in countries like Poland and Hungary, and calling for a reset on the divisive issue of accepting and distributing migrants who cross the Mediterranean.

Not to everyone's taste

All of which alarms some. In February Stef Blok, the Dutch foreign minister, argued that: "A commission that prides itself on being political undermines its own objectivity." In his view, the institution's primary role is to be a neutral arbiter between member states, and it cannot do that if it is constantly taking positions on things. It is indeed troubling that the incoming president seems inclined, for diplomatic reasons, to bend the expectations of freedom and democracy that the EU has for its member states.

However, it makes little sense to hark back to a halcyon era of technocratic, supposedly dispassionate decision-making. Jenkins' Europe was a simpler, more homogeneous, more harmonious place. By contrast Mrs von der Leyen inherits a sprawling, plural club riven with differences and bombarded with events. The measures her commission proposes will probably have to command support spanning three, four or even five party groups in the fragmented European Parliament. Her tenure, like that of Mr Juncker, will probably be defined by how she reacts to unexpected crises. One can take issue with political decisions that she takes. But her right to take them is clear. ■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The future of the right

The People's Revolutionary Conservative Front

A transformation of the Tory party leaves surviving MPS feeling uneasy

IMAGINE A CONSERVATIVE MP and your mind's eye might conjure up Philip Hammond. The former chancellor is tall, grey and with a sense of humour that matches his fiscal policy: extra-dry. If not Mr Hammond, then perhaps a figure in the mould of Kenneth Clarke. The rotund, cigar-chomping jazz enthusiast has served in practically every senior government job bar prime minister in a 49-year stint as a Tory MP. Failing that, consider Sir Nicholas Soames, a former defence minister. He has a Churchillian manner, largely because Winston Churchill was his grandfather. The three embody the parliamentary Conservative Party in different ways. Yet they are no longer in it.

The trio were among 21 Conservative MPS to have the whip withdrawn and be barred from standing for the party again after they supported a plan to make Boris Johnson, the prime minister, seek a delay to Britain's scheduled departure from the European Union on October 31st (see next story). The purge was only the most visible part of a revolution that is transforming the world's oldest political party. Those who advocate fiscal prudence, social liberalism and an orderly departure from the EU have been routed. Those who demand free-spending authoritarianism and a "do-or-die" escape from the yoke of Brussels are ascendant. ConservativeHome, a blog for party activists, described this week as "the end of the Conservative Party as we have known it". It proved too much for even the prime minister's brother, Jo, who resigned as an MP on September 5th, "torn between family loyalty and the national interest".

The revolution has required ideological flexibility from those who wish to survive it. The cabinet is full of MPS who are historically small-state Conservatives. Four of the five authors of "Britannia Unchained", a paean to small government published by ambitious young Tory MPS in 2012, when fiscal austerity was in fashion, now sit in a cabinet intent on opening the public-spending taps. A spending round on September 4th included measures that will increase the size of the state as a percentage of GDP for the first time since 2010. Sajid Javid, the chancellor, is a fan of Ayn Rand and hangs pictures of Margaret Thatcher in his office. Yet on Mr Johnson's instructions he announced an extra £13.8bn ($16.9bn) in election-friendly giveaways, paid for with extra borrowing.

There is also new thinking on law and order. Another 20,000 police officers are to be hired, and a review of whether prison sentences are too soft is expected. Priti Patel, who has called for a clampdown on immigration and once supported the return of capital punishment, is home secretary. It is a far cry from what some in the party thought Mr Johnson had in store. "Expect a liberal centrist," advised one MP, who now sits in the cabinet, before Mr Johnson became prime minister. Wags have dubbed the new Tory domestic agenda: "Fund the NHS, hang the paedos."

The hardest line is on Brexit. Conservative MPS appreciate that they must get Britain out of the EU if they are to keep their seats. Yet Mr Johnson's approach, which

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seems likely to end in no-deal, leaves a quiet majority of the parliamentary party uneasy. No-dealers make up only a small fraction of Tory MPS. A cabinet member who enthusiastically campaigned for Brexit admits that no-deal would be a catastrophe. But MPS are willing to serve, partly because Mr Johnson seems determined to move things forward one way or another. "They may not agree, but they are happy for the direction," says one cabinet minister.

Setting the route is Dominic Cummings, the prime minister's chief adviser, who will not even say whether he is a member of the Conservatives. When running for office, Mr Johnson promised an inclusive, "one nation" style of government. Instead, he has set about shaking the country's institutions, suspending Parliament for the longest period since 1945 in order to reduce the time MPS have to debate Brexit. Hitherto unimaginable tactics, such as asking the queen to veto anti-no-deal legislation, are now openly discussed. "This Conservative government...seems to not be very conservative, fiscally or institutionally," noted Ryan Shorthouse of Bright Blue, a liberal Tory think-tank.

The strong-arm techniques are in stark contrast to the days when David Cameron ran the party, and Eurosceptic rebels ran amok. Under Mr Johnson, such sedition is not acceptable, as this week's purge was intended to show. Figures from Vote Leave, the main campaigning group behind the Brexit vote, call the shots in Downing Street, causing long-serving Tory MPS to shake their jowls at the state of affairs. Sir Roger Gale, an MP since 1983, declared: "You have, at the heart of Number 10, as the prime minister's senior adviser, an unelected, foul-mouthed oaf." A "One Nation" group of about 100 moderate Conservative MPS have demanded that Mr Johnson reinstate their sacked colleagues.

Yet for all the fury over the deselections, Mr Cummings's strategy remains just about intact. The prime minister and his aides want an election in which Mr Johnson is portrayed as the champion of a people defied by wily politicians, with the promise of a cash tsunami about to break over Britain's public services if people vote Tory. "He gets the election he wanted and the framing he wanted," says one former Downing Street aide. Nor will the revolution necessarily be permanent. A socially conservative offer to voters tempted by Nigel Farage's Brexit Party may last only until the next general election, says Tim Bale of Queen Mary University of London.

"What this country needs is sensible, moderate, progressive Conservative government," declared Mr Johnson during a stilted performance in prime minister's questions on September 4th. Yet with the Tory party in its current state, Britain will have to wait. ■

Parliament and government

Johnson's baby takes a bath

After a tumultuous week for Boris Johnson, an election is on the cards

THE RETURN of MPS to Westminster this week could hardly have been more dramatic. Boris Johnson started on September 3rd with a working majority of one and a policy of leaving the European Union at the end of October no matter what. By day's end he had lost a first Commons vote against his Brexit plans by the surprisingly large margin of 27. And after the ostentatious defection of Phillip Lee, who crossed the floor to join the Liberal Democrat benches even as Mr Johnson was speaking, a rebellion by 21 other Tories had reduced his notional majority from plus one to minus 43.

MPS' vote to take control of the agenda was but a first step. A day later they voted through all its Commons stages the so-called Benn-Burt bill seeking to stop Britain leaving the EU without a deal. The bill provides that, if the prime minister has not done a deal with the EU by October 19th, he must seek an extension of the October 31st deadline, initially to January 31st 2020. As we went to press it was moving to the Lords, where the government appeared to be willing to let it pass. Most observers now expect Benn-Burt to become law by early next week.

Mr Johnson and his advisers have shown little feel for how to handle the Commons. The prime minister barely even

No more tears

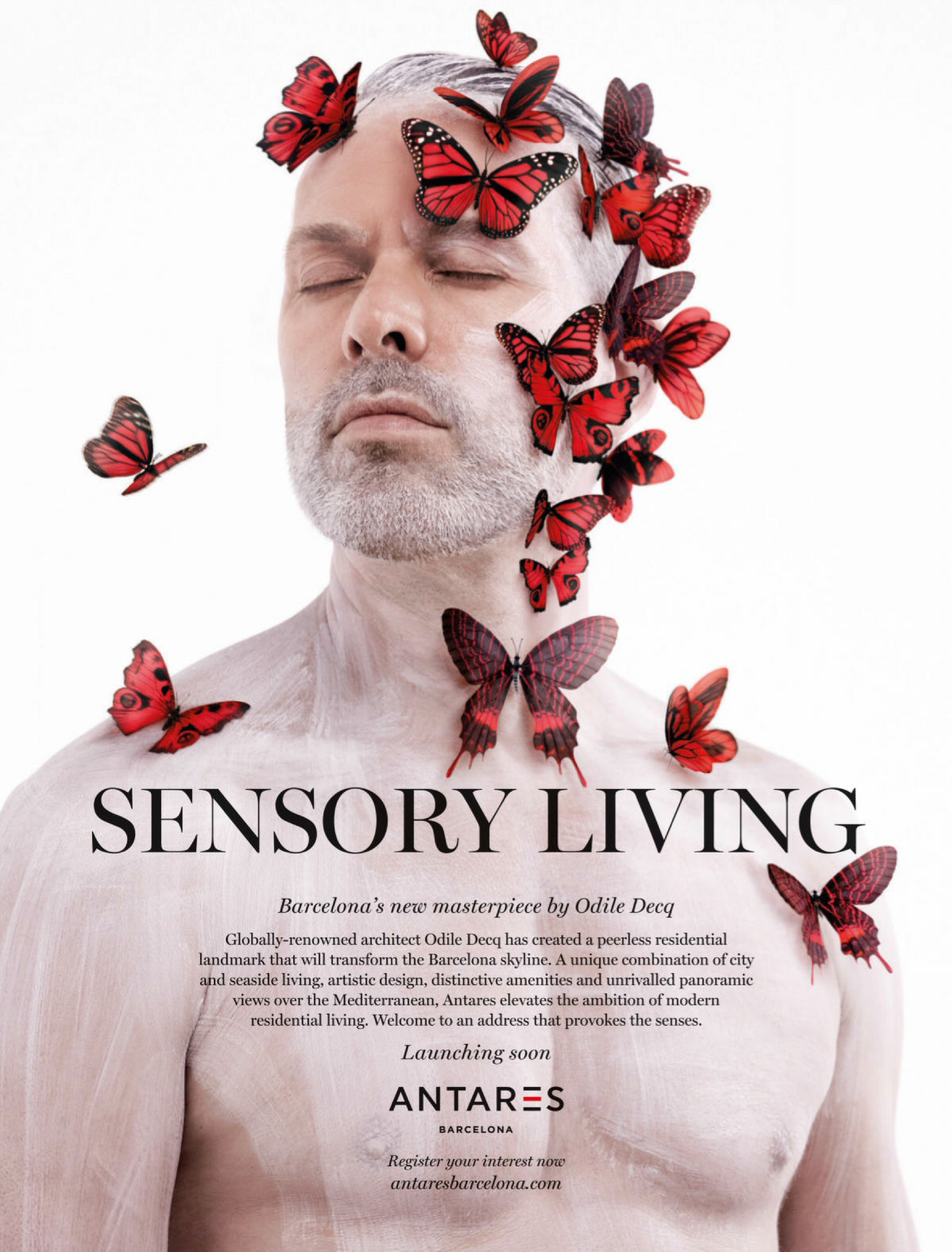
tried to answer questions from Jeremy Corbyn, the Labour leader, and other MPS about his Brexit strategy. Instead he blustered that what he dubbed "Corbyn's surrender bill" would undercut his negotiating position, making it impossible to win concessions in Brussels. This claim was disbelieved by opponents, including many Tories, who say no negotiations are happening, partly because Mr Johnson has made no clear proposals to replace the backstop to avert a hard border in Ireland.

If the tactic of threatening no-deal to lever concessions out of the EU has failed, so have attempts to bully MPS. Mr Johnson's high-handed suspension of Parliament from September 9th for almost five weeks was followed by threats to reimpose discipline lost under Theresa May by deselecting Tory MPS who defied the whip (which Mr Johnson himself did twice earlier this year). Yet the effect was just to strengthen the rebels. In April Mrs May lost an earlier version of the Benn-Burt bill by just one vote, compared with Mr Johnson's 27.

Mr Johnson responded to his defeat with characteristic belligerence. Although he conceded that he was bound to observe the law, he also said there were no circumstances in which he would ask for an extension of the October 31st deadline. The solution, he suggested, was to hold an election before then, to let the people decide who should be negotiating with the EU. He let it be known that October 15th was his preferred date.

His problem is that, under the Fixed-term Parliaments Act (FTPA) of 2011, prime ministers can no longer call an election when they want. Doing so needs a two-thirds majority of MPS, so Mr Johnson requires Labour support. Although Mr Corbyn has long called for an election, he now insists the Benn-Burt bill to stop no-deal must become law first. Late on September 4th, a motion by Mr Johnson calling for an election duly failed because it passed with too small a majority. There are ways round the FTPA, however. A one-sentence motion calling for an election despite the act might get a simple majority. Or Mr Johnson could engineer defeat via a vote of no confidence. With his majority shot, an election seems to be coming. Can he win it?

Here Mr Johnson is bullish. The latest polls give the Tories a ten-point lead over Labour. Yet elections go wrong, as Mrs May found when squandering an even bigger lead in 2017. Without a pact with Nigel Farage's Brexit Party, which may be hard to agree, it could take Tory votes. The Tories may lose seats in Scotland, London and the south. To win a majority, they must make big gains in the midlands and north. These regions have many pro-Brexit voters, but they are by instinct anti-Tory. An election could be harder for Mr Johnson to win than some of his advisers think. ■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Bagehot | Into the upside down

A country that prides itself on its common sense and moderation is doing ever stranger things

SO MANY EXTRAORDINARY events are happening in British politics that it is impossible to tell the normal from the abnormal. This is not only disorientating—all the talk of "coups" and "traitors" can unsettle even the most philosophical of souls. It is also dangerous. A quick glance at history shows that terrible things can happen when you normalise the abnormal. Jacob Rees-Mogg, the leader of the House of Commons, maintains that the British constitution can "bend to a passing storm". But if the storm is a hurricane that rages on for years, it can also break.

Boris Johnson was elected over his more moderate rival, Jeremy Hunt, with 93,000 votes out of a turnout of just 150,000—all that remains of a Conservative Party that was once 3m strong. More than half are over 55 years old, 70% are men, 97% are white and, as a group, they have far more authoritarian and Eurosceptic views than the population at large. Yet this mockery of a mandate has not prevented Mr Johnson from pursuing an unbendingly extreme policy. He has filled his cabinet with people willing to sign up to a no-deal Brexit, a minority position in the parliamentary party. He has suspended Parliament in order to reduce the amount of time available to debate the rights and wrongs of such a Brexit, a decision that many regard as a constitutional outrage. His justification for this is that the "will of the people", as embodied in the referendum result of 2016, must be honoured. But there is no evidence that the 52% who voted for Brexit support the no-deal variety. One recent poll shows that Britons don't trust Mr Johnson to make the right decision on Brexit by a margin of 55% to 34%.

Mr Johnson made his second-ever appearance as prime minister in the House of Commons on September 3rd, only to suffer one of the worst humiliations of any leader. Twenty-one Tories voted with the opposition to outlaw leaving the EU without a deal. Mr Johnson's response was to purge the rebels from his party. They included two former chancellors (one of whom was in office just seven weeks ago), five other former cabinet ministers and Winston Churchill's grandson, Sir Nicholas Soames. At the same time a former Tory prime minister, Sir John Major, is party to a lawsuit accusing Mr Johnson of acting unconstitutionally.

With the reality-based wing of his party decimated, Mr Johnson is a prisoner of a narrow clique that combines ideological fervour with personal eccentricity. Steve Baker talks about bulldozing the House of Commons into the Thames. John Redwood is so lacking in the milk of human kindness that he makes Mr Gradgrind look like a lactating mother. This week Mr Rees-Mogg chose to listen to an era-defining debate while lying prone across the Commons benches, as if on a chaise longue, providing the Labour Party with an ideal election poster.

Even more remarkable than the mainstreaming of extremists is the normalisation of a no-deal Brexit. During the referendum campaign, no Leaver mentioned the possibility of a no-deal Brexit, just as few brought up the issue of the Irish border. Brexiteers assured the country that negotiating a trade deal with the European Union would be the easiest thing in the world. Now, Mr Johnson believes that you have to support the possibility of no-deal to remain a Tory, and Nigel Farage, the leader of the Brexit Party, regards no-deal as the only acceptable option.

In normal times, voters can shift to the opposition if one side goes berserk. But the Labour Party has a good claim to have arrived ahead of the Conservative Party in crazy town, by electing Jeremy Corbyn leader. Mr Corbyn has devoted his life to supporting obscure and often repellent causes. His guests in the House of Commons have included IRA sympathisers and Holocaust deniers. His inner circle of advisers includes a former communist, Andrew Murray, who has lauded North Korea and praised Stalin. For all the talk of his being an ineffectual party leader, Mr Corbyn has done a very good job of taking over the party's executive committee and putting in place automatic "trigger ballots" which will allow activists to eject MPs who don't toe the Corbyn line.

British politics is now trapped in a weird impasse as these two extremists face each other across the aisle, bellowing and finger-jabbing. Mr Johnson, who claims that he doesn't want an election, is now demanding one and Mr Corbyn, who claims that he does want an election, is refusing to give him one. But it is hard to summon up a laugh as events whirl out of control. Extremism is as addictive as roulette. The Conservative Party may fight the next election as a full-blown no-deal-Brexit party, forging a loose alliance with Mr Farage, and adding fury at political correctness and social breakdown to a powerful populist mix.

Extremism in one party also legitimises extremism in another. If Mr Corbyn wins the next election—which is more likely than most Tories realise—he will be emboldened by the Conservatives' recent behaviour. A Tory opposition will find it hard to accuse Mr Corbyn of sacrificing the economy on the altar of ideology when it has done exactly that. By arguing that the "will of the people" matters more than the rights of minorities or the conventions of the constitution, the Tories have supplied Mr Corbyn with the weapons he needs to push through a radical hard-left programme. All he needs is a majority, which they are doing their best to provide.

Neverending story

There are some inspiring examples of countries righting themselves after periods of abnormality. Matteo Salvini, Italy's fiery populist, has been weakened by his increasingly outrageous behaviour. But with both parties controlled by fanatical factions and Britain's uncodified constitution depending on informal rules that extremists do not respect, it is difficult to see a way out of the mess. The great test for Britain is not just whether it can leave Europe with its economy intact. It is whether it can leave without doing lasting damage to institutions that were always more delicate than either Leavers or Remainers imagined. ■

Helping the poor

BRAC to the future

DHAKA

The world's biggest charity has been so successful at easing poverty in Bangladesh that it is unsure what to do next

NINE YEARS ago Selina Akter was in a sorry state. She had eloped and gone to live with her husband in Charmotto, a village west of Dhaka in Bangladesh. But he was able to find only poorly paying casual work, and, because of the elopement, her family had disowned her. The couple had entered the ranks of the "ultra-poor"—the most indigent group of all who are barely able to feed themselves.

Ms Akter came to the attention of BRAC, a charity so ubiquitous in Bangladesh that in some rural areas you see one of its pink-and-white signs every few miles. BRAC made her an offer she could hardly refuse. It would give her a cow and visit once a week to teach her about animal husbandry as well as the importance of saving money and the evils of child marriage. To ensure she got enough to eat, the charity would give her lentils and a small cash stipend.

By rural Bangladeshi standards, Ms Akter is no longer poor. She lives in a house with cement steps, a pitched corrugated-iron roof and a refrigerator. Among other animals, she owns two cows, which lounge in her courtyard under an electric fan. Thanks in part to her earnings, her husband has been able to buy an auto-rickshaw. He has plenty of customers. The government has built good roads around Charmotto, and the district is growing wealthier as Dhaka sprawls towards it. Ms Akter's story is a tribute to BRAC. She also hints at why this enormous, unusual charity has a problem.

BRAC was founded in 1972 by Sir Fazle Abed, an accountant who was horrified by the state of his country. (The four letters of its name have stood for various things over the years, but today no longer stand for anything.) It has grown into one of the world's biggest non-governmental organisations—the only outfit from a poor country to push its way into the top rank. BRAC has about 100,000 full-time staff, 8,000 of whom work outside Bangladesh. In 2018 it lent money to almost 8m people and educated more than 1m children across Bangladesh and ten other countries. It has a hand in a university, a bank, a seed company, an artificial-insemination outfit, a chicken concern, a driving school and a chain of 21 fashion boutiques—among other things.

It is also one of the world's best charities. NGO Advisor, which tries to keep score, has put it top of the heap for the past four years. Its corporate culture is a little like an old-fashioned engineering firm. BRAC's employees are problem-solvers rather than intellectuals, and they communicate well—the organisation constantly tweaks its programmes in response to data and criticisms from local staff. Some of its innovations have spread around the world. The anti-poverty programme it created, which involves giving assets and training to indigent women, has been copied by other charities and has been shown to work in countries as diverse as Ethiopia, Honduras and India.

But BRAC now has problems that it may not be able to solve. Thanks largely to remittances and the garment industry, annual GDP growth in Bangladesh has been above 5% for each of the past 15 years—a record better than those of India or Pakistan. Bangladesh is already a lower-middle-income country. It will soon be too rich to be eligible for the World Bank's International Development Assistance loans.

Bangladesh has never been awash with foreign aid. It is not strategically vital and it is very populous. (Aid per head is usually higher in small countries.) Between the early 1980s and 2016, overall aid fell from more than 5% of Bangladesh's gross national income (GNI) to just 1.1%. The following year the Rohingya refugees arrived from Myanmar, and aid rose to 1.4% of GNI. But the slide will probably continue. BRAC's ▸▸

single largest source of grants, a "strategic partnership" with the governments of Australia and Britain, ends in 2021.

Meanwhile, the state has more money than ever. Between 2000 and 2018 annual government spending more than tripled. That is a challenge. Large charities took root in Bangladesh because of government weakness. A catastrophic cyclone in 1970 and a famine in 1974 had shown the state to be incapable of providing public services, so it allowed others to do so. Around the time Sir Fazle created BRAC, a university professor named Muhammad Yunus started experimenting with lending small sums of money to women; he went on to create Grameen Bank, a microfinance organisation. These days, though, Sheikh Hasina's government has plans aplenty—for digital education, conditional cash transfers and much more besides.

As Bangladesh grows wealthier and its government reaches into new corners, the country's charities are being squeezed. "Most NGOs are scaling down—they didn't see it coming," says Asif Saleh, BRAC's executive director. They might simply be swept aside. Victorian and Edwardian Britain had mighty charities, often linked to churches, which ran schools and hospitals and built houses for the poor. Few were still mighty after the creation of the welfare state. But Mr Saleh reckons BRAC can avoid that fate.

If aid money will not come to Bangladesh, perhaps BRAC can go where the aid money is. It first ventured abroad in 2002, opening an office in Afghanistan. It now operates in five Asian countries and six African ones. Some of the programmes that it developed in Bangladesh, and tested on people like Ms Akter, work well overseas. A recent evaluation by the World Bank of BRAC's ultra-poor programme in Afghanistan found a big boost to incomes and women's employment. In Uganda, its after-school clubs seem to cut teenage pregnancy rates and encourage girls to start working.

But the charity is still a minnow outside Bangladesh. It is less prominent than Western aid agencies, multilateral outfits like UNICEF or other big international charities. One reason is that a lot of aid money goes to humanitarian projects, which are not BRAC's main strength, although it has learned from working in the Rohingya refugee camps that have sprung up in eastern Bangladesh in the past two years. BRAC is good at proving that its programmes work and good at keeping its costs down (it pays staff less than other international NGOs). But donors care less about these things than one might hope.

At home, the charity is responding to the squeeze differently. If Bangladesh has fewer desperately needy people, why not take advantage of that? BRAC is already a hybrid of charitable programmes and businesses. It uses some moneymaking activities to subsidise the rest—15% of the profits from its microfinance arm go into its core budget. The aim now is to shift the balance further from philanthropy to commerce, and quickly.

In Gazipur district, north of the capital, 30 children in one of BRAC's schools sing songs, chant the names of countries (they tend to know the ones that are good at football) and run through the Bengali spellings of "waves", "innovation" and "researcher". This school, which used to be free, now charges 350 taka ($4) a month. The teacher, Shahida Akhter, says things have improved as a result. She used to have to cajole children to come to school. Now their parents pay, they make sure the kids turn up.

BRAC to school

Since 2016 the charity has created or converted some 8,700 primary schools—many of them one-room outfits—into fee-paying schools. The change has been wrenching. Safiqul Islam, who runs the education programme, says that BRAC schools had been free for so long that some parents thought the teachers were corrupt. Now that they are paying, parents expect tables, chairs and electric fans; they also want qualified teachers rather than the trained local women BRAC usually employs. Higher expectations are good, points out Mr Islam. But fulfilling them is expensive. The fee-paying schools currently cover only about a quarter of their costs.

The fees will surely go up. In January the charity created BRAC Academy, which charges three times as much as the school in Gazipur. If that proves popular, others will open. And the search is on for other opportunities to get people to pay for its services. BRAC has introduced small fees in its medical clinics, and charges to check the paperwork of Bangladeshis who go abroad—usually to the Gulf states—to work.

Mo money, fewer problems

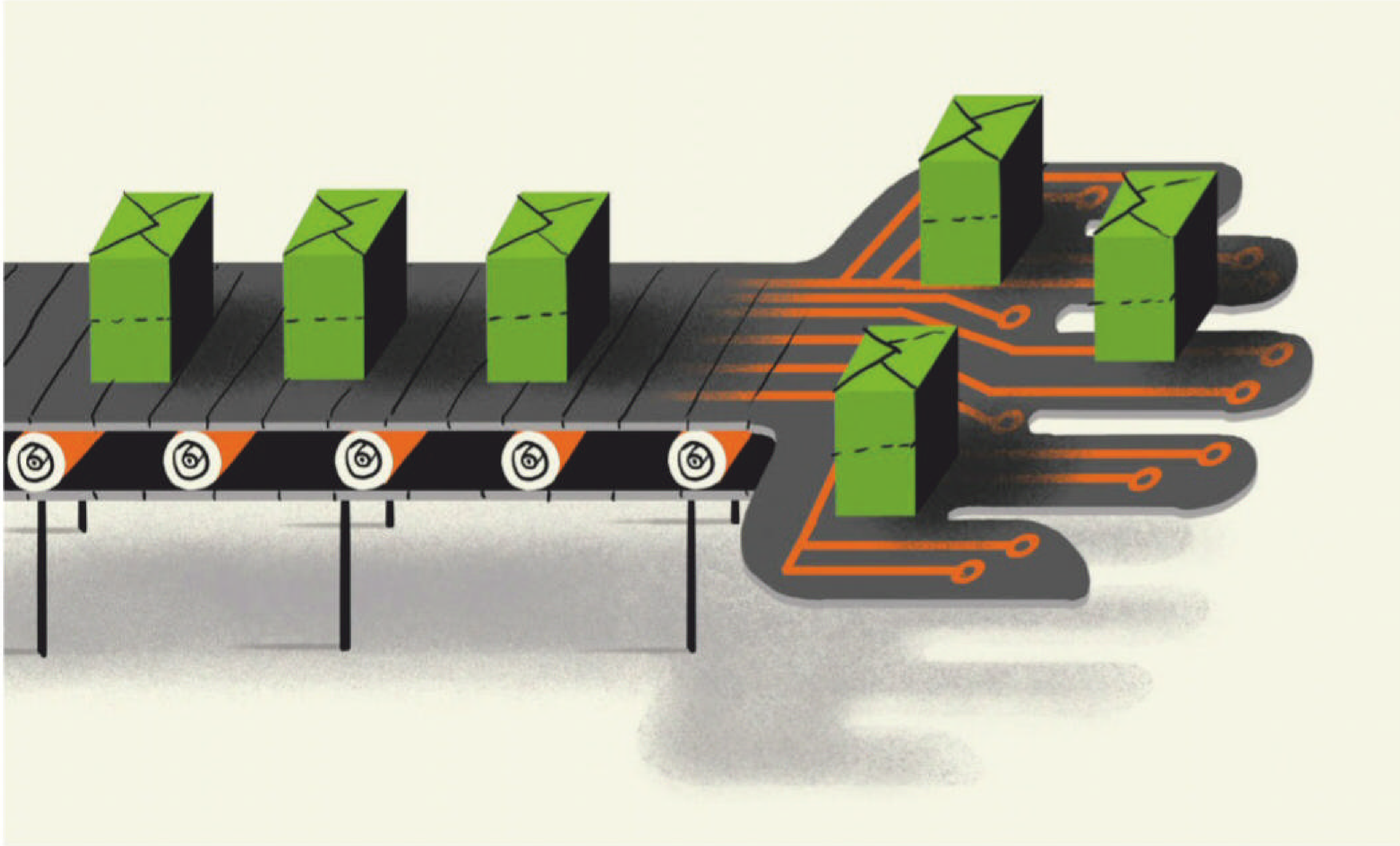
Its efforts to rescue people from deep poverty have changed, too. The lentils and cash stipends that women like Selina Akter received are no more: internal research suggests that almost nobody in Bangladesh now struggles to afford food. The charity divides the roughly 100,000 working-age poor it deals with each year into two groups. The most indigent are expected to pay back 20% of the value of the asset (often a cow or bull) that they receive. The somewhat less indigent are asked to pay back between 30% and 70%. Partly as a result, the average cost of helping one person has fallen from $530 to $430.

Independent research on the original ultra-poor programme, which gave people animals and other assets for nothing, has shown that it works extremely well in Bangladesh and elsewhere. It is not yet clear whether the new one does. One worry is that the neediest people will refuse help because they fear borrowing money. When the loan component was introduced in 2017, the refusal rate shot up from less than 2% to 27%. It has since come down, partly because BRAC has altered the balance between grants and loans. But a group of recipients in Borobaroil, near Charmotto, say the loans made them nervous—and that one woman refused help altogether.

A combination of foreign expansion, fees and cost-cutting will probably not be quite enough to escape the squeeze. If BRAC is to remain potent in Bangladesh and beyond, it will probably have to do something more radical. Rather than providing the services that governments fail to, it will have to teach them how to do the work. The charity has deep experience in many areas. It began opening pre-primary schools in Bangladesh in 1985; the government followed only in 2012. It has learned how to identify the poorest people in a village—much harder than it sounds. Mr Saleh points out that the government of Kenya, which is weaving a social safety-net, has hired BRAC to assess whether it is targeting the right people. Bangladesh's government could do something similar.

Getting involved with politics is a tricky business, though—especially in Bangladesh. Even by the dismal standards of the trade, Bangladesh's politicians are a brutal, vindictive bunch. In 2007, soon after being awarded the Nobel peace prize for his microfinance work, Mr Yunus tried to set up a political party. Four years later the political establishment struck back, forcing him out as leader of Grameen Bank.

BRAC's path is hard and strewn with traps. But it has done well to acknowledge the challenges posed by economic growth and to set out on the journey. Where it goes, other large charities are bound to follow. ■



Information technology

The digital assembly line

REDWOOD CITY AND SAN FRANCISCO

Technology firms vie for billions in corporate data-analytics contracts

SOMEBODY LESS driven than Tom Siebel would have long since thrown in the towel. In 2006 the entrepreneur, then 53 years old, sold his first firm, Siebel Systems, which made computer programs to track customer relations, to Oracle, a giant of business software. That left him a billionaire—but a restless one. In 2009, a few months after Mr Siebel had launched a new startup, he was trampled by an elephant while on safari in Tanzania. When, a dozen surgeries later, he could work again, the enterprise almost went bankrupt. Undeterred, he rebooted it.

Mr Siebel's fortitude has paid off. The firm, now called C3.ai, raised $100m in venture capital last year, valuing it at $2.1bn. It was an early bet on data analytics, which converts raw data (from a machine's sensors or a warehouse) into useful predictions (when equipment will fail or what the optimal stocking levels are) with the help of clever algorithms. Many investors see fortunes to be made from this new breed of enterprise software, which is spreading from Big Tech's computer labs to corporations everywhere.

Worldwide, 35 companies that dabble in data analytics feature on a list of startups valued at $1bn or more, maintained by CB Insights, a research firm. Collectively, these unicorns—some of which brand themselves as purveyors of artificial intelligence (AI)—enjoy a heady valuation of $73bn. According to PitchBook, another research company, the six biggest alone are worth $45bn (see chart 1 on next page). Many venture capitalists who back them are hoping to emulate the successful initial public offerings this year of less exalted business-services startups like CrowdStrike, which provides cybersecurity, or Zoom, a video-conferencing company. And then some.

As is often the case in Silicon Valley, hype springs eternal, fuelled by big numbers from consultancies. IDC reckons that spending on big-data and business-analytics software will reach $67bn this year. But it will, boosters say, at last allow businesses to see the computer age in their productivity statistics, freeing them from the shadow of Robert Solow, a Nobel-prizewinning economist, who in 1987 observed that investment in information technology appeared to do little to make companies more efficient. Just as electricity enabled the assembly line in the 19th century, since machines no longer had to be grouped around a central steam engine, data-analytics companies promise to usher in the assembly lines of the digital economy, distributing data-crunching capacity where it is needed. They may also, as George Gilbert, a veteran business-IT analyst, observes, help all kinds of firm create the same network effects behind the rise of the tech giants: the better they serve their customers, the more data they collect, which in turn improves their services, and so on.

Consultants at Gartner recently calculated that in 2021 "AI augmentation" will create $2.9trn of "business value" and save

6.2bn man-hours globally. A survey by McKinsey last year estimated that AI analytics could add around $13trn, or 16%, to annual global GDP by 2030. Retail and logistics stand to gain most (see chart 2).

Data analytics have a long way to go before they live up to these expectations. Extracting and analysing data from countless sources and connected devices—the "Internet of Things"—is difficult and costly. Although most firms boast of having conjured up AI "platforms", few of these meet the usual definition of that term, typically reserved for things like Apple's and Google's smartphone operating systems, which allow developers to build compatible apps easily.

An AI platform would automatically translate raw data into an algorithm-friendly format and offer a set of software-design tools that even people with limited coding skills could use. Many companies, including Palantir, the biggest unicorn in the data-analytics herd, sell high-end customised services—equivalent to building an operating system from scratch for every client. Cloud-computing giants such as Amazon Web Services, Microsoft Azure and Google Cloud offer standardised products for their corporate customers but, as Jim Hare of Gartner explains, these are considerably less sophisticated and lock users into their networks.

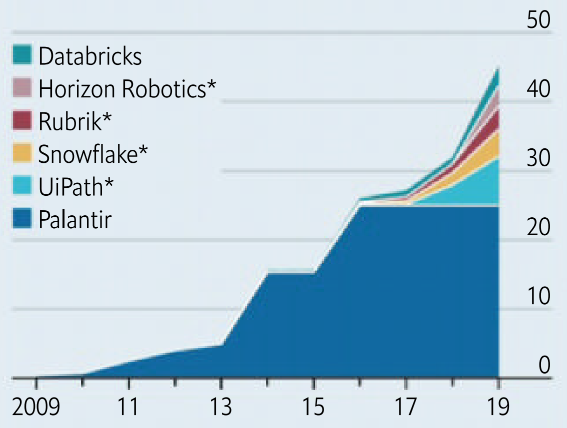
The enterprising Mr Siebel

Enter C3.ai, founded to help utilities manage electric grids, a complex problem that involves collecting and processing data from many sources. After its near-bankruptcy, advances in machine learning, sensors and data connectivity gave it a new lease of life—and allowed it to repackage its products for a range of industries. Crucially for corporate clients, C3's approach grew out of Mr Siebel's experience with enterprise software. He wanted to make data analytics hassle-free for corporate clients,

Analyse this 1

Selected valuations of data-analytics companies

$bn



Source: PitchBook *Data analytics account for part of business

without sacrificing sophistication.

3M, an American conglomerate, employs C3 software to pick out potentially contentious invoices to pre-empt complaints. The United States Air Force uses it to work out which parts of an aircraft are likely to fail soon. C3 is helping Baker Hughes to develop analytics tools for the oil-and-gas industry (General Electric, the oil-services firm's parent company, has struggled to perfect an analytics platform of its own, called Predix).

C3's chief rival in building a bona fide AI platform is not Big Tech or the very biggest data-analytics unicorns. It is a company called Databricks. It was founded in 2013 by computer wizards who developed Apache Spark, an open-source program which can handle reams of data from sensors and other connected devices in real time. Databricks expanded Spark to handle more data types. It sells its services chiefly to startups (such as Hotels.com, a travel site) and media companies (Viacom). It says it will generate $200m in revenue this year and was valued at $2.8bn when it last raised capital in February.

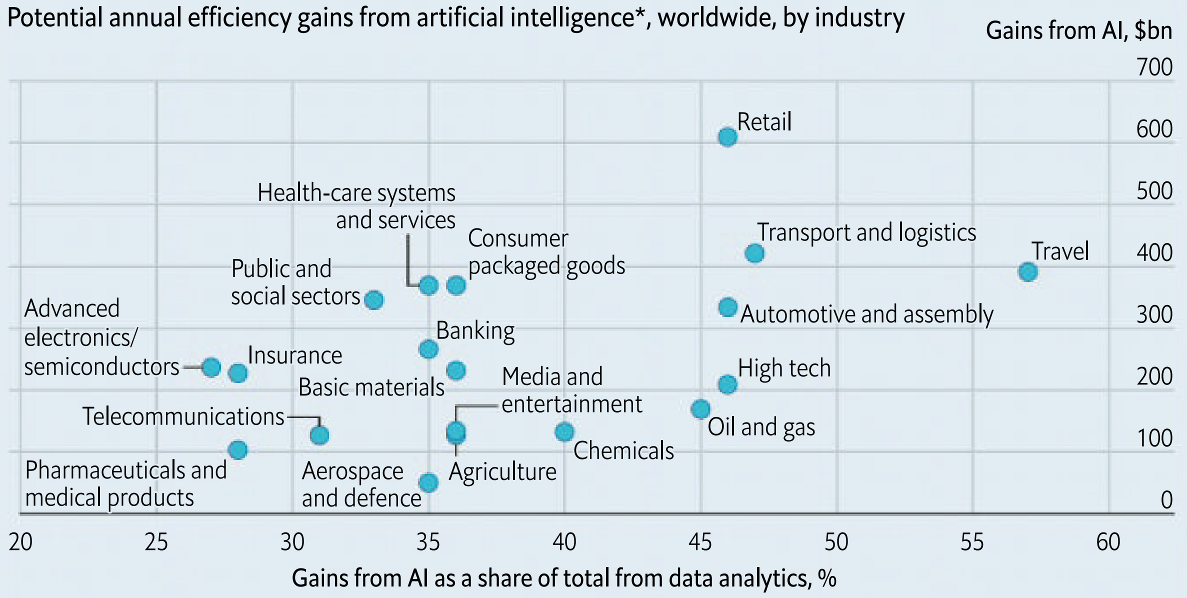
Though C3's and Databricks' niches do not overlap much at the moment, they may do in the future. Their approaches differ, too, reflecting their roots. Databricks, born of abstruse computer science, helps clients deploy open-source tools effectively. Like most enterprise-software firms, C3 sells proprietary applications.

It is unclear which one will prevail; at the moment the two firms are neck-and-neck. In the near term, the market is big enough for both—and more. In the longer run, someone will come up with AI-assisted data analytics that are no more taxing than using a spreadsheet. It could be C3 or Databricks, or smaller rivals like Dataiku from New York or Domino Data Lab in San Francisco, which are also busily erecting AI platforms. The field's other unicorns are unlikely to give up trying. And incumbent tech titans like Amazon, Google and Microsoft want to dominate all sorts of software, including advanced data analytics.

Mr Siebel would be the first to admit that this scramble is likely to claim victims. But it certainly bodes well for buyers of data-analytics software, which is likely to become as familiar to corporate IT departments in the 2020s as customer-relations programs are today. ■

Dataset in motion 2

Potential annual efficiency gains from artificial intelligence*, worldwide, by industry



Source: McKinsey *Estimate based on 18 existing techniques

Political risk

Deutschland AG v AfD

BERLIN

German business worries about the rise of right-wing populists

WHEN JAN PAUL BACH moved his business, which makes ceramic-heating kit, from Berlin to Brandenburg 13 years ago he never thought about politics. Abundant land near Werneuchen, a city of 9,000, allowed Bach RC to build two new production lines. Today it has 50 employees and an overflowing order book from clients across the globe. And Mr Bach has become distracted by the rise of the xenophobic Alternative for Germany (AfD). He is now hesitating about building another much-needed line. He occasionally thinks about relocating the business altogether.

The strong gains by the AfD in elections on September 1st in the eastern states of Brandenburg (where its vote almost doubled to 24%) and Saxony (where it tripled to 28%) is worrying the export-driven companies of Deutschland AG. The bosses of the BDA, an association of German entrepreneurs, and of the BDI, which groups German industry, released statements signalling their concern about the result. In Mr Bach's district the AfD was the strongest party. International clients and distributors are asking Mr Bach if Brandenburg has become a no-go area. "They think Nazis are running around in the street," he says.

Eastern Germans have never had it so good. The average salary in eastern Germany increased from less than 50% of western German pay in 1991 to 82% today (and 90% when accounting for lower living costs). Yet they seem more discontented and less tolerant of foreigners than ever. Almost one-third of eastern Germans consider themselves "second-class citizens". Their frustration is born of the exodus of youngsters in particular, according to a study by the IFO Institute of Economic Research, a think-tank. Eastern Germany has lost more than 2m people since 1990; western Germany has gained 5m. Many vibrant rural towns, which used to have a shop, a school and a community centre, have turned ghostly. The AfD did best in such sparsely populated areas.

The vast majority of eastern Germans do not vote for the AfD and so far the mainstream parties have spurned it in coalition talks, so it will hardly influence economic policy. The problem is the damage the AfD is doing to the image of eastern German states, says Joachim Ragnitz of the IFO. At a time when companies in depopulating eastern Germany need immigrants to fill skilled and unskilled jobs, some voters want to pull up the drawbridge.

Net outflows of labour may get worse if the AfD gains strength and scares away outsiders. Thomas Morgenstern, head of the Dresden operation of GlobalFoundries, a big American producer of semiconductors, which employs 200 foreigners in a workforce of 3,200, sees no sign of foreign workers' retreat. But, he says, let the AfD's result serve as a wake-up call for mainstream politicians to do better by Ossies. All of corporate Germany would benefit. ■

Bartleby The long and winding career

People are working longer for reasons of choice and necessity

Across the developed world, the workforce now comes in 50 shades of grey. Since 2008 the average labour-force participation rate of 55- to 64-year-olds in OECD countries has risen by eight percentage points. Depending on your point of view, that trend can be spun as ruthless capitalism requiring workers to spend more years down the salt mines or as a sign that society that is finally recognising the value of its older employees.

A new OECD report, "Working Better with Age", points out that the employment of older workers is vital, if prosperity is to be maintained. The median age of citizens in the OECD is set to rise from 40 now to 45 in the mid-2050s; on current trends, by 2050 there will be 58 retired people for every 100 workers, up from 41 today.

Many people will be more than happy to work longer. A recent survey of 1,000 British retired people found that a quarter thought they had stopped too early (on average they had quit at 62). A third said that they had lost their purpose in life after they retired.

Bartleby has reached an age at which many of his contemporaries have stopped working. The appeal is understandable. Retirement gives you the chance to sleep late and avoid the morning commute. On a summer's day, you can enjoy the sunshine; on a winter's day, you can avoid the cold and rain. No longer do you have to sit through endless meetings or check email obsessively.

But work has many compensations. It keeps the mind active and gives people a purpose in life. The first month of retirement may seem idyllic, but boredom is bound to ensue. Grand plans to learn languages and travel the world can quickly fizzle out. Furthermore, the camaraderie of colleagues provides a social network; spending all week at home can lead to loneliness. It will be a while before Bartleby retires to his seaside cottage, "Dunwritin".

Working longer should be easier now that most jobs require mental, rather than manual, labour. But the physical strain of being a fireman, miner or construction worker makes it harder to keep working in your 60s.

Of course, many people are working longer not because they enjoy what they do, but because they cannot afford to quit. That is not solely because governments have been pushing up the state retirement age. In practice, the average age at which people actually retire (the "effective" retirement age) is lower than the official age by several years. In part, that is because rather than rely on a state pension, which kicks in at the official age, as their sole source of retirement income, many people supplement it with work-related pensions, which can be taken earlier.

However, companies have been phasing out pensions linked to final salaries and replacing them with "defined contribution" schemes. Under the latter, workers end up with a pot of savings at retirement that needs to be reinvested. The income from such pots has been reduced by very low interest rates. Women tend to have smaller retirement pots (owing to their years spent raising children). That makes their difficulties particularly acute. They need to keep working.

This helps explain the long-term trends. The effective male retirement age across the OECD was 68.4 in the late 1960s and then steadily fell to reach a low of 62.7 in the early 2000s. At that point it started to increase, reaching 65.3 by 2017. For women, the pattern has been similar. The effective retirement age fell from 66.5 in the late 1960s to 60.9 in 2000, and then rebounded to 63.7 by 2017.

These statistics indicate that age discrimination in the workforce has been reduced, if not entirely eliminated. Some countries now have laws prohibiting discrimination on the grounds of age, although surveys suggest older workers still feel disadvantaged, particularly when it comes to promotion.

Two issues seem to hold employers back. The first is that older workers tend to command higher salaries, because of the seniority system. The OECD suggests that the premium for long tenure should be reduced. The second is a skills deficit; one in three 55- to 65-year-olds in OECD countries either lacks computer experience or cannot pass technology tests.

Such deficits can be tackled with proper training, organised by the government or by companies themselves. But the over-55s should take it upon themselves to keep up with technological changes. Become a silver surfer. Your livelihood may depend on it.

Economist.com/blogs/bartleby

South Korea's chaebol

Prodigal son

SEOUL

Samsung's boss thought he was out of the woods. Not so fast

Saddled with controversy

When a court in Seoul ordered that Lee Jae-yong be released from jail in February last year, Samsung's boss had reason to believe that the worst was over. Moon Jae-in, South Korea's left-wing president, who had kept his distance from its biggest *chaebol* (conglomerate) for its role in the scandal that brought down his predecessor, was quick to mend relations. Last autumn he took Mr Lee on a jolly to North Korea. Earlier this year, he launched his national semiconductor strategy at a Samsung factory outside Seoul. For a while, it even looked as though Mr Lee might be able to resume the process which the judges who handed down his sentence for bribery had so rudely interrupted: restructuring shareholding to ensure long-term family control over Samsung.

Such hopes were dashed on August 29th, when the Supreme Court overturned the ruling by a lower court that had suspended Mr Lee's prison sentence, and ordered his case to be retried. The judges said that, contrary to Mr Lee's claims, Samsung had not been exhorted by a confidante of Park Geun-hye, the disgraced former president, when it gave her daughter three horses worth around $3m. Rather, the horses were bribes meant to ensure government support for a controversial merger, which was part of a plan to ensure the smooth transfer of control to Mr Lee from his ailing father (Samsung has always denied that such a plan exists).

Critics of Samsung hailed the verdict as a victory for transparency and the rule of law. Mr Lee now faces months of uncertainty ahead of his new trial—and, some observers believe, more time in prison. Prosecutors may feel emboldened to dig deeper into his involvement in other cases in which Samsung is embroiled. These include accusations that Samsung BioLogics, an affiliate, fiddled its accounts to ease Mr Lee's succession, and that executives from Samsung Electronics, the group's crown jewel, were complicit in destroying evidence, possibly at Mr Lee's behest (Mr Lee and Samsung deny the charges).

The ruling is also troubling for Samsung, which is already struggling with falling semiconductor prices, the fallout from the trade war between America and China and Japanese export restrictions on three chemicals that are essential for chipmaking. Mr Lee is not directly in charge of day-to-day decision-making at the company. But strategic decisions about how to deal with these and future challenges may still be delayed until his fate is certain. Lawmakers, long cowed by South Korea's most powerful company, may push through pending legislation that would curtail the company's ability to restructure in a way it deems best for transferring control from Lee senior, who has not been seen in public since falling ill in 2014, to his son.

The verdict may also catch the attention of another erring *chaebol* leader. Shin Dong-bin, the boss of Lotte, a Korean-Japanese conglomerate best known for its duty-free shops, is awaiting a ruling on the suspension of his sentence in a related influence-peddling case (he maintains his innocence). If the judges take their cue from Mr Lee's case, he too could face a longer prison term.

Advocates of corporate reform hope that the verdict will convince Samsung and other conglomerates to make good on their vows to improve transparency and corporate governance, which would benefit them in the long term. Mr Lee's previous jail term, while bad for the company's reputation, had little impact on Samsung stocks, suggesting its fortunes are not necessarily tied to his. A decent corporate structure would help the company more than the scion's swift return to the helm. ■

Online behaviour

About face

BEIJING

Chinese netizens are getting more privacy-conscious

On the night of August 30th, soon after ZAO—an app whose name means "to make"—was launched, it proved so wildly popular that its servers crashed repeatedly. Almost as rapidly, a sudden backlash from its many fans nearly unmade it. Technology-news outlets and meticulous netizens who had combed through the terms of its user agreement found that by signing up, users had granted ZAO "completely free", "irrevocable" and "perpetual" rights to all content they uploaded to its platform.

Furious comments flooded Apple's app store in China, where ZAO is now rated a measly two stars out of five. (This did not stop it from becoming China's most-downloaded free app in the store.) WeChat, a dominant Chinese app—always eager to stick it to a potential rival—blocked ZAO links from being shared on its messaging service citing "security risks". ZAO swiftly removed the offending clause. On Septem- ▸▸

ber 3rd it apologised to users and pledged to protect their personal data "in every possible way".

China's freewheeling internet users hand plenty of precious information over to the country's data-grubbing apps. A report published last month by a Chinese cyber-security think-tank found that 1,000 of the country's most-downloaded mobile applications hoover up an average of 20 types of data from each user. These often include call logs and videos of no obvious relevance to the apps themselves. And the notion of digital privacy seems almost quaint in the face of the vast data-gathering apparatus of an authoritarian state that regards public consent as optional at best.

So why did ZAO hit a nerve? One reason is that it appears to belong to a new crop of apps that generate "deepfakes", computational creations that use artificial intelligence to doctor video footage. One form involves pasting a face onto someone else's body—in ZAO's tantalising offering, your kisser can be stitched onto the svelte silhouette of an actor or actress in a hit film or television drama.

Until recently such fakery had required hundreds of images to conjure a convincing clip. But deepfake technology has rapidly improved. ZAO's winning claim is that, as its slogan promises, it takes "just one photo for you to star in all the world's shows". But for the best result, ZAO requires precise facial mapping, which users can feed into the app by following prompts to blink and move their mouths about.

When ZAO's grasping terms of service came to light, many users were alarmed at the idea of these biometric data being misused. Facial verification is being widely tested in China: to pay in supermarkets, glide through the gates at railway stations and even withdraw cash. On September 1st Alipay, a big payment app, assured users that "images created through face-swapping apps, no matter how realistic, cannot trick our system". The government, too, has taken note. On September 4th it summoned Momo, a Chinese dating-app giant with ties to ZAO, to explain itself and launched an inquiry into the company's "data-safety issues".

The state's reaction continues its clampdown that began in January on non-consensual harvesting of personal information (by private firms, that is). Citizens are increasingly anxious about online fraud. More than four-fifths of respondents to a survey last year by the China Consumers' Association said they had suffered from data theft. In an unusual case in May, a man from Jiangxi province sued Tencent, the internet giant behind WeChat, for sharing his personal data across its many services without his approval. The court ruled in the plaintiff's favour—and ordered Tencent to stop the practice. ■

High-tech fitness

Le maillot jaune

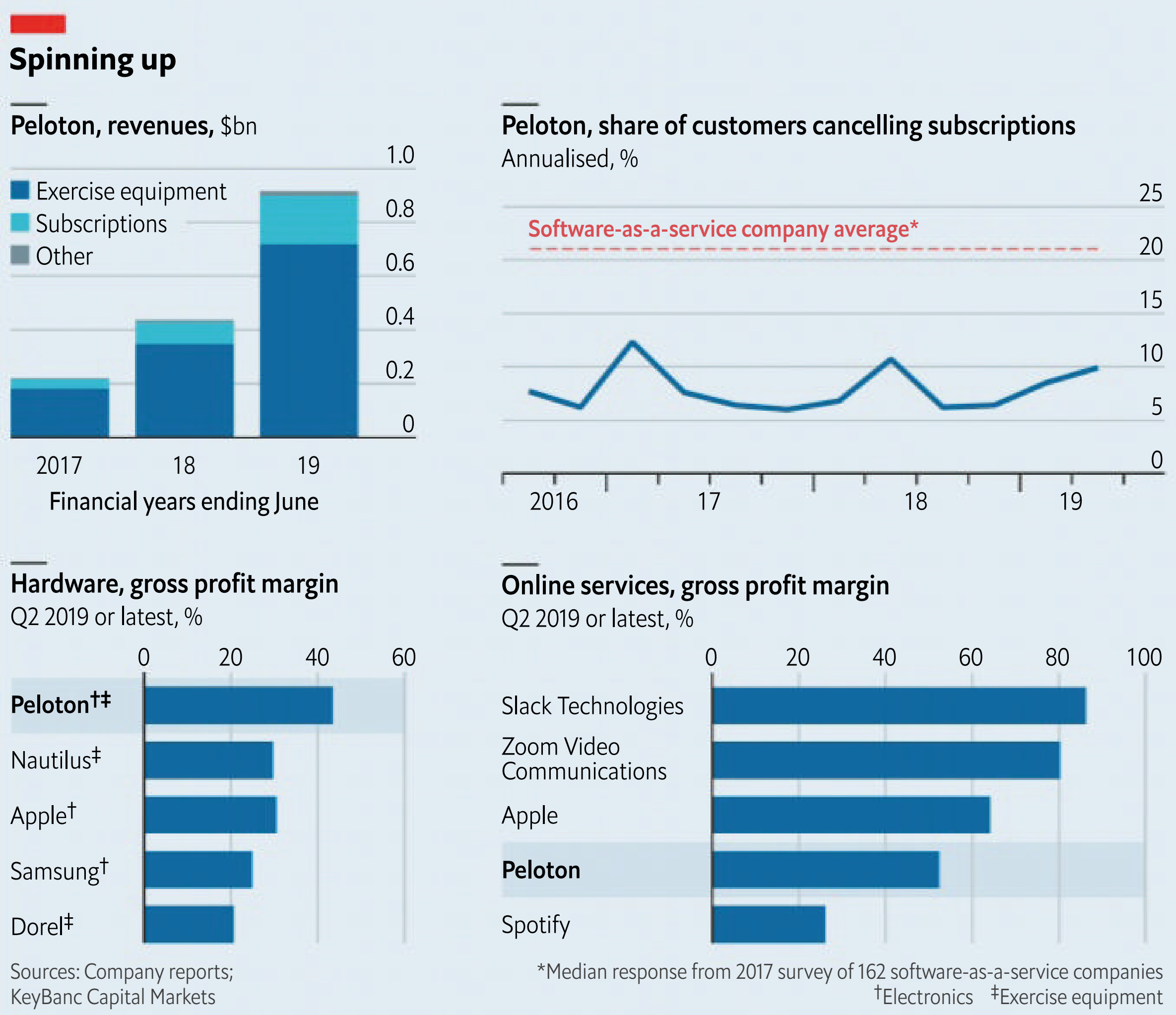
Peloton is the latest example of how the internet is replacing products with services

As anyone in a CrossFit class or Bikram-yoga studio will tell you, fitness is full of fads. Few make it to the stockmarket. But on August 27th Peloton, an American firm founded in 2012, announced it had filed paperwork for an initial public offering. Peloton describes itself as a "technology fitness media design software retail product apparel experience logistics" company. Its investors reckon it could be worth \$4bn.

Stripped of the aspirational jargon, the firm is in the business of selling high-tech (and high-priced) home exercise bikes. Each bike, which costs \$2,245, comes with a touchscreen, a version of Google's Android operating system and an internet connection. For a monthly fee, users can tune into streamed exercise sessions, either live or pre-recorded, complete with leaderboards and statistics. The effect is a mix of a studio spinning class and a YouTube live stream, as perky instructors give shout-outs to individual users who are puffing away in their living rooms hundreds of miles away. For those who dislike cycling, a \$4,295 treadmill is also available.

Like many of the current crop of tech "unicorns"—private companies with a valuation of \$1bn or more—Peloton does not do anything so unfashionable as making money. It lost \$196m in the 12 months to June, up from \$48m the year before, as it threw money at attracting new customers. But its efforts seem to be working: it has 511,000 subscribers, more than double the number last year. Revenue has doubled too, reaching \$915m in 2019 (see chart). It is popular among trendsetters. David Beckham, an ex-footballer, is a fan, as is Barack Obama, an ex-president. That aspirational glow allows the firm to get away with gross margins on hardware of 43%, higher even than Apple's famously lucrative gadgets. Despite its high prices (or perhaps because of them) it also boasts enviable customer loyalty.

Exercise-bike makers used to be in the manufacturing business. But Peloton makes about 20% of revenue from subscriptions, and the share is rising. Margins here are mediocre but should improve as content-production costs are spread over more users. The shift illustrates a broader trend: thanks to the internet, industries that used to be about products are increasingly about services, too. This lets firms replace unpredictable sales with a steady stream of subscription revenue. If they can pull it off.



Schumpeter | Popenomics

What sermons business should and should not heed from a leftist pontiff

THERE ARE few more incongruous places for a seminar on the future of business than the Sacred Convent of Assisi, in Italy. From Schumpeter's cell high in the convent's outer walls, the view over rural Umbria was so beautiful it was like looking at the world through God's eyes—not those of Mammon. The convent houses the nearly 800-year-old tomb of Saint Francis, the most poetic of holy men, who thought money was worth less than asses' dung and inspired a mendicant order. On a night-time visit business-school students surrounded his tomb, as Franciscans in black robes charmed them with stories of their austere daily lives. The only gripe was that early friars failed to foresee that the thick medieval stonework would one day interfere with Wi-Fi.

The week-long seminar on business, work and the circular economy, in early September, had divine overtones. Organised by some of Italy's leading universities, it laid the groundwork for a meeting between Pope Francis and entrepreneurs, academics and students in Assisi next March to discuss the "Economy of Francesco", in homage to the saint. The pope's aim is to draw on the ideas of the young, as well as on veterans of development such as Amartya Sen, an Indian economist, and Jeffrey Sachs, an American one, to create a more sustainable and humane economy.

Many businessmen—even Catholic ones—roll their eyes. They recoil at too much pontification on the shortcomings of private enterprise. Yet Pope Francis has a knack for catching the zeitgeist. On everyone's lips in Assisi was the decision by 181 chief executives in America's Business Roundtable in August to reject the idea that maximising shareholder value was their main goal. Stefano Zamagni, an economist at the University of Bologna (who teases modern capitalists with the pithy "a rising tide lifts only the yachts"), saw it as a watershed event. He acknowledges that it could have been a "social-marketing" ploy to keep big business's critics at bay. But, he asks, "Who am I to judge?"

It is a good time for reflection. Both capitalism and the Catholic church are suffering crises of faith. The reputation of big business has been damaged by the global financial crisis, inequality and environmental harm. The church is reeling from the fallout of the sexual abuse of children by priests. Both are casting about for ways to rebuild their reputations. It is intriguing that each thinks that re-evaluating economic principles may be the way forward.

The starting-point in Assisi was that business and the Catholic church go back a long way together. Though Saint Francis ditched his life as son of a well-heeled merchant for a tunic of coarse wool, his followers helped lay the foundations of a market economy in the Middle Ages by establishing the rule of law and a role for credit. In Umbria Franciscans set up the first pawn shops in the 1460s. Luca Pacioli, who first wrote on double-entry book-keeping, was a Franciscan friar. In the past century so-called Catholic social teaching explored different economic doctrines and grew more pro-capitalist from the 1980s—in tandem with the rise of the Anglo-American concept of shareholder value.

Things are changing. Pope Francis, an Argentine, is the first pontiff to come from the world's less-developed south. His language on the economy is often incendiary, referring to it as "unjust at its root". He blames big business, more than governments, for crony capitalism, while ignoring the role firms have played in helping lift many out of poverty through globalisation. He is scornful of financial markets, downplaying how important they are to economic activity. Some businesspeople view him with the same mistrust they would Jeremy Corbyn or Bernie Sanders.

But in two ways, business folk should heed his message, particularly those who care about the long term. His "Laudato Si'", an encyclical published in 2015 on climate change, sums up as eloquently as anything written so far the pressure from runaway growth on resources—and humans. It calls business "a noble vocation", especially if it creates jobs. It celebrates new forms of technology, provided human responsibility develops alongside. But it notes that unbridled economic expansion is squeezing the planet dry. The rich may have to forsake some natural resources so that the poorer world can develop. It sounds radical. It is also common sense.

The pope makes an argument about individual morality, too. A balanced life is one of self-restraint. To illustrate what he means, attendees at the Assisi seminar were shuttled to Brunello Cucinelli, a €1.9bn ($2.1bn) maker of cashmere garments. Its eponymous founder keeps a bust of Marcus Aurelius, the Roman emperor-philosopher, outside his office and talks passionately about ethics. In May he invited a dozen or so "young Leonardos", including Amazon's (55-year-old) Jeff Bezos, to his hilltop home to discuss humanity's future. No doubt he told them about "gracious growth": his preference for revenues to rise by no more than 8-10% a year, and EBITDA margins to stay at 16-17%. That, he says, is enough to sustain workers, shareholders and the environment.

Easy for Mr Cucinelli to say, you might think. Few companies can hope for such results, at least outside Silicon Valley. But many Catholics wary of Pope Francis would agree with the garment-maker's general point that business and morality should go hand in hand. Philip Booth, a Catholic economist from Britain, likens separating ethics from economics to separating ethics from sex—and teaching about sex purely in biological terms.

Make it Assisi as you can

Where things get more contentious is in recommending a course of action. Faced with climate change and inequality, the temptation is to call for draconian top-down measures to throttle economic activity. If the "Economy of Francesco" leans in that direction, it will fail. But if it stresses bosses' commitment to behave as responsible citizens, corporate or otherwise, it may have a positive effect. At a time when the world is an unholy mess, even asking basic questions about the purpose of business has some virtue. ■

Argentina's economy

Force of circumstance

BUENOS AIRES

In its death throes, Mauricio Macri's government emulates its opponents

ARGENTINA WAS not invited to the Bretton Woods conference in 1944 that created the IMF, and it did not join until 1956. But it has been making its presence felt ever since. At the end of August a team from the IMF visited Buenos Aires to assess the lie of the land before deciding whether to give Argentina's government, led by Mauricio Macri, any more of the record \$57bn loan (worth over 10% of Argentina's 2018 GDP) agreed last year. But as the team left town, the landscape shifted.

Mr Macri's government said it would delay \$7bn-worth of repayments on short-term bills held by institutional investors and seek a rescheduling of over \$50bn of longer-term debt. It would also request new, extended loans from the IMF to help Argentina repay the money it already owes them. As the markets digested the news, the ground moved again. On September 1st the government imposed currency controls, preventing Argentines from buying more than \$10,000 a month, forcing exporters to convert their earnings into pesos, and placing new restrictions on companies' ability to buy foreign exchange.

"This is not a port we imagined we would reach," said Hernán Lacunza, Mr Macri's new finance minister. The president had, after all, cast off in precisely the opposite direction after coming to power in December 2015, seeking to remove many of the clumsy impediments to market forces imposed by his predecessor, Cristina Fernández de Kirchner. Abolishing her currency controls and unifying Argentina's exchange rate was one of his earliest, proudest successes. Now Argentina once again has a black market for dollars, just as it did under Ms Fernández.

Source: Datastream from Refinitiv

The reason for this dramatic reversal of policy is an equally dramatic reversal of political fortunes. On August 11th Argentina held "primary" elections (which are contested by all parties and in which voting is universal and compulsory). Mr Macri lost decisively to an opposition ticket featuring Alberto Fernández, a veteran Peronist, as president and Ms Fernández as vice-president (the two are unrelated). The news that their victory in next month's presidential election was now almost certain alarmed Argentina's creditors, who feared they would fail to honour the country's debts, and corral capital flows. The peso fell by 25%, the principal stockmarket index collapsed and the cost of insuring against default tripled. Neither sky-high interest rates nor the central bank's sales of dollar reserves could arrest the currency's fall. Since the government could not persuade foreigners to hold more pesos, it has been forced to stop Argentines buying too many dollars instead.

Even if Mr Fernández wins outright in October (avoiding a run-off election), he ▸▸

will not be sworn into office until December. But his words already have the power to move markets and shape the economy. His claim on August 30th that Argentina was in "virtual default" deepened the market sell-off (Standard & Poor's, a rating agency, also declared that there had been a temporary, selective default on some of Argentina's obligations). Creditors will not renegotiate their debts with Mr Macri's lame-duck government, fearing that Mr Fernández might force bigger concessions later. The same worry may give pause to the IMF. Why should it give billions of additional dollars to Argentina, when its next president accuses it of helping to create a "social catastrophe" of rising prices, unemployment and poverty?

Advisers to Mr Fernández say his campaign rhetoric should not be taken too seriously. "Alberto is acting now as a candidate…appealing to the base; he will govern very differently," says one of his inner circle. His chief economic adviser, Guillermo Nielsen, has published a more moderate ten-point agenda that leaves some room for optimism. It recognises the need for a budget surplus. And it envisages a "social pact" between the unions and business to tame inflation by moderating wage-claims and price increases. A Peronist government under Mr Fernández may find it easier to bring the unions into line than today's government does. According to Federico Sturzenegger, the former governor of Argentina's central bank, Mr Macri's administration has eschewed that kind of dealmaking because it "did not want to sit the 'old-politics players' at the decision table".

The next government may even consider much-needed reforms of labour laws and welfare entitlements, according to

Buttonwood Tales of the expected

Why the earnings yield helps explain the mysteries of equity returns

In 2011 John Cochrane, a professor at the University of Chicago's Booth School of Business, gave a presidential address on "Discount Rates" to the American Finance Association. It was published as a paper a few months later. In a sweeping take, Mr Cochrane set out how academics' understanding of the way asset prices are determined has shifted over the past half-century. Many papers are described as "landmark"; this one has a better claim to the label than most.

His opening line ("Asset prices should equal expected discounted cash flows") indicated that the basic premise has not changed. But plenty has. In the 1970s the focus of academic finance was on the "expected" part of that equation—the efficiency with which markets priced in any new information relevant to future cash flows. The emphasis has shifted. The "discounted" part, or the risk preferences of investors, has become the main organising principle for research, argued Mr Cochrane.

The old-school view was that when stock prices are high relative to earnings or dividends (ie, yields are low), it implies these cash flows are expected to grow quickly in future. The new school says it is changes in risk appetite—the discount rate that investors apply to future earnings—that explains much of the variation in asset prices. If prices are high and yields are low, that implies investors are willing to accept lower returns in future. Yields predict returns.

There are practical implications. A generation ago an investor might have looked to history for a guide to expected returns. Now yields are seen as a more useful steer. This is clearer with government bonds. The real annual return on American Treasury bonds was 1.9% between 1900 and 2018, according to Credit Suisse's Global Investment Returns Yearbook. But history is bunk. It would not be wise to expect a 1.9% return when the yield-to-maturity on inflation-protected Treasury bonds is zero, as it is now.

The future cash flows from stocks are not as certain as those from government bonds. But Mr Cochrane argued that a similar principle holds with stocks over the long haul. "High prices, relative to dividends, have reliably preceded many years of poor returns. Low prices have preceded high returns," he said. The predictive power of yields holds for bonds and stocks, but also for other assets, such as housing. And valuations based on aggregate earnings or book value predict stock returns just as well as the dividend yield.

A lot of people prefer the earnings yield. Share buy-backs have become a more popular way to return capital to stockholders than paying dividends. The earnings yield may be a better guide to expected returns. True, not all company earnings are distributed to shareholders in dividends or buy-backs; some are used to pay for investment to generate future earnings growth. On the other hand, that growth should also be considered part of expected returns.

Premium model

United States, equity risk premium*

Percentage points

Sources: Federal Reserve; Standard & Poor's

*Gap between S&P 500 earnings yield and real five-year Treasury yields

If yields predict returns, that might seem to imply that astute investors can sell stocks when yields (and expected returns) are low and buy them back when yields are high. In practice, the signal from yield is too weak to be relied upon to catch turning points profitably. But what matters to a lot of investors is not so much what stocks will return in the short run, but how much extra they will return over safe bonds in the long run. This extra reward is the equity risk premium—and to Mr Cochrane's way of thinking the discount rate, the risk premium and the expected return on equities "are all the same thing". One forward-looking measure of the equity risk premium shows a wide variation over time (see chart). Investors with a long-term horizon might profitably use such variations to decide on the mix of risky stocks and safe bonds to hold in a portfolio. The higher the risk premium on stocks, the more the odds favour investors tilting their portfolio away from bonds.

A question for academic research is why exactly expected returns (or, if you prefer, discount rates) on stocks vary so much. One explanation is that, as memories of the previous market crash fade, people get more comfortable owning equities—until the next bear market makes them rethink. In his address Mr Cochrane argued that in a market slump a typical investor is inclined to ignore the high premiums offered by stocks because he fears for his job. The correlation between employment income and stock prices is to blame. Future returns are remarkably hard to predict. Yields may only be a weak guide to them; but they are the best we have.

Emmanuel Alvarez Agis, another adviser who served under Néstor Kirchner, Ms Fernández's late husband and predecessor as president. "The future depends on building coalitions, for change, not governing just from one side or the other," he has said.

Mr Nielsen says the next government will negotiate with the IMF, rather than walk away from it. Having already borrowed almost 80% of the $57bn on offer, Argentina will need new loans from the fund to help it repay the old ones. Mr Nielsen has also described China as a potential "financial life jacket". Ms Fernández, who has remained remarkably quiet during the campaign, is known to covet Chinese investment, which might be attracted to Argentina's infrastructure, 5G networks and renewable-energy projects.

If that is the extent of Ms Fernández's influence on the next government, foreign investors will be relieved. And so will some Argentines. "Many of us could never vote for Cristina and Alberto Fernández," says a retired woman, waiting at her bank this week to change pesos into dollars. "But who can trust any of our politicians after all this?...I trust only my purse." ■

China's financial system

Expelling the poison

SHANGHAI

After three banks are rescued, how many more are at risk?

WORKING AT Hengfeng Bank, an embattled Chinese lender, requires a thick skin these days. On August 30th the bank's Communist Party committee summoned its members, including top executives, for a self-criticism session, of the sort common in the Maoist era. "No one talked about their achievements. They talked only of their shortcomings and problems. They pointed the knife blade at themselves," the bank reported afterwards. "Blushing and sweating, they expelled their poison."

The revival of self-criticism under Xi Jinping, China's president, has raised alarm about the direction in which he is steering the country. Other banks have also conducted similar sessions, a testament to Mr Xi's assertion of party control over the economy. But in the case of Hengfeng, ravaged by corruption scandals and bailed out last month by the government, the sight of its employees examining their misdeeds was, in a way, reassuring. It suggests that officials are getting a handle on one of the worst actors in the banking system, even if their techniques sometimes owe more to Lenin than to Dodd or Frank.

The question now is how many more Hengfengs there are. It was the third bank to be rescued in the space of three months. In May regulators took over Baoshang Bank in Inner Mongolia. In July Industrial and Commercial Bank of China (ICBC), a state-owned giant, propped up the Bank of Jinzhou in the north-east. Then in August Hengfeng, based in Shandong province, received a cash infusion from China's sovereign-wealth fund.

Officials have portrayed these troubled banks as peripheral to the economy. The assets of Hengfeng, the biggest, peaked in 2017 at 1.4trn yuan ($210bn at the time), just 0.5% of the total for Chinese banks. Regulators have also been prompt in fixing holes. When the Baoshang rescue spooked investors as the first instance of losses on interbank loans, the central bank quickly calmed them by injecting cash into the banking system.

Struggle session

China, issue interest rate of three-month negotiable certificate of deposit (NCD), %

Source: Wind Info

*Urban commercial banks

Nevertheless, many financiers suspect that the rot is deeper. Their nerviness is visible in two ways. The first is small banks' elevated funding costs. For years they paid roughly the same interest rates as big banks to borrow from each other. Since Baoshang's rescue, their costs have been half a percentage point higher (see chart).

The second is the 10% fall in ICBC's shares since its Jinzhou investment, a performance that has fallen short of other banks. An auditor who worked with ICBC says the bank was surprised by the blowback. It had used a subsidiary to support Jinzhou, hoping to quarantine the rest of its balance-sheet. But investors did not see it that way. As analysts with China Merchants Bank said, it looked as if ICBC was performing "national service". The fear is that big banks will be conscripted into service again and again.

Many more banks do indeed need help. By the central bank's count, 420 of China's 4,327 lenders are at high risk of distress. However, all but nine are puny rural lenders, so it should be possible to mop up their messes. To get a sense of the scale, Jason Bedford of UBS assessed capital levels, bad loans and loss provisions at a large sample of banks. He estimated that banks with total assets of 9.2trn yuan ($1.3trn) are in danger, amounting to about 4% of the commercial banking system, or nearly a tenth of GDP. That is a big problem, but not an insuperable one.

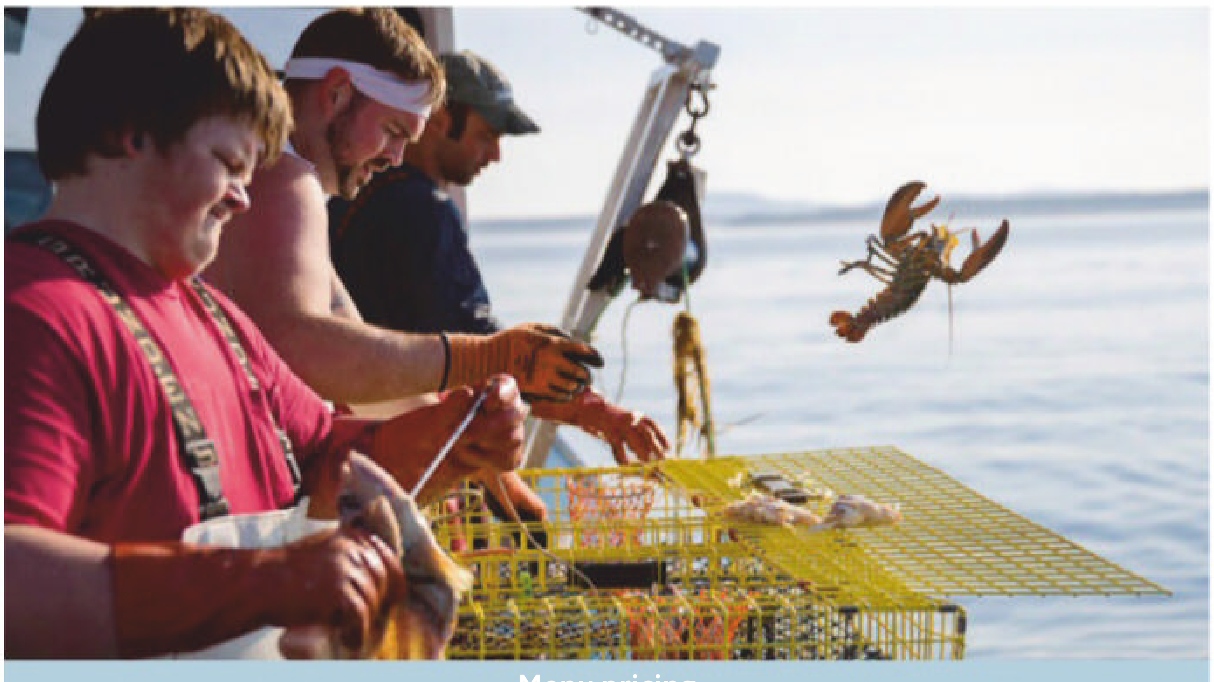
The banks rescued in recent months were atypical in various ways. Baoshang was the piggy bank of a disgraced tycoon; Bank of Jinzhou's auditors resigned amid signs of loan fraud; multiple executives at Hengfeng were felled by corruption charges. "There doesn't appear to be other banks left with the same scale and toxicity as these three," says Mr Bedford.

Yet much about them was also normal. China's smaller banks have been especially aggressive, increasing their assets by 144% over the past five years, compared with 53% for large banks. They have also relied more on interbank borrowing. The implication is that as the economy slows, and as big banks grow wary of counterparty risk, more small banks will be exposed.

Charlene Chu of Autonomous Research has long estimated that bad loans in China are much higher than reported: more like 20% of bank assets rather than the official 2%. She thinks this year's turbulence is a preview of what lies ahead. But she also says that China has ways to delay the reckoning, potentially for a long time. When defaults spread to brokerages in June, regulators brought them and their creditors, mostly banks, together in emergency meetings. "It is a rare tool that Chinese authorities have," says Ms Chu. "They called in all parties, and said no one is defaulting any more."

Even if China can prevent widespread defaults, its banks' newfound risk aversion poses dangers itself. Small banks had been big lenders to small companies, which in turn are big drivers of growth. Now, the outlook for all is more subdued.

At Hengfeng it is no coincidence that, when not engaged in self-criticism, bankers are talking up their role in helping small firms. In a recent news broadcast, Hengfeng's chairwoman was shown visiting a local food company. She gazed over a rice field, trimmed to look like Tiananmen, complete with a portrait of Mao. A slogan was cut into the field: "I love my motherland". In banking as in farming, it is good to know which way the wind is blowing. ■



Menu pricing

Consider the lobster roll

Why Americans pay more for lunch

THIS SUMMER Pret A Manger, purveyor of sandwiches to desk-workers in the white-collar cities of the West, added lobster rolls to its menu. In Britain they cost £5.99 ($7.31); in America $9.99. In both countries they are filled with lobster from Maine, along with cucumber, mayonnaise and more. Rent and labour cost about the same in London as in downtown New York or Boston. Neither sticker price includes sales tax. Yet a Pret lobster roll in America is a third pricier than in Britain, even though the lobster comes from nearer by.

This Pret price gap is not limited to lobster rolls. According to data gathered by *The Economist* on the dozen Pret sandwiches that are most similar in the two countries, the American ones cost on average 74% more (see chart). An egg sandwich in New York costs $4.99 to London's £1.79, more than double. A tuna baguette costs two-thirds more. The price mismatch is intriguing—the more so for *The Economist*, which publishes the Big Mac index, a cross-country comparison of burger prices, which shows a 43% transatlantic disparity.

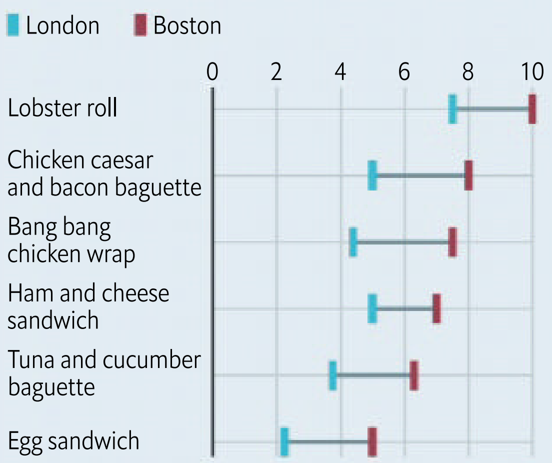
Menu pricing starts with a simple rule, says John Buchanan of the consulting arm of Lettuce Entertain You Enterprises, a restaurant group: take the cost of ingredients and multiply by three. Then ask yourself how much customers would expect to pay for a dish of this type, and how much they would expect to pay for it from you. A Pret lobster roll and one from a fancy seafood restaurant are quite different propositions. Lastly, check what the competition charges. "Only a small part of this decision is what I would call scientific," says Mr Buchanan. "A lot has to do with a subjective judgment of what the market will bear."

The lunch market is local. New Yorkers do not care about prices in London. And they—alongside Bostonians and Washingtonians—are used to their local high prices, for reasons that include bigger portions (though not at Pret) and tipping habits. Londoners are keener on sandwich lunches, which means stiffer competition in that part of the market.

Often lunch prices vary by neighbourhood. JD Wetherspoon, a British pub chain, prides itself on low prices, but allows them to differ by branch. In 2017 the *Financial Times* found that the most expensive Spoons charged over 40% more than the cheapest one. They also vary by time: many restaurants charge more for dinner than for lunch. Perceptions of value for money are relative not absolute. For Pret's lobster rolls, it's a case of claws and effect.

Shell companies

Selected Pret A Manger sandwiches, prices, $
August 2019



Source: Pret A Manger

Working hours

Balancing act

AMSTERDAM

Part-time jobs help women stay in paid work. They can also hold women back

GETTING HOLD of a Dutch woman on a Wednesday can be tricky. For most primary schools it is a half-day, and as three-quarters of working women are part-time, it is a popular day to take off. The Dutch are world champions at part-time work and are often lauded for their healthy work-life balance and happy children. But these come at a price. Among western European countries, the Netherlands has the largest gap between men's and women's pension entitlements, and the largest in monthly income. Even though a similar share of Dutch women are in the labour force as elsewhere in western Europe, their contribution to GDP, at 33%, is far lower, largely because they work fewer hours.

In the rich world part-time working took off in the second half of the 20th century, as services replaced manufacturing and women piled into the labour market. It remains essential to helping women work, particularly after giving birth, and in countries with traditional gender norms. But it can prolong—or even worsen—gender inequality and make women less independent by locking them into jobs with worse pay and prospects. Differences in working hours explain a growing part of the gender pay gap. That share could increase as labour markets disproportionately reward those willing and able to work all hours—who are mostly men.

Almost one in five workers globally are part-time (defined as working fewer than 35 hours a week). In many countries married women are the group most likely to work part-time, and married men the least likely to (see chart 1 on next page). In the EU nearly one in three women in work aged 20-64 are part-time, compared with fewer than one in 12 men (see chart 2). After the financial crisis the number of "involuntary" part-timers—workers who would take more hours if they could get them—rose alarmingly in some countries, including America, Britain and Spain.

Family obligations often lead women to choose to work part-time. In America 34% of female part-timers, and just 9% of male ones, cite this as their main reason. In the EU the figures are 44% and 16%. "Part-time work can be very positive when the alternative would have been women leaving the labour market altogether," says Andrea Bassanini of the OECD. Its availability has been credited with the rapid growth of female participation not just in the Netherlands, but also in Germany, Japan and Spain, where it has shifted the standard household from one to one-and-a-half breadwinners. In Germany all the growth of the female workforce in the past 15 years has been down to the rise in part-timers.

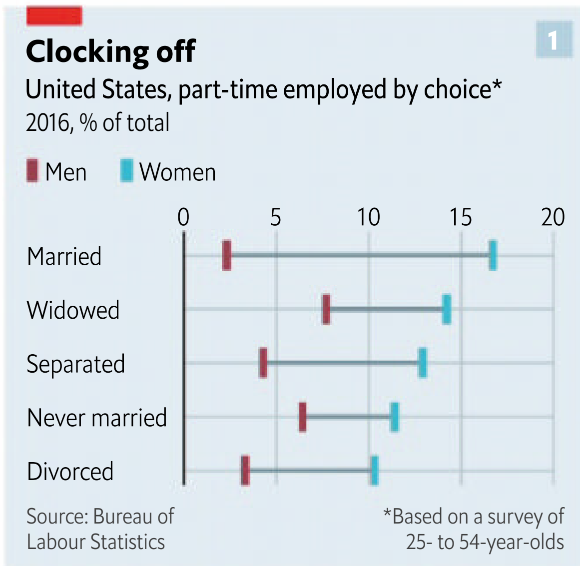
But for women, there is a cost. Within the OECD—apart from in Japan and South Korea, where women are excluded from most well-paid jobs—part-time working and the gender pay gap are significantly correlated. The mix of reasons varies from country to country, but three stand out.

First, in nearly everywhere that has data available, part-time jobs pay less per hour than full-time ones. Sometimes this is within an occupation. A recruitment firm, Indeed, found that the hourly-pay penalty for part-timers in America was highest in jobs that rewarded strong client relationships, such as in retail, or where workers are always on-call, such as web development. But more often it is between occupations: the types of jobs that can readily be done part-time, or are offered part-time, are lower-paid than those that are not.

Second, part-timers are more likely to have a "bad job"—one that offers little training and few legal rights. In America 39% of female part-time workers, compared with 6% of full-time men and 9% of full-time women, are in the "secondary" labour market, with low pay, no benefits and few opportunities to move to better jobs, writes Arne Kalleberg of the University of North Carolina in "Precarious Work". According to Patricia Gallego-Granados of DIW, a think-tank in Berlin, going part-time in Germany often involves "occupational downgrading": accepting a job that does not use the worker's skills to the full.

Even good jobs can become worse when done part-time. A study of American women in elite occupations who voluntarily moved to part-time "retention" positions created for them found that they were put on a "mummy track" with less chance to progress. In Britain, says the IFS, a think-tank, wage increases stop when a woman moves to a part-time role. For graduates the penalty is particularly large, since they earn a larger return on experience. The IFS calculates that a quarter of Britain's hourly gender pay gap can be explained by women's greater propensity to work part-time.

Third, part-time work can be a trap. Although often a short-term expedient, most women who start to work part-time continue for longer than intended. Many never go full-time again. The share of Dutch women working full-time peaks at age 25-30 and then falls, never to recover—quite unlike the pattern for men, who peak later and then stabilise. A study in Australia found that the likelihood of a woman changing hours, contract or employer fell by 25-35% after she became a mother. "The best kind of part-time work is for a short duration," says Jon Messenger of the International Labour Organisation.



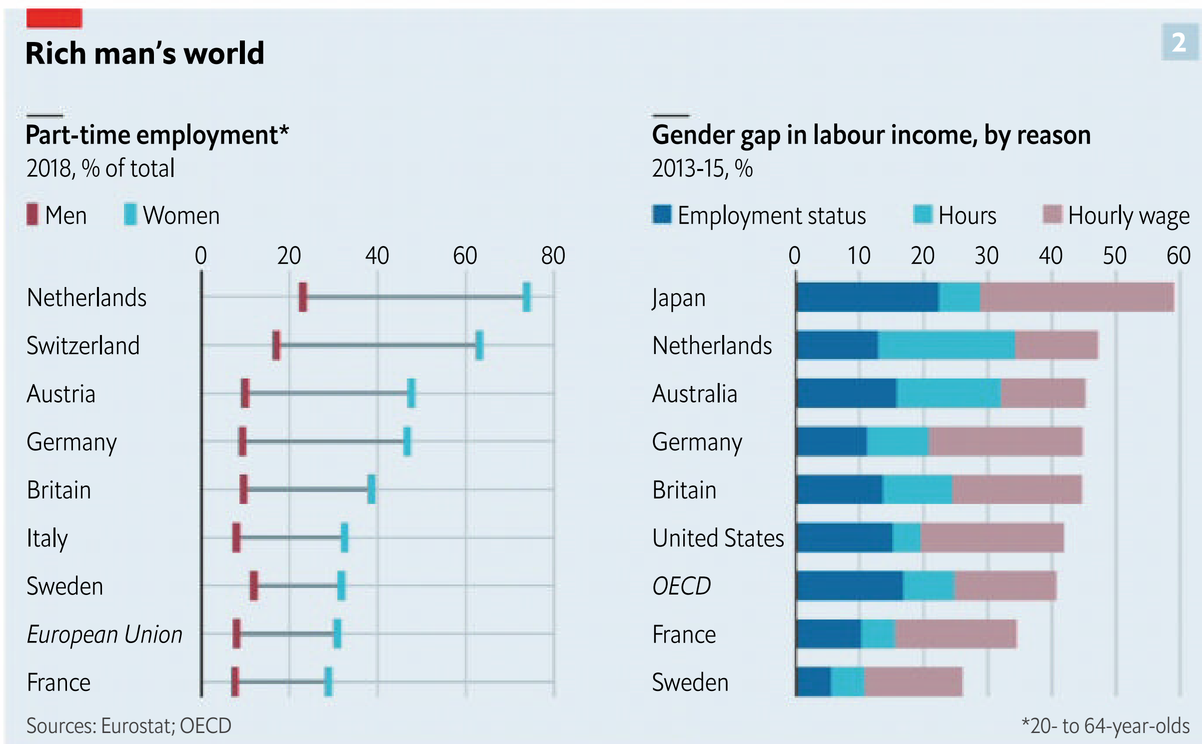
For an employer, the benefit of part-time rather than full-time workers depends on the sector. When demand varies a lot, part-timers bring large productivity gains, according to an extensive study of employees in pharmacies. Companies where full-time employees work more than 48 hours a week could benefit from more part-timers, since productivity falls off above that threshold. But otherwise the evidence is mixed. In countries with fewer protections for part-timers (the Netherlands and Norway are rare exceptions), companies choose them for that reason.

Indeed, the gender pay gap could even widen further. One reason is growing demand for "flexible" workers, by which employers generally mean the opposite of what workers with caring responsibilities mean: permanently on-call rather than with predictable, mutually agreed hours and the ability to work from home. "I wouldn't be surprised if this new demand for flexibility creates new types of biases against women," says Mr Bassanini. Related to this is the rise of jobs with extremely short hours, mostly done by women.

Meanwhile the hourly reward for working in professions where very long hours are the norm, such as law and consulting, has risen dramatically. A study published by the National Bureau of Economic Research found that America's gender pay gap would be as much as 46% smaller were it not for the increasingly disproportionate rewards for working extra hours since the 1980s. It estimates that average wages rise by 20% in an occupation for every 10% rise in average hours. This premium for uncompromising jobs means "women have been swimming upstream in terms of achieving wage parity," write the authors. To make matters worse, says Youngjoo Cha of Indiana University, women in households where the man works more than 60 hours a week are three times as likely to stop work as women in households where the man works 35-50 hours a week. (A wife working long hours does not make a man any more likely to quit.)

As long as some people work punishing hours, the prospect of closing the gender pay gap appears remote. Men in the rich world are twice as likely as women to work more than 48 hours a week. In America 20% of American fathers, but just 6% of mothers, work more than 50 hours a week. This is one of several arguments made by campaigners for a four-day working week.

Yet even modern, family-oriented men face a dilemma. Their requests to work part-time are more likely than women's to be rejected. And those who do work part-time risk discrimination. A study in which CVs were sent to prospective employers found that men whose CVs showed them as working part-time were just half as likely to get a call-back as those who were identical, except that they were working full-time. Part-time women faced no such discrimination. As long as such double standards exist, many couples will still choose to scale back her career, rather than his. ■



Free exchange | The uncertainty of genius

The world loses one of its leading environmental economists

Martin Weitzman, one of his colleagues observed last year, was not an economist you would expect to encounter on the 7am plane from Boston to Washington. That was not because the retired Harvard University professor, who died on August 27th, lacked influence. On the contrary, his research was cited by policymakers around the world. Nor was it because he objected to flying, although he might have done on the basis of his field, environmental economics. It was because he was a recluse who, according to many who knew him, preferred thinking in his study to being with his friends, let alone with politicians. Making intellectual advances was the most important thing.

But what he made of his time at his desk. He was of a rare breed: a theorist capable of brilliant abstract reasoning whose work was nevertheless squarely relevant to essential—and increasingly pressing—policy choices. In 1974, early in his career, he wrote a paper that became a foundation stone of every course on public economics. It posed the question: how should regulators rein in pollution? Should they issue (tradable) pollution permits to firms, thereby picking a quantity? Or should they tax polluters, thereby picking a price?

Two sides of the same coin, went existing thinking, which assumed perfect knowledge on the part of bureaucrats. But Mr Weitzman assumed that predicting the reaction of prices to a regulated quantity, and vice versa, is partly guesswork (an assumption that would be borne out, decades later, when the prices of carbon permits in the European Union's emissions-trading scheme collapsed unexpectedly after the financial crisis). Which you should regulate depends on the relative costs of mistakes. If getting the quantity of pollution slightly wrong would be costlier, then quantity should be pinned down, with prices allowed to work themselves out. If a slightly errant price can do more damage—say, because the need to buy expensive permits could put many firms out of business—then a tax, fixed at a safe level, is the way to go.

Uncertainty was the theme that ran through Mr Weitzman's career. It was also another reason to avoid that Washington shuttle: how could an economist ever make a precise recommendation in such a complex world? He would provide the intellectual machinery for thinking about a problem; others would have to choose the precise settings. For example, perhaps the biggest debate in environmental economics in recent years has concerned discount rates. By how much should you mark down the environmental damage of pollution to take account of the fact that it comes mostly in the future? Mr Weitzman assumed that the correct discount rate is itself uncertain. He demonstrated mathematically that whatever rate is chosen, uncertainty means it should decline over time. The further you peer into the future, the lower your discount rate should be. Many governments, including those of Britain, Denmark, France and Norway, now apply declining discount rates in their economic analyses, although the debate about the right starting-point is far from settled.

The latter stages of Mr Weitzman's career were defined by an assault on what he saw as false precision in predictions of the costs of climate change. In 2018 William Nordhaus, his longtime colleague—and rival, although there was no animosity between them—won the Nobel prize in economics for his work on the costs and benefits of acting to reduce greenhouse-gas emissions. Mr Nordhaus carefully prices the potential damage from global warming using an economic model, discounts it appropriately (he favours a relatively high rate) and compares the result to the costs of reducing emissions today. His models suggest that policymakers should implement a carbon tax starting at around $30-40 per tonne of carbon dioxide and tolerate warming this century of over 3°C, compared with temperatures in pre-industrial times.

Mr Weitzman thought this approach problematic. Climate change, he argued, does not lend itself easily to cost-benefit analysis. Despite advances in climate science, the sensitivity of global surface temperature to atmospheric carbon dioxide remains uncertain. Even if the central case is that a given amount of pollution produces a manageable eventual rise in temperatures, a cataclysmic event, such as global warming of over 6°C, remains worryingly possible. Cost-benefit analysis, he showed, can break down in these conditions. His "dismal theorem" proved that with fat-tailed distributions, and under certain mathematical assumptions about people's preferences, society should be willing to pay unlimited amounts today to avoid catastrophic risk.

The dismal profession

Mr Weitzman acknowledged that this result was detached from reality: "obviously it cannot be taken literally," he said. Nobody believes in giving up everything today in the name of future safety. Atheists are rarely persuaded by Pascal's wager—the argument that you should believe in God to avoid the infinite downside risk of eternal hellfire. But Mr Weitzman thought he had made a deeper point about the fragility of cost-benefit analysis in the face of extreme risks. "We desperately need more information about what's going on in these tails," he said. "It's not the median values that are gonna kill us."

Mr Weitzman is thought to have taken his own life, the second celebrated economist to do so this year. His ideas on tail risks might yet prevail in the profession, despite his apparent passing-over for the Nobel prize. Certainly campaign groups, such as Britain's Extinction Rebellion, increasingly emphasise catastrophic risk above all else. He died a political moderate and, according to one colleague's recollection, was no fan of the Green New Deal, the plan for fighting climate change proposed by America's left, which downplays the role of carbon pricing.

Still, Mr Weitzman was not one to say precisely what should be done. His domain was that which is not known. ■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AI and war

Battle algorithm

Artificial intelligence is transforming every aspect of warfare

As the navy plane swooped low over the jungle, it dropped a bundle of devices into the canopy below. Some were microphones, listening for guerrilla footsteps or truck ignitions. Others were seismic detectors, attuned to minute vibrations in the ground. Strangest of all were the olfactory sensors, sniffing out ammonia in human urine. Tens of thousands of these electronic organs beamed their data to drones and on to computers. In minutes, warplanes would be on their way to carpet-bomb the algorithmically-ordained grid square. Operation Igloo White was the future of war—in 1970.

America's effort to cut the Ho Chi Minh trail running from Laos into Vietnam was not a success. It cost around $1bn a year (about $7.3bn in today's dollars)—$100,000 ($730,000 today) for every truck destroyed—and did not stop infiltration. But the allure of semi-automated war never faded. The idea of collecting data from sensors, processing them with algorithms fuelled by ever-more processing power and acting on the output more quickly than the enemy lies at the heart of military thinking across the world's biggest powers. And today that is being supercharged by new developments in artificial intelligence (AI).

AI is "poised to change the character of the future battlefield", declared America's Department of Defence in its first AI strategy document, in February. A Joint Artificial Intelligence Centre (JAIC) was launched in the Pentagon in summer 2018, and a National Security Commission on Artificial Intelligence met for the first time in March. The Pentagon's budget for 2020 has lavished almost $1bn on AI and over four times as much on unmanned and autonomous capabilities that rely on it.

Rise of the machines

A similar flurry of activity is under way in China, which wants to lead the world in AI by 2030 (by what measure is unclear), and in Russia, where President Vladimir Putin famously predicted that "whoever becomes the leader in this sphere will become the ruler of the world". But the paradox is that AI might at once penetrate and thicken the fog of war, allowing it to be waged with a speed and complexity that renders it essentially opaque to humans.

AI is a broad and blurry term, covering a range of techniques from rule-following systems, pioneered in the 1950s, to modern probability-based machine learning, in which computers teach themselves to carry out tasks. Deep learning—a particularly fashionable and potent approach to machine learning, involving many layers of brain-inspired neural networks—has proved highly adept at tasks as diverse as translation, object recognition and game playing (see chart on next page). Michael Horowitz of the University of Pennsylvania compares AI to the internal combustion engine or electricity—an enabling technology with myriad applications. He divides its military applications into three sorts. One is to allow machines to act without human supervision. Another is to process and interpret large volumes of data. A third is aiding, or even conducting, the command and control of war.

Start on the battlefield. The appeal of autonomy is obvious—robots are cheaper, hardier and more expendable than humans. But a machine capable of wandering the battlefield, let alone spilling blood on it, must be intelligent enough to carry that burden—an unintelligent drone will not survive for long in a battle; worse still, an unintelligent gun-toting robot is a war crime waiting to happen. So AI is required to endow machines with the requisite skills. Those include simple ones, like perception and navigation, and higher-order skills, like co-ordination with other agents. ▸▸

Intelligent machines that combine these abilities can do things that individual humans cannot. "Already, an AI system can outperform an experienced military pilot in simulated air-to-air combat," notes Kenneth Payne of King's College London. In February, the Defence Advanced Research Projects Agency (DARPA), the Pentagon's blue-sky-thinking branch, conducted the latest test of a six-strong drone swarm capable of collaborating in a "high-threat" environment, even when cut off from human contact.

For all that, most such systems embody intelligence that is narrow and brittle—good at one task in a well-defined environment, but liable to fail badly in unfamiliar settings. So existing autonomous weapons are comprised of either loitering missiles that smash into radars or quick-firing guns that defend ships and bases. Useful, but not revolutionary—and neither requires the fancy machine-learning techniques pioneered in recent years.

Enhance. Enhance. Enhance

It would be a mistake to think that AI is useful only for battlefield drudgery. Robots, killer or otherwise, must act on what they see. But for many military platforms, like spy planes and satellites, the point is to beam back raw data that might be turned into useful intelligence. There is now more of that than ever before—in 2011 alone, the most recent year for which there are data, America's 11,000-or-so drones sent back over 327,000 hours (37 years) of footage.

Most of that has lain unwatched. Luckily, the second major application for AI in the armed forces will be in processing data. In lab-based tests, algorithms surpassed human performance in image classification by 2015 and nearly doubled their performance in a tougher task, object segmentation, which involves picking out multiple objects from single images, between 2015 and 2018, according to Stanford University's annual index of AI progress. Computer vision is far from perfect and can be exploited in ways that would not fool a human observer. In one study, altering 0.04% of the pixels in an image of a panda—imperceptible to humans—caused the system to see a gibbon instead.

Those weaknesses notwithstanding, by February 2017 the Pentagon itself concluded that deep-learning algorithms "can perform at near-human levels". So it established the "Algorithmic Warfare" team, known as Project Maven, which uses deep learning and other techniques to identify objects and suspicious actions, initially in footage from the war against Islamic State and now more widely. The aim is to produce "actionable" intelligence—the sort that often ends with bombs falling or special forces kicking in doors.

An insider with knowledge of Project Maven says that the benefits to analysts—in terms of time savings and new insights—remain marginal for now. Wide-angle cameras that can see across entire cities throw up large numbers of false positives, for instance. "But the nature of these systems is highly iterative," he says. Progress is rapid and Project Maven is just the tip of the iceberg.

Earth-i, a British company, can apply machine-learning algorithms from a range of satellites to identify different variants of military aircraft across dozens of bases with over 98% accuracy (see main picture), according to Sean Corbett, a retired air vice-marshal in the Royal Air Force (RAF) who now works for the firm. "The clever bit", he says, "is then developing methods to automatically identify what is normal and what is not normal." By watching bases over time, the software can distinguish routine deployments from irregular movements, alerting analysts to significant changes.

Algorithms, of course, are omnivorous and can be fed any sort of data, not just images. "Bulk data combined with modern analytics make the modern world transparent," noted Sir Alex Younger, the head of MI6, Britain's spy agency, in December. In 2012 leaked documents from the NSA, America's signals-intelligence agency, described a programme (reassuringly called Skynet), which applied machine learning to Pakistani mobile-phone data in order to pick out individuals who might be couriers for terrorist groups. Who, for instance, had travelled from Lahore to the border town of Peshawar in the past month—and turned off or swapped their handset more often than usual? "It's beginning to shift intelligence from the old world, where commanders asked a question and intelligence agencies used collection assets to find the answer, to a world where answers are in...the cloud," says Sir Richard Barrons, a retired general who commanded Britain's joint forces until 2016.

Indeed, the data in question need not always come from an enemy. JAIC's first project was neither a weapon nor a spying tool, but a collaboration with special forces to predict engine failures in their Black Hawk helicopters. The first version of the algorithm was delivered in April. Air-force tests on command-and-control planes and transporters showed that such predictive maintenance could reduce unscheduled work by almost a third, which might allow big cuts in the $78bn that the Pentagon currently spends on maintenance.

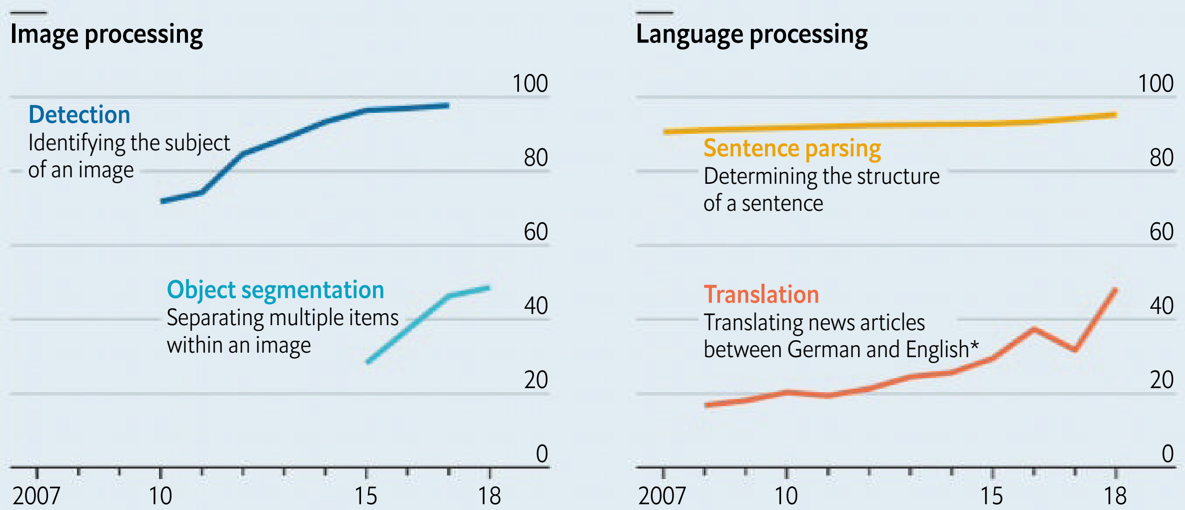
Coup d'AI

The point of processing information, of course, is to act on it. And the third way AI will change warfare is by seeping into military decision-making from the lowly platoon to national headquarters. Northern Arrow, a tool built by UNIQAI, an Israeli AI firm, is one of many products on the market that helps commanders plan missions by crunching large volumes of data on variables such as enemy positions, weapon ranges, terrain and weather—a process that would normally take 12 to 24 hours for soldiers the old-fashioned way by poring over maps and charts. It is fed with data from books and manuals—say, on tank speeds at different elevations—and also from interviews with experienced commanders. The algorithm then serves up options to harried decision-makers, along with an explanation of why each was chosen.

These "expert system" platforms, such as Northern Arrow and America's similar CADET software, can work far quicker than human minds—two minutes for CADET compared with 16 person-hours for humans, in one test—but they tend to employ rule-following techniques that are algorithmically straightforward. By historical standards this would be considered AI, but most use deterministic methods, which means that the same inputs will always produce the same outputs. This would be familiar to the soldiers who used the outputs of ENIAC, the world's first electronic

Learning curves

Success rate of best available AI system, %



Source: Stanford University Artificial Intelligence Index 2018 annual report

*BLEU score (% similar to a human-made translation) general-purpose computer, which generated artillery firing tables in 1945.

In the real world, randomness often gets in the way of making precise predictions, so many modern AI systems combine rule-following with added randomness as a stepping stone to more complex planning. DARPA's Real-time Adversarial Intelligence and Decision-making (RAID) software aims to predict the goals, movements and even the possible emotions of enemy forces five hours into the future. The system relies on a type of game theory that shrinks down problems into smaller games, reducing the computational power required to solve them.

In early tests between 2004 and 2008, RAID performed with greater accuracy and speed than human planners. In simulated two-hour battles in Baghdad, human teams were pitted against either RAID or other humans; they could tell them apart less than half the time. The retired colonels drafted to simulate Iraqi insurgents "got so scared" of the software, notes Boris Stilman, one of its designers, that "they stopped talking to each other and used hand signals instead". RAID is now being developed for army use.

The latest deep-learning systems can be the most enigmatic of all. In March 2016, AlphaGo, a deep-learning algorithm built by DeepMind, beat one of the world's best players in Go, an ancient Chinese strategy game. In the process it played several highly creative moves that confounded experts. The very next month, China's Academy of Military Science held a workshop on the implications of the match. "For Chinese military strategists, among the lessons learned from AlphaGo's victories was the fact that an AI could create tactics and stratagems superior to those of a human player in a game that can be compared to a wargame," wrote Elsa Kania, an expert on Chinese military innovation.

Shall we play a game?

In December 2018 another of DeepMind's programs, AlphaStar, trounced one of the world's strongest players in StarCraft II, a video game played in real-time, rather than turn-by-turn, with information hidden from players and with many more degrees of freedom (potential moves) than Go. Many officers hope that such game-playing aptitude might eventually translate into a flair for inventive and artful manoeuvres of the sort celebrated in military history. Michael Brown, director of the Defence Innovation Unit, a Pentagon body tasked with tapping commercial technology, says that AI-enabled "strategic reasoning" is one of his organisation's priorities.

But if algorithms that surpass human creativity also elude human understanding, they raise problems of law, ethics and trust. The laws of war require a series of judgments about concepts such as proportionality (between civilian harm and military advantage) and necessity. Software that cannot explain why a target was chosen probably cannot abide by those laws. Even if it can, humans might mistrust a decision aid that could outwardly resemble a Magic 8-Ball.

Crowd mentality

"What do we do when AI is applied to military strategy and has calculated the probabilistic inferences of multiple interactions many moves beyond that which we can consider," asks wing-commander Keith Dear, an RAF intelligence officer, "and recommends a course of action that we don't understand?" He gives the example of an AI that might propose funding an opera in Baku in response to a Russian military incursion in Moldova—a surreal manoeuvre liable to baffle one's own forces, let alone the enemy. Yet it might result from the AI grasping a political chain of events that would not be immediately perceptible to commanders.

Even so, he predicts that humans will accept the trade-off between inscrutability and efficiency. "Even with the limitations of today's technology, an AI might support, if not take over, decision-making in real-world warfighting" by using a "massive near-real-time simulation".

That is not as far-fetched as it sounds. Sir Richard Barrons points out that Britain's defence ministry is already purchasing a technology demonstrator for a cloud-based virtual replication of a complex operating environment—known as a single synthetic environment—essentially a military version of the software that powers large-scale online video games such as "Fortnite". It is built by Improbable, a gaming company, and CAE, known for its flight simulators, using open standards, so everything from secret intelligence to real-time weather data can be plugged in. "It will revolutionise how command and control is done," says Sir Richard, as long as there are plentiful data, networks to move it and cloud computing to process it. That would allow a "single synthetic command tool from the national security council down to the tactical commander".

Automatic without the people?

Western governments insist that humans will be "on the loop", supervising things. But even many of their own officers are not convinced. "It seems likely humans will be increasingly both out of the loop and off the team in decision-making from tactical to strategic," says Commander Dear. The expectation that combat will speed up "beyond the capabilities of human cognition" recurs in Chinese writing, too, says Ms Kania. The result would not only be autonomous weapons, but an automated battlefield. At the outset of a war, interconnected AI systems would pick out targets, from missile launchers to aircraft-carriers, and choreograph rapid and precise strikes to destroy them in the most efficient order.

The wider consequences of that remain unclear. The prospect of accurate and rapid strikes "could erode stability by increasing the perceived risk of surprise attack", writes Zachary Davis in a recent paper for the Lawrence Livermore National Laboratory. But AI might equally help defenders parry such blows, by identifying the telltale signs of an impending strike. Or, like America's sensor-scattering spree in the Vietnamese jungle in the 1960s, such schemes could wind up as expensive and ill-conceived failures. Yet no power wants to risk falling behind its rivals. And here, politics, not just technology, may have an impact.

The Pentagon's spending on AI is a fraction of the $20bn-30bn that was spent by large technology firms in 2016. Although many American companies are happy to take defence dollars—Amazon and Microsoft are nearing a $10bn cloud-computing contract with the Pentagon—others are more skittish. In June 2018 Google said it would allow its $9m contract for work on Project Maven to lapse this year, after 4,000 employees protested the company's involvement in "warfare technology".

In China, on the other hand, firms can be easily pressed into the service of the state and privacy laws are a minor encumbrance. "If data is the fuel of AI, then China may have a structural advantage over the rest of the world," warned Robert Work, a former US deputy secretary of defence, in June. Whether civilian data can fuel military algorithms is not clear, but the question plays on the minds of military leaders. JAIC director General Jack Shanahan expressed his concerns on August 30th: "What I don't want to see is a future where our potential adversaries have a fully AI-enabled force and we do not." ■

Memoirs and manifestos

Campaigning in prose

WASHINGTON, DC

Even when they say nothing new, candidates' books can be revealing

VOTERS DO NOT care much about policy. They pick candidates because they like them, and feel they care. Skilful politicians know how to deploy policy to signal affinity between themselves and their audience. "Build a wall" did not mean simply, "I'm going to erect an impenetrable barrier along our southern border"; it was also Donald Trump's way of telling voters that, like some of them, he preferred an America with fewer immigrants. Similarly, "Medicare for all" does not just mean, "I will immediately abolish all private insurance and move people to a state programme"; it is a way for Bernie Sanders and Elizabeth Warren to communicate that they aspire to a more activist government. As well as liking and aligning with candidates, ideally voters should feel they know them well, too.

Political-campaign books are a sign of seriousness to activists and donors. In the best ones, candidates tell voters what they think, who they are, where they come from and what they want to do in office. Rallies, debates and adverts reach more people, but books give politicians space. They can introduce themselves and their ideas without interruption and at length. These works all follow certain conventions: parents and teachers are praised, every remembered interaction offers a lasting lesson, obstacles are overcome and doubters vanquished. But each is also an artefact of the candidacy it promotes.

Each chapter in Bernie Sanders's book, for instance, is headlined with a date. "Where We Go From Here" reads as though, on those particular dates, he turned on the recording function on his smartphone, shouted into it for a while, and then got an intern to transcribe everything. Most candidates edit and present their earliest memories. Not Mr Sanders. In passing readers learn that he has children, grandchildren and a brother, and that he first ran for the Senate as a third-party candidate in 1971. During a visit to Missouri, a colleague slept in a bed that Margaret Thatcher had used, whereas Mr Sanders "opted for a room across the hall" (whether out of principle or for convenience is unclear).

Mr Sanders's aversion to personal details extends beyond his own. He says he got "goose-bumps" from talking to a D-Day veteran, and "will never forget" meeting him, but fails to note what the man actually said. In his world there are no individuals, just victims of malign historical forces that must be defeated through revolution. Readers will learn nothing about him that they did not already know. That itself tells them something valuable: like President Trump, Mr Sanders is a factional candidate uninterested in expanding his base. He will happily accept more votes, but from people whose eyes have become unscaled. The grubby business of persuasion and compromise is beneath him.

By contrast, Ms Warren, Mr Sanders's rival on the left of the Democratic field, turns out to be quite good at persuasion. It is not an endorsement of her policies to note that she is conspicuously better than any other candidate at explaining why she favours them, and why they matter to ordinary people. She has a rationale for running: she wants to rebuild the American middle class by reviving New Deal regulations and adding more. In "This Fight Is Our Fight", she connects everything back to that mission.

She turns her upbringing into a discourse on wage stagnation. Gina, a woman ▸▸

Ms Warren met soon after she began writing her book, exemplifies the struggles of middle-class Americans. People are individuals, not oppressed, indistinguishable masses (Gina is "the kind of woman who talks to people around her in the grocery-store line and who knows every clerk by name"). At times, Ms Warren's political platform seems a sort of leftist Trumpism, with corporations rather than immigrants as the villains responsible for all ills. But if Democratic primary voters decide they want a fighter rather than a conciliator or sloganeer, she might be the choice.

The other front-runner, Joe Biden, leads with his heart. Mr Biden has suffered terrible loss: when he was 30, just weeks after he was first elected as a senator, his wife and infant daughter died in a car crash. "Promise Me, Dad" centres on his last years as vice-president, when he was deciding whether to run in 2016 and his older son, Beau, was struggling with the cancer that ultimately killed him. Even Mr Biden's most ardent opponents might find themselves moved, though the most emotive section is the eulogy for Beau delivered by Barack Obama—a reminder, like the rest of these books, that no president, except perhaps Ulysses Grant, has written as well as Mr Obama.

Speak, memory

By contrast, readers of "The Truths We Hold" by Kamala Harris are at no risk of an emotional response. Ms Harris is for all the good things and against all the bad ones. She has a lawyer's gift for framing debates. Her slogan, "We must speak truth", implies that other politicians do not. She became a prosecutor, she claims, not out of political ambition—though that is no sin, as unambitious politicians tend not to win, and they certainly do not run for president—but "to be on the front lines of criminal-justice reform...to protect the vulnerable." Throughout, her thoughts are farther left than her actions, which will strike some readers as prudent and others as insincere.

Her fellow ex-prosecutor, Amy Klobuchar, has produced a much stranger book. She calls herself (and her book) "The Senator Next Door", which, like the cover image of her with a cup of coffee and a newspaper, is meant to convey everyday relatability. And indeed, Ms Klobuchar did have a modest upbringing. Yet her prose seems most alive when she is listing the impressive jobs held by her friends or rehashing old grievances. Readers will learn the names of the school principal who sent her home in fourth grade for wearing trousers, of the neighbours who failed to chain their scary dog and of a teacher who predicted an average future because young Amy coloured in a bunch of grapes poorly.

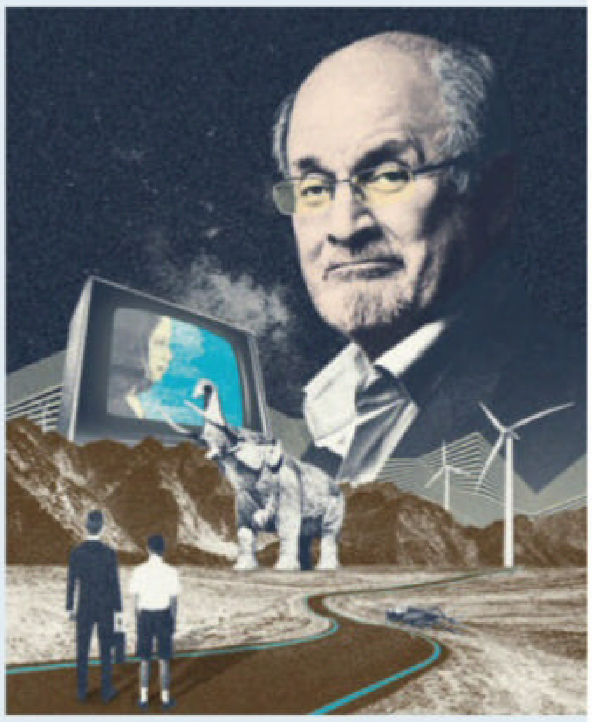
Pete Buttigieg, Cory Booker and Marianne Williamson have written kinder books. Mr Buttigieg says he would have been a novelist had he not run for office, and it shows in his eye for character and detail in "Shortest Way Home". Mr Booker defies literary conventional wisdom: making nice people interesting is notoriously hard, and even harder when the nice person himself is narrating, but in "United" Mr Booker comes across as both generous and a shrewd observer. He seems to lack ruthlessness, which speaks well of him as a man but less so as a contender.

Ms Williamson does not lack ruthlessness so much as experience, attention to detail and (in "A Politics of Love") an ability to speak in anything other than patchouli-scented clichés. "Spirituality is the path of the heart" and "love is the nutrition of the gods" are phrases more worthy of a fortune cookie than of a would-be president. As for her plea to "break free of the rationalism constraining our politics", the current occupant of the White House has accomplished that neatly already. ■

Metafiction

Tilting at windmills

Quichotte. By Salman Rushdie. *Random House; 416 pages; $28. Jonathan Cape; £20*



UPROOTING THE action of Miguel de Cervantes's 17th-century picaresque "Don Quixote" to present-day America, Sir Salman Rushdie's characteristically busy new book follows Sam, an Indian novelist who lives in New York. Sam draws on his own family strife to write the fantastical tale of a salesman, Ismail, out to woo Salma, an Indian-American talk-show host and "Oprah 2.0".

A talking gun and mastodons in New Jersey are among the oddities that Ismail, known as Quichotte, encounters during the road trip at the heart of this tricksy narrative. It is "the Age of Anything-Can-Happen!" Quichotte thinks, when a teenage son, Sancho (recalling Quixote's comrade, Sancho Panza), magically appears to join him. "I'm a projection of your brain, just in the way that you started out as a projection of [your father's]," a cricket tells Sancho, à la Pinocchio.

A metafictional romp doubling as an oblique portrayal of the post-truth zeitgeist (and this week shortlisted for the Booker prize), "Quichotte" ought to be fun. Yet its teeming subplots fail to spark. Storylines about Salma's secret opioid addiction, or a social-media storm that engulfs Sam's estranged sister—a British politician accused of racism—seem to arise only from a desire to be topical. The dialogue and narration often sound like a vessel for the author's views on matters from Brexit to the veil; the cast features a technology guru resembling Elon Musk and a Big Pharma boss caught in a #MeToo scandal.

"Quichotte" expends a great deal of energy going nowhere in particular. A reference to a character's "kindliness" carries a footnote explaining that he is "by no means kindly in all matters. As we shall see. As we shall presently see."

Salma's past goes unmentioned, "out of respect for her privacy", before a back-track: "the privacy rights of fictional characters are questionable—to be frank, they are nonexistent—and so we hereby abandon our modesty." It turns out the hesitation was redundant: Salma has spoken openly "on many nationally syndicated television talk shows", so "we are not probing very deeply into her personal matters by revealing them."

As the book's real and invented worlds collide, there are affecting moments. Sancho falls for a woman to whom—being a figment of imagination—he is invisible. Sam creates a scene in which Ismail and Sancho witness a deadly racist attack, only for the incident to recur in Sam's own life, forcing him and his son to intervene. But ultimately Sir Salman's games feel more bloated than bountiful. When he excuses yet another digression by saying that "so many of today's stories are and must be of this plural, sprawling kind", it sounds like special pleading.

Forgotten history

A killing field

First to Fight: The Polish War 1939. By Roger Moorhouse. *Bodley Head; 400 pages; £25*

Everyone agrees that the second world war was seismic. Ask when it started, however, and views differ, revealingly. For Chinese, it was the Japanese attack of July 1937. Soviet and Russian histories mark June 22nd 1941, when the perfidious Nazi invasion began. Britain and France regard the period between the declaration of hostilities in 1939 and May 1940 as the "phoney war", or *drôle de guerre*.

But as Roger Moorhouse, a British historian, notes, there was nothing phoney about the war in Poland. The opening five weeks of slaughter were a gory template for the 300 that followed: 200,000 people died, the overwhelming majority of them Poles, and mostly civilians. Poles would be "exposed to every horror that modern conflict could devise", including indiscriminate aerial bombing, and massacres of civilians and POWs.

Yet the campaign fought by Nazi Germany from September 1st 1939, the associated Soviet invasion on September 17th, and the brave, chaotic and doomed defence launched by Poland, are strangely absent from standard histories, in any language. The last serious British study of this aspect of the war was published in 1972. The biggest television history of the conflict, "The World at War", a 26-part documentary broadcast in 1973, interviewed most of the surviving decision-makers—but did not include a single Polish contributor.

Mr Moorhouse's book remedies that gap, weaving together archival material, first-hand accounts, perceptive analysis and heartbreaking descriptions of Poland's betrayal, defeat and dismemberment. Pre-war Poland was a big country, with the world's fifth-largest armed forces. But it was an economic weakling. The combined Polish defence budget for the five years before the outbreak of war was just one-tenth of the Luftwaffe's allocation for 1939 alone. The Poles had courage, flair and grit. But they lacked the decisive elements: armour and air-power. Military planning was plagued by secrecy and mistaken assumptions. Some of the top commanders were notable duds.

Despite that, Hitler's stuttering war machine was repeatedly halted, bloodied and on occasion even defeated by the Polish defenders. The myth of invincible Blitzkrieg was burnished, self-interestedly, by the Nazis themselves. For their part, the Western allies, Britain and France, portrayed Poland as a hopeless cause to justify their defence of their ally "using vowels and consonants alone". One of many striking anecdotes on this score concerns Britain's reluctance to bomb Germany—on the ground (seriously) that it risked damaging private property.

Kremlin self-interest skewed the story, too. Stalin's march into eastern Poland, under a secret deal with Hitler, was justified on the (fictitious) basis that the Polish state had already ceased to exist, and that only Soviet intervention could restore order. In fact, the savagery of the Soviet occupiers matched, and sometimes even exceeded, that of the Nazis. Both invaders, writes Mr Moorhouse, applied a "brutal, binary, totalitarian logic: a racist binary in the German case, a class binary in the Soviet." In the eyes of the Nazis, a circumcised penis justified execution. For the Soviets, a soft, uncallused palm signalled an intellectual who ought to be eliminated. In all, 5.5m Polish citizens (including 3m Jews), or a fifth of the entire pre-war population, would perish.

The surrender of Poland's regular forces on October 6th did not mark the end of the fighting. A well-organised underground army, reporting to the government-in-exile in London, continued the struggle until the further and final betrayal of Poland's interests by the Western allies at Yalta. It all deserves more than the simplistic but widespread caricature of a country which met the invading tanks with a cavalry charge. As Mr Moorhouse admirably explains, Poland's cavalry was in fact remarkably effective. The blame for defeat, and for the subsequent distortion and neglect of Poland's story, lies elsewhere. ■

Tradecraft and stagecraft

Laughter in the dark

A bold new play about the assassination of Alexander Litvinenko

A man lies in a hospital bed, dying. But in his final days, he helps unravel his own murder; the solution links his grim fate to a lurid world of violence and corruption. With its ticking clock, and mix of private agony and grand themes, the case of Alexander Litvinenko was inherently theatrical. Now, in "A Very Expensive Poison", it has been ingeniously reimagined on the stage of the Old Vic in London.

In an operation so inept it might be comic were it not so cruel, in 2006 two Russian assassins poisoned Litvinenko with polonium in a London hotel, leaving a trail of radioactive smears. Under guard, their victim accused Vladimir Putin of orchestrating the hit. The play by Lucy Prebble, who turned another twisty news saga into zany drama in "Enron" (2009), begins with Marina Litvinenko pondering a push for a public inquiry into her husband's death, in the face of obstructive British ministers. "It will stop it happening again, yes?" she asks—ironically, given the botched poisoning of Sergei Skripal in Salisbury in 2018. "I was really struck by the bald-faced lies and denials [from Russia]," Ms Prebble says, but also "by the shabby cowardice of the British response...There was something in it that was a harbinger for now."

Every story is a lie

Her play traces Litvinenko's past as an agent of the FSB, Russia's main security service, and his family's flight to London after he alleged, among other things, that his colleagues had schemed to kill Boris Berezovsky. (The oligarch sought refuge in Britain, too, and died murkily in 2013.) At the same time it dramatises the sleuthing that led to the culprits. "He has to work harder to be trusted, because he's seen as too trustworthy," notes a detective grappling with the FSB's warped code, in which honesty is a liability—speaking for the many Britons who were stunned by the irruption in their capital of these reckless conspiracies.

"A Very Expensive Poison" weaves a moving portrait of a marriage—"You're in a bad mood because you're hungry," Marina tells Alexander—with self-referential jokes and escalating high-jinks. Berezovsky sings a vaudeville number; the origins of ▸▸

Johnson Wars of words

When language is the pursuit of politics by other means

THE MUSEUM that honours Johannes Aavik in Kuressaare, a small town on an Estonian island, may not seem impressive. Outside, the national flag is desultorily tangled in a tree. Inside the small building, an attendant jumps up in surprise to turn on the lights for the only visitor. Of the two rooms, just one is devoted to Johannes (the other deals with his brother Joosep, a musician).

Yet Aavik deserves his museum. Few people have ever coined more words that subsequently came to be used. Over the centuries Estonia was dominated by Danes, Germans, Swedes and Russians. It is estimated that a third of its vocabulary is borrowed. So in the early years of the 20th century, when Estonia was still part of the Russian empire—and then after it declared its independence in 1918—Aavik set about coining Estonian replacements for some of those borrowings. Some he took from rural dialects; others were created on the model of Finnish (which, unlike most European languages, is related to Estonian).

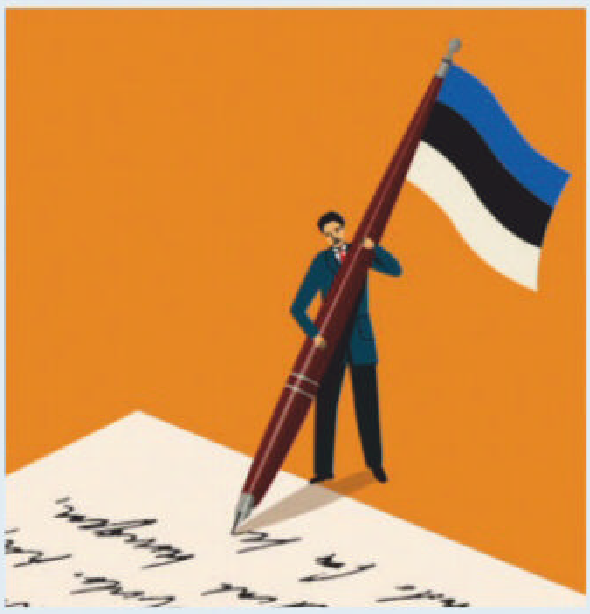
But quite a few, he simply made up. A modern scholar thinks he might have coined *roim*, "crime", with the English word at the back of his mind. Aavik himself claimed that he merely sought short words that sounded beautiful and seemed Estonian, even though they were, at least at the moment he invented them, nonsense.

Aavik was part of a wave of linguistic purism that was then sweeping Europe. In the medieval period, Latin had been thought the only language worth writing. But gradually authors in France and Italy began to see their own tongues—descendants of Latin—as worthy of literature, too. The trend was boosted by Protestantism, which preached that everyone should have access to scripture in their own languages. The "vernaculars" became respectable.

Or some of them did. A few big languages, backed by states, gained kudos. Small, stateless ones were still belittled. Only Russian and German could be spoken at Aavik's school. Little wonder that the atmosphere nurtured a nationalist.

Aavik's efforts mostly predated independence. Other language reformers have begun their work only after they had a state at their disposal. The new republic of Turkey, under Kemal Ataturk, had lost many of the Ottoman empire's provinces; its pride was wounded and its population now far more Turkish. Ataturk decreed a switch from the Arabic to the Latin alphabet and, in an extraordinary purge, sought to get rid of Arabic and Persian borrowings, replacing them with new coinages. One scholar calls this a "catastrophic success": modern Turks need special training to read the Turkish of a hundred years ago.

Purist engineering has also been used to distance a language from an overly close relative. Standard Norwegian was once too similar to Danish for some Norwegians; hence the creation of "new Norwegian" (*nynorsk*), cobbled together from dialects and avoiding Danish echoes, which today is co-official alongside the older Dano-Norwegian (*bokmal*). Hindi and Urdu are close enough that some consider them a single language, but since Indian and Pakistani independence, new Hindi coinages and borrowings have tended to come from Sanskrit, Urdu ones from Arabic and Persian. The languages are growing apart.



In fact, places that accept foreign words with a live-and-let-live attitude are the exceptions. Centuries ago, English, which seems undogmatic, itself experienced the "inkhorn controversy", in which some intellectuals freely coined words from Greek and Latin, such as "educate" and "ostracise". (Some, such as "suppediate", meaning "to supply", never made it.) Aavik-like, purists fought back, coining terms like "witcraft" to replace borrowings like "reason". Their attitude was exemplified by Sir John Cheke, who in 1557 wrote: "I am of the opinion that our tung should be written cleane and pure, vnmixt and vnmangled with borowing of other tunges."

Most of the inkhornisms survived. These days, English has become so robust that it is no longer the polluted but the polluter. That it now lacks a purist tendency of its own may be less because the British are naturally laissez-faire liberals than because English is the world's top linguistic dog. It exports words around the globe, often to the alarm of nationalists overseas. They might take some comfort from the fact that English thrived after its controversial mangling. Objectively, borrowing does no harm. But then, such worries are rarely objective to begin with.

polonium are outlined in verse. The antics are meant "to capture how overwhelming and tonally inconsistent life feels," the playwright says. "Just like on your social-media feed; a funny cat next to a terrorist attack next to a dear friend's depression." The helter-skelter spectacle is also an insightful commentary on the way power is now wielded, in Russia and beyond.

Apart from the Litvinenkos, the main character is Mr Putin, who emerges as a kind of sinister ringmaster. His creepy persona reflects the winking mendacity and distracting stunts that typify his real-life rule. Stagecraft mimics statecraft—which is itself a distorted form of entertainment. In a bold scene, the Putin of the play recounts the theatre siege in Moscow in 2002 in which 130 hostages died. "As soon as anyone starts telling a story," he warns, "they start telling a lie." The role is "an expression of how easy it is to manipulate and control a population," says Ms Prebble. "In this case, an audience."

It was over nine years before a judge in the eventual public inquiry found that Mr Putin had "probably" approved Litvinenko's murder. As Luke Harding, a journalist who wrote the gripping book on which the play is based, says, there is no prospect that the assassins will be extradited from Russia (where one is an MP). But art, he thinks, offers its own form of justice.

If so, the reckoning will continue next year, when an opera about the case opens at Grange Park Opera in Surrey. It will allude to Tchaikovsky and Russian football chants, says Wasfi Kani, the company's boss. And, like the play, it will invoke the "love and betrayal and jeopardy" that all drama craves—and that make Litvinenko's story enduringly tragic. ■

Fellowships

Economic & financial indicators

Economic data

	Gross domestic product, % change on year ago: latest		quarter*	2019†	Consumer prices, % change on year ago: latest		2019†	Unemployment rate, %		Current-account balance, % of GDP, 2019†	Budget balance, % of GDP, 2019†	Interest rates, 10-yr gov't bonds latest,%		change on year ago, bp	Currency units, per $ Sep 4th	% change on year ago
United States	2.3	Q2	2.0	2.2	1.8	Jul	2.0	3.7	Jul	-2.2	-4.7	1.5		-136	-	
China	6.2	Q2	6.6	6.2	2.8	Jul	2.8	3.6	Q2§	0.7	-4.5	3.0	§§	-45.0	7.15	-4.5
Japan	1.2	Q2	1.8	1.0	0.6	Jul	1.0	2.2	Jul	3.3	-3.0	-0.3		-38.0	106	4.8
Britain	1.2	Q2	-0.8	1.1	2.1	Jul	1.9	3.9	May††	-4.1	-1.8	0.5		-95.0	0.82	-4.9
Canada	1.6	Q2	3.7	1.6	2.0	Jul	2.0	5.7	Jul	-2.5	-0.9	1.1		-110	1.33	-0.8
Euro area	1.1	Q2	0.8	1.3	1.0	Aug	1.4	7.5	Jul	2.9	-1.1	-0.7		-104	0.91	-4.4
Austria	1.7	Q2	-0.9	1.3	1.4	Jul	1.7	4.4	Jul	1.9	0.1	-0.4		-102	0.91	-4.4
Belgium	1.2	Q2	0.9	1.2	1.3	Aug	1.8	5.7	Jul	0.1	-0.9	-0.3		-100	0.91	-4.4
France	1.4	Q2	1.3	1.2	1.1	Aug	1.2	8.5	Jul	-0.9	-3.3	-0.4		-107	0.91	-4.4
Germany	0.4	Q2	-0.3	0.8	1.4	Aug	1.6	3.0	Jul	6.5	0.7	-0.7		-104	0.91	-4.4
Greece	1.9	Q2	3.4	1.8	nil	Jul	0.8	17.2	May	-3.0	0.3	1.6		-299	0.91	-4.4
Italy	-0.1	Q2	0.1	0.1	0.5	Aug	0.9	9.9	Jul	1.9	-2.5	0.8		-224	0.91	-4.4
Netherlands	2.0	Q2	2.1	1.7	2.5	Jul	2.6	4.2	Jul	9.7	0.6	-0.6		-103	0.91	-4.4
Spain	2.3	Q2	1.9	2.2	0.3	Aug	0.9	13.9	Jul	0.6	-2.3	0.1		-136	0.91	-4.4
Czech Republic	2.4	Q2	2.6	2.6	2.9	Jul	2.5	2.2	Jul‡	0.2	0.2	1.1		-102	23.4	-5.0
Denmark	1.9	Q2	3.2	1.8	0.4	Jul	0.9	3.8	Jul	6.8	1.0	-0.7		-98.0	6.76	-4.6
Norway	-0.7	Q2	1.0	1.8	1.9	Jul	2.3	3.6	Jun‡‡	7.1	6.6	1.1		-66.0	9.04	-6.9
Poland	4.2	Q2	3.2	4.0	2.8	Aug	2.0	5.2	Jul§	-0.7	-2.0	1.9		-133	3.94	-5.3
Russia	0.9	Q2	na	1.3	4.6	Jul	4.8	4.5	Jul§	7.2	2.1	7.1		-180	66.1	3.1
Sweden	1.4	Q2	-0.3	1.6	1.7	Jul	1.9	6.9	Jul§	4.5	0.4	-0.4		-86.0	9.75	-6.5
Switzerland	1.7	Q1	2.3	1.6	0.3	Aug	0.5	2.3	Jul	9.6	0.5	-0.9		-93.0	0.98	nil
Turkey	-1.5	Q2	na	-0.7	15.0	Aug	16.1	12.8	May§	-0.2	-2.8	15.4		-550	5.67	18.2
Australia	1.4	Q2	1.9	2.2	1.6	Q2	1.7	5.2	Jul	-0.4	0.1	0.9		-158	1.47	-5.4
Hong Kong	0.5	Q2	-1.7	1.7	3.3	Jul	2.6	2.9	Jul‡‡	4.0	0.4	1.0		-119	7.84	0.1
India	5.0	Q2	2.9	5.2	3.1	Jul	3.6	8.4	Aug	-1.5	-3.5	6.5		-151	72.1	-0.9
Indonesia	5.0	Q2	na	5.1	3.5	Aug	3.1	5.0	Q1§	-2.8	-2.0	7.3		-106	14,153	5.5
Malaysia	4.9	Q2	na	4.4	1.4	Jul	0.8	3.3	Jun§	2.5	-3.5	3.3		-78.0	4.20	-1.4
Pakistan	3.3	2019**	na	3.3	11.6	Aug	9.1	5.8	2018	-3.4	-7.1	13.3	†††	326	156	-20.5
Philippines	5.5	Q2	5.7	5.7	1.7	Aug	3.3	5.4	Q3§	-2.1	-2.5	4.5		-196	51.9	3.1
Singapore	0.1	Q2	-3.3	0.9	0.4	Jul	0.6	2.2	Q2	15.8	-0.6	1.7		-71.0	1.38	nil
South Korea	2.1	Q2	4.2	1.9	nil	Aug	0.7	3.9	Jul§	4.0	0.6	1.4		-95.0	1,208	-7.7
Taiwan	2.4	Q2	2.7	2.4	0.4	Jul	0.5	3.7	Jul	11.4	-1.0	0.7		-16.0	31.4	-2.0
Thailand	2.3	Q2	2.4	2.5	0.5	Aug	1.2	1.1	Jul§	7.2	-2.8	1.4		-110	30.6	7.2
Argentina	-5.8	Q1	-0.9	-2.9	54.4	Jul‡	53.4	10.1	Q1§	-1.5	-3.7	11.3		562	55.7	-29.9
Brazil	1.0	Q2	1.8	0.8	3.2	Jul	3.8	11.8	Jul§	-1.1	-5.8	5.4		-461	4.12	0.7
Chile	1.9	Q2	3.4	2.6	2.2	Jul	2.3	7.2	Jul§‡‡	-2.5	-1.3	2.7		-176	723	-4.1
Colombia	3.4	Q2	5.6	3.1	3.8	Jul	3.5	10.7	Jul§	-4.4	-2.5	5.9		-98.0	3,398	-9.2
Mexico	-0.8	Q2	0.1	0.3	3.8	Jul	3.6	3.6	Jul	-1.7	-2.5	7.0		-105	19.8	-2.0
Peru	1.2	Q2	4.1	3.0	2.0	Aug	2.2	4.6	Jul§	-1.8	-2.0	5.6		64.0	3.40	-2.4
Egypt	5.7	Q2	na	5.6	8.7	Jul	9.1	7.5	Q2§	-0.4	-6.8	na		nil	16.5	8.3
Israel	2.3	Q2	1.0	3.5	0.5	Jul	0.9	3.7	Jul	2.3	-4.0	1.0		-104	3.53	2.5
Saudi Arabia	2.4	2018	na	1.9	-1.4	Jul	-1.1	5.7	Q1	2.9	-5.9	na		nil	3.75	nil
South Africa	0.9	Q2	3.1	0.8	4.0	Jul	4.6	29.0	Q2§	-4.1	-4.7	8.1		-112	14.8	2.8

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 Sep 4th	% change on: one week	Dec 31st 2018
United States S&P 500	2,937.8	1.7	17.2
United States NAScomp	7,976.9	1.5	20.2
China Shanghai Comp	2,957.4	2.2	18.6
China Shenzhen Comp	1,636.4	2.7	29.1
Japan Nikkei 225	20,649.1	0.8	3.2
Japan Topix	1,506.8	1.1	0.9
Britain FTSE 100	7,311.3	2.8	8.7
Canada S&P TSX	16,448.8	1.1	14.8
Euro area EURO STOXX 50	3,450.8	2.5	15.0
France CAC 40	5,532.1	3.0	16.9
Germany DAX*	12,025.0	2.8	13.9
Italy FTSE/MIB	21,737.8	3.6	18.6
Netherlands AEX	563.5	2.7	15.5
Spain IBEX 35	8,856.6	1.3	3.7
Poland WIG	56,176.5	2.4	-2.6
Russia RTS, $ terms	1,330.8	5.1	24.8
Switzerland SMI	9,894.6	1.4	17.4
Turkey BIST	100,077.4	4.3	9.6
Australia All Ord.	6,656.1	0.8	16.6
Hong Kong Hang Seng	26,523.2	3.5	2.6
India BSE	36,724.7	-1.9	1.8
Indonesia IDX	6,269.7	-0.2	1.2
Malaysia KLSE	1,599.9	0.6	-5.4

	index Sep 4th	% change on: one week	Dec 31st 2018
Pakistan KSE	30,244.7	-1.3	-18.4
Singapore STI	3,130.6	2.4	2.0
South Korea KOSPI	1,988.5	2.4	-2.6
Taiwan TWI	10,657.3	2.1	9.6
Thailand SET	1,658.6	2.6	6.1
Argentina MERV	24,664.6	-3.1	-18.6
Brazil BVSP	101,200.9	3.1	15.1
Mexico IPC	42,324.5	3.4	1.6
Egypt EGX 30	14,841.4	1.7	13.9
Israel TA-125	1,478.7	1.2	10.9
Saudi Arabia Tadawul	8,058.4	-1.4	3.0
South Africa JSE AS	54,907.2	1.2	4.1
World, dev'd MSCI	2,149.8	1.8	14.1
Emerging markets MSCI	990.6	2.6	2.6

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2018
Investment grade	169	190
High-yield	540	571

Sources: Datastream from Refinitiv; Standard & Poor's Global Fixed Income Research. *Total return index.

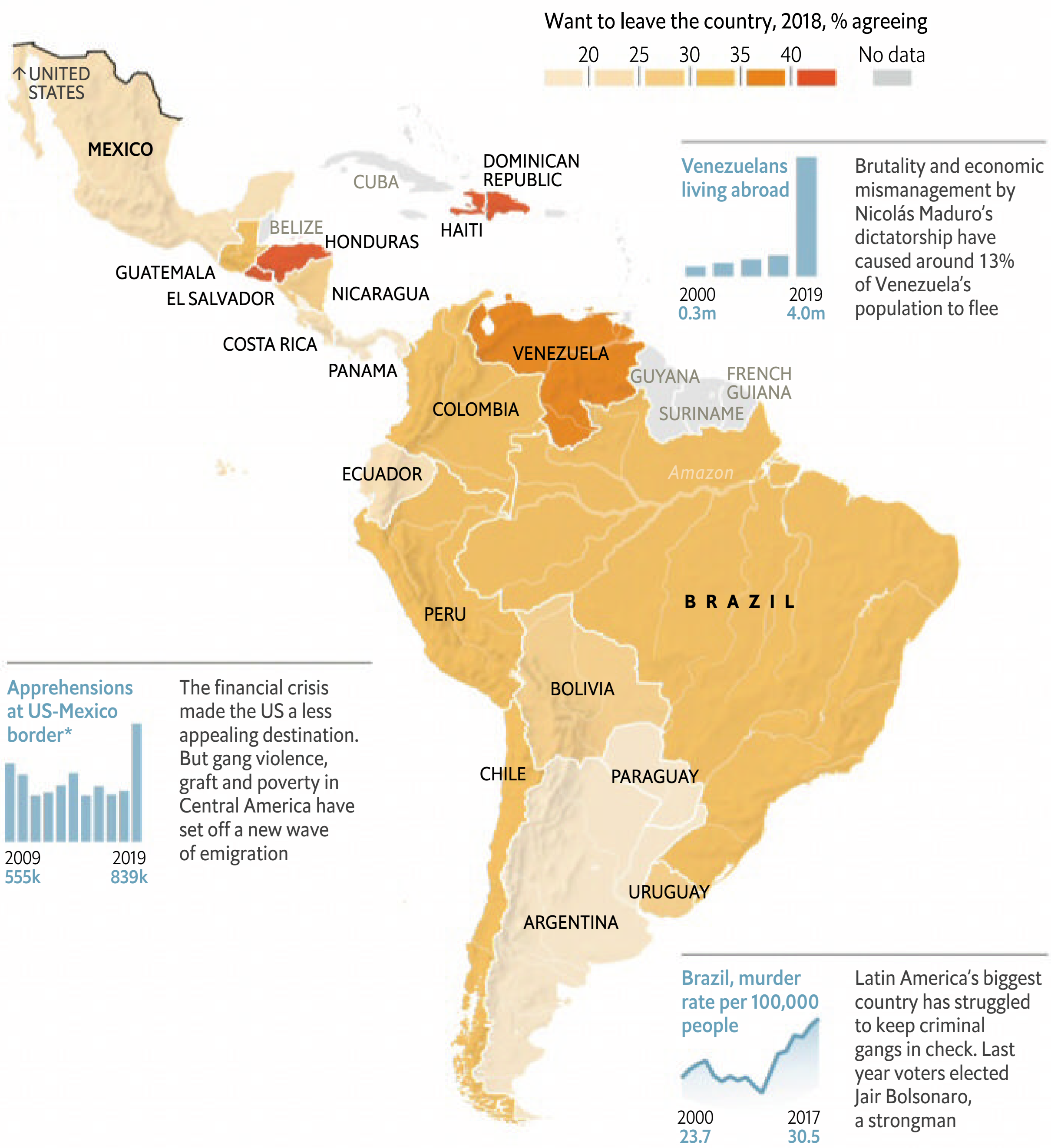
Commodities

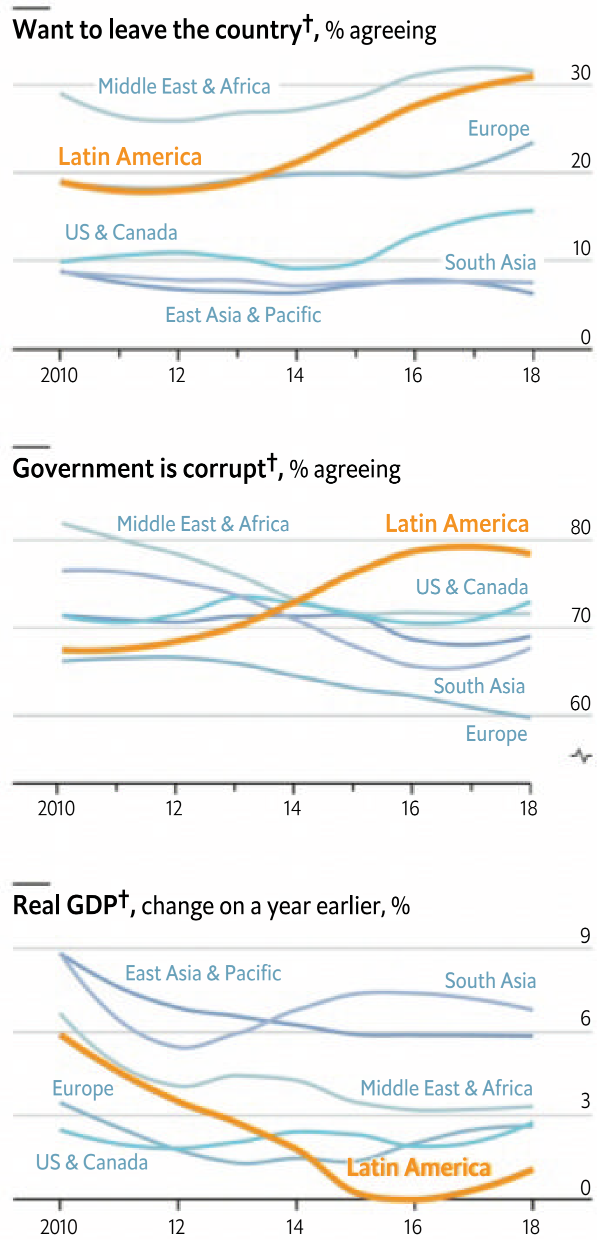
The Economist commodity-price index 2005=100	Aug 27th	Sep 3rd*	% change on month	year
Dollar Index				
All Items	131.8	130.6	-1.6	-5.3
Food	141.5	139.2	-2.8	-1.5
Industrials				
All	121.7	121.6	-0.2	-9.4
Non-food agriculturals	110.0	109.2	-1.6	-18.5
Metals	126.8	126.9	0.3	-5.6
Sterling Index				
All items	195.3	196.4	-1.0	0.5
Euro Index				
All items	147.6	148.1	0.4	-0.2
Gold				
$ per oz	1,539.0	1,548.9	5.1	29.9
West Texas Intermediate				
$ per barrel	54.9	53.9	0.6	-22.8

Sources: CME Group; Cotlook; Darmenn & 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**

Nearly a third of Latin Americans want to emigrate





*In previous 12 months, to July †Weighted by population
Sources: Gallup; Latinobarómetro; IMF; World Bank; US Customs and Border Patrol; UNODC; IoM; UNHCR

Continent of discontent

Crime, weak economies and corruption make emigration look appealing

WHEN PEOPLE vote with their feet, they usually make an informed choice. Venezuelans, for example, have many compelling reasons to leave Venezuela. Its government admits that it killed 5,287 people last year for "resistance to authority", inflation has reached as high as 2,700,000% and by early 2018 the average person had lost 11kg (24lb) from hunger. Perhaps 13% of the population have fled—over 4m people.

Citizens of El Salvador, Honduras and Guatemala are also emigrating en masse. They are fed up with poverty and violence, and people-smugglers have become adept at transporting them. This exodus is the main reason why in the past year officers at the United States' southern border have detained more people trying to cross than in any 12-month period since 2009.

Venezuela and Central America are uniquely troubled. However, their citizens' desire to get out is increasingly common. Gallup, a pollster, asks people in 120 countries each year if they want to emigrate. From 2010 to 2018 the share that said "yes" rose in 15 of the 19 Latin American nations it tracks. In 2010, 19% of people in the region hoped to move abroad permanently, the same as in Europe. Now 31% do, as many as in the Middle East and Africa.

Many are afraid of being killed. In Brazil murders hit a record high of 63,880 in 2017, following a resurgence of fighting between criminal gangs; the share of citizens who wish to emigrate has tripled to 33%. The country's homicide rate is now roughly level with Colombia's—where it fell as the government's war with the FARC guerrillas wound down, but could pick up again if some fighters' recent decision to abandon the peace accord of 2016 causes a return to war (see Americas section).

In countries where crime has not risen, economic doldrums have been the main driver of discontent. In 2010 Latin America's GDP grew by 6%, well above the global average. By 2016 it was shrinking, due to recessions in Brazil and Argentina—the latter of which imposed capital controls this week (see Finance section). In Mexico, the region's second-biggest country, the economy has plodded along with low productivity growth and little social mobility.

Another thing making Latin America less liveable is corruption. The region is grubbier than you would expect, given its relative affluence. In Brazil the Lava Jato investigation has exposed bribes paid by industrial firms to scores of politicians. Alan García, a former president of Peru, killed himself in April to avoid arrest in conjunction with the Brazilian scandal. According to Latinobarómetro, an annual survey, the share of Latin Americans dissatisfied with how democracy works in their country has risen from 52% in 2010 to 71% last year.

Latin Americans are not just voting with their feet; they are venting at the ballot box, too. In 2018 messianic populists who railed against corruption and crime won presidential elections in Brazil (the conservative Jair Bolsonaro) and Mexico (the leftist Andrés Manuel López Obrador). If voters remain this disenchanted, more leaders with autocratic streaks are likely to follow. ■

Cries from a handkerchief

Jan Ruff O'Herne, war-rape victim of the Imperial Japanese Army, died on August 19th, aged 96

All sorts of objects lay in Jan Ruff O'Herne's dressing table drawer. A necklace of dark amber beads. Silver work from Java where she had been brought up, the daughter of Dutch colonialists. A belt embroidered with tulips from the country she had never seen until after the war. Costume jewellery, gloves, lotions and potions. Her daughters Eileen and Carol loved to riffle through the drawer as children, and she gladly let them. The things often summoned up her Java stories of gamelans, *sate*-sellers, cicadas and warm rain. But when one day they found the embroidered white handkerchief folded at the bottom she snatched it away.

That was a rare moment, in 50 years of silence, when her secret was almost out. Other things she could disguise as phobias. Her unease when night fell, and she had to draw the living-room curtains. Her terror of going to doctors, even when she was quite ill. And, perhaps hardest to explain, her dislike of flowers. On her birthday she would beg friends and family not to give her any. They were such a waste of money, so soon over.

But this was not the reason. Flowers reminded her of the day in 1944, in a rambling house in Semarang, when she and six other Dutch-Indonesian girls realised that the place they had been abducted to was a Japanese military brothel. The Japanese had invaded Indonesia two years before, driving all the Dutch settlers into labour camps where they were kept in squalor, close to starvation. But this degradation was new. She and her companions, all virgins, so innocent, had been plucked from their camp to service queues of impatient army officers. To aid selection in the brothel, the names of flowers were pinned to their bedroom doors. She was also given a vase of white orchids which, in fear and disgust, she threw away. Ever after, she hated to be given flowers.

As night fell, the first officer came to her room. He was bald, fat and repulsively ugly. When she wept, screamed and kicked him, crying "Don't!" in all the languages she knew, he simply laughed. Then he unsheathed his sword. As she huddled and prayed, expecting to be killed at any moment, he let the sword-tip wander over her body, up and down, up and down, before ripping off what was left of her clothes and raping her.

She never imagined suffering like this. It seemed he would never stop. But physical hurt was only part of it. Far worse was the shame. She could not have helped it, he was too heavy. But her pure young body, the body she had been planning to dedicate to Christ as a Catholic nun, had been destroyed. Her dignity and self-esteem were lost. In the bathroom afterwards, with the other sobbing and destroyed girls, she tried to wash off the soiling, but it stayed. Desperate, the girls tried to hide in the garden, but they were dragged out to be raped by more officers. It might have been ten times that night, and the next night, for three months. The brothel doctor raped them, too. Ever after, she feared both doctors and the dark.

Yet she also feared the light. It was too hard to reveal this. She buried it deep in shame, and so did those closest to her. When she was reunited with her mother in the labour camp, lying tearful with relief in the hollow of her arms, and her mother stroked her bald head, bald because she had cut off her hair in a bid to make the officers avoid her, she briefly told her. Her mother could not cope with it, and they said nothing more. She told a priest, since she still hoped to be a nun, but he deflected her as something sullied. When she met Tom Ruff, the British soldier who became her husband, she spoke of it once, then never again. She longed to scream out the details of what had been done to her, but instead she was expected to get on with life as though nothing had.

In a way, she succeeded. She and Tom married and moved happily to Adelaide. She did not want sex, but bore it, and after surgery to mend her she had her daughters. Their house was full of music, and she sang in choirs. When Tom became an invalid, her faith helped her bear that. Outwardly she was smiling and serene. Inside was another story. All kinds of things reminded her, but especially the handkerchief in the drawer. A woman at the camp had passed it to her as she left for Semarang, and on the veranda of the brothel one evening, as they waited for that dreaded dark, she had asked the six other girls to sign it. Miep, Gerda, Els, Annie, Betty and Lies had written their names in pencil and she had sewn over them. Sometimes she would hold it to her face and cry.

Then in 1992, when she was almost 70, God suddenly set her life-task before her. Three elderly Korean war-rape victims spoke out on television and inspired her to do the same. If she backed them up, adding her European voice to theirs, they might together get Japan's attention. The only hard part of her decision was that she had to tell her daughters the secret first. She could not do so face to face. Instead she wrote two copies of what she called "Cry of the Raped", stuffed them into envelopes and left them to be read. But the deed was done. She could let her awful secret out to the world now, not as a "comfort woman"—how she hated that insulting, cuddly name—not as an angry victim seeking revenge, but as a calmly spoken witness who wanted Japan to admit what its soldiers had done to perhaps 200,000 women like herself.

Released and relieved, she addressed a war-crimes hearing in Tokyo, gave testimony to Congress and, whenever victims gathered, hugged and encouraged them. They won some compensation, though she herself would not accept it, since Japan's right-wing government still refused to make a full apology. Now that the story was out, the case for one was overwhelming.

Time and again she thought of the passage from Ephesians 5 which Sister Xavier had made her learn at school, when she had tried to cheat in an exam: "The things which are done in secret are things that people are ashamed even to speak of; but anything exposed by the light will be illuminated, and anything illuminated turns into light." So it had proved. And the white handkerchief, too, had left the darkness of the drawer. She had given it to the Australian War Memorial, where it stood on display and shone: seven testifying, suffering names to speak for all the others. ■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