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APRIL 3RD–9TH 2021

Message in a bottleneck

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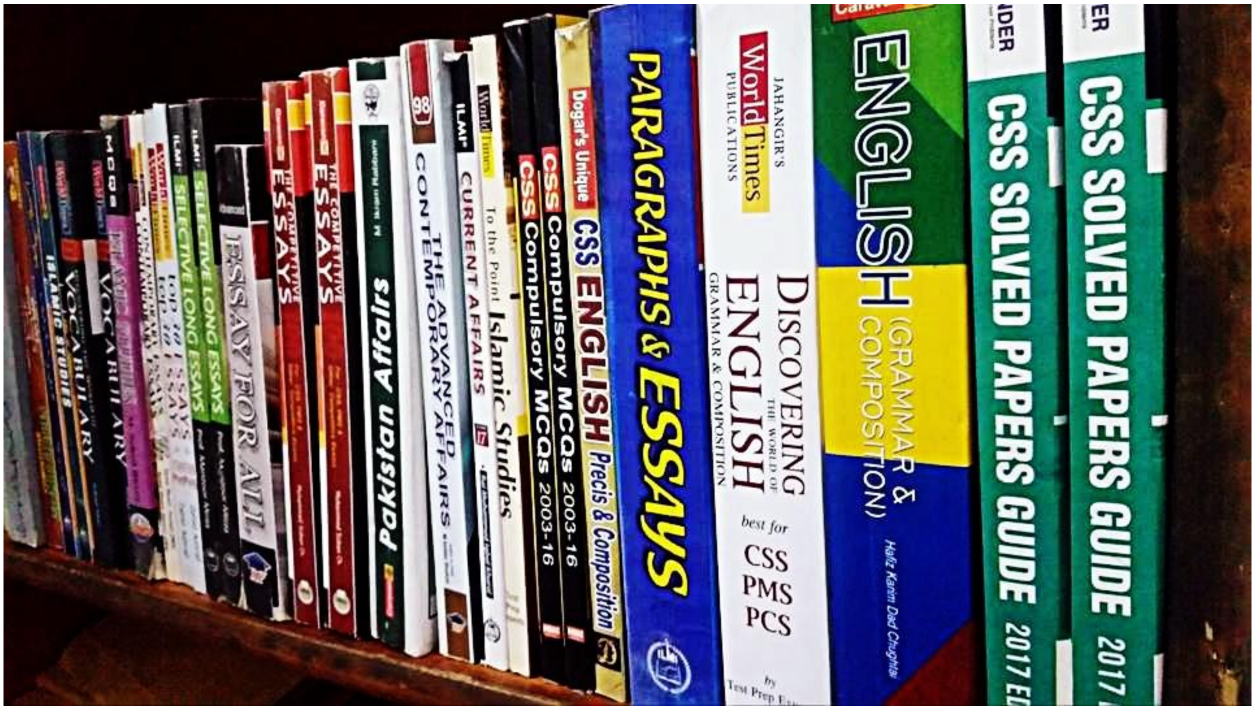
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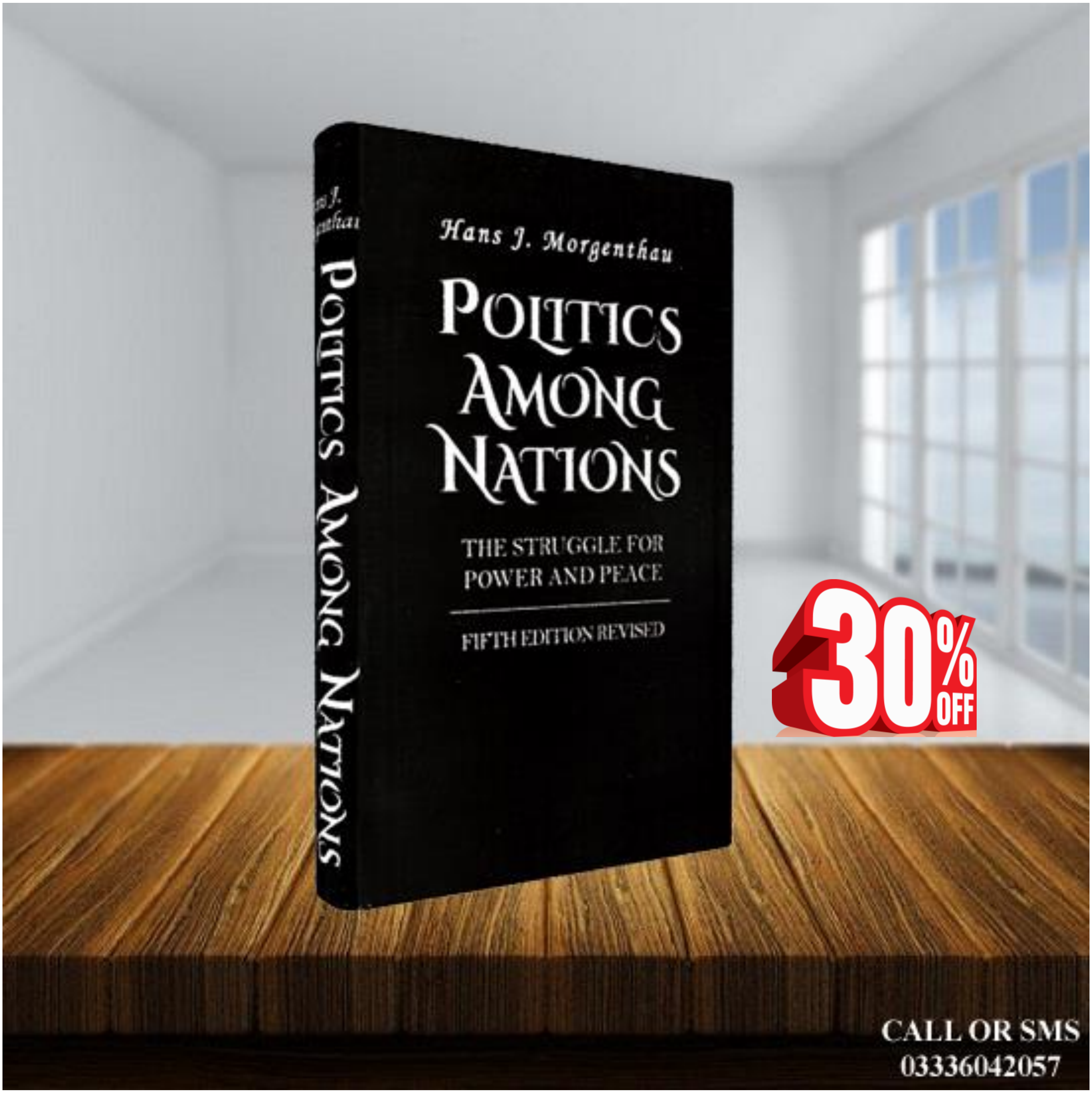

ENGLISH PRECIS & COMPOSITION
HAFIZ KARIM DAD CHUGTAI

Contents

On the cover

Modern supply chains are still a source of strength: leader, *page 9.* A spat over cotton portends more trouble for Western firms in China, *page 50.* Intel as a national champion: Schumpeter, *page 55.* Rare earths and the national interest, *page 58*

The EU and covid: what's gone wrong? The European Union has handled covid-19 poorly. Why, and what does it mean for the union? Leader, *page 10,* and briefing, *pages 15-19.* What America's rapid recovery tells Europe: Free exchange, *page 62*

How to fix Israeli politics Get rid of Binyamin Netanyahu: leader, *page 11.* The complicated dance to unseat him as prime minister, *page 37*

The other greenhouse gas Governments should set targets to reduce methane emissions: leader, *page 11,* and analysis, *page 63*

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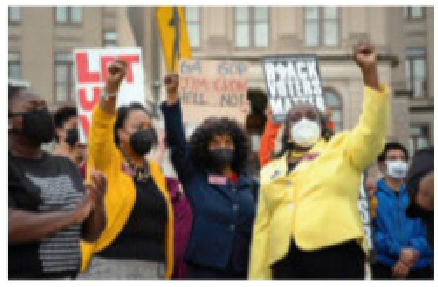

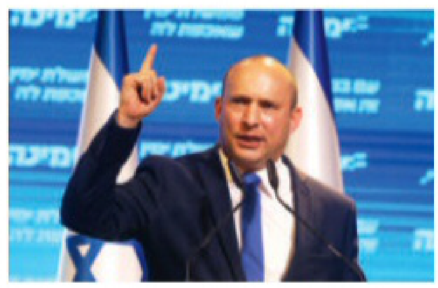

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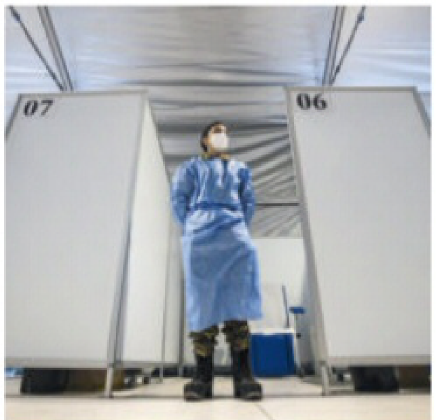


The **European Union** outlined a mechanism to stop exports of covid-19 vaccine components to countries that do not export to the EU, or already have higher vaccination rates. Underlining the disarray in the EU's inoculation programme, Austria's chancellor, Sebastian Kurz, threatened to try to stop the bloc from buying an extra 100m doses of Pfizer's jab if his country did not get a bigger share. He has begun talks with Russia to buy vaccine. **Britain**, meanwhile, said a domestic factory would produce the new Novavax vaccine, which will reduce the country's reliance on overseas production.

Despite surging infections **Germany** recommended that the AstraZeneca jab should be used mostly for the over-60s and limited among younger groups, because of concerns about blood-clotting. Angela Merkel said the country's inoculation campaign "rests on the principle of trust". The European Medicines Agency and the WHO continue to recommend the vaccine.

Talks to form a new **Dutch government** broke down after one of the negotiators tested positive for covid-19 and, while rushing to leave, was photographed displaying confidential notes.

A commission in Britain that was created after last year's Black Lives Matter protests to investigate **racial disparities** concluded that race is less important than social class and family structure in explaining inequality. On schooling, the report found that most children from ethnic-minority groups did as well or better than their white peers. It added that the catch-all term BAME (black, Asian and minority ethnic) was not very useful. The report contradicted the claims of critical race theorists, some of whom claim that white privilege is the prime cause of most disparities.

Civil-rights groups lodged lawsuits against a new **voting law** in Georgia, claiming that its aim is to suppress turnout among black voters. The law's supporters say the measures, such as new voter-identification requirements, are meant to streamline procedures.

New York's state legislature passed a bill to legalise recreational marijuana, imposing a 13% sales tax on the drug for personal use.

China and **Iran** signed a 25-year partnership agreement. Details of the deal were not disclosed, but an earlier version included co-operation in areas such as energy, nuclear power and weapons development. The agreement brings Iran into China's Belt and Road Initiative.

The authorities in **Libya** intercepted nearly 1,000 Europe-bound migrants at sea, said the UN. That brings the number of people brought back to Libya this year to around 5,000, many of whom are being detained in appalling conditions.

Jihadists fought the army in **Mozambique** for control of Palma, a hub for firms working on offshore gas projects. They killed dozens of people; witnesses reported seeing beheaded bodies in the streets. Thousands of survivors fled on boats to the provincial capital, Pemba. America accuses the rebels of links to Islamic State; others think they are driven largely by local grievances.

The police in **Tanzania** said 45 people died in a stampede during a public viewing of the body of John Magufuli, the late president. Mr Magufuli, who fought covid-19 with quackery, was given a hero's burial. Many believe he died of the virus.

Myanmar's army continued its brutal campaign to crush demonstrations against a military coup. More than 100 people were killed on March 27th, the holiday on which, in a grotesque irony, Myanmar celebrates the armed forces' contribution to the country. That has brought the death toll since the coup to above 500.

Australia's prime minister demoted two politicians caught up in sex scandals. Christian Porter, the attorney-general, had been accused of rape when a teenager; he denies it. Linda Reynolds, the defence minister, had called a former member of staff who claimed to have been raped in parliament "a lying cow".

Brazil's president, Jair Bolsonaro, replaced six key government ministers, including General Fernando Azevedo e Silva as minister of defence. General Azevedo had resisted Mr Bolsonaro's push for the army to participate in government affairs. In an unprecedented move, all three commanders of Brazil's armed forces quit to show solidarity with the general, plunging the Bolsonaro government into a crisis. Deaths from covid-19, meanwhile, hit a new daily record.

China's parliament approved changes to **Hong Kong's** electoral system. In future, candidates for the territory's Legislative Council will need nominations from the Election Committee, a body stacked with backers of China's Communist Party. Forty of the seats will now be filled by the committee. All candidates for election to public office will be vetted: those deemed unpatriotic will be struck off the list.

Experts from China and the WHO issued a report on their investigation into the **origins of covid-19**. It said the virus most probably jumped from animals to humans through an intermediate animal host, and that it was "extremely unlikely" that it had escaped from a Chinese laboratory.

Coronavirus briefs

To 6am GMT March 31st 2021

Weekly confirmed cases by area, m

Vaccination doses

	Total '000	% of adults with 1st dose	2nd
Israel	9,970	94	85
UAE	8,134	62	39
Britain	34,119	58	7
Bhutan	275	54	0
Chile	9,905	46	24
Maldives	234	43	14
United States	145,813	38	20
Bahrain	747	38	19
Malta	181	36	14
Hungary	2,610	25	9

Sources: Johns Hopkins University CSSE; Our World in Data; United Nations

The leaders of two dozen countries, including Britain, France and Germany, called for a new **global treaty** to fight pandemics. The declaration described covid-19 as "the biggest challenge to the global community since the 1940s".

A second wave of covid-19 continued to surge in **India**, with detected daily cases exceeding 60,000 several times. **Pakistan** is also suffering a new wave, in which the president, prime minister and defence minister have all tested positive.

The **African Union** signed a deal with Johnson & Johnson to supply 220m doses of its single-jab vaccine to member states starting later this year.

The head of **America's** Centres for Disease Control said she felt a sense of "impending doom" about rising infections in the country. Joe Biden said that 200m Americans should receive a **vaccination** by May 1st, double his previous goal.

→ *For our latest coverage of the virus please visit economist.com/coronavirus or download the Economist app.*

Banks scrambled to sell assets on behalf of **Archegos Capital Management**, which manages the assets of Bill Hwang, an investor. Archegos has emerged as the firm that sparked a fire sale of $20bn-worth of technology shares, after its trading losses led its banks to make margin calls. Baidu, China's biggest search engine, and ViacomCBS, a media giant, were among the affected shares that slumped. Credit Suisse and Nomura, two banks, have warned that they could incur hefty losses from their dealings with Archegos.

The **Federal Reserve** said that on June 30th it would lift the remaining restrictions on banks from buying back shares and paying out dividends, measures it brought in during the covid-19 crisis. Banks may still face such curbs if they do not have the capital to pass the next round of stress tests.

South Africa's central bank left its main interest rate unchanged at 3.5%, in contrast to central banks in Brazil, Russia and Turkey, which have all raised rates recently.

Voting closed among workers hoping to join a union at an **Amazon** warehouse in Alabama. The effort to unionise all the employees at one of the retailer's facilities is a first, and adamantly opposed by the company. Strikes by unionised Amazon workers in Europe over pay and conditions, such as in Germany this week, are becoming more commonplace. Amazon is the current bad face of Big Tech for Democrats. Elizabeth Warren, a trustbusting senator, accused it recently of exploiting tax loopholes, and once again warned that she would fight to break the company up.

We support "the motherland's cotton industry", said one Chinese clothing firm, as it and other Chinese domestic retailers benefited from a state-backed boycott of Western brands for raising concerns about forced labour in **Xinjiang**, which produces a fifth of the world's cotton. The nationalistic backlash is aimed at companies such as Adidas, Burberry, H&M and Nike. These Western firms are caught between the Chinese boycott and pressure from government and consumers back home not to kowtow.

All afloat

Vessels began sailing through the **Suez canal** again, after a giant container ship that had got stuck was freed. The blockage held up an estimated $9.6bn-worth of goods each day. Human error on board the *Ever Given* is now thought to have caused the ship to become wedged—not strong winds, as first reported.

The Biden administration launched an ambitious plan to boost America's **wind-power industry**. Its goal is to deploy 30 gigawatts of offshore-wind capacity in the United States by 2030, generating enough power for 10m homes for a year. America presently has only two small offshore farms, but a new wind-energy area is proposed for the New York Bight, shallow waters between Long Island and New Jersey.

Volkswagen ended its six-year investigation into the emissions-cheating scandal that wiped billions off its market value in 2015, and decided to pursue claims for damages against Martin Winterkorn, the carmaker's chief executive at the time, and Rupert Stadler, the former head of Audi, VW's luxury brand. VW alleges that Mr Winterkorn failed to clarify the circumstances behind the use of unlawful software functions in diesel engines between 2009 and 2015.

Lloyd's of London swung to an annual loss in 2020, because of a surge in claims related to the pandemic. The insurance and reinsurance market estimates that the global insurance industry will have to fork out $203bn because of cancelled events and other disruptions.

Deliveroo's IPO started badly, when its share price dropped at the start of the first day of trading. The flotation of the British food-delivery firm was the most hotly anticipated IPO on the London Stock Exchange for years. However, some asset managers have shunned the stock amid worries that Deliveroo might face the same crackdown in Britain as Uber has on its gig-economy conditions for workers.

Cazoo, another British online-success story, said it would go public on the New York Stock Exchange by merging with a special-purpose acquisition company through a $7bn business combination. SPACS enable startups to list shares without the grind of an IPO.

The end of the paper chase

Generating a buzz on a par with last year's flotation of Snowflake, **UiPath**, a maker of business software that eliminates the need for employees to carry out "low-value, manual tasks", such as filling in forms, filed for its IPO in New York. Founded in Bucharest and based in New York, UiPath develops "robotic process automation" technology, using artificial intelligence to replicate a worker's actions. That could help UiPath's own finance department, which has disclosed accounting errors stretching back to 2018.

The Economist

Message in a bottleneck

Global supply chains are still a source of strength, not weakness

For the best part of a week, the Suez canal was blocked by a 200,000-tonne metaphor. The *Ever Given* is not just one of the world's biggest container ships, it is also the emblem of a backlash that accuses globalisation of going too far. Since the early 1990s supply chains have been run to maximise efficiency. Firms have sought to specialise and to concentrate particular tasks in places that offer economies of scale. Now, however, there are growing worries that, like a ship which is too big to steer, supply chains have become a source of vulnerability.

A semiconductor shortage is forcing car firms to idle plants all over the world. China has imposed a digital boycott of H&M, a Western retailer that appears unwilling to source cotton from Xinjiang, where the Communist Party is locking up Uyghurs and pressing them into forced labour. The European Union and India have clamped down on vaccine exports, disrupting the world's efforts to get jabs into arms (see International section). As they battle the pandemic and face up to rising geopolitical tensions, governments everywhere are switching from the pursuit of efficiency to a new mantra of resilience and self-reliance.

It makes sense for supply chains to be more robust. When national security is at stake, governments have a role in making supplies more secure. Yet the world must avoid a stampede back from globalisation that would not only cause great harm, but also create unforeseen new vulnerabilities.

One complaint against globalisation is that it concentrates production and eliminates buffer stocks. Supply chains encompass some of the most sophisticated forms of human endeavour. The iPhone relies on Apple's manufacturing network, straddling 49 countries; Pfizer, a vaccine champion, has over 5,000 suppliers. But the relentless pursuit of efficiency has led to low inventories and choke-points. At the start of the pandemic, voters and politicians were horrified by the scramble for foreign-made face masks and testing-kits. Over half of advanced semiconductors are made in a few plants in Taiwan and South Korea. China processes 72% of the world's cobalt, used in electric-car batteries (see Finance & economics section). McKinsey, a consulting firm, reckons that a single country has monopolised the export of about 180 products.

Such dependence is particularly threatening when geopolitics is becoming more confrontational. The decay of international trading rules makes countries more wary of relying on each other. During the pandemic, countries have passed over 140 special trade restrictions and many have quietly tightened their screening of foreign investment. Following the neglect of problems such as how to tax tech giants abroad and whether to impose levies on carbon-intensive imports, countries are tempted to take matters into their own hands. As the contest between America and China intensifies, there is a growing threat of embargoes, or even military conflict. Under Donald Trump, America undermined the global trade regime and President Joe Biden is unlikely to expend much political capital on rebuilding it.

Against such a backdrop, governments have a role in securing supplies—but it is a limited one. They can support research and development, including for new energy sources. Beyond this, subsidies and domestic preference are justified only when a vital input relies on a monopoly supplier that is subject to potential interference by a hostile government. Some rare minerals fall into this category, hand-sanitiser does not.

The risk is that countries go beyond minimal intervention—that, in the slogan of Narendra Modi, India's increasingly protectionist prime minister, they get "vocal for local". On February 24th Mr Biden ordered a 100-day security review of America's supply chains. On March 9th the EU said it would double its share of world chipmaking by 2030, to 20%, which followed a pledge to be self-sufficient in batteries by 2025. Last year Xi Jinping launched "dual circulation", aimed at insulating China's economy from outside pressure (see Business section). Such pledges are vague, but the preference for domestic jobs and manufacturing and promise of subsidies could mark a point at which the world shifts away from free trade and open markets.

Such a lurch towards autarky would not be justified. One reason is that government-administered, domestic supply chains are even less resilient than global ones. For all its drama, the saga of the *Ever Given* will be only a blip in the trade statistics. As demand surged in the pandemic, China's mask output rose by ten times. After the panic buying of beans and pasta, the $8trn global food supply-chain rapidly adapted, keeping most supermarkets stocked. While arguments rage over how to allocate doses, global networks stand to supply 10bn shots of brand new vaccines this year. Self-reliance sounds safe, but politicians and voters must remember that their meals, phones, clothes and jabs are all the product of global supply chains.

The call for self-reliance also misconstrues the balance between the costs of interdependence, which are brief and visible, and its benefits, which trickle in month after month unheralded. The lost efficiencies and expense of duplicating shared production chains would be ruinous: firms have $36trn invested abroad. The build-up of costs, as domestic firms were protected from competition by subsidies or tariffs, would be a hidden tax on consumers. And after all that, a policy of self-reliance would end up penalising countries too small or poor to host advanced industries. If manufacturing ends up concentrated at home, even big economies would be exposed to local shocks, lobbying and the shortcomings of their own producers, as America may discover with Intel (see Schumpeter).

Strength in numbers

Resilience comes not from autarky but from diverse sources of supply and constant private-sector adaptation to shocks. Over time, global firms will adjust to even long-term threats, including tension between America and China and the effects of climate change, by gradually altering where they make fresh investments. This is a perilous moment for trade. Just as globalisation begets openness, so protection and subsidies in one country spread to the next. Globalisation is the work of decades. Do not let it run aground. ■

The pandemic in Europe

What has gone wrong?

The European Union has handled covid-19 poorly. Why, and what does it mean for the union?

LOOK AROUND the world at the devastation wrought by the covid-19 pandemic and something odd stands out. The European Union is rich, scientifically advanced and endowed with excellent health-care and welfare systems and a political consensus tilted strongly towards looking after its citizens. Yet during the pandemic it has stumbled.

In the brutal and blunt league table of fatalities, the EU as a whole has done less badly than Britain or America, with 138 recorded deaths per 100,000, compared with 187 and 166 respectively—though Hungary, the Czech Republic and Belgium have all fared worse than either. However, it is in the grip of a vicious surge fuelled by a deadly variant. That underlines the peril of Europe's low rate of vaccination. According to our tracker, 58% of British adults have had a jab, compared with 38% of Americans and just 14% of EU citizens. European countries are also behind on the other criterion of a covid-19 scorecard, the economy. In the last quarter of 2020 America was growing at an annualised rate of 4.1%. In China, which suppressed the virus with totalitarian rigour, growth was 6.5%. In the euro area the economy was still shrinking. A year ago Pedro Sánchez, Spain's prime minister, called covid-19 the worst crisis to afflict the EU since the second world war. How has its response gone so wrong?

Part of Europe's problem is demography. EU populations are old by global standards, making them more susceptible to the disease. Other less well understood factors, such as crowded cities, may also make Europeans vulnerable. The cross-border mobility that is one of the EU's great achievements probably worked in favour of the virus, and no one will want to curb that when the pandemic eases.

But part of Europe's problem is politics. Jean Monnet, a French diplomat who helped found the European project, famously wrote that "Europe will be forged in crisis." When things are at their worst, those words are seized on to suggest the EU will snatch victory from the jaws of defeat. Sure enough, during the euro crisis the European Central Bank (ECB) eventually saved the day with new policies; likewise, the migration crisis of 2015 greatly enhanced Frontex, the EU's border-security force.

However, Monnet's dictum is also a source of complacency. The civil war in Yugoslavia in the 1990s led to the declaration that "This is the hour of Europe". Years of carnage followed. Likewise, last year's decision to give the European Commission sole responsibility for buying and sharing out covid-19 vaccines for 450m people has been a buck-passing disaster (see Briefing).

It made sense to pool the research effort of 27 countries and their funds for pre-purchasing vaccines, just as Operation Warp Speed in America brought together 50 states. However, the EU's bureaucracy mismanaged the contract negotiations, perhaps because national governments generally oversee public health. The project was handled chiefly by the commission president, Ursula von der Leyen, who gleefully called the decision to expand her empire a "European success story".

Hardly. Her team focused too much on price and too little on security of supply. They haggled pointlessly over liability should vaccines cause harm. Europe dithered in the August holidays. It was as if the Monnet-like forging of an ever-closer union was the real prize and the task of actually running vaccination a sideshow. Subsequent bickering, point-scoring and the threatened blockade of vaccine exports have done more to undermine faith in vaccination than restore the commission's reputation. Were she still a member of a national government it is hard to see how Mrs von der Leyen could stay in her post.

Europe has also fallen short economically. Again, it has used the pandemic to make institutional progress, by creating a meaty new instrument known as the Next Generation EU fund, or NGEU. Worth €750bn ($880bn), this is targeted mainly at weaker countries that need it most. More than half the money is grants not loans, lessening the effect on national debt. It is also being paid for by raising debt for which the union as a whole is jointly liable. That is welcome, because it creates a mechanism which severs the link between raising money and the creditworthiness of national governments. In future crises that could protect euro-zone countries from capital flight (see Briefing).

As with vaccines, however, triumph at the NGEU's creation belies its slow execution. The first money is still months from being paid out, as member states scrap with the commission over their individual programmes. By the end of next year, only a quarter of the fund will have been disbursed.

This lack of urgency is a symptom of a much bigger problem: the neglect of the underlying health of Europe's economies. Even with its new money, the EU budget will account for just 2% of GDP in the next seven-year fiscal period. At the national level, where governments typically spend about 40% of GDP, Europeans have been culpably overcautious.

The consequences will be profound. By the end of 2022, America's economy is expected to be 6% larger than it was in 2019. Europe, by contrast, is unlikely to be producing any more than it did before the pandemic. True, Joe Biden's $1.9trn stimulus after nearly $4trn in the Trump era risks overheating the economy, but Europe lies at the other extreme. Its budget deficits for 2021 average perhaps half of what America is planning (see Free exchange). After the combination of the financial crisis and covid-19, the EU's output will be 20%, or €3trn, smaller than if it had kept up the growth it managed in 2000-07. The EU has suspended its deficit-limiting fiscal rules. Thanks in part to the ECB's monetary activism, European governments have the fiscal space to do more. They should use it.

Ever-smaller union

Europe can take comfort from the fact that the vaccination programme will catch up over the summer. Across the continent, Euroscepticism has been in decline during the pandemic, and politicians who used to flirt with leaving, like Matteo Salvini or Marine Le Pen, have changed their tune. But, inexorably, the EU is falling behind China and America because it fails to grapple competently with each successive crisis. In a dangerous and unstable world, that is a habit it needs to change. ■

Israel

Breaking the stalemate

To unblock Israeli politics, get rid of the man in the way

Binyamin Netanyahu is Israel's longest-serving prime minister. He dominates political life. His loyal supporters praise his statesmanship, strength and skill. His critics condemn him for being divisive, domineering and dirty—he is currently on trial for corruption. Politics in Israel comes down to whether you are for or against the man known as Bibi.

Voters, alas, cannot agree on someone to take his place, so gridlock has prevailed. Three elections in 2019 and 2020 failed to produce a stable government. A fourth, on March 23rd, seems to have ended in yet another stalemate. Several formidable rivals are trying to push Mr Netanyahu out. Although his party, Likud, won 30 seats in the 120-member Knesset, Israel's parliament, fully 13 more than any other party, his desired coalition is nine seats short of a majority. But you should never rule out Bibi (see Middle East & Africa section). He is stubborn and resourceful and there are still several ways he might hang on to power.

It would be a shame if he did. Most Israelis want to see Mr Netanyahu go. A majority in the Knesset at least say they do, too. They range from doves to hawks, Arab Israelis to Jewish nationalists. At the moment they refuse to work together. Party leaders such as Yair Lapid, Benny Gantz, Gideon Sa'ar and Naftali Bennett all feel they should be the next prime minister. Each has flaws, but any would be better than Mr Netanyahu in the short term. It is time they set aside their egos, formed a new government and brought some fresh air into the stale fug that is Israeli politics.

Give Mr Netanyahu credit: he has led a successful vaccination drive and forged closer ties with Arab states with the Abraham accords. Before the pandemic, he oversaw a flourishing economy. He is a remarkable politician and a deft diplomat. But in his determination to hold onto power come what may, he is damaging the democracy that makes Israel stand out in a region full of autocrats. The prime minister smears institutions, such as the police and the courts, in order to discredit the corruption case against him. Desperate to gain an electoral advantage, he has stooped to making common cause with Jewish supremacists.

An anti-Bibi government would have plenty of drawbacks. It is unlikely, for example, to make progress with the Palestinians, who are due to hold their own elections this year. With many rival egos and philosophies, it would be unstable and probably short-lived. That has led some lawmakers to propose an alternative which does not require forming a government: to shut out Mr Netanyahu by closing the loophole that allows a person under indictment to become prime minister.

In its favour, however, an anti-Bibi government can help kick-start the economy as the pandemic recedes by passing a new budget. The country has gone without one for over two years because of the gridlock, and only a government can get this done. What is more, an anti-Bibi coalition has many paths to power. Mr Bennett, for example, has been trying to steal the support of Mr Netanyahu's ultra-Orthodox allies. The best solution would involve the Arab parties, which have never been invited into a coalition, nor shown much inclination to join one. Breaking that taboo—even if only by gaining their support from outside the government—would make it easier to form coalitions in the future and give Arab-Israelis, who make up a fifth of the population, a greater say in the country's affairs.

Even Mr Netanyahu, who once portrayed Arab parties as fifth columnists, has flirted with one of them, but his far-right allies object. Mr Sa'ar and Mr Bennett are equally reluctant, so forming an anti-Bibi government will be tricky. But talks have only just begun. There is time yet for Israeli politics to break the mould. ■

Methane leaks

Put a plug in it

Governments should set targets to reduce methane emissions

The oracle of Delphi's trance-like state is thought to have been induced by gases seeping into her chamber through a crack in the ground. Some say methane was part of the cocktail. If true, the gas has shaped the course of civilisations at least three times: in ancient Greece when wars were waged and kingdoms fell on the strength of the Oracle's prophecies, in the 20th century when methane-fuelled machines helped power industrialisation, and today, when the gas is a central but under-appreciated part of the fight against climate change.

Human activity emits far less methane than carbon dioxide, but methane packs a heavier punch. Over the course of 20 years, a tonne of the gas will warm the atmosphere about 86 times more than a tonne of CO_2. As a result methane, sometimes called carbon dioxide on steroids, is responsible for 23% of the rise in temperatures since pre-industrial times. Carbon dioxide gets most of the attention, but unless methane emissions are limited there is little hope of stabilising the climate.

Unfortunately methane emissions have been anything but stable. After briefly stalling in the early 2000s, atmospheric concentrations of the gas started rising again in 2007. A global inventory, concluded last year, found that humans were largely to blame. Chief among the reasons for the rise are the gassy output of livestock farming (cows belch it), rice cultivation (soggy environments harbour micro-organisms that make it) and the fossil-fuel industry (pipelines and rigs leak it). Agriculture and energy each account for roughly one-third of annual methane emis- ▸▸

sions. China, America, Russia and other big energy producers and consumers are heavy polluters. Countries with lots of livestock produce a disproportionate share of farming-related emissions, too.

By how much do methane emissions need to fall? Carbon dioxide lingers in the atmosphere for centuries, making it hard to reduce its atmospheric concentrations. By contrast, methane has a half-life of roughly ten years, which means that it degrades quickly. If new emissions can be cut to below the rate at which old emissions deplete, the concentration of methane lingering in the atmosphere will soon fall, slowing global warming. The Intergovernmental Panel on Climate Change estimates that, to keep temperatures between 1.5°C and 2°C above pre-industrial levels, human methane emissions must drop to 35% below where they stood in 2010 by mid-century.

That is entirely plausible. A big step would be to stop millions of tonnes of methane from leaking out of fossil-fuel infrastructure each year, through pipes with holes, leaky valves and carelessness. Natural-gas operators will be able to sell more gas in exchange for a moderate investment in monitoring and repairing leaks. The International Energy Agency, a global forecaster, estimates that 40% of methane emissions from fossil fuels, equivalent to 9% of all human methane emissions, can be eliminated at no net cost for firms. The harder task is to reduce emissions from agriculture, but even here farmers can draw on new ideas, including developing new forms of feed for livestock, and altering how rice is irrigated (see Science & technology section).

Natural gaps

Politicians and the public tend to worry about carbon-dioxide emissions and neglect the effects of cutting methane. But dealing with the gas would have a large effect rapidly and at relatively low cost. Governments are busy firming up their commitments to cut emissions under the Paris agreement, as they prepare for the COP26 climate summit in November. On April 22nd President Joe Biden will convene his own summit. America is expected to make its targets public around that time, which will almost certainly include a pledge to reduce emissions to net zero by the mid-2000s. It should go further and include a specific target for methane. Then other nations should follow its lead. ■

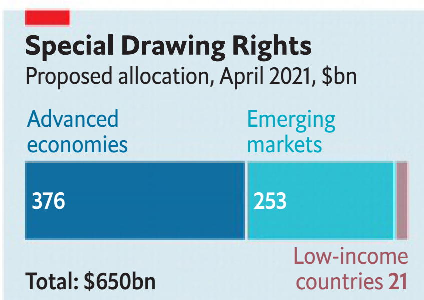
The IMF and the pandemic

Special drawing wrongs

Poor countries need more help, but it should be transparent and targeted

THE IMF exists to provide emergency credit to solvent governments and to help insolvent ones regain creditworthiness. During the pandemic it has disbursed about $107bn to poor and middle-income countries which face the twin budgetary challenges of a big hit to growth and the need to spend on health care and vaccines. More is needed, particularly for the poorest countries. So the fund, which on April 5th will kick off one of its biannual jamborees, is readying additional financial firepower: a $650bn issuance of new "Special Drawing Rights", or SDRS. The fund is doing the right thing, but with the wrong tool.

SDRS are often described as money or currency reserves, but the instrument is really an emergency overdraft. A country holding an SDR can exchange it for dollars or other hard currency at a fixed exchange rate and pay only a low interest rate, currently 0.05%, on the borrowing. Even better for the recipient, there is no date at which the debt must be repaid. The cash is stumped up by other IMF members, which the fund can compel to engage in the exchange (a power that it last used in 1987).



The appeal of issuing new SDRS is the relative ease of doing so. The credit lines they offer are unconditional, sidestepping the time-consuming negotiations that often precede IMF lending. Everyone gets them, so recipient countries and regimes have no reason to fear the stigma, political and economic, that can come with an IMF loan. And because the fund's members are on the hook to honour SDRS, issuing them does not drain IMF programmes of resources. The usual political obstacle is the agreement of America's government, which has enough votes at the fund to veto a new issuance. However, Janet Yellen, the treasury secretary, has recently given the nod, and the proposal is just small enough to avoid a vote in Congress.

Unfortunately the political simplicity of issuing SDRS stems partly from their economic complexity. They are a relatively opaque instrument which obscures the underlying transfers they make possible. (Whereas bondholders demand interest in proportion to risk, SDRS charge borrowers a uniform, artificially low interest rate.) The mechanism may get more complex still, should rich countries agree to lend their new SDRS to poor ones, in effect lending the right to borrow dollars. The universality of any issuance means that unsavoury regimes will benefit unless sanctions stop them from converting SDRS. Insolvent countries may use the cash to pay off Chinese creditors. Argentina will find it easier to postpone the day of reckoning over its unpayable debts (see Americas section).

The bar to issuing SDRS should therefore be high. In the spring of 2020, when a widespread financial crisis looked possible, that bar was cleared, but the Trump administration opposed the idea. Today the economic and financial situation is more stable. It would be better to provide help in ways that are more transparent and targeted. The fund could rewrite the eligibility rules for its existing programmes. It could set up a relief fund that is specific to pandemic-related needs like health care and the purchase of vaccines, with the aim of reducing the stigma of borrowing from it (see Finance & economics section). Rich countries could provide more aid.

Alas, these mechanisms would be more likely to spark disagreement between the countries involved and between governments and their voters. The SDR issuance is a technocratic workaround that, as a result, may end up as the primary channel of IMF support for many poor countries during the crisis. SDRS are better than nothing, but it reflects badly on the IMF and on the rich world that they have not found a better way to increase support for poor countries battling the pandemic. ■

World Health Organization

Chief Learning Officer (CLO), WHO Academy

A revolution is underway in adult learning. The WHO Academy, the World Health Organization's school for the future, will transform lifelong learning in health. The Academy will deliver learning for impact, build critical competencies, and bring WHO's guidance to life to make the world a healthier place. Through experiential, experimental and learner-centric innovations, the Academy will reach 10 million adult learners worldwide by 2023 with a hyper-personalized, technology enabled approach.

The Academy's Chief Learning Officer (CLO) will be an audacious and proven leader with a growth mindset and a record of success in building agile learning organizations. They will bring expertise in and a passion for scaling high-impact adult learning and digital innovation to help people thrive. They will accelerate the WHO's ambitious vision, values and strategy, and fulfillment of the health-related SDGs.

The CLO will be based in Lyon, France at the Academy's futuristic campus and will report to the Director-General (DG) as an Assistant Director-General and a critical member of WHO's leadership team.

The closing date for applications is 23 April 2021. For more detail, please refer to the WHO Academy: https://www.who.int/about/who-academy

Apply here: https://tinyurl.com/CLO-Academy

Applications from women and from nationals of underrepresented-Member States are particularly encouraged.

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Director

EDHEC Risk Climate Impact Institute (ERCII)

EDHEC-RISK Climate Impact Institute

One vacancy in London or Nice – Full-time Position

EDHEC seeks a Director for its new Climate Finance Institute

EDHEC, one of the leading European business schools, recognised for the quality of its research in finance, is recruiting a Director for its new climate finance research institute, the EDHEC Risk Climate Impact Institute (ERCII).

EDHEC's ambition is to make the EDHEC Risk Climate Impact Institute an international centre of reference in the area of fundamental and applied research on measuring the impact of climate change on asset prices and on the financial industry's participation in mitigating climate change.

Drawing on the reputation that EDHEC Risk Institute has built up over the past 20 years, the EDHEC Risk Climate Impact Institute intends to develop its activities in close cooperation with the investment industry.

Responsibilities and missions

In close cooperation with ERCII's Scientific Director, the institute's Director will manage the institute, which has been provided with a budget of 25 million euros for the first five years. The Director will participate in building a team of researchers and development support staff of around 15 people.

The director will have direct responsibility for the implementation of the institute's outreach, whether it involves organising presentation events and promoting the research to the industry or scientific cooperation with the industry.

A climate-investing specialist, the institute's director will have direct responsibility for the research & development focus on the financial industry's participation in mitigating the risk of climate change.

With very good knowledge of the industry, the director will develop and coordinate industry relationships, whether to fund research initiatives or implement joint research ventures.

A good communicator, the ERCII Director will be the institute's spokesperson and its institutional representative.

Profile

This position is reserved for a high-level professional who has exercised research responsibilities in the area of climate finance for at least five years and has more than ten years of professional experience in the finance sector.

Ideally a PhD holder, the Director will have dual expertise on both technological and financial matters relating to climate change.

Apart from their scientific qualities, the Director will need to have genuine project leader and communication qualities to fully cover the representation and development of the institute.

The institute's working language is English, so the Director will need to be bilingual if their first language is not English.

Location

The institute will have staff on EDHEC's campuses in London, Paris and Nice, so it is entirely possible for the director to exercise their responsibilities from one of these locations.

The director is expected to be highly geographically mobile in carrying out their missions.

Remuneration

The remuneration will be in line with the institute's ambitions and EDHEC implements an active talent recognition and management policy by associating its talent with the success of the initiatives that they develop.

Talking on your feet

Your briefing on the filibuster in the American Senate touched only lightly on one reason why it has become so overused: the fact that it is now so easy to deploy ("Motion to dismiss", March 13th). Currently, a senator or senators announce their intention to filibuster, a petition to end debate is filed, two days later there is a vote, and that is usually the end of the matter.

But rules do exist that can make it a much more tiresome affair by forcing senators to be physically present in the Senate chamber for a filibuster. Support among senators for this speechifying tactic may wane if it meant they had to spend more time in Congress.

WILLIAM MATTEA
Chief of staff to former senator, Carol Moseley Braun
Delavan, Wisconsin

The United States is a large and diverse country. Laws passed by its national legislature, if they are to be considered legitimate, should have a broad consensus along the lines of population and geography. Laws that fail have not attained that broad consensus. The filibuster is merely a procedural tool to ensure that legislation meets that bar.

However, since Congress cannot solve certain domestic problems at the national level, it may simply be time to reconsider whether they should be solved by the federal government at all. Our state governments are more than capable of tackling a large range of domestic issues, such as health care, education, energy policy and managing natural resources. Decentralising government would require some tax reform so that the states can generate enough revenue to enact expansive policies. But this would ensure both diversity and nuance in policies across the land.

We have been centralising power in Washington for generations. It is a proven loser. It is time to unwind it.

CRAIG WRIGHT
Louisville, Colorado

Senator John C. Calhoun of South Carolina used the filibuster, you said, to "nullify federal laws that might grant African-Americans rights" ("Less than overwhelming", March 13th). Calhoun was an ardent supporter of slavery; but the Nullification Crisis to which you referred had nothing to do with rights for black people. His attempt to nullify the application of federal law to the South was a reaction to a tariff passed by Congress in 1828. The tariff increased the cost of manufactured goods for southern states (which had no industrial base) and potentially exposed slaveholders to retributive levies on cotton exports from European countries. As a result Calhoun, and other South Carolinians, argued that states should nullify federal laws, such as the tariff, that they deemed unconstitutional. It had nothing to do with the rights of African-Americans, which no national politician was contemplating in the 1830s.

RUFUS SACHDEV-WOOD
London

To illustrate the dangers of requiring supermajorities to govern, you noted how the European Union's requirement of unanimity "has led to paralysis on critical issues such as the erosion of the rule of law in Hungary." However, the unanimity requirement has been an obstacle only to denying the Hungarian government voting rights for breaching Article 7 of the treaty on European Union.

Yet the government could be found in risk of breach of the EU's founding values with a feasible 80% vote. Such a determination would send a significant political message. Combined with the recently enacted law conditioning EU assistance on respect for the rule of law, which can be triggered by a qualified majority (55% of EU states representing 65% of the EU population), it would enable EU governments to press for compliance now.

KENNETH ROTH
Executive director
Human Rights Watch
New York

Peace on the ground

Your piece on UN peacekeeping unfairly criticised several of the largest countries that contribute troops ("UN peacekeeping is hamstrung by national rules for its troops", March 21st, digital editions). The national caveats that you think make UN troops less effective have significantly decreased and do not have a big impact on operations.

Study after study has proved that the presence of peacekeepers on the ground directly equates to fewer civilian casualties. Recent research has shown that peacekeeping is also highly successful in preventing violence before it begins. Our contributing countries have responded positively to addressing performance-related issues. Their units are regularly evaluated and held accountable, and are sent home when they fail to meet expectations. Troops are not deployed when national caveats influence operational effectiveness. A comprehensive planning and performance-assessment system has been put in place in missions to ensure we are consistently making progress.

NICK BIRNBACK
Chief of strategic communications
United Nations Peace Operations
New York

Reporting climate impacts

"Telling all" (March 13th) reported on the regulatory push to make listed companies disclose their climate-related matters. The article said that "The flurry of rulemaking stems from a concern that climate change poses a threat to financial stability", but questioned whether "this is true or not". There is a scientific consensus about the adverse effects of climate change on the global economy, and the strong link between climate and financial stability is unquestionable. Most central bankers have no doubt about this relationship. What uncertainties there are relate to the timing, interplay and magnitudes of these effects.

In fact, the Bank for International Settlements has described the risks from climate-change-induced financial instability as "green swan" events (inspired by Nassim Taleb's book "The Black Swan"). These are events that are almost certain to occur, only the exact manifestation is uncertain. In this context, corporate climate reporting is very important.

DAVID PAPP
Lead expert
Central Bank of Hungary
Budapest

Killed by covid-19

You offered two encouraging explanations for why happiness declined less among the old than among the young during the pandemic: video-chatting with family and "knowing that society made sacrifices to protect them" ("It might seem crazy", March 20th). You also noted that the old feel healthier. Isn't there a third, much sadder possible explanation? The least healthy and probably least happy among the old were hit hardest by the virus and we can no longer ask them how they feel.

JULIAN TERSTEGGE
Hamburg

Give kitties their due

I enjoyed the article on French presidential pets ("Future impurrfect", March 20th). You noted that Charles de Gaulle had a cat, but you did not mention that the feline in question was a Chartreux (named Gris Gris). Since all dogs are identified by breeds, this to me indicates that some people think less of cats than dogs, and do not realise that cat breeds are different.

LINDA CORUGEDO STENEBERG
Munich

Letters are welcome and should be addressed to the Editor at
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The lack of needles and the damage done

PARIS

The covid-19 pandemic was the kind of crisis that could push the EU forward. When it came to vaccines, it left Brussels carrying the blame

MUCH OF EUROPE'S battle against covid-19 has been fought at a national level, or in federal countries below it. It was there that decisions were made about when to confine people, how to allocate resources, what to do about tracking and isolation requirements.

Indeed, early on the response started to seem not merely national, but disturbingly so; by the end of April 2020, 17 countries in the supposedly border-control-free Schengen area had notified the European Commission, the EU's executive, that they had in fact reintroduced controls. Some were stopping the export of protective equipment. Italians, when polled, were more likely to see China as helpful in their hour of need than the EU.

To counteract these centrifugal tendencies Angela Merkel, the chancellor of Germany, and Emmanuel Macron, the president of France, pushed for the EU's central institutions to be granted impressive new powers with which to keep their members together. As in 2012, when the euro crisis saw the European Central Bank (ECB) take a more expansive view of its powers, and in 2015, when a surge in immigration bolstered the EU-wide frontier force, a crisis was taken as an opportunity to centralise.

The first centralisation was economic. Seeing some countries hit harder than others the EU set up a common fund to help the worst-affected among them back on their feet (see following story). The second centralisation was programmatic. The commission was put in charge of procuring vaccines for a population of 450m.

Whereas "groundbreaking" is the term usually used to describe the new fund, the vaccine efforts tend to suggest "fiasco". America has administered over 148m doses of vaccine already; 38% of adult Americans have had at least one shot, and 20% their second one. Britain, which is delaying people's second vaccinations, has given 58% of its adults their first shot. The EU's 70m doses administered so far, around twice Britain's total, have provided only 14% of the adult population with a first shot.

It is true that some European countries have high levels of vaccine hesitancy when it comes to adult vaccination and that some suffer from inefficient public institutions. But the fact that all the bloc's members are doing badly compared with peers elsewhere strongly suggests a shared procurement problem.

Europe had "lacked ambition" in its vaccine efforts from the outset, no less a source than Mr Macron told a Greek television programme on March 24th. He admitted being among those sceptical at the bluster coming from Donald Trump about a vaccine being available before American elections in early November. Thus Europe had focused its efforts—the "whatever it takes", he said, recycling a phrase from the euro crisis—on salvaging its economy. Britain, having done a worse job than most of Europe at containing the first wave of the epidemic, and America, which never got back to a low rate of new cases after that first wave, went all out on the vaccine.

A need for new competences slowed things down, too. Health in Europe is the responsibility of national or local governments. Other than a centralised European Medicines Agency (EMA), which approves new drugs, the bulk of decision-making as ▸▸

regards health happens in member states. The EU is limited to "complementing" their actions.

But when it came to buying vaccines at speed and in very large quantities, leaving governments to do their own thing looked like a problem. The big ones, and those which actually had vaccine production facilities within their borders, might do fine; in the spring of 2020 France, Germany, Italy and the Netherlands signed a contract for up to 400m doses of vaccine with AstraZeneca, the Anglo-Swedish pharmaceutical company backing the jab developed at Oxford University. But what about the smaller states? And what about the risk that some would do much better than others? How could the EU be said to be a union if Czechs wangled vaccines but Slovaks did not, or if a well-vaccinated country started to worry about visitors from a much less-vaccinated neighbour?

Like a setting sun

It was thus agreed that procurement would be passed to Brussels, with the initial four-country AstraZeneca deal grandfathered in. It sounded fair, and the commission liked the extra responsibility. But whereas Paris, Berlin and Rome all have officials well accustomed to buying anything from a new type of frigate to a railway line, Brussels has little experience managing large-scale procurement, certainly not at speed in a shifting landscape. And because health is not usually the purview of the EU, the brightest Eurocrats typically prefer other briefs. The health commissioner in recent years has hailed from relative minnows such as Cyprus, Lithuania or Malta.

And once the decision to centralise procurement had been taken there was little by way of follow through. After negotiating the details of the economic package in July, exhausted diplomats and EU officials were ready for a break. The incidence of covid-19 was low, and expert advice disagreed on whether there would be a second wave. In a typical month there may be some 300 meetings of national diplomats aimed at moving the union's business forward. In August 2020 there were ten. A summit held on August 19th discussed Mali, the eastern Mediterranean and Belarus, but the pandemic was not on the agenda. There was no update on vaccine procurement.

What the effort seemed to lack in urgency it made up for in penny pinching. Britain and America had thrown money at the problem: given the cost of lockdowns any alternative seemed worth spending money on, and speculative research was funded without much concern about cost. The commission, though, endlessly fears being fingered for misspending its budget. The culture in Brussels is one of being able to prove to internal auditors that one has ticked the right boxes.

Regulation was also an issue. And while America and Britain used fast-track approvals which limited the providers' liability when the vaccines were ready, the EMA kept to slower procedures. These were painted as a way to limit public concerns about a rush job.

Divisions within Europe did not help. Some poorer European countries balked at the price of mRNA vaccines, like the one developed by BioNTech, a German biotechnology company, in partnership with Pfizer, an American pharmaceutical company. Other diplomats suspected that France and Germany, the EU's pharmaceutical heartlands, were supporting their home industries; a large vaccine order went to Sanofi, a French drugmaker.

As winter neared and a second wave did indeed materialise, the boss of Moderna, an American mRNA-vaccine maker, warned that Europe was dragging out negotiations. That would not stop it getting the doses it had ordered—but it would get them later than others, he explained. Europe took more notice, though, when a leaked list of prices it was paying for vaccines showed it getting a much better deal than America.

It was only in January that the extent of Europe's vaccine misfire started coming to light. The Sanofi vaccine had been badly set back by trial results in December, blowing a huge hole in the planned supply. Then AstraZeneca announced it would be able to deliver only a fraction of the doses it had promised, pointing out it had offered only its "best reasonable efforts" to supply them early. The commission's lack of procurement experience came into full relief as AstraZeneca provided relatively more vaccine to Britain. Other suppliers also warned the commission of delays or interruptions in supply.

Things were made worse by the fact that, around this time, covid-19 cases on the continent began to rise again. The highly infectious B.1.1.7 variant of SARS-COV-2, first seen in Britain, has turbo-charged a third wave of cases, prompting new lockdowns across the continent, some better observed than others. As Britons, who had suffered B.1.1.7's effects earlier, began to see un-locked-down light at the end of their increasingly inoculated tunnel, Europe's prospects looked dim.

The EU, in part because it is seen as a bulwark against protectionism, has since come under fire for fuelling "vaccine nationalism", trying to throttle exports to Britain (Australia has also had EU-made vaccine withheld). As a broad-brush accusation this is unfair: the EU allows the export of covid-19 vaccines on a large scale (see International). But it has had to speak more bluntly about putting itself first over others. On March 25th European leaders tentatively agreed to further control exports.

The bloc's vaccination drive has also suffered from some hesitancy. Of almost 85m doses delivered, some 15m are still to be used. The biggest surplus is of the AstraZeneca vaccine, which some politicians helped undermine. In January Mr Macron described it as being "quasi-ineffective" in over-65s, which had an impact. Subsequent worries spurred by fear of a particular type of very rare blood clot in young people have led to an inverse concern, with France and Germany now administering the vaccine only to older patients.

After the gold rush

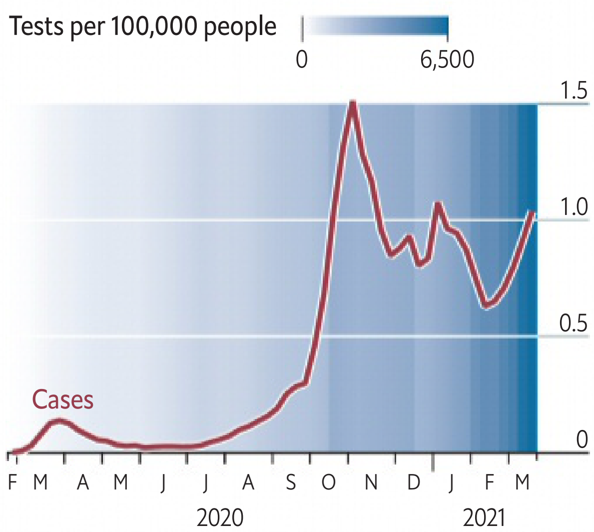
At times the centralised approach to vaccination seemed to be on the ropes. Some central European countries, many of them hard hit, threatened to break ranks and procure Chinese or Russian jabs regardless of the fact that the EMA has not signed off on them. Serbia, which is outside the EU, is using those vaccines in an impressive vaccination effort, and has a big enough stock that it is inviting foreign neighbours to drive over the border for a jab. The prospect of being cut off from the EU's supply, though, has so far deterred all but Hungary—which enjoys goading Brussels—from turning to the east.

The worst is probably now over. A spate of expected deliveries, which are now tracked closely, means that the EU should soon be receiving 100m doses a month. Officials say they now expect Europe to end up just a few months behind Britain and America—perhaps less. The commission says 70% of adults will be fully vaccinated by the end of summer.

For all the frustration at the vaccine shortages, the joint-procurement approach is still defended by the member states. The counterfactual of internecine vaccine filching is considered too terrible to even consider. And their leaders have shouldered plenty of the blame for the vaccine misfire: poll numbers from across the continent show the public went from ▸▸

Disturbingly spikey

European Union, weekly confirmed covid-19 cases, m



Source: European Centre for Disease Prevention and Control thinking things were being well managed to poorly so.

But "Somebody, at some point, will find it convenient to blame Brussels," sighs one senior commission official. The most exposed and identifiable target will be the commission's president, Ursula von der Leyen. Hopes were high that as a medical doctor, and with the ear of Mrs Merkel, her former boss, she could seize the opportunity given to Europe. Now critics stress her centralised style, with few responsibilities delegated to anyone outside a tight inner circle of her aides.

Denizens of Brussels see the economic component of their response as an achievement worthy of the crisis the bloc has lived through and hope that the borderline-lackadaisical approach to procuring vaccine will soon be forgotten. And so it may. For now, though, Europeans with no clear sense of how long the emergency of the third wave will last have plenty of time to spend considering the question. ■

Encouraging the economy

Down to the wire

BERLIN, MADRID, PARIS, ROME AND VENICE

The details of the EU's ambitious recovery plans are being finalised. It is not just their size that looks set to change the union

Gianluca Pila is perched on a handrail in his straw hat and blue-and-white striped shirt, whiling away the time on his mobile phone as the Grand Canal laps at the jetty. What else is an underemployed gondolier supposed to do? "The only people who've been hiring gondolas come for the day from cities nearby," he says glumly.

Like much of Europe, Venice has been hammered by the effects of covid-19. Also like much of Europe, it is looking to Next Generation EU (NGEU), a pandemic-recovery fund, to get back on its feet, or in Mr Pila's case, on to the water. In the spring of 2020 it became clear that not only would the covid-19 pandemic wreak havoc on Europe's economies, but that some would be hit much harder than others. Seeking to mitigate this shock to the system, Chancellor Angela Merkel of Germany and Emmanuel Macron, France's president, agreed a plan that would see the EU issue hundreds of billions in debt in its own right and distribute the proceeds mostly to the poorer member states.

Clément Beaune, Mr Macron's Europe minister, has called the initiative "revolutionary". It would have been unthinkable before the pandemic, notes Paolo Gentiloni, the EU's economy commissioner. Previous suggestions that there might be a role for debt collectively backed by member governments had always been roundly rejected by Germany and countries which share its views on fiscal probity. But a global pandemic changed minds.

The idea Mr Macron and Mrs Merkel proposed in May was put into legal form by the European Commission and approved by the leaders of the 27 member states at a gruelling five-day European Council summit in July. All told, the NGEU which came out of that meeting is worth up to €750bn ($880bn), or 5.6% of the bloc's annual GDP, over five years: €672.5bn will be used to create a Recovery and Resilience Facility (RRF) which makes grants and loans to member states; the other €77.5bn will be spent on EU-wide programmes like REACT-EU, a top-up to the union's structural and investment funds.

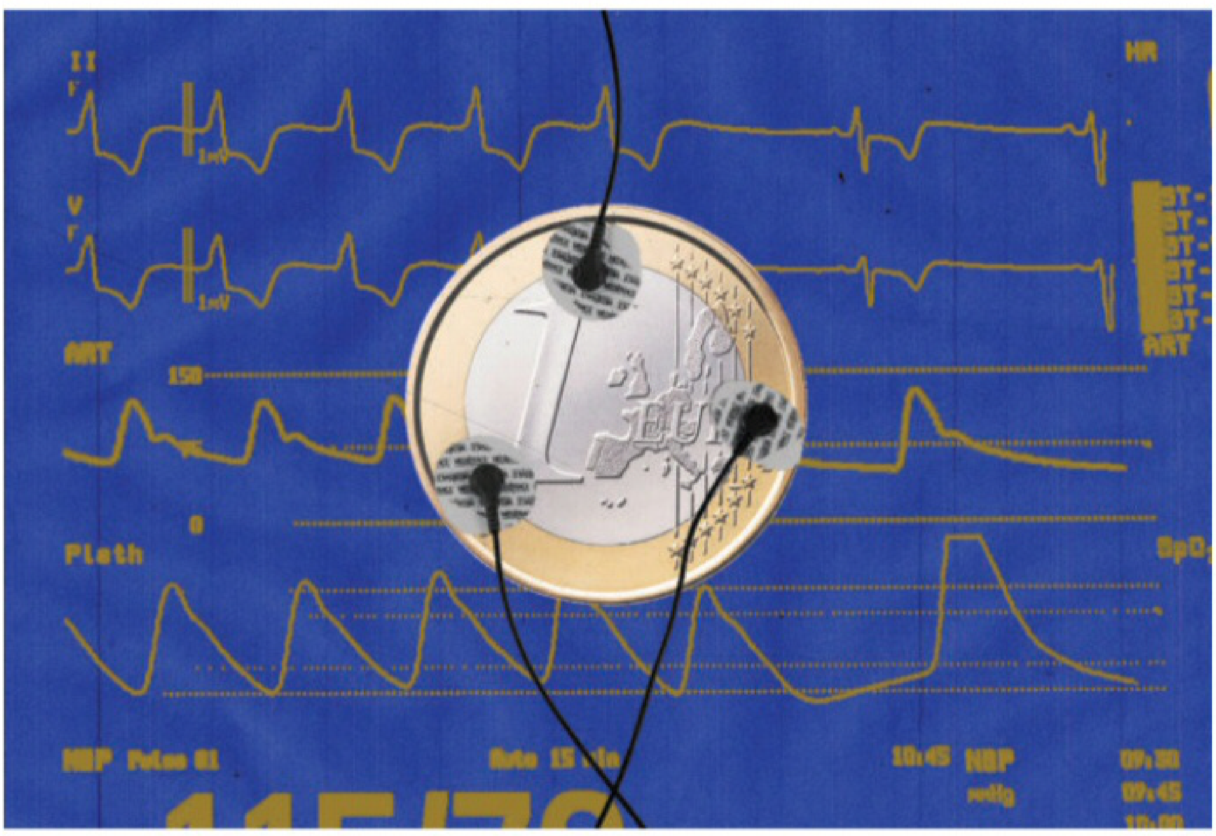
The way allocations have been calculated means that small countries in a bad way will see inflows of real macroeconomic significance: Bulgaria, Croatia and Greece each stand to receive grants equivalent to around 10% of their annual GDP or more. Richer countries like Denmark or Germany can expect less than 1%. In absolute terms, Italy and Spain will be the largest beneficiaries (see chart 1 on next page).

Even before getting under way the NGEU started to have an effect on bond markets, helping to keep the cost of borrowing in countries with weaker economies close to that experienced by their stronger brethren. When the bonds begin to be issued they could fundamentally change those markets. By issuing a large pan-European bond, the EU will create a financial instrument to match US Treasuries: a safe asset underpinning a true economic union. Believers in ever-closer union think such a bond would have staved off the worst of the euro-zone crisis a decade ago.

In February Lucas Guttenberg, Johannes Hemker and Sander Tordoir of the Jacques Delors Centre, a Berlin think-tank, wrote that the creation of the fund marked an irretrievable change in Europe's financial architecture. It shows the EU that it can issue common debt at scale and gives it a model for doing so the next time crisis strikes or a grand European ambition develops. But for that model to appeal the NGEU has to deliver, and for that to happen the member states must play ball. Finance ministries have to present the commission with recovery plans which contain proposals for both investment and reform if they are to get their money, and these proposals have to meet various criteria.

National investment plans must devote at least 37% of their outlay to climate-related objectives and a further 20% to digital initiatives. And the reform proposals need to follow, at least in part, the commission's previously stated "country-specific recommendations": structural-reform proposals that governments have ignored for years.

As ways of improving and greening future growth, these conditions have their logic. Mr Gentiloni is confident that the mandated environmental spending will help make the EU a global leader on climate. But many countries want the new funds to relieve current suffering, and the



conditions feel to some like constraints on that goal. Spain's stricken businesses "don't need solar panels or windmills, they have to survive until the tourists come back," says Angel de la Fuente of Fedea, an economics think-tank in Madrid. "Things that might make sense in Denmark don't necessarily help us in Spain." (As it happens, a supererogatory 65% of the spending in Denmark's plan is indeed on climate goals.)

And the required reforms are, almost by definition, difficult, unpopular or both—were they not they would have already been made. Though some reforms which the commission wants, it argues, could help the money be spent more swiftly and effectively, the time taken by others could, countries fear, slow things down.

Plans acceptable to both sides are meant to be finalised by the end of April. Then comes a process of formal approval by the commission and the EU Council. Behind the scenes, commission officials are pushing governments hard to knock their plans, each of them thousands of pages long, into shape. Since some look unlikely to do so in time there are worries that the timetable may slip. Laurence Boone, chief economist at the OECD, has suggested that the process is "getting lost in bureaucratic procedures". Christine Lagarde, president of the European Central Bank (ECB), has also expressed fears of a slow roll-out.

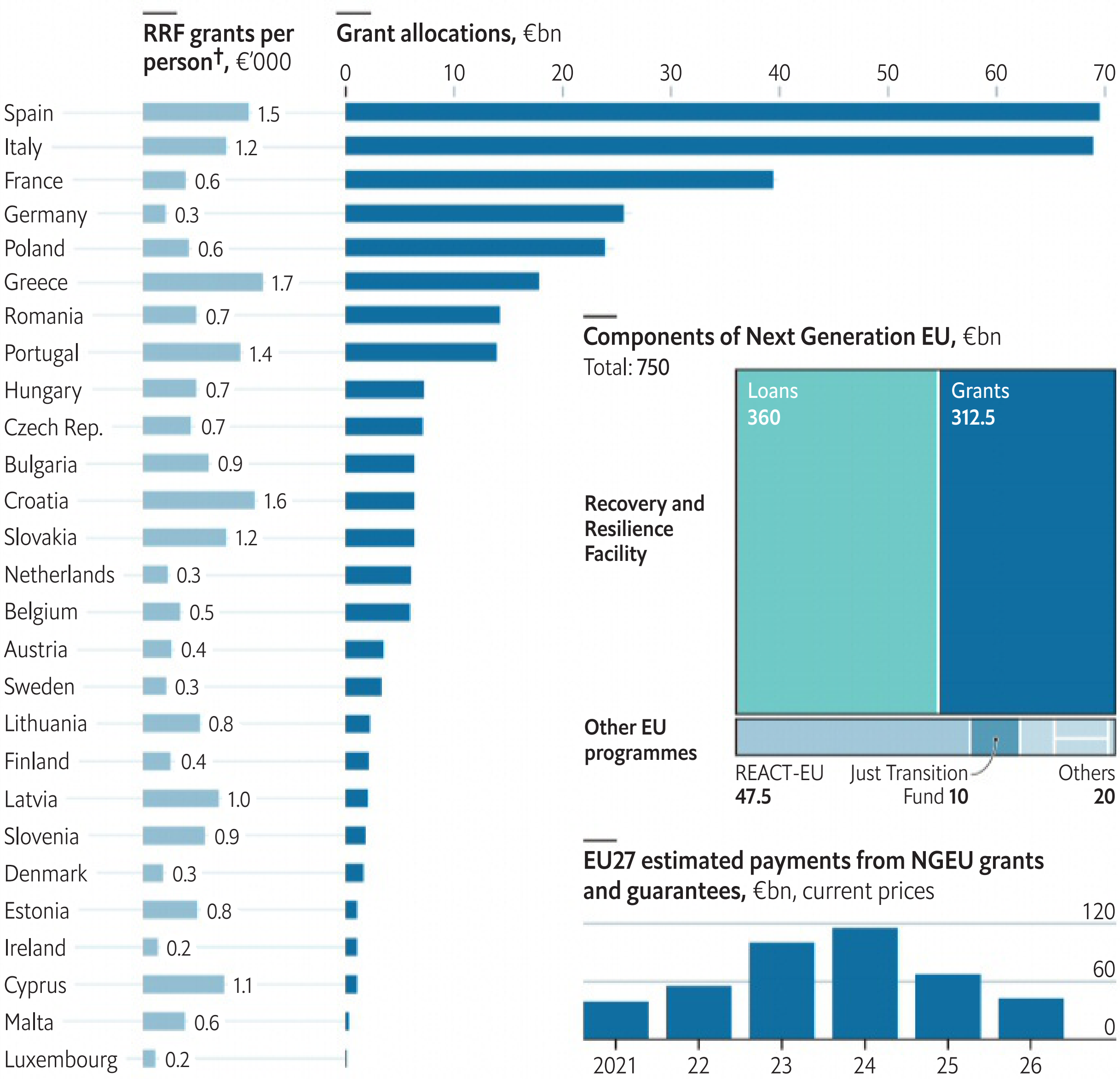
Eurocrats know that time is of the essence; they also know that the success of the scheme rests on governments' ability to spend the money not just quickly, but also efficiently and productively. If they do, the ECB predicts that the euro zone could see a 1.5% boost in GDP over the medium term: good in itself and also a worked example of what the union can do when it pulls together, strengthening the case for further economic integration. If they do not, Brussels will share some of the blame on the basis that the plans it approved either didn't work or were not delivered on. "We are taking a massive bet with this exercise," says one senior official in Brussels.

The highest stakes are in Italy, where even before the pandemic the economy had barely grown in real terms for 20 years. Opportunities for changing this through investment undoubtedly exist, but they have proved hard to exploit; by the end of last year Italy had got through barely half of the money from the EU's four structural and investment funds to which it is entitled (see chart 2 on next page).

Whether or not it can revive Italy's economy, NGEU has already had a profound impact on its politics. Its generosity in a time of trial has curbed a long rise in Euroscepticism. And a row over the recovery plan submitted by Giuseppe Conte, the prime minister until early February, saw Mario Draghi elevated to the premiership

A great leap forward? 1

European Union, Recovery and Resilience Facility (RRF)*



*Figures refer to the RRF already allocated (70%) †2018 prices. Based on population at start of 2020

Sources: European Commission; Eurostat; European Council; ECB; Breugel

in his stead. Mr Draghi, who as president of the ECB during the euro crisis introduced the phrase "whatever it takes" into Europe's political vocabulary, heads a government which, though made up of some odd bedfellows, seems to have calmed the churning waters of Italian politics.

Rubies in the dust

Mr Draghi will hope to exploit this more positive mood as he wrestles with a revision of Mr Conte's recovery plan. The work is taking place in the finance ministry—headed by Daniele Franco, a long-standing associate of Mr Draghi—and in the ecological- and digital-transition ministries, whose technocrat bosses, Roberto Cingolani and Vittorio Collao respectively, were hand picked by the prime minister. Commission officials are cautiously optimistic, but they still want commitments to reform Italy's public administration, guarantees that promised reforms will be implemented and more granular detail on proposed investments. The high stakes and Italy's poor record with structural funds mean they are pushing that much harder to ensure the plan is up to snuff. "The key", says Silvia Merler at Algebris, an asset-management firm, "is to get rid of impediments that have made previous rounds of public investment unsuccessful."

Top of the list is Italy's sluggish public bureaucracy. On March 16th Mr Cingolani told parliament that companies had been put off bidding for wind farms by the prospect of delays and lawsuits. To have an ecological transition, he said, Italy first needed a bureaucratic one. Mr Gentiloni, who was Italy's prime minister for 18 months in the late 2010s, notes that removing bureaucratic barriers will be crucial if investment is to tackle a depressed Mezzogiorno.

The south, which has long acted as a drag on national growth, hopes to gain disproportionately from Italy's RRF GRANT allocation of €68.9bn (4.2% of GDP). There is talk of laying high-speed rail across the Apennines from Naples to Bari and of upgrading other tracks; of improving the south's port infrastructure and its leaky water networks. The problem is that such ventures require time, and the NGEU funds have to be spent by 2026. That reinforces the argument for more easily realisable projects, such as a drive for more crèches. Italy's woeful female labour-market participation is largely a southern phenomenon. ▸▸

The fervour of Italy's negotiations is being felt on the other side of the Alps. Mujtaba Rahman, managing director for Europe of the Eurasia group, a consultancy, credits "the Draghi effect" with getting French officials to take negotiations with Brussels more seriously over the past month, offering moves on unemployment benefits and pension reform to help the money flow. The French government takes pride in having helped mastermind the NGEU, but there has been a growing sense of frustration about how long it is taking to translate the historic agreement into spending. "Things are moving too slowly," fumed Bruno Le Maire, the finance minister, early in March.

French officials recognise there must be rules and oversight; indeed they helped draw them up. But they fear things will get bogged down in bureaucratic procedure. And they know that with a presidential election looming next year, Mr Macron needs to show that lofty pro-European talk secures actual benefits for French citizens, while not committing to unpopular reforms that need enacting in the meantime. Officials in Brussels concede they cannot be blind to political timetables in France (or for that matter in Germany, which will hold a general election in September). But, says one, "we must not fall into the 'France is France' trap".

Asked to single out a plan for praise, such officials will typically plump for the Greek or Spanish one. Indeed, they have used the latter to spur the efforts of laggards. Pedro Sánchez, the prime minister, wants to use the money to help Spain become a leader in "e-mobility", shovelling money to battery and electric-car manufacturing facilities and building thousands of recharging points. The government also wants to invest in digitising its own operations and using renewable electricity to produce hydrogen, an undertaking on which Europe is becoming quite keen; some €10bn will be devoted to stemming rural depopulation.

But though it may meet approval in Brussels, the recovery plan is not without critics in Spain, where it was drawn up in Mr Sánchez's office with little consultation. There's "not much detail" in the plan and no "clear-cut procedures for evaluating projects," says Mr de la Fuente. Though it has happily cut red tape for recovery projects, Mr Sánchez's left-wing coalition shows little interest in long-standing commission requests to make its pension system financially sustainable or to reform a pernicious labour market which leaves 22% of workers on temporary contracts and 16.3% unemployed.

The NGEU is not quite a done deal. On top of the last-minute hardball being played between Eurocrats and finance ministries, on March 26th Germany's con-

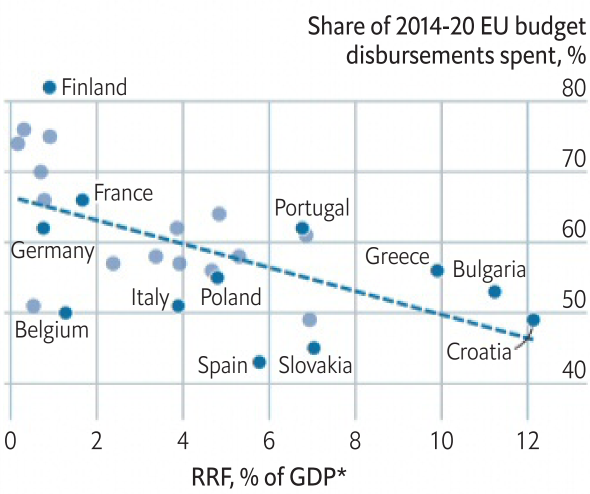
stitutional court blew the whistle when it temporarily blocked a national law needed to allow the commission to begin borrowing. German officials are hopeful that progress will soon resume after a broader ruling. But the early fruits of NGEU are already being picked as countries increase their spending in anticipation of a happy ending. Spain included €27bn of the €69.5bn (6.2% of GDP) it expects in the form of grants from the RRF in this year's budget; by March 1st France had already put €16bn of the €39.4bn in RRF grants it is expecting towards the €100bn (4.4% of GDP) it plans to spend on its recovery.

Out of the black

Money from bond sales should start to flow in the summer, with a quarter of the total disbursed this year. The ECB does not expect GDP levels to return to pre-pandemic levels until the second quarter of 2022. When compared with America's near instant doling out of the $1,400 cheques at the centre of Joe Biden's $1.9trn stimulus, and predictions that its GDP will have re-

To those who cannot spend... 2

European Union, capacity to absorb Recovery and Resilience Facility (RRF) grants



Sources: European Commission; European Council; Eurostat

*Based on 2018 prices

bounded a year earlier, this looks sluggish. But America is using existing channels. The EU is using a completely untested scheme of mass public investment. Nevertheless, Mr Macron and Mr Draghi have already suggested that the fund will need to be enlarged.

That will mean more borrowing—and, potentially, new taxes. In June the commission will propose several new "own resources" (ie, common taxes), including a digital tax and a levy on climate-unfriendly imports. The current plan is to start repayment in 2028, with the borrowing wound down over the next three decades. Such tax plans, which require unanimous support from governments, have tended to flop in the past. The hope is that the need to repay the money will change their incentives.

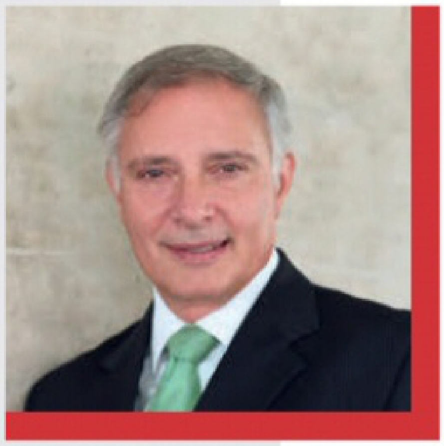
Markets, though, believe that the bonds will be repaid with fresh borrowing, as most government debt is. And many European politicians hope they are right. They see NGEU as a precursor to a permanent fiscal capacity for the EU, or at least the euro zone. Mr Gentiloni notes that the EU's history shows that "if you introduce a new tool that works, it can be repeated."

No one wishes the project ill. "It's important for NGEU to succeed, meaning that funds are spent wisely and economic growth in the euro area picks up," says Isabel Schnabel, who sits on the ECB's board. But it will need to overcome real hurdles if its success is to lead to its repetition. To extend its debt-issuing provisions beyond 2026 would require new laws. Fiscal conservatives in Germany and elsewhere, who grudgingly acceded to NGEU as a one-off, retain a visceral opposition to a permanent "transfer union" they fear would leave them on the hook for Europe's fiscally incontinent. Such a capacity would require the sort of grand centralising moment that has become unfashionable in Europe.

In most countries the NGEU's grants will matter less than national fiscal efforts, and the reform needs of many states are too great to be fixed by a short-lived intervention. Nevertheless its existence has stoked ambition. Italy's minister for the South, Mara Carfagna, likens the situation to one her country tackled in the 1950s, when 800km of highway were built between Milan and Naples in just eight years. She wants "once again [to] enable Italy to become an example to the world." Elsewhere aspirations are less grandiose, and doubts about delivery and reform persist. "We don't know if, when the money arrives, it will be for the relevant minister or the region to spend," says the deputy mayor of Venice, Andrea Tomaello. The city favours local priorities; it wants to refurbish its secondary schools and make them more energy efficient. Mr Pila, idly doing his part for the digital transition beside the Grand Canal, just wants the tourists back. ■

Climate change and pandemic magnify need for better access to water

A report by The Economist Intelligence Unit investigates the economic costs of inadequate water resources and their mismanagement



The growing impact of climate change renders the efficient management of shared water resources more critical by the day, while the ongoing global health crisis highlights the need for better and more widespread access to clean water and sanitation.

"We want to face the impact of climate change with a watershed approach and real data," says Juan Notaro, executive president of FONPLATA. The multilateral development bank, along with the Swiss Agency for Development and Cooperation, has supported a report by The Economist Intelligence Unit (EIU) exploring the economic costs of water stress as part of the EIU's Blue Peace Index, which assesses management of shared water resources.

FONPLATA was launched in 1974 by five nations—Argentina, Bolivia, Brazil, Paraguay and Uruguay—to promote economic development in their shared River Plate Basin, one of the largest and most important drainage basins in the world.

"The economic cost of water stress is a real and urgent problem our member countries are facing," says Mr Notaro. FONPLATA is currently involved in some 80 projects in the region, with an emphasis on expanding water and sanitation services and economic growth, especially among poor and vulnerable communities, border and rural areas, and women.

The pandemic has demonstrated the importance of water resources to hygiene and public health, which FONPLATA has focused on since its inception. "The health of the planet is only as strong as the weakest of its health systems," says Mr Notaro. Climate change is a constant concern and focus for FONPLATA, as the River Plate region has felt the worst of its impact, including devastating floods, droughts and forest fires. "Ours is one of the regions most vulnerable to climate change," says Mr Notaro. "So we must constantly work to integrate the expected effects of climate change into every one of our projects."

Improving the way humans produce and consume food is another focus for Mr Notaro and his team. The combined agricultural output of FONPLATA's five member countries can feed one quarter of the globe, a fact not lost on the development community. "Development means food," says Mr Notaro. "And we must constantly focus on how to feed 7bn people—and counting—without turning the planet into a desert."

In 2018, FONPLATA transitioned from a fund to a development bank, which enables it to do more in its target region towards these goals, to expand to other areas, and to leverage relationships and alliances with other development banks to provide new credit lines, cofinancing and other resources for development.

Despite its new status, FONPLATA continues to focus on a niche often overlooked by global development banks: financing for small- to medium-sized projects of up to $60m in remote and border areas and small municipalities, which combined can have a tremendous impact, especially in terms of integration. "As a fund, we were restricted to projects in the River Plate region, but now we can do projects anywhere in our member countries, enabling us to address development needs even in the most remote areas, including the Amazon," says Mr Notaro. "We are now more agile, flexible, modern and efficient as a financial institution."

Read the EIU's report on the economic costs of water stress, supported by FONPLATA and the Swiss Agency for Development and Cooperation: **bluepeaceindex.eiu.com**

FONPLATA
Development Bank

Voting rights

Not so peachy

NEW YORK

Georgia's new voting law triggers legal challenges

IN JANUARY, DAYS after a record turnout in Georgia sent two Democrats to the Senate, Alice O'Lenick, the Republican chair of the Gwinnett County elections board, warned that she would not let the legislature "end this session without changing some of these laws...They've got to change the major parts of them so that we at least have a shot at winning." She got her wish on March 25th, when Brian Kemp, Georgia's Republican governor, enacted an overhaul of the state's voting rules.

Mr Kemp says the bill makes it "easier to vote and harder to cheat". Opponents point out that cheating rarely happens (eight times since 2000, according to one study). Civil-rights groups have sued Georgia, alleging that the bill makes voting harder, especially for non-white voters, thus violating both the 14th Amendment, which guarantees equal protection under the law, and the Voting Rights Act of 1965 (VRA).

Under the Election Integrity Act of 2021, voters must now present identification when requesting absentee ballots. They have less time to request and return mail-in ballots. Drop-boxes introduced in 2020 remain, but with shorter hours and only one per 100,000 voters. All counties must offer early voting, but none may permit voting outside 7am-7pm, and all can choose more limited hours of 9am-5pm. A new cap on early-voting days may leave voters in the more populous, Democratic-leaning counties of metro Atlanta with longer wait times. The law makes it a crime to hand food or water to voters waiting in line (as many do for hours in Georgia) or to bring them umbrellas during a rainstorm.

→ Also in this section

Supporters say the measure responds to a "lack of elector confidence", relieves the burden on officials and streamlines the voting process. But confidence waned not because of any actual cheating in last year's election, but because Republicans repeated Donald Trump's lie that it was stolen. Georgia's Republican secretary of state said in January that its elections were "safe, secure [and] honest", earning him Mr Trump's enmity. The new law replaces the elected secretary of state as the chief election authority with a nominee of the legislature, and expands the state's power to take over county election boards.

Hours after Mr Kemp signed the bill, Marc Elias, a Democratic lawyer, challenged it on behalf of three voting-rights groups. His suit argues that the law unduly burdens the right to vote in violation of the First and 14th Amendments, and defies Section Two of the VRA, which forbids racially discriminatory voting rules. A suit filed by (among others) the Georgia NAACP, which campaigns for equal rights, adds another charge: purposeful discrimination. In the face of increasing turnout among black Georgians, it claims, Republican officials were resorting to an attempt to suppress their votes "in order to maintain the tenuous hold that the Republican Party has in Georgia". A third suit, brought by the ▸▸

American Civil Liberties Union and others, emphasises that the law impinges on "the right to vote of *all* Georgian voters".

Until recently, Georgia may not have been able to pass such a law. Section Five of the VRA required jurisdictions with histories of voter discrimination, including Georgia, to "pre-clear" any proposed changes to election law with the Justice Department. The Supreme Court struck it down in 2013, arguing that the pre-clearance formula was outdated, although Congress had renewed the VRA just seven years earlier with overwhelming bipartisan support.

Voting-rights advocates have to rely on Section Two, but those suits often fail to make a difference until an election or two has passed. The speed with which Republicans passed a 98-page bill upending Georgia's election rules to make voting harder after they suffered key losses suggests these lawsuits have some merit. But plaintiffs have a hard road ahead.

They need to show that the bill violates the VRA even though other states have enacted similar rules. Wendy Weiser of the Brennan Centre for Justice, a think-tank, says courts should reject a comparative evaluation, and instead consider Georgia's law a response to "short-term political realities" that is "precisely tailored to undermine access for voters of colour and Democratic constituencies". The NAACP argues that Republican officials are not targeting black voters because of their race, but are engaging in "racial discrimination as a means of achieving a partisan end".

The Supreme Court is already considering another VRA lawsuit: *Brnovich v Democratic National Committee*, which asks whether two rules in Arizona fall foul of Section Two. The conservative justices do not seem keen to strike down state laws just because they disproportionately harm minority voters. Michael Carvin, arguing against the Democrats, was uncommonly frank in explaining to Justice Amy Coney Barrett why the GOP is defending the restrictive laws. Eliminating suppressive rules "puts us at a competitive disadvantage relative to Democrats," he said. "It's the difference between winning an election 50-49 and losing an election 51-50."

Congressional Democrats will soon introduce the John Lewis Voting Rights Advancement Act (named for a civil-rights icon who died last year), which updates the pre-clearance formula and requires "reasonable public notice" for changes to election law. Most congressional Republicans voted for the VRA in 2006. Most will probab ly oppose the new version.

Back in Georgia, the new bill's supporters argue that allegations of its discriminatory effects are overblown. It allows easier absentee and early-voting than many other states. It lets poll workers set up water stations where thirsty voters can serve themselves. And it creates a mechanism for the state to remove county election supervisors who do their jobs badly.

Even if the bill is intended to make voting harder for Democratic constituencies, it may well backfire. Democrats—particularly Stacey Abrams in Georgia—have proved to be adept at using voter-suppression fears to motivate their base. Despite a steadily increasing number of states that require IDs, which opponents consider a suppressive measure, turnout in last year's election was the highest in 120 years. ■

Vaccination nation

Winning the upper-arms race

ROSCOE, ILLINOIS

Americans are rushing to get vaccinated as cases spread

WHAT'S THE most fun to be had in Roscoe, a suburban village in northern Illinois, after dark on Friday? Judging by the happy chatter of those queuing between racks of suntan lotion in a Walgreens chemist last week, nothing beats an appointment for a covid vaccine. They were welcomed by a pair of efficient pharmacists who dashed off paperwork, then gave injections behind a screen on the shop floor. At the evening's end a vial with a single dose of Moderna vaccine lay unused. To avoid waste, the pharmacist stuck it in your grateful correspondent's left arm.

If Roscoe's residents didn't have sore muscles, they might like to pinch themselves. Their country has powered ahead of almost every other sizeable one (Britain excepted) in rolling out vaccinations. Winnebago county, home to Roscoe, is typical. Like America, by March 30th 16% of its residents were fully vaccinated. Across the state 30% have had at least a single jab, also not far from America's average.

That's a remarkable achievement. The pace of injections surged in recent months as supply rose (vaccines by Johnson & Johnson, Moderna and Pfizer are all in use; one from AstraZeneca may soon be approved). An average of 1.3m doses went into arms daily at the end of January. By this week it was 2.8m, and rising.

States are relaxing rules on who gets protection. By the end of March, 16 of them said adults of any age may sign up for jabs. Another 22—including California, Illinois and New York—will do so in April. By mid-April, says Joe Biden, 90% of adults will qualify. By early May, over half of adults should be at least part-vaccinated. Mr Biden's promise in January, of 100m vaccinations in his first 100 days, is long out of date. Twice that tally is doable.

Who gets the credit? The previous administration of Donald Trump is owed some. It bet on tackling the pandemic with quick production of vaccines, using feder-

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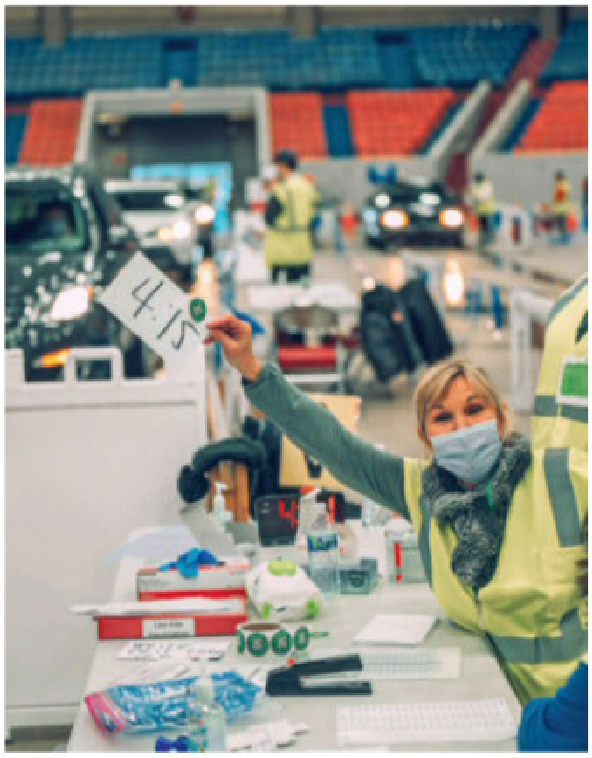
Derek Chauvin on trial

On March 29th the trial of Derek Chauvin, a white police officer accused of using his knee to kill George Floyd, a black man, began in Minneapolis. Mr Chauvin is charged with murder and manslaughter over the death, last May, that sparked months of protests. A bystander's video, some nine minutes long, is a central piece of evidence. The defence case was complicated by news, earlier in March, that the City of Minneapolis agreed to pay $27m in compensation to the Floyd family, and by an autopsy report last year that he died from homicide. Defence lawyers hope to persuade jurors to look beyond the video, noting Mr Floyd's state of health and evidence of drugs in his body.



Time to ramp up

al funds to subsidise drugmakers. Yet for weeks he failed to announce he'd had the jab in January, which is one reason why his followers (especially white, Republican men) are the least eager to sign up for protection. One hopeful survey, this week, did suggest vaccine hesitancy is falling.

A poll by Ipsos this week found that a whopping 75% of Americans approve of Mr Biden's handling of the vaccine roll-out, and almost as many like his leadership on the pandemic overall. Optimism is spreading that vaccinations will allow schools, offices, bars and restaurants everywhere to open again as normal before long.

Changes in behaviour caused by that optimism, however, are now a concern. A big increase in passengers at airports and guests at hotels, along with a decision by some states (including Iowa, Mississippi and Texas) to scrap rules on wearing masks, have created conditions for cases again to rise. In some states, such as Michigan, a new spike in cases is evident.

Mr Biden asked governors on March 29th to reinstate those mask rules. The head of the Centres for Disease Control, Rochelle Walensky, on the same day spoke of a "recurring feeling I have of impending doom", given the trends she saw. Cases are rising especially among the young. In Roscoe, the rolling covid positivity rate ticked up in late March. A more infectious and deadly variant of the virus, B.1.1.7, first found in Britain, is also becoming common. Other variants pose threats.

A race is thus on. Even faster vaccination is coming, as Mr Biden vows that 90% of the population will live within five miles of the nearest vaccination centre. The supply of vaccine soon won't be a constraint. Instead the challenge will be to convince those not already keen to flock to a pharmacy late on Friday night of the benefits that flow from a shot in the arm. ■

Governors in trouble (1): Gavin Newsom

The recall brawl

The drive to remove Gavin Newsom will be costly to California

Gavin Newsom, California's governor, became a political celebrity in 2004 when, as mayor of San Francisco, he allowed gay couples to wed. Today, however, many Californians are questioning whether they have grounds to divorce Mr Newsom politically, based on his conduct and response to the pandemic.

Just as retailers offer a return policy for damaged or unwanted goods, California's constitution allows voters who are unhappy with their elected officials to exchange them, in a process known as a "recall" election. What began as a long-shot Republican assault on Mr Newsom has gathered momentum. Proponents of the recall had to collect nearly 1.5m signatures by mid-March—equivalent to 12% of the electorate. Government officials are still verifying signatures, but if they match up, a special election will take place this autumn. Voters will be asked whether they want to replace Mr Newsom and with whom.

How did Mr Newsom, a darling of the Democrats during Donald Trump's presidency due to his frequent rows with the White House, get here? "This recall would not be happening without covid-19," says Ken Miller, a professor at Claremont McKenna College. Mr Newsom's behaviour alienated even staunch supporters, who had handed him a landslide victory in 2018.

Business owners are sour because of long lockdowns. Parents fume because Mr Newsom was reluctant to take on the teachers' unions, which meant California has been slow to reopen its public schools to in-person learning. The state's unemployment department, which falls within Mr Newsom's purview, has been riddled with a backlog of claims and fraud.

And in November Mr Newsom had a Marie Antoinette moment. He dined with friends at one of the state's most expensive restaurants, inside and without a mask, at a time when he was urging Californians not to see family or friends for the holidays. He "became a poster-child for all the cynicism and lack of trust people have regarding politicians", says Sherry Bebitch Jeffe, a political analyst.

The campaign to recall Mr Newsom will be bruising, but there are reasons to doubt it will be successful. One is history. Recalls rarely succeed in California. Of 179 attempts to recall state elected officials since 1913, just ten received enough signatures to qualify for the ballot and six resulted in an official departing. The only governor to have been recalled in California was Gray Davis, a Democrat who mishandled an electricity crisis. Voters replaced him in 2003 with the movie star Arnold Schwarzenegger. No one of such prominence has announced a run against Mr Newsom.

The polling also suggests Mr Newsom may elude dismissal. In a Probolsky Research poll, only 35% of likely voters said Mr Newsom should be recalled; 53% said he should not be. Californians' voting preferences have changed since Mr Davis's recall. In 2003, 35% of voters were registered as Republicans; today 24% are. According to David Crane of Govern for California, a good-governance lobby, "Even Abe Lincoln couldn't win in California with an R after his name. It's a scarlet letter."

Whatever the outcome, the recall drive means Mr Newsom will spend the year campaigning rather than governing, at a time that the state has urgent needs. And it will also push him to the left in order to ensure that a more progressive Democrat does not run against him, says Mr Miller.

Such virtue-signalling is already on display in Mr Newsom's political announcements. He has appointed America's first Latino senator, Alex Padilla, to take Kamala Harris's vacant seat; nominated an Asian-American as the state's attorney-general; and pledged that he will name a black woman to fill the other Senate seat, if Dianne Feinstein retires. This may look progressive, but what disadvantaged people need in California is not appearances; they need leaders to take on entrenched interests and make difficult decisions on issues like schools and housing. Facing a recall campaign, Mr Newsom is less likely than ever to take tough but necessary stands in the interest of his state, for fear of alienating even more voters. ■

Not a pretty picture

Governors in trouble (2): Andrew Cuomo

Crisis in Cuomolot

NEW YORK

The tarnishing of New York's governor

Watching Andrew Cuomo, New York's governor, announce a new vaccination site at a church in Mount Vernon, a suburb of New York City, on March 22nd, one could be forgiven for thinking all was well in Cuomolot. The announcement recalled his daily briefings during the early months of the pandemic, when millions tuned in to hear him provide comfort and facts. But Mr Cuomo is in deep trouble.

In January Letitia James, the state's attorney-general, released a scathing report saying his administration understated the number of covid-related deaths in state nursing homes by as much as 50%. Ron Kim, an assemblyman who lost a family member to a suspected case of covid-19 in a nursing home, revealed that Mr Cuomo threatened to "destroy" him for criticising him. Other allegations of intimidation followed. At least nine women, including current and former aides, have now come forward with claims of sexual harassment. The most recent did so on March 29th.

He also faces more covid controversy. Reports claim that in the early days of the pandemic he secured then-scarce covid tests for his family and friends.

A majority of the state legislature has called on him to resign, as have most of New York's congressional delegation and its two senators. Bill de Blasio, New York City's mayor, wants him to "get the hell out of the way". Even Joe Biden, the president and a longtime friend of the governor, has said that if the investigation proves the allegations are true, he needs to resign. Mr Cuomo faces an independent probe launched by the attorney-general's office, an impeachment investigation in the state Senate and a federal inquiry.

The governor, who denies any wrongdoing, claims he is being targeted because he is "not part of the political club". He is hardly an outsider: the son of a former governor, he served as a cabinet secretary in the Clinton administration and married a Kennedy. But he has few allies in Albany. Until now he did not need many. The state constitution gives him a lot of power and he is used to getting what he wants. His rougher reputation goes back four decades to when he served as an enforcer when his father, Mario, was in office.

His current troubles complicate dealing with the pandemic and the budget, which had a supposed deadline of April 1st. His talks with the legislature's leaders—one wants him to resign and the other launched the impeachment investigation—are bound to be awkward. Powerful unions, such as the teachers' union, have been quiet. "They have never been more powerful than they are at this moment," says E.J. McMahon, of the Empire Centre, a think-tank, "because you've got a governor on the ropes who needs friends."

Mr Cuomo's approval rating has dipped a bit, but most polls indicate that New Yorkers do not want him to resign. His support among African-Americans remains strong. He has made appearances with black community leaders, such as Charles Rangel, the "Lion of Harlem" and a former congressman. This backing is important. Mr Cuomo is most vulnerable in a potential primary to a woman of colour. The leading possible candidate is Ms James, the attorney-general who exposed the nursing-home scandal. Mr Cuomo says he has no intention of resigning—but the allegations show no sign of ending. ■

Ghost kitchens

Cooking up a business model

WASHINGTON, DC

Restaurateurs find a way to thrive without restaurants

A year ago Aaron Gordon supposed it was all over for his restaurant in a prosperous enclave of Washington, DC. The city had ordered restaurants to close for eat-in dining. But a surge in orders for takeout and delivery soon pushed his takings back up. Sensing an opportunity, he searched for a site to launch a takeout-and delivery-only business. Ghostline DC, a vast kitchen with space for six businesses to cook and box up food, is still going strong, he says, even as the city begins to let restaurants reopen.

Covid-19 has been calamitous for many restaurants across America, as elsewhere. But for some it has presented an opportunity. Just as the pandemic has accelerated a trend in retail towards online sales, so has it hastened the rise of "ghost restaurants", which offer food but no tables to eat it at. Uber Eats says it now has more than 10,000 delivery-only restaurants on its platform in America, up from 3,000 in 2019.

Big restaurant groups are launching delivery-only operations. In February Applebee's launched Cosmic Wings, one of several chains with delivery-only chicken wings. Denny's, another national chain, is launching two virtual brands from its kitchens.

But smaller, independent outfits have been the nimblest. When the owners of Espita, a high-end restaurant serving Oaxacan food in Washington, realised that survival depended on takeout but that much of its fare, from ceviche to tacos, did not travel well, it started a side-hustle in burgers. "We hoped it would allow us to keep on our staff," says Josh Phillips, a co-owner. Ghostburger now makes nearly as much as the core business did before the pandemic.

Steve Salis is about to open a takeout-and delivery-only food hall in Bethesda, a Maryland suburb of the capital, with kitchen space for several of his restaurant businesses including Federalist Pig and Ted's Bulletin. He hopes Ensemble, as it will be called, will show how such models allow brands to set up outposts in new areas.

Food on the move

The delivery-only model has its drawbacks. Restaurateurs routinely use the word "hate" when they talk about the third-party delivery apps upon which they depend to reach customers. Though some cities, including Washington, imposed limits on the fees such apps could charge restaurants during the pandemic, they swipe a chunk of the savings restaurants make by going virtual. Because drivers stack orders in one geographical area together, to maximise efficiency, restaurants have to assume each order will sit in a car for an hour before it reaches the customer.

And the delivery model tends to miss out on lucrative alcohol sales. Americans love the convenience of ordering food. But the pandemic has reminded many that they can mix a cocktail perfectly well, and a lot more cheaply, at home.

Juvenile criminal-justice

Locked up for life

WASHINGTON, DC

Maryland treats young offenders cruelly. Belatedly, reform is coming

Warren Hynson's teenage trouble-making, which began when he dropped out of school at 16, did not last long. Within months he was involved in a burglary in which the householder was shot dead. Mr Hynson was not holding the gun; he himself was shot and badly injured. But when he woke up in hospital he was charged with homicide. That is because Maryland has a "felony-murder" rule that allows people who commit certain crimes to be charged with murder if an accomplice kills someone. It also treats under-18s as if they are adults for some crimes. At 17, Mr Hynson was given a life sentence.

At Maryland Penitentiary in Baltimore, he recalls, he was pulled back from depression by educational programmes and art, and "I went from being 'little brother' to 'brother' and then 'uncle'; even 'pops'." He was released in 2019 at the age of 45 after a judge reduced his sentence. Now working in a warehouse, selling his paintings and engaged to be married, he is haunted by the thought that men he befriended in prison as teenagers may die there.

America still charges under-18s as adults and puts them in adult jails, where they are far likelier to be assaulted and to commit suicide than other inmates. No other rich country does so. In the 1990s criminologists warned of a rising generation of young "superpredators" incapable of rehabilitation. After crime failed to surge as predicted and research into brain development showed that youngsters have greater potential to rehabilitate, states set about reforming their laws.

Since 2012, when the Supreme Court issued the first in a series of rulings that said the harshest sentence for juveniles—life without the possibility of parole—was unlawful except in rare cases, nearly half America's states have abolished it. On March 30th Maryland became the latest to do so when it passed the Juvenile Restoration Act. This gets rid of life without the possibility of parole for under-18s and forces a review of all sentences for crimes committed under the age of 18 after 20 years have been served. More than 400 people could have their sentences reviewed as a result.

In Maryland, such a law is especially pressing because the state has the largest percentage of incarcerated African-Americans in the country, according to the Justice Policy Institute. Blacks constitute 31% of Maryland's population but 70% of its prisoners. (The national average is 32%.) The Campaign for the Fair Sentencing of Youth (CFSY) says that, of inmates who have served more than 20 years of sentences handed to them as juveniles, 87% are black. Poor policing in Baltimore, Maryland's biggest city, has played a part in this. So has a generation of Democratic leaders anxious not to appear soft on crime.

Maryland has lagged in justice reform in other important ways. It is one of only three states that require the governor to approve parole decisions, something those governors rarely do. In March Parris Glendening, a former Democratic governor, said he had made a "serious mistake" by refusing to grant parole to any lifers between 1995 and 2003. In 2019 Larry Hogan, a Republican, became the first governor in 24 years to approve parole for lifers sentenced as juveniles.

More change on the way

The state has no minimum age for prosecution. Children are routinely locked up before they appear in a juvenile court. Jenny Egan, a public defender, cites the recent case of a nine-year-old who spent the night alone in a cell after a friend of the teenager who was baby-sitting her tried to steal a car. When Ms Egan reached her, the terrified child could not stop shaking.

Children as young as 14 are charged as adults for certain crimes unless their lawyer can persuade a judge they should be moved to the juvenile system (which does not send children to adult prisons and puts a greater focus on rehabilitation). One lawyer recalls the recent case of a 13-year-old boy charged with attempted murder after a gang-related shooting from a car he was riding in. After the judge ruled that the child should be tried in an adult court he was sentenced to 40 years in prison.

Momentum for other reforms is building. One bill moving through Maryland's legislature would remove the governor from parole decisions. Another would keep children under the age of 13 away from the courts. A third would abolish the felony-murder charge, under which Mr Hynson was convicted, for juveniles.

Abd'Allah Lateef, racial-equity specialist for the CFSY, says it is hard to exaggerate the tragedy long sentences for teenagers have wrought on families across America. At 17 he was sentenced to life without parole after he and a friend broke into a house in Philadelphia, intending to burgle it. They were disturbed by the elderly owner, who was pushed to the ground as they fled, breaking his femur. Two weeks later he died of a heart attack. Mr Lateef was charged with murder. His parents, on poor legal advice, urged him to plead innocent.

Because he was incarcerated more than 300 miles away from home, Mr Lateef's parents, a nurse and a grocery-shop owner, could not visit often. They died before he was released in 2017, at the age of 51, following the Supreme Court's rulings. Mr Lateef, who takes "full responsibility" for the mistakes he made as a teenager, says his greatest fury about "the willingness to leave me in prison until I died…when there was clearly no intent to harm, let alone kill", is for the agonies suffered by his parents. ■

A bit of light on the horizon

Lexington | Bridges to somewhere

Joe Biden is showing he can spend money. Can he also change politics?

Donald Trump's most encouraging promise in 2016 was his pledge to splurge a trillion dollars on America's roads, railways and "many, many bridges that are in danger of falling". Federal spending on infrastructure was at the lowest level in six decades. The need for such investment was as pressing as he claimed. And it seemed plausible that a non-ideological Republican, with a love of grand projects and debt, could be the man to get it done.

All that came of this was a rather tiresome joke. "Infrastructure week", an event the White House press team announced valiantly from time to time, became an intra-beltway euphemism for the Trump administration's incompetence and efforts to distract from its many scandals. By contrast Joe Biden's unnamed but actual "infrastructure week", which he was due to mark with a speech in Pittsburgh shortly after this column went to press, points to his administration's far greater seriousness.

He wants to spend an additional $2trn on infrastructure, hard and soft, over the next eight years. He envisages fixing 20,000 miles of road, stripping lead piping from 400,000 schools and installing 500,000 charging outlets for electric cars. He would spend $400bn on the care industry; and $180bn on research and development in low-carbon technologies. Such a spurge, which the administration claims it will pay for by hiking corporation taxes, would be unprecedented in recent decades. It would be more than twice as big as the stimulus Mr Biden oversaw in 2009. It would be in addition to the nearly $2trn of covid relief he has just approved.

The historical parallels this is encouraging sound even more audacious. After an Oval Office meeting with Mr Biden, Michael Beschloss, a historian, suggested "the Biden era" would stand comparison with two of the most transformative Democratic presidencies of the past century, those of Franklin Roosevelt and Lyndon Johnson. How seriously should such talk be taken?

There are a few reasons to think Mr Biden will be able to pass his plan. The covid-19 crisis has exposed deep vulnerabilities and normalised vast federal expenditures. It has increased the friction with China that he offers as part of the rationale for his push on economic competitiveness. His plan's promise of incentives for firms that build supply chains at home points to that directly.

The crisis has also afforded Mr Biden an early opportunity to build momentum. Impressive as his administration's messaging and grip have been, he inherited the pandemic at an opportune time, with vaccines available and unemployment dipping. And if the Trump administration set the conditions for progress, it also set a low bar for it. Merely by offering sensible advice and consolation to the bereaved, Mr Biden has presented a strong positive contrast with his predecessor. Over 70% of Americans approve of his handling of the vaccination roll-out and covid relief package.

The post-Trump landscape is helping him in other ways, too. Most important, it has united Mr Biden's party behind him in fear and gratitude, giving him the wherewithal to pass legislation despite the fragility of its majority. The Republicans are meanwhile spiralling rudderless into cultural grievance—which, though not helpful in itself, is nevertheless usefully clarifying. Unlike Barack Obama, who is considered to have squandered his opportunity in a doomed search for bipartisan compromise, Mr Biden knows he must look to his party to pass laws. His infrastructure plan appears to have been drafted largely on that basis. A last-minute change to cover it through tax rises, not deficit spending, appears to have been in response to Mr Biden's most demanding Democratic colleague, Senator Joe Manchin.

Thus has the administration made headway and, at this early stage, shown a clearer sense of purpose than perhaps any since Ronald Reagan's. Mr Biden has not been distracted by events, including the latest gun massacres and border mess. Even Republicans say his modest talents have never looked better. Hill Democrats expect to pass three substantial pieces of legislation, including the covid package and probably an infrastructure one, before the midterm elections. Such a record would compare very favourably with that of Mr Obama, who has not always given Mr Biden the respect he felt he deserved. Yet some of the bigger claims being made for his putative "New New Deal" require qualification.

A decade of political dysfunction since the last big economic reform—Mr Obama's health-care policy—has put Americans expectations of their government at a record low. Most of the investment Mr Biden is calling for would represent not trailblazing but catch-up. In 5G telecoms, transport networks and much else, America lags China, among many other countries. The fact that it has taken such unusual post-plague, post-populist circumstances for Mr Biden to stand a fighting chance of closing that gap underlines how constrained American politics has become. Especially as Mr Biden's fiscal solutions—occasioned in part by the near impossibility of getting non-budget bills through Congress, given the higher vote-threshold they require—are not sufficient to address some of the problems he is aiming at.

The stimulus of 2009 created thousands of jobs and boosted renewable-energy firms. But because Congress did not pass the carbon-pricing scheme Mr Obama wanted, it probably did not reduce emissions much. Mr Biden envisages Congress passing a renewable-energy mandate to go with his spending; it probably won't.

Where the rubber hits the road

Roosevelt and Johnson changed the political order. FDR's economic policies created a new settlement between government and society that lasted four decades. LBJ enfranchised millions of black Americans. By comparison with such titans, Mr Biden's spending plans appear more a case of trying to cram in change before the mid-terms than changing the paradigm. But set that aside. Compared with any of his recent predecessors, the new president's ambitions are monumental. ■

Central America's elite

Blood and money

GUATEMALA CITY AND SAN SALVADOR

The influence of the region's most powerful families is on the wane

THE CASTILLO family has been on top for 500 years. It traces its origins to Bernal Díaz del Castillo, the chronicler of the conquest of Mexico by Hernán Cortés. The Spanish empire rewarded him with an *encomienda* over what is now Guatemala, entitling Castillo to control of all non-Christian labour. The family's wealth exploded after the creation in 1886 of the Central American Brewery, which for decades enjoyed a national monopoly on beer production. It has since evolved into two separate conglomerates and branched out into coffee, sugar, finance, amusement parks and bottling Pepsi.

Clans like the Castillos occupy a peculiar place in the minds of the 33m people living in the "Northern Triangle" of Guatemala, El Salvador and Honduras. For decades Salvadoreans have spoken of "the 14 families" who supposedly control the country. In Guatemala the cliché is to speak of eight families; in Honduras it is five. The precise numbers are a myth, but the inequality and social immobility that such tales hint at is real.

A look at the three countries shows why such tales capture imaginations. Poverty and violence abound. Flimsy states are ill-equipped to fix problems. Waves of northward migration act as an escape-valve from despair. Family firms are common in all countries, but in few places are the big ones as dominant as in the Northern Triangle, or as widely distrusted. No family holding company in the region is publicly traded. Most are reclusive, and no one knows how rich the owners really are.

Such families have long used their political muscle not only to make money but also to preserve flaws in the system that help them to do so. On March 26th Juan Gonzalez, an aide to President Joe Biden, said that it was partly thanks to a "predatory elite" that so many Central Americans try to escape to the United States.

→ Also in this section

Having withstood civil wars, military dictatorships and the arrival of democracy, these networks of families are among the region's most enduring institutions (see box on next page). Though few families have been rich and powerful for as long as the Castillos, many of today's clans have been around for at least a century. And yet there are signs that this dominance may at last be ebbing.

In El Salvador and Guatemala the colonial system doled out the best positions of power to Spanish colonists, who sold the products of indigenous labour—such as indigo and silver—to their homeland. But it was not until the arrival of coffee in the 19th century that an agro-export industry took off. The wealthiest families persuaded governments to pass laws which handed them land hitherto owned communally. Laws against "vagrancy" forced indigenous peasants to work half the year on estates. Any resistance was harshly punished.

Honduras was different. Its chief crop in the early 20th century was not coffee but bananas. Exports were managed by foreigners. Firms like the United Fruit Company would build ports and roads in exchange for land. This meant that no domestic agricultural upper class emerged, leading to the popular joke among Hondurans that their country was "so poor it couldn't even afford an oligarchy".

Such rotten social contracts were unsustainable. By the middle of the 20th century uprisings were common. Honduran banana workers went on strike. Guatemala ▸▸

toppled its dictator in 1944 and began a decade-long experiment with democracy before this was extinguished by a CIA-organised coup and the country descended into a 36-year civil war. In 1979 a group of Salvadorean soldiers launched a "reformist coup", pre-approved by the United States, in an effort to thwart guerrilla groups swelling in the countryside. Once conflict enveloped that country, though, many of the elite fled abroad.

As peace came in the 1990s, Northern Triangle economies became more dynamic. Millions of civil-war emigrants began sending remittances home. Commerce and tourism expanded, with family-run shopping complexes and hotels. Even in Honduras, elite families, many of them immigrants from Palestine, started to make serious money. Elsewhere, landowning families intermarried with other clans and entered businesses other than farming. Since commerce and industry flourish best in wealthier, better-educated societies, such diversification aligned the elite families' interests slightly more closely with those of ordinary Central Americans.

A scholarly debate rages as to whether big family conglomerates, common in poor countries, are "paragons or parasites". Some note that they create a lot of jobs and pay a lot of taxes. Many oligarchs wax lyrical about their moral duty to use their power to improve life for everybody; some add that they feel unfairly demonised in a region with no shortage of bad actors.

Other scholars argue that conglomerates are both a symptom and a cause of poor governance. In a well-governed country, the firms that thrive are those that build a better mousetrap, and mousetrap-builders tend to specialise. In ill-governed places, what counts is political connections, and firms that have them can sprawl into multiple unrelated industries. That shuts out smaller businesses and hinders the emergence of a middle class.

Once entrenched, big families can rig the rules still further. El Salvador does not have taxes on property or inheritance, which is nice if you are rich. The top rate of income tax in Guatemala is only 7%, despite several attempts to raise it. The most recent, in 2010, left the finance minister, Juan Alberto Fuentes Knight, fuming that the "G-8"—a group of eight patriarchs from top families—spent more time in the president's office than he did.

Oligarchs' opinions can still decide important questions. The military coup in Honduras of 2009 was blessed by most of the top families. For years CICIG, a UN-backed anti-corruption body in Guatemala, probed government sleaze and military aggression. However, when it started to look into undeclared campaign donations, big families furiously objected. It was ultimately disbanded in 2019.

Political dynasties in Nicaragua

Chamorro tomorrow?

MANAGUA

A family that has supplied six presidents hopes to add a seventh

WHETHER THEY like it or not, Nicaraguans are in thrall to dynastic politics. In the 1950s the Somoza family dictatorship pulled off Latin America's first parent-to-child transfer of power in almost a century. In 1979 Daniel Ortega banished the Somozas in a revolution. Today the autocratic Ortegas rule Nicaragua. Rosario Murillo, the vice-president, is Mr Ortega's wife; their children run television channels. But neither clan comes close to the influence of the Chamorros over the past 150 years. They have provided six presidents—and may add a seventh, if elections later this year go their way.

Spanish in origin, the Chamorros rose to be a bastion of the establishment by the 1850s. Augusto César Sandino, a national hero, chided "nefarious *chamorrismo*" as a scourge Nicaragua needed to shed. From 1979, all three main newspapers were controlled by Chamorros.

But the name has come to denote duty and sacrifice as well as privilege. The catalyst for the revolution in 1979 was the murder of Pedro Joaquín Chamorro, the regime's loudest critic. His widow, Violeta Barrios de Chamorro, ran for president and won in 1990, removing Mr Ortega from office until his return in 2007. Her son, Carlos, has become the country's most famous independent journalist. He briefly went into exile after the anti-Ortega uprising of 2018 in which 450 people were killed. But he enjoys a degree of protection, some suggest, because the pitfalls of silencing a reporter with his name are so obvious.

In contemporary politics the name is a hindrance. One businessman winces while pondering the presidential candidacy of Juan Sebastián Chamorro, cousin to Carlos: "The only problem is he is a Chamorro." "People are tired of the same surnames," says a rival candidate. In her campaign in 1989 Violeta Barrios complained that the government would drop the "Chamorro" when mentioning her, implying she was not a true custodian of her family's legacy. Today the opposite logic prevails. In a row with another aspirant, Cristiana Chamorro (daughter of Violeta), Ms Murillo described the Chamorros as an "opportunistic caste" that "thinks it deserves a crown".

The opposition must pick a candidate by the end of May. Chamorro or not, he or she will have to beg for campaign funding from *la gran capital*, as Nicaragua's half-dozen squillionaire tycoons are known (the richest, Carlos Pellas, is a distant relative). Then will come the harassment and vote-rigging by Mr Ortega's henchmen and, possibly, disqualification from the ballot. A nasty game of thrones awaits.

Big families do not all think alike. The newly rich industrial dynasties tend to be more open to change than the old coffee clans. Those whose businesses depend more on co-operation with the government, such as airlines and construction, try to jump into bed with every president. The oligarchs in one country have a particular reputation for red-meat conservatism. "Our businessmen look like San Francisco yoga people compared with those Guatemalans," says a Salvadorean.

Many family firms grew rich thanks to protectionism: when governments shut out foreign competition, they could charge local consumers more. But the arrival of globalisation has not hurt them as much might be expected. Foreign firms need local partners, and the oligarchs have the right connections. Brands such as Burger King, Hilton and Zara end up letting local families operate franchises. Other families have sold banks, supermarkets, breweries and tobacco farms to multinationals, especially in El Salvador. The cash has helped families diversify further still.

But succession can be a problem. Things can go awry in the third generation. Children who were born rich have less incentive to work hard. Power struggles grow more tangled as the family tree expands, with in-laws and cousins joining the fray. Most families nowadays bring in consultants to manage generational change, explains one businessman from the back porch of his mansion. His children signed a family code of conduct on their 16th birthdays, pledging good behaviour and financial independence. They will not be hired by the family firm until they have earned two university degrees and worked for five years for another company.

The advent of democracy and the spread of organised crime have also made oligarchs' lives more complex. In Guatemala, the state has been captured by a rival network of generals, criminals and dodgy politicians. Old family firms with reputations to protect not only must avoid dealing with this underworld, but also get outbid by it in the contest for influence. A report from CICIG in 2015 estimated that three-quarters of campaign donations were linked to corruption and drug-trafficking. No "business-friendly" candidate has made the run-off of a presidential election since Óscar Berger, who won in 2003. Similarly the private sector's choice for president has lost every election in El Salvador since 2005.

By contrast in Honduras a century-old two-party system has produced a strong political class with dynasties of its own, leaving no obvious gap for business families to fill. However, the influence of drug barons has recently grown, especially since the coup in 2009. Most old business families have stayed away from drug money. The same cannot be said for some of the country's politicians.

The Salvadorean elite is under siege, perhaps because the Arena party, its spiritual home, keeps losing elections. Leftist presidents ruled from 2009 to 2019; then came Nayib Bukele, a millennial demagogue who is rich but not part of the old elite. Mr Bukele has centralised power and made allies of a few top families, while demonising the rest.

Central American presidents these days now find it easier than ever to say no to the big families. For example, they were able to impose economically painful covid-19 lockdowns without much pushback. Mr Bukele, who won control of congress in February, plans to pass laws that the private sector dislikes on pensions, water and possibly taxes.

As the big families lose political influence, they may start to see more clearly the benefits of cleaner governance. "Nobody trusts anyone and no one seems to have legitimacy any more," sighs a Salvadorean scion from one of the family balconies. In a region that is cursed with corruption and demagoguery, the quest to build an impartial state needs all the support it can get—even from oligarchs. ■

Argentina's debt deal

It takes two to disentangle

Argentina keeps the IMF waiting

At the presidential palace in Buenos Aires, political advisers are frank about their priorities. "We're putting meat on the grill for those who put us in power," says one, referring to voter-pleasing preparations for the mid-term elections due in October. "The debts can wait."

Those debts include $45bn owed to the IMF, about $1,000 per Argentine. The country cannot possibly meet its repayments, as Cristina Fernández de Kirchner, the vice-president and long a central figure in the country's fractious politics, admitted on March 24th. The government will need a new, longer-term IMF loan. But it is in no hurry to agree on one.

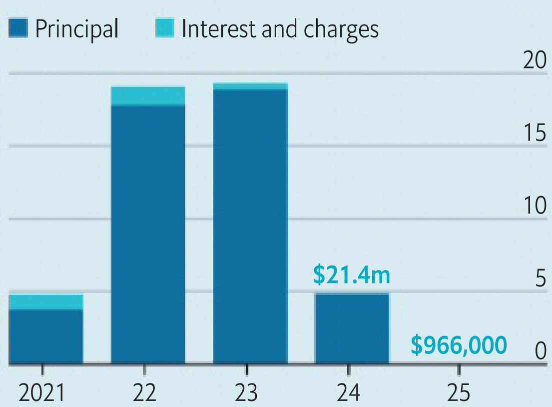
Since striking a debt deal with its private bondholders in September, it has sought to cut the budget deficit (which reached 8.5% of GDP last year) as far as the pandemic permits. Higher taxes on wealth and soyabean exports have helped fill its immediate budgetary gap. And in an effort to curb inflation that exceeds 40%, it has promised to print less money to finance its spending. But it has also resorted to price caps and export bans, and to arm-twisting firms to keep goods artificially cheap. Ruinous subsidies on utilities, such as electricity, remain. And it has tightened capital controls to stop money leaving Argentina, thereby propping up the peso. Its official exchange rate against the dollar is 50% above the black-market rate.

The government is counting on commodity exports to fill its coffers after the harvest this month and next. Wheat prices are near their highest level since 2014. It also expects a second windfall, of over $4bn, if the IMF's shareholders agree to new special drawing rights for its members, which let countries borrow reserves from each other. This influx of dollars should be enough to stabilise the peso and pay the IMF the money it is owed this year. After that, dealing with the debt cannot wait much longer. Argentina will either get a new loan or default on the previous one.

There may be trouble ahead

Argentina, schedule of debt repayments to IMF

$bn



Source: IMF

In the meantime, the government has nothing good to say about the current loan. Indeed, the anti-corruption office has filed a case against the previous president, Mauricio Macri, and four of his advisers, who negotiated an IMF bail-out in 2018. They are "authors and participants in…the worst embezzlement of funds in memory," says the current president, Alberto Fernández. They furiously dispute this.

Senators from the ruling Peronist party have demanded an apology from the fund. Ms Fernández, who in recent months has consolidated her power, thinks the repayment should be over 20 years. The fund may offer a loan of only half that length. And it will first need to see an economic plan it can approve with a straight face.

Ideally, such a plan would seek both stability and growth. The two are closely entwined. Growth would make it easier to keep the budget deficit under control without the painful social sacrifices that tend to erode support for the government. A narrower budget deficit would help tame inflation, which would improve Argentina's competitiveness and boost exports. Stability is needed for growth to take off. And growth is needed for stability to last.

A well-designed plan would broaden Argentina's tax base, so as to raise more revenue without the high rates that push so many firms into the informal economy. It could also index public spending, including that on pensions, to the inflation target the government aims to achieve, rather than the inflation that has already happened. That would help quell inflation rather than entrenching it. The price of utilities needs to be shifted closer to their cost, and their regulation to be shifted away from politics.

Such reforms would help Argentina. But some would probably cost the government votes. That is not a risk it is willing to take. Its approval ratings have fallen from 84% to 38% since the start of the pandemic, thanks to a series of vaccination scandals.

Indeed, on top of any government's natural desire for power, Argentina's leaders have an additional motive for wanting re-election. Victory would enable them to pass new laws governing judges' appointments, thus potentially blocking prosecution of Ms Fernández for any past corruption (she denies all the charges). "It's the politics of procrastination," says Sergio Berensztein, a political analyst. "But the goal is serious. To keep her in power at all costs, with immunity." ■

Also in this section

Japan and America

BFFs once more

TOKYO

America has rediscovered its alliance with Japan

It is customary for new American presidents to lavish attention on their closest neighbours, Canada and Mexico. But since Joe Biden took office a much more distant country has hogged the limelight: Japan. At the first international summit hosted by the president, a virtual gathering of a club called the Quad—America, Australia, India and Japan—Japan's prime minister, Suga Yoshihide, filled the screen closest to Mr Biden during the video-conference. For their first trip abroad, America's secretaries of state and defence went to meet their counterparts in Tokyo. And in April Mr Suga is expected to become the first foreign leader to visit Mr Biden at the White House.

"Twenty years ago we couldn't have imagined that," says Miyake Kunihiko, a foreign-policy adviser to Mr Suga. The intense hobnobbing shows not only the scale of the challenge China poses to both countries but also the importance of alliances in dealing with it. Whereas Barack Obama was slow, in Japanese eyes, to grasp the first point, Donald Trump never accepted the second. Mr Biden, to Japanese officials' elation, seems to agree with both. The two countries have already concluded a new agreement governing the decades-old deployment of American troops to Japan, talks about which had stalled since Mr Trump's demand that Japan should pay more to defray the cost. After their meeting in Tokyo, the two countries' grandees issued an unusually explicit condemnation of China, quelling Japanese fears that Mr Biden would adopt a softer stance.

The challenge from China is also provoking a reconsideration of roles within the alliance, a creation of the cold war. "It's not the Soviet Union, where confrontation was total and military was the only language," says Kanehara Nobukatsu, a former deputy national security adviser. Instead, competition with China is as much economic, technological and diplomatic—realms where Japan can contribute more. "When we traditionally talk about the division of labour, we tend to think in narrow terms—how much money is spent on defence?" says Sasae Kenichiro, a former Japanese ambassador to America. "But there is a new regional dimension in terms of what Japan can do." In December Richard Armitage and Joseph Nye, two American foreign-policy hands, declared: "For the first time in its history, Japan is taking an equal, if not leading, role in the alliance."

On trade and diplomacy in Asia, Japan has stepped forward, especially as America retreated under Mr Trump. Japan resuscitated the Trans-Pacific Partnership, a big trade deal, after Mr Trump withdrew America from it. It also championed the Regional Comprehensive Economic Partnership, an Asian free-trade pact concluded last year. It has invested more in infrastructure in South-East Asia than China has through its Belt and Road Initiative. As a result, South-East Asians trust Japan more than any other foreign power, according to a survey by the ASEAN Studies Centre, a think-tank in Singapore.

Japan has also been strengthening military ties with other friendly countries. In September it signed a logistical-support pact with India. Two months later it initiated negotiations with Australia on a deal to allow forces from both countries to operate on each other's territory. A British aircraft-carrier will take part in joint exercises with America and Japan later this year.

The reinterpretation of Japan's pacifist constitution by Abe Shinzo, the previous prime minister, has made military co-operation easier with America, too, allowing more detailed planning about how to respond to a Chinese attack on Taiwan, for example. "That's as much the Japanese pushing us as it is us pushing them," says Randall Schriver, a former point man for Asia at the Pentagon. Although there would be "a big political debate" about ▸▸

what Japan should do if China invaded Taiwan, thereby threatening Japan as well, there are no longer big legal or constitutional barriers constraining what Japan could do, says Mr Sasae.

The main barrier would be practical. Although Japan's defence budget has risen for nine years running, it still amounts to only around 1% of GDP, a big share of which goes on salaries and maintenance. The Self-Defence Force (SDF), as Japan's army is called, boasts an impressive navy and capable coast guard. In response to Chinese jets and warships' frequent probing around the Senkaku Islands, uninhabited specks that China also claims (and calls Diaoyu), it has been bolstering its forces in the string of islands that stretches to the south of the Japanese mainland, towards Taiwan and China. It has also created a new amphibious brigade. Yet change has been slow. Some big new initiatives, such as a planned missile-defence system, have been bogged down by local opposition. The SDF's role in a Taiwan crisis would probably be limited to assisting American forces operating from their bases in Japan.

There will be other difficulties. America would like Japan to get along better with South Korea, a former colony with which Japan is often on tetchy terms. Japan's business lobby does not want relations with China to get any worse, yet America will push Japan to condemn Chinese abuses more loudly. The warm glow of renewed vows of friendship will soon give way to the hard work of making good on them. ■

Buddhism in Myanmar

Beggars, but choosers

SINGAPORE

The military coup has riven the monkhood

Of alms and the man

One would never guess, reading the *Global New Light of Myanmar*, a state newspaper, that more than 500 people have been killed by the army amid protests against a military coup on February 1st. Its pages are filled with pictures of generals shaking hands with foreign dignitaries, attending meetings and making obeisance to Buddhist monks. Whereas monks were prominent in the previous bout of protests against military rule, in 2007, their role has been much more ambiguous this time.

Almost 90% of Burmese are Buddhist. Judging by the *New Light's* coverage, none is more devout than Min Aung Hlaing, the commander-in-chief. After inspecting the troops on the morning of March 27th, a public holiday celebrating the army, the general hastened to the pagoda next door. He was photographed kneeling on the floor while monks, seated on chairs, were elevated above him. This act of apparent submission was in fact another expression of authority, one as symbolically important as the military parade earlier in the day.

Rulers of Myanmar have always sought the support of the *sangha*—the Buddhist monkhood. By lavishing donations on monasteries, kings amassed moral legitimacy. General Min Aung Hlaing is no different. Faced with a crisis, he is courting senior clerics. During his visit to the pagoda he bestowed religious titles on some of the country's most prominent monks.

The general's visit was also an attempt to put down a rebellion within the *sangha*. One of the monks in attendance was Bhaddanta Kumara Bhivamsa, the chairman of the Mahana, a body appointed by the government which oversees the monkhood. On March 16th the Mahana reportedly drew up a statement that called for an end to violent attempts to quash the protests against the coup. The committee also declared that it would cease operations until stability was restored. Before the statement could be formally submitted to the Ministry of Religious Affairs, it was leaked to a local news website.

Though it is a draft, the statement is nonetheless significant, says Richard Horsey of Crisis Group, an international watchdog. The Mahana is a "cautious, conservative body which is not prone to quick reactions or to wading into worldly affairs", he says. The fact that the chairman of the Mahana went to a religious ceremony hosted by the commander on Armed Forces Day suggests that he may have had a change of heart. But the damage is done. The mere suggestion of the Mahana's disapproval has emboldened monks to express their opposition to the regime, says Ashin Rsara, a monk and a leading member of the Sangha Union Strike Committee, one of many clerical groups that have formed to decry the coup.

Some monks, particularly in Mandalay, the traditional centre of Burmese Buddhism, have joined protests. Many have in effect gone on strike, by refusing alms from soldiers, their families and supporters and thus denying them the opportunity to accrue good karma. When the army tried to donate covid-19 vaccines to Ashin Rsara's monastery, the offer was spurned. The generals, who portray the army as the protector of Buddhism, are probably worried that this religious boycott will erode soldiers' morale, Mr Horsey argues.

Yet the generals will also be relieved by how few monks have taken to the streets. Ashin Rsara estimates that only 500 monks at most joined the biggest protests in Mandalay—a far cry from the tens of thousands of 2007. In part, that is because the generals anticipated opposition from the *sangha* and arrested monks who had been prominent in the protests of 2007 as soon as they took power. (Ashin Rsara was detained on March 26th.) There were also fewer monks in the cities, since many had been despatched to village monasteries to help curb the spread of covid-19. And in 2007 it may have been the economy, rather than politics, that brought some monks out onto the streets: they feared the generals' mismanagement was denying ordinary citizens the wherewithal to support the monkhood.

Some monks, however, do back the army, because they share its paranoid xenophobia. They have helped propagate the baseless but widely held view that Buddhism is under threat from Islam. Wisetkhana, one such nationalist firebrand, maintains, absurdly, that it was the protesters who initiated the violence, not the army: "Military officials and soldiers were taught to be patriots and to be ready to defend the country's race and religion." ■

Religion in Malaysia

In the name of God

The courts say Christians can use the word *Allah*

THE FIRST tenet of Islam is *La ilaha ill' allah*—"There is no deity but God." *Allah* is simply the word for God in Arabic and several other languages, including Malay. But Malaysia's home ministry decreed in 1986 that the word *Allah*, among others, would henceforth be reserved for the exclusive use, in print at least, of Muslims, who are more than 60% of the population. Christians and other religious minorities had to find other ways to refer to God. The intention was to prevent pious Muslims from being confused and then led astray by non-Muslim texts. In mid-March the Malaysian High Court struck down the ban, finding in favour of Jill Ireland Lawrence Bill, a Christian woman who took the government to court for confiscating Catholic tracts with the word *Allah* in the title. The government has appealed.

It is a long-running dispute. In 2009 a court ruled in favour of a Catholic newspaper, the *Herald*, which had sued the home ministry for its right to refer to God as *Allah*. The judgment set off days of protests and arson attacks on churches. The government appealed then, too, and a few days later the court set aside its own ruling. In 2013 an appeals court reconfirmed the ban.

This time the argument is unfolding in newspapers and online rather than on the streets. The government has played the issue down. Even the leader of PAS, an Islamic party in the ruling coalition, has made conciliatory noises. The police chief denounced talk of demonstrations from a leader of UMNO, a party that represents Malays—the country's biggest ethnicity, who are deemed to be Muslim by law.

One reason for the caution is the fear that protests might propagate covid-19. But a far bigger one is simple politics. UMNO led the governing coalition in 2009. It worried about losing Malay votes to PAS, so it affected pious outrage. These days three different parties compete for the Malay vote: PAS, UMNO and Bersatu, which is led by the prime minister, Muhyiddin Yassin. His shaky government has repeatedly dodged no-confidence votes owing to covid-related lockdowns. Should it fall, minority voters are likely to hold the key to power at a new election, making the *Allah* row something of a liability.

This has allowed minority activists to take the lead. In Sabah and Sarawak, the two states in the Malaysian part of Borneo where most of the country's Christians live, and where Malays are in the minority, it has even brought politicians together. A letter signed by 54 state and national legislators, including nearly a tenth of the lower house of parliament, called on the national government and the people to accept the court's ruling. Wilfred Madius Tangau, the lawmaker who organised the statement, is keen to stress that the issue is a cultural rather than a religious one. The use of *Allah* by Christians is only surprising to Muslims on the Malaysian mainland, he says. On Borneo, "it has not been a problem for Muslims. They are used to it."

Things could yet take a nasty turn. The sultans of Selangor and Johor, who are the heads of the Islamic faith in their states, have backed the appeal. If the case is still rumbling during the next elections, which may be held later this year, expect God's name to get a thorough airing. ■

Politics in South Korea

Masters of disillusion

BUSAN AND SEOUL

Voters are fed up with the government but little enthused by the alternative

OUTSIDE YEONGDEUNGPO market in southern Seoul, a campaign truck awaits the arrival of Park Young-sun, a former local MP and the mayoral candidate for the ruling Minjoo party. Campaign aides in sky-blue windbreakers are awkwardly trying to engage stallholders in conversation. In a small restaurant inside the market, patrons are digging into chicken soup and spicy octopus, unaware of the political antics outside. The mood is jolly, helped along by swigs of *makgeolli* (rice wine). When politics is raised, however, the jollity evaporates. "I've always voted Minjoo, but I'm really disappointed with President Moon Jae-in," says a 71-year-old. "All those scandals. He said he was different but he let me down. He's just like any other politician." The man dislikes the conservative opposition, but plans to vote for them in the mayoral election anyway, as well as in the presidential election next year.

The once and future mayor

Four years into Mr Moon's five-year term, such views are increasingly common. The president's approval rating is hovering around 35%, the lowest level since he took office. His left-of-centre party is even less popular: Minjoo's candidates are expected to lose the mayoral by-elections next week in Seoul and Busan, the country's two biggest cities, by wide margins. If they do, it will not be because of inspired campaigning by the opposition, which is barely more popular than Mr Moon himself. The votes are widely considered a referendum on Mr Moon, and the overwhelming mood is disappointment.

At one level, that reflects the usual fatigue towards the end of a government's tenure. Since presidents can serve only a single term, they inevitably become lame ducks. But the disillusionment with Mr Moon and his party may be particularly acute because he had promised to govern in a different way, says Kang Won-taek of Seoul National University. "They said they would focus on fairness, but people can see they're just protecting their own."

That by-elections are needed at all is a case in point. They became necessary because Minjoo mayors in both Busan and Seoul were accused of sexual harassment by female employees. Oh Keo-don, the former mayor of Busan, stepped down last April. He admitted to some of the allegations and is awaiting trial on related charges. Park Won-soon, the mayor of Seoul, committed suicide in July after a female aide accused him of sexually harassing her for years. (In January the national human-rights commission concluded that her claims were credible.)

Official contrition has been half-hearted. When prominent liberals attacked Mr Park's accuser, calling her a liar, the party did nothing to stop them. Meanwhile Mr Moon's former chief of staff published a screed on Facebook extolling Mr Park's virtues. Female voters, many of whom had hoped that Mr Moon would make good on his promise to be a "feminist" president, are affronted. "I never really cared about politics, but the Park Won-soon case made me so angry I'm going to vote for the opposition," says a 40-year-old office worker in Seoul. Women's groups in Busan persuaded candidates from both the main parties to sign a pledge to improve women's rights and to protect the ex-mayor's victim once she returns to her job at City Hall. "Will it help? We can only hope for the best," says ►►

Lee Da-seol, a 20-something who works with victims of sexual violence in the city.

Even those without feminist sensibilities have plenty of reasons for dismay. The government's failure to make housing more affordable has been compounded in recent weeks by the revelation that officials from the agency in charge of new housing developments had profited from inside information on big land deals. On Monday Kim Sang-jo, Mr Moon's top economic adviser and the architect of the government's flagship corporate-governance reforms, resigned after it emerged that he had substantially raised the rent on a flat he owned two days before a new tenant-protection law would have limited the increase. Covid-19 restrictions, a slow vaccine rollout and a sluggish economic recovery are eroding the goodwill the government earned by managing the early stages of the pandemic well.

But voters are not enamoured with the conservative opposition, says Mr Kang of SNU. "If they win the mayoral elections," he says, "it will not be the opposition's victory but the ruling party's defeat." That is mainly because the conservatives have developed little in the way of new ideas or personalities since the previous president, Park Geun-hye, was impeached for corruption four years ago. The voices of young people and particularly of young women are woefully under-represented in both main parties. Oh Se-hoon, the conservative candidate for mayor of Seoul (pictured on previous page), held the office until ten years ago. "It says a lot that they haven't found a better candidate in a decade," says Mr Kang. As the government stumbles and the opposition remains stuck in its ways, disillusionment is likely only to deepen. ■

Banyan Talking the generals down

ASEAN will lose relevance if it continues to ignore the coup in Myanmar

The general who led a coup against Myanmar's elected government two months ago celebrated Armed Forces Day in late March with a parade followed by a lavish dinner, fireworks and drones configured to create a night-sky portrait of himself. His junta had gone all out to make the day a triumph, including warning Burmese that they risked being shot "in the head and back" if they took to the streets in protest at military rule. They did so anyway, and the army, as good as its word, killed 141 of them on the bloodiest day since the coup. To date, more than 500 civilians have died, many of them children. While the capital, Naypyidaw, was illuminated for Min Aung Hlaing's delectation, in nearby Mandalay his goons burned a street vendor alive.

The army's brutality appals many of Myanmar's neighbours in South-East Asia and creates a mounting crisis for the ten-country Association of South-East Asian Nations (ASEAN), of which Myanmar is a member. ASEAN's success as a grouping has come from aiming low. The "ASEAN way" is all about agreeing never to disagree. Its insistence on consensus tends towards the extraordinarily bland or the impossibly vague.

Extreme blandness is not self-evidently a route to success. But South-East Asia's modern history is full of horrors, from genocides to coups to civil wars. Ethnic and religious antagonisms lurk in even the more peaceable societies. And more or less authoritarian leaders are prickly about sovereignty in a region mostly of young nations.

So form trumps substance. Yet given this constraint, the growth to date in ASEAN's effectiveness is surely remarkable. Its economy is big and fast-growing, with a central role in global supply chains. As for geopolitics, the region's "centrality" has prompted the world to court it. ASEAN has convening power over a plethora of summits that bring world and regional leaders together, notably at the annual ASEAN Regional Forum (ARF) and the East Asia Summit. As Aaron Connelly of the International Institute for Strategic Studies in Singapore points out, America and China are careful to show a degree of respect to ASEAN's interests.

Yet the downward spiral in Myanmar represents a grave challenge to ASEAN's centrality. Not least, President Joe Biden and his administration may come under intense domestic pressure to shun ASEAN's various summits if representatives of Myanmar's junta are in attendance. The ARF is in August. Far worse would be if prolonged internal conflict turned Myanmar into a failed state where China, America and India fought via proxies, and refugees flocked for sanctuary to neighbouring countries. For now, Myanmar lays bare the hollowness of commitments in ASEAN's charter to democracy, human rights and the rule of law.

The most authoritarian ASEAN members have remained predictably mute. Communist Vietnam and Laos are no friends to democracy. Cambodia's Hun Sen rigs elections and oppresses the opposition. Thailand is run by a former general, Prayuth Chan-ocha, who also came to power in a coup. (Thailand, Vietnam and Laos all sent representatives to General Min Aung Hlaing's bash.) Yet Indonesia, Singapore and Malaysia have been unusually unbuttoned in airing concerns. Indonesia's president, Joko Widodo, or Jokowi, expressed his "deep sympathy" for the junta's victims and called for dialogue that would restore democracy.

Jokowi also called for an emergency ASEAN summit on Myanmar. The country that holds the group's rotating chairmanship, Brunei, is racing to convene one before Ramadan begins in mid-April. Many think ASEAN should be seen to be doing something. What that might be is another matter. Suspending Myanmar's membership is not something ASEAN's more authoritarian members are likely to condone. Trying to engage with the junta is the only viable option. Moe Thuzar of the ISEAS-Yusof Ishak Institute in Singapore argues that ASEAN must present itself as "the central platform around which dialogue can coalesce".

There is a precedent. In 2008 the callous ineptitude of the junta of the day compounded a humanitarian crisis caused by a devastating cyclone. ASEAN persuaded the generals to let it lead a UN-backed rescue mission, which then led to wider engagement. But there is also a difference. In 2008 the generals were stuck up a tree and in search of a ladder. General Min Aung Hlaing is also up a tree, but shows no desire to climb down. That is not just Myanmar's agony, but ASEAN's too.

Sinifying Christianity

Clearing out the foreign

The government is trying to make Chinese Christians more "Chinese"

IN 1867 AN English missionary, James Hudson Taylor, wrote a letter home defending his policy of encouraging fellow preachers in China to wear Chinese robes and the Manchu-style pigtail. By dressing in Western garb, he argued, they risked giving the impression that becoming a Christian meant becoming a foreigner. Taylor's concern was justified. Such was the scorn for those who embraced the faith that, long before the Communist Party seized power in 1949, people used to say, "One more Christian, one fewer Chinese." Officials in China still mutter this phrase today.

In the 1950s the party began cutting Chinese Christianity's links with foreign churches and requiring believers to worship only in government-authorised venues. Eventually all religious activity was banned and brutally crushed. A few years after the death of Mao Zedong in 1976, restrictions were partially relaxed. This led to an explosion of Christian worship, much of it in small "house churches" with no official links. Protestantism grew especially fast, as did its foreign connections. Foreign missionaries, often working as teachers, poured back in. Now, in an effort to reassert control, China is trying once again to "sinify" Christianity. It will prove tougher than in Mao's day.

All religions in China are being targeted by the sinification campaign, which was launched in 2015 by the country's leader, Xi Jinping. Among ethnic minorities in the western regions of Xinjiang and Tibet, these efforts have formed part of a broader assault on cultural and religious identity. More than 1m of Xinjiang's Muslims, most of them ethnic Uyghurs, have been sent to camps for "deradicalisation", which has included warning them of the dangers of foreign influence over Islam. There are 11m Uyghurs and 7m, mostly Buddhist, Tibetans. But there are far more Christians—between 60m and 80m. More than three-quarters of them are Protestants, of whom about half attend house churches. The party is acutely aware of the role that Christians have played in anti-Communist movements in other countries.

In 2018 and 2019 the government published five-year plans for sinifying each of the country's five officially recognised faiths: Buddhism, Islam, Taoism and Christianity, which China treats as two separate religions: Protestantism and Catholicism. The Protestant plan reads in parts like one that Taylor would have liked. It encourages churches to use Chinese architecture and Chinese tunes for hymns, as well as Chinese-style painting, calligraphy and other "popular cultural forms".

But the document has a tough message, too. It does not mention house churches specifically, but demands adherence to the country's newly revised regulations on religion, which took effect in early 2018. These impose tougher fines on the unauthorised use of premises for religious purposes, require official permission for religious training abroad and prohibit any control of churches by "external forces". Without naming him, the plan condemns the "confusing and poisonous" views of a late missionary, Jonathan Chao, who supported China's house churches from bases outside the country.

Even for many of those who attend official churches, the five-year plan's emphasis on the need to integrate Christian theology with socialist ideology is grating. It says quotations should be used by preachers to promote "core socialist values". These principles should feature more prominently in their training. Interpretations of the Bible should become more sinified—meaning, presumably, that they should help to bolster belief in socialism.

With Catholics, China may feel that it has made progress. In 2018 the party reached an agreement with the Vatican that gave both sides a say in the appointment of bishops. The accord means, in effect, that no party-rejecting Catholic can become a bishop in China—a victory, as the party must see it, for sinification.

The deal with the Vatican took years to reach. The party may find that bringing Protestants under its wing is much trickier. In state-approved churches it has been easy enough to impose an appearance of Chineseness through the display of national flags and portraits of Mr Xi. But many pastors have dragged their feet. One says he avoided having to put a photo of Mr Xi next to the cross in his church by arguing that to do so would invite comparisons between China's leader and the criminal who was crucified alongside Jesus.

House churches are an even bigger problem for the party. Since 2018 officials have been stepping up pressure on them. In 2019 a court in the south-western city of Chengdu sentenced one of China's most outspoken house-church pastors, Wang Yi, to nine years in jail. He had tried to set up a "Reformed Presbytery of Western China" by uniting churches from various provinces. From the pulpit, he had called Mr Xi a "sinner" for persecuting the church.

Some of the bigger house churches, however, have split into smaller groups and continue to worship without official approval (mostly online during the pandemic). So far the authorities have not responded with mass arrests as they once did, up until the 1990s. But the government may lose patience, especially if, despite all its hostile signalling towards house-church Christians, their numbers continue to grow rapidly. Christians' faith "gives them purpose, it gives them ethical standards, it gives migrants a family away from home. What can the party do about that?" asks Easten Law of Princeton Theological Seminary. A house-church pastor says the party risks alienating young, white-collar Christians, turning those "who are not its enemy into its enemy".

For now, social media remain awash with Christian material. There are numerous Bible-study groups on WeChat, a popular social-media platform. Many churches also use WeChat forums. Unauthorised seminaries and missionary-training schools still operate (the pandemic has prompted them, too, to move online). At many house churches, online congregations are 50% bigger than meetings were when held in person, says a pastor.

The five-year plan states that "the historical lesson from the repeated setbacks to Christianity's spread in China fundamentally relates to its failure to overcome its foreignness". The faith's recent growth, however, suggests that foreignness is not a problem. In many ways, sinification in the cultural sense has already happened. "We are Christian and we are also proudly Chinese," says the pastor. The party's attempt to sinify Christians politically as well may squeeze the church but will not crush it, he says. "We will go on giving to Caesar what is Caesar's. And we will go on giving to God what is God's." ■

Coronavirus origins

Anywhere but here

BEIJING

Experts still debate the origins of covid-19. China has its own theories

WEEKS AFTER a team of experts from China and the World Health Organisation (WHO) conducted a joint inquiry into the origins of covid-19, their report, released on March 30th, gave no clear verdict. It said the most probable explanation was that the virus had jumped from animals to humans through an intermediate animal host. But the scientific search for a definitive answer will remain challenging because of geopolitical tensions and China's attempts at obfuscation.

The report says it is "extremely unlikely" that the pathogen escaped from a lab in Wuhan (one is pictured), the central city where the first big outbreak of the disease occurred late in 2019. Indeed, it does not recommend further research into that possibility. Numerous other geneticists and virology experts disagree, saying the lab-leak theory remains plausible. Commenting on the report, Tedros Adhanom Ghebreyesus, the WHO's director-general, said the possibility of a laboratory incident required "further investigation".

China has angrily denounced the laboratory-leak hypothesis as outright conspiracy-mongering. It will be as irritated by Dr Tedros's remarks as it was pleased with the report's strong downplaying of the possibility. China will be happy with the experts' call for further study into the (very low) possibility that the virus can survive on packaging and other surfaces in shipments of frozen food, and go on to infect people. This idea is one that China has been eagerly promoting. It wants its citizens to believe—and the world at least to entertain the notion—that the virus originated outside China, even though scientists see scant evidence of that.

China's fixation on the frozen-food theory has prompted it to take extraordinary measures to prevent the reimportation of the virus by this means (covid-19 has been all but eliminated inside the country). It has required onerous inspections of cold-chain shipments. Officials have suspended the rights of hundreds of suppliers to send frozen products to China.

Occasionally, officials report the discovery of SARS-CoV-2, the virus that causes covid-19, on frozen-food packaging. One such find, involving a beef product from Argentina, was made on March 28th at a warehouse in Tongliao, a city in the northern region of Inner Mongolia. It triggered an "emergency response", with police and other officials mobilised to seal off the area, take people away for coronavirus tests and cleanse the site. "They're putting a lot of energy into this unlikely but possible hypothesis, trying to elevate it for obvious reasons," says Jamie Metzl, a former member of America's National Security Council and a genetics expert.

The team's report will do little to dispel widespread suspicions that China is co-opting the investigation process for political purposes and failing to provide adequate transparency. Risking China's ire, Dr Tedros said the experts had faced difficulties in accessing raw data from their Chinese hosts. He insisted that future studies should "include more timely and comprehensive data sharing". China, however, says it is being completely open. It also says the WHO should investigate whether the virus originated in America. As a new cold war develops, the fog is thickening. ■

Move on, nothing to see

Chaguan | China sees its moment

The Communist Party's aggressive diplomacy is a bet that the West is in irreversible decline

Its gaze fixed on the prize of becoming rich and strong, China has spent the past 40 years as a risk-averse bully. Quick to inflict pain on smaller powers, it has been more cautious around any country capable of punching back. Recently, however, China's risk calculations have seemed to change. First Yang Jiechi, the Communist Party's foreign-policy chief, lectured American diplomats at a bilateral meeting in Alaska, pointing out the failings of American democracy. That earned him hero status back home. Then China imposed sanctions on British, Canadian and European Union politicians, diplomats, academics, lawyers and democracy campaigners. Those sweeping curbs were in retaliation for narrower Western sanctions targeting officials accused of repressing Muslims in the north-western region of Xinjiang.

China's foreign ministry declares that horrors such as the Atlantic slave trade, colonialism and the Holocaust, as well as the deaths of so many Americans and Europeans from covid-19, should make Western governments ashamed to question China's record on human rights. Most recently Chinese diplomats and propagandists have denounced as "lies and disinformation" reports that coerced labour is used to pick or process cotton in Xinjiang. They have praised fellow citizens for boycotting foreign brands that decline to use cotton from that region. Still others have sought to prove their zeal by hurling Maoist-era abuse. A Chinese consul-general tweeted that Canada's prime minister was "a running dog of the US".

Such performance-nationalism is watched by Western diplomats in Beijing with dismay. Envoys have been summoned for late-night scoldings by Chinese officials, to be informed that this is not the China of 120 years ago when foreign armies and gunboats forced the country's last, tottering imperial dynasty to open the country wider to outsiders. Some diplomats talk of living through a turning-point in Chinese foreign policy. History buffs debate whether the moment more closely resembles the rise of an angry, revisionist Japan in the 1930s, or that of Germany when steely ambition led it to war in 1914. A veteran diplomat bleakly suggests that China's rulers view the West as ill-disciplined, weak and venal, and are seeking to bring it to heel, like a dog.

In Washington and other capitals it is not hard to hear voices suggesting that China is making rash, clumsy mistakes. Surely China sees that it is souring public opinion across the West, they murmur. There is puzzlement about how China now views its recent draft accord with the European Union, the Comprehensive Investment Agreement, which it had appeared so eager to conclude. That pact's ratification by the European Parliament is now on ice, and possibly entombed in permafrost, as a result of China's sanctions on several Euro-legislators.

In reality Chinese leaders, if their own words and writings are any guide, think that assertiveness is rational. First, they believe that China has numbers on its side as a world order emerges in which developing countries demand, and are accorded, more sway. At the UN most member states reliably support China, as an irreplaceable source of loans, infrastructure and affordable technology, including surveillance kit for nervous autocracies. Second, China is increasingly sure that America is in long-term, irreversible decline, even if other Western countries are too arrogant and racist to accept that "the East is rising, and the West is in decline", as Chinese leaders put it. China is now applying calculated doses of pain to shock Westerners into realising that the old, American-led order is ending.

China's rulers are majoritarians. Their hold on power involves convincing most citizens that prosperity, security and national strength require iron-fisted, one-party rule. They unblushingly put the interests of the many over those of the few, whether those individuals are farmers evicted to build a dam, ethnic minorities re-educated to become biddable workers, or dissenters who must be silenced. China is a hard challenge for liberal democrats precisely because its tyranny in the name of the majority is backed by lots of Chinese, albeit at a terrible cost to outliers and minorities. Today, Chinese ideas about global governance sound like a majoritarian world order. Ruan Zongze, a scholar at the foreign ministry's Xi Jinping Diplomatic Research Centre, explained the official line in a press briefing. He denied that China wanted to export its values. But he outlined a vision of multilateralism-by-majority that—by according no special legitimacy to liberal norms—would be a safe haven for Chinese autocracy. Mr Ruan scorned governments that "use the pretext of democracy to form alliances". He called that "fake multilateralism", adding that developing countries need not endure finger-pointing from a West that does not speak for the world. As engines of global growth, China and other emerging economies should have a bigger say, he declared. "Those who represent future trends should be the leading force."

The majority of the tyrannies

As one European diplomat sees it, at least part of China's establishment is convinced that the liberal order established after 1945—built around universal human rights, norms and rules that bind the strong and weak alike—is an obstacle to China's rise. Such revisionists are "convinced that China will not achieve its goals if it plays by the rules", he says.

Diplomats describe a China that is hubristic and paranoid. They say some Chinese officials are convinced that the EU will soon drop its Xinjiang-related sanctions, because Europe cannot recover from the pandemic without Chinese growth. Other Chinese officials worry that their country is making too many enemies, and tell diplomats as much. Alas, they are outnumbered by those who blame China's unpopularity on Western resentment of Chinese success. China's rulers are duly preparing for a protracted struggle. The risks are clear, both for China and the West. ■

Israel

Too many kingmakers

JERUSALEM

The complicated dance to unseat Binyamin Netanyahu as prime minister

THE BLUE and white balloons that had been prepared for Likud's victory celebrations remained in the netting on the ceiling. Israel's ruling party had emerged from the parliamentary election on March 23rd still the largest party in the 120-member Knesset (Israel's parliament), but its leader, Binyamin Netanyahu, has only a slim chance of controlling a majority within it. Israel's longest-serving prime minister promised to try to form "a strong and stable coalition", but his voice lacked its usual confident tone.

No fewer than 13 parties won seats in the new Knesset, up from eight in an election just a year ago. There are at least as many permutations for concocting a new government. Under a system of proportional representation that sets a threshold of 3.25% of the total vote for inclusion in the Knesset, no party has ever won an absolute majority. So governments are always formed by several. This was the fourth stalemated election in two years.

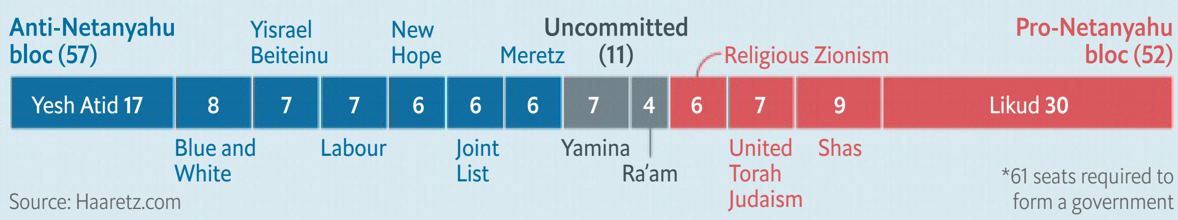
Building a coalition has been getting trickier. The main reason is the prime minister himself. He is facing criminal charges of bribery and fraud. Still, he is backed by three religious and far-right parties, as well as Likud, giving him a total of 52 seats (see chart). Seven parties, with 57 seats, have promised their voters they would not serve under Mr Netanyahu. Two, with 11 seats between them, are not committed to any candidate and have not ruled out joining a Netanyahu government. The obvious solution is for one or other group to win over the holdouts. But both of the coalitions that might then emerge would be fraught with contradictions.

One of the non-committed parties is the Ra'am party, which is conservative and Islamist. An Arab-Israeli party has never been a member of a ruling coalition, and for many Israelis the idea remains taboo. Mr Netanyahu ruled out relying on Ra'am just before the election because "they are an anti-Zionist party." But Ra'am's leader, Mansour Abbas, has played down his party's Palestinian nationalism and wants to bring solid benefits to his voters.

Since the result became clear, the prime minister's media mouthpieces have been busy explaining why including an Arab party in a Likud-led government would be a proud achievement for the Jewish state. Mr Netanyahu may feel he can break his promise, but his potential partners at the right end of the political spectrum would be much less amenable. Religious Zion- ▸▸

Let the horse-trading begin

Israel's Knesset, number of seats by party, March 2021 election, 120 seats available*



Source: Haaretz.com

*61 seats required to form a government

ism, a party that includes Jewish supremacists and is an integral part of a Netanyahu coalition, has refused to join a government backed by Ra'am, which in turn refuses to join a coalition with Religious Zionism. Mr Netanyahu's long-standing critics are relishing the irony of a politician who has previously used anti-Arab dog whistles to rally his base potentially relying on Arab voters for his survival.

But the opposition's predicament is just as bad, even though for the third election in a row it won more seats in the Knesset than the Netanyahu bloc did. It too includes right-wing parties that have so far refused to rely on the votes of Arab parties. To get a majority it needs at least eight parties, including at least one Arab party. To make matters worse, there is no agreement on who the prime minister would be.

The obvious choice is Yair Lapid, a television anchor turned politician who leads the centrist Yesh Atid party, the second-largest in the Knesset. But two right-wing parties, one in the anti-Netanyahu bloc and one on the fence, vowed not to serve under the "leftist" Mr Lapid. So they too would have to break promises to their voters. To confuse matters more, two other party leaders want to be prime minister.

The defence minister, Benny Gantz, another centrist and a former commander of the armed forces, was Mr Netanyahu's main rival a year ago, but his Blue and White party this time came only fourth. He lost much of his credibility by joining the previous short-lived Netanyahu government, which collapsed after just seven months, leading to the most recent election. Under a law it passed, Mr Gantz is still scheduled to become prime minister in November, if no other government is formed by then. Forming a government can take many months. Mr Gantz may yet try to foil other rivals to win the post.

The third candidate to replace Mr Netanyahu is Naftali Bennett (pictured on previous page). The former high-tech entrepreneur's first job in politics was as Mr Netanyahu's chief of staff. His party, Yamina, won just seven seats. It would be the most right-wing bit of a coalition that would have to include left-wing and Arab parties. He says his price for joining such a coalition would be to lead it.

Whatever ruling coalition is formed will involve breaking election promises—and will be unwieldy and therefore fragile. One opposition ploy might be to set short-term objectives. For instance, it could take control of parliamentary business when the new Knesset is inaugurated on April 6th by appointing a new speaker. It might then be able to pass legislation preventing any politician facing criminal charges (ie, Mr Netanyahu) from becoming prime minister. Next, it could form a short-term government with limited aims, chief among them to pass a budget: the most recent was passed three years ago.

The prime minister is not giving up, of course. With his trial set to resume on April 5th, he still aims to gain a majority which he hopes will pass a law granting him immunity from prosecution. He is urging Mr Bennett to join, offering to merge his party and Likud, with the prospect of one day leading it. Mr Netanyahu is seeking defectors from other parties, too. But his chances of success are fading. Last time round he persuaded Mr Gantz to break his promise not to join a government led by Mr Netanyahu by appealing to his sense of national duty when the pandemic was threatening to engulf the world. But that emergency is over and if Mr Netanyahu were to promise once again to cede power down the line, few would trust him to keep his word. ■

Free speech

Boarding up the clubhouse

DUBAI

A new app gives Arabs a space to speak freely. For now

THE CONVERSATIONS can feel almost rebellious. Drift through the rooms and you hear heated talk of politics, business and religion. There is a frisson of flirtation too, with discussions about sex veiled in thin metaphors. And every so often someone stops to wonder when the police will crash through the door.

Clubhouse, a buzzy social-media app launched last year, was perfectly timed for the pandemic era. It is an audio-only service where users drop in and out of "rooms" for voice chats. Think of an endless smorgasbord of Zoom calls, but with faceless strangers instead of pixelated colleagues. Nothing goes viral because the chats are ephemeral: users cannot record or replay them.

Over the past two months Clubhouse has become a hit in the Middle East, a region already hooked on social media. A survey last year found that 46% of internet users in Arab countries spend at least five hours a day on social-media apps. They can't all use Clubhouse. Sign-ups are by invitation only and so far it works only on iPhones, which many Arabs cannot afford. But those who can get into Clubhouse are having a blast.

Assume someone is watching

The accents alone are a tour of the region's linguistic breadth: the French-influenced patois of the Maghreb, the poetic flair of the Gulf. Some of the talk is quotidian, a sort of socially distanced *sobhiyya* (a morning chat over coffee). But in a region full of regimes hostile to free speech, it seems a safe space for heady conversations as well. In Lebanon there are rooms about how to limit the role of religion in politics. Women in Kuwait discuss sexual harassment. Citizens in other Gulf states take up taboo topics such as transgender rights.

These would be fraught conversations even on other social-media platforms. In Egypt, for example, police stop people on the street to inspect their Facebook feeds for subversive posts. A court jailed two young women last year for "debauchery" because they danced in a TikTok video (the sentences were later overturned). With a small user base and no permanent records, Clubhouse feels safer.

It is also more civil, at least for now. Saudis are enthusiastic tweeters. But to tweet about serious matters invites abuse from legions of trolls, some directed by a confidant of the Saudi crown prince, Muhammad bin Salman. Clubhouse's spoken-word format makes it harder for governments to weaponise.

They will probably try—or just ban it outright. Last month Oman became the first Arab state to do so, saying it lacked a licence. Users in the United Arab Emirates have had unexplained problems gaining access to it (officially it is not blocked). Regime mouthpieces have started a campaign against it. Ahmed Moussa, a talk-show host in Egypt, said he uncovered a terrorist group on the app. Fahad al-Otaibi, a Saudi commentator, called it a "danger to state security". Leaving a room not long ago, one Egyptian user offered a darkly funny goodbye: perhaps, he joked, "we can continue the conversation in prison."

Egypt

Always going big

DUBAI

A jam in the Suez canal highlights Egypt's taste for costly mega-projects

Like a house guest who refuses to leave, the *Ever Given* is still lingering in the doorway. On March 29th, after six days of blocking a vital trade route, the skyscraper-size ship was set right and sailed north under its own power. As *The Economist* went to press, though, it had not sailed far. It was floating in the Great Bitter Lake, less than halfway through the Suez canal. Dozens of other vessels sat at anchor nearby and hundreds more at the canal's entrances. It will take days to clear the jam.

This was not quite what Egypt had in mind seven years ago when it promised more traffic in the canal. Soon after he took office in 2014, Abdel-Fattah al-Sisi, the president, ordered an $8bn expansion of the waterway, since it was only wide enough to handle traffic in one direction. Workers widened part of it and dug a second lane along its central stretch, creating a bypass of 72km (45 miles) so ships sailing in opposite ways could pass each other.

But where the *Ever Given* ran aground, the canal is still only wide enough for one ship at a time. Officials said there was no economic rationale for digging a second lane along the entire waterway. Experts said the economic rationale for even the limited expansion was questionable.

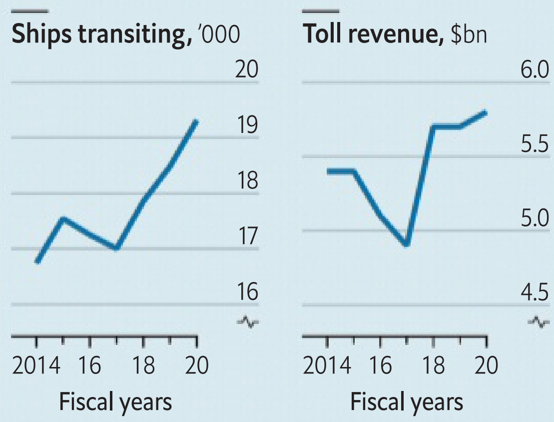
Egypt's rulers have had a penchant for mega-projects. In the 1950s Gamal Abdel Nasser ordered the construction of the Aswan high dam, which tamed the Nile's annual floods and brought electricity to rural villages. Local lore holds that he built Cairo Tower, an edifice taller than the Great Pyramid, simply to annoy America: after the CIA allegedly bribed him to adopt a favourable foreign policy, he spent the money on a useless structure visible from the American embassy. In their own ways, both were symbols of a newly independent Egypt.

In recent decades, though, most of Egypt's mega-projects have been symbols of poor planning. In 1997 Hosni Mubarak started work on Toshka, a 310km canal meant to irrigate the Western Desert. Authorities hoped to move one-fifth of Egyptians from the crowded Nile into this "new valley". Two decades and untold sums later, the project is unfinished. Less than 1% of Egypt's population lives in the area.

Mr Sisi has followed the same path. First came the canal expansion, promoted as "Egypt's gift to the world". It was also supposed to be a gift to Egypt's treasury. Officials claimed it would more than double the canal's annual revenue, to $13bn. But the take has remained almost flat, totalling $5.8bn in the 2019-20 fiscal year, up just 7% from before the expansion (see chart). Low oil prices mean it is often cheaper to sail the long way round Africa. The canal authority offers discounts to lure shippers.

Boats and bucks

Egypt, Suez canal



Sources: Suez Canal Authority; Central Bank of Egypt

Undeterred, Mr Sisi is pushing ahead with a scheme to build a new administrative capital in the desert. The first phase will cost more than $25bn; he hopes to start moving the government there in July. There are myriad questions about the city's viability. Water is scarce; property prices are too high for most Egyptians. Critics say the money would be better spent fixing the poor infrastructure in "old" Cairo. That is not the sort of glamorous project beloved by autocrats. Then again, tugboats aren't glamorous—but they get the job done. ■

Tanzania

Hoping for change

NAIROBI

The new president surely can't be worse than the old one

Tanzania's new president, Samia Suluhu Hassan, vows to continue where her predecessor left off. Pity the country if she keeps her promise. John Magufuli, whose death was announced on March 17th, was a covid-denying populist who ran a ruthless authoritarian regime. Many believe that the virus killed him.

For the moment liberal Tanzanians are surprisingly upbeat, in part because they do not take Ms Samia, the country's first female leader, at her word. She is a product of the ruling party, known by its initials CCM, which has held power in different guises since independence from Britain in 1961. But she is no insider. She comes from the semi-autonomous archipelago of Zanzibar, not the Tanganyika mainland, which is the hub of power.

Ms Samia was Mr Magufuli's vice-president, but it is rumoured that she was foisted on him by CCM bigwigs. Foremost among these was Jakaya Kikwete, Tanzania's president from 2005 to 2015, who is said to have admired her competent efficiency. Mr Magufuli valued it less and she was excluded from his inner circle. That is now seen as a reason for hope—as are the flashes of principle she has shown. In 2017, for example, she defied a presidential directive by visiting Tundu Lissu, a prominent opposition MP, as he recovered from being shot 16 times.

Still, few are expecting a radical departure from her predecessor's policies. Not yet, anyway. Lacking a base within the party, Ms Samia will be concentrating on surviving the early stages of her presidency (inherited in accordance with the constitution), when she will be weakest. Mr Magufuli's faction still holds dominant positions in the cabinet and the party.

She is not totally helpless, however. She may not have a base of her own, but she does have potential allies. With the support of Mr Kikwete's previously sidelined faction, she was able to resist pressure to appoint Bashiru Ally, a Magufuli acolyte, as her deputy. Instead she tapped Philip Mpango, the finance minister, pleasing international donors. Still, she will have to avoid becoming too reliant on Mr Kikwete.

While foreign investors, often the butt of Mr Magufuli's nativist policies, would welcome a return to the easy-going pro-market internationalism that marked the Kikwete years, many Tanzanians remember it as an era when corrupt patronage networks flourished. Kikwete factions "smell blood and sense a comeback", says Thabit Jacob of Roskilde University. It would be sensible to look to the former president for cover rather than guidance.

Ms Samia's first challenge will be to reverse one of the most self-defeating coronavirus policies in the world. Mr Magufuli responded to the pandemic with a blend of quackery and denialism. Turning his back on science, despite having a PhD in chemistry, he prescribed God, communion wafers and steam baths as prophylaxes. Unsurprisingly, the virus spread unchecked through the population.

A more sensible approach is desperately needed. Diplomats and the World Health Organisation hope the new president will again start publishing official data on the virus (after a year-long pause), sack the anti-vaxxer health minister and sign Tanzania up to the COVAX vaccine-sharing programme. Continuing to deny Tanzanians the jab would stain her reputation from the outset. Whether Ms Samia is for making such changes remains to be seen. In her first public appearances as president, she did not deign to wear a mask. ■

Poaching

Unhappy hunting grounds

OL PEJETA CONSERVANCY AND LOWER ZAMBEZI NATIONAL PARK

The covid-19 pandemic has been a gift to poachers in Africa

NAJIN AND Fatu roam the Kenyan savannah with a heavy gait, stopping intermittently to burrow their horns into tall grass or scratch their backs against wooden posts. At Ol Pejeta Conservancy, where they live, the last two northern white rhinos on Earth are known as "the girls". Since there are no surviving males, modern science is the only hope of keeping the subspecies alive. Every few months the girls (pictured) go through an unpleasant medical procedure to harvest their eggs, which are then rushed to Italy to be fertilised with the frozen sperm of long-gone males. The ordeal leaves them exhausted for days.

Najin and Fatu are ambassadors for wildlife facing extinction. Even before the pandemic, the UN estimated that 1m plant and animal species were at risk of dying out, many within decades. Now poaching is on the rise across Africa as covid-19 empties protected areas of tourists and cuts the income of already poor villagers. The pandemic threatens to undo progress made by governments that cracked down on illegal hunting in a bid to save other species from the same fate as the northern white rhinos.

Data on illegal hunting in Africa are patchy. But reports from individual protected areas are worrying. In the massive Kafue National Park in western Zambia rangers reported a 170% year-on-year rise in the number of snares they spotted on their patrols in 2020 (usually loops of wire, which indiscriminately snag both common impala and rare cats). Two lions were killed in 2020, where not one was slain the previous year. Much of the illicit activity has been at the edges of the protected area, where patrols have been cut back. The Game Management Area near the Lower Zambezi National Park, also in Zambia, recorded a 200% increase in snaring activity in 2020, compared with 2019.

Hopes that lockdowns could stymie international trade in trophies, such as rhino horn and elephant tusks, have been dashed. A drop in rhino poaching in South Africa, which has the tightest lockdown on the continent, is a small exception, says Jorge Eduardo Rios of the UN Office on Drugs and Crime. Smugglers are used to breaking rules. And there are signs the market is hotting up. A shipment of 8.8 tonnes of tusks, pangolin scales and the bones of endangered species worth $2.5m was found in Nigeria earlier this year. Around the same time 74 chameleons from Tanzania were intercepted in Vienna.

The first reason poaching is on the rise is that tourists have disappeared. One recent survey suggests 90% of wildlife tour operators in Africa have suffered a fall in bookings of at least 75%. Some have no reservations at all. As Kim Young-Overton at Panthera, a global wildcat conservation group, puts it: hordes of visitors with binoculars and cameras provide extra "eyes and ears on the ground" to deter poaching.

Wildlife tourism pays for conservation work too. The industry usually generates around $29bn a year across Africa and employs 3.6m people. Small fees paid to enter protected areas and added to rates at posh camps go towards conservation. Whether an area is a state-run park, a private reserve or a community conservancy, that cash is vital to fund staff, vehicles and tech.

Security efforts are cut back when money is tight. In some places rangers are covering less ground. In the Mara Triangle in Kenya there are fewer night-time patrols and ambushes, which involve waiting in spots where poaching is suspected. "We're trying to run as economically and efficiently as possible, but maintaining a protected area involves recurring costs you can't get away from," says Brian Heath of the Mara Conservancy.

The second reason poaching is up is that people who live near protected areas are struggling. Jobs that rely on tourism have disappeared. Many who are still employed have taken pay cuts, so they are sending less cash home. Villagers may be hunting to feed their families, not just to harvest trophies. Elephant carcasses found in protected areas last year didn't just have their tusks hacked off; their bodies had been stripped for meat too, says Nikita Iyengar of Conservation Lower Zambezi, an NGO. Snares are surrounded by drying racks, used to preserve meat. "What we're seeing is an indication of desperation," says Tim Tear of the Biodiversity Research Institute in America.

Hard-up villagers are easy to hire for international poaching syndicates, which need people familiar with the terrain to do their dirty work. So the wildlife industry is looking for ways to keep up employment in the countryside. But innovations such as virtual safaris have not taken off. You have to visit in person to get a selfie or an "African massage", which comes gratis when you're rumbling over dirt tracks in an open wagon with stiff suspension. Lodges such as Royal Zambezi, on the Zambian side of the Zambezi river, have stayed open by selling rooms to local tourists at reduced rates. The camp, where guests can lounge in pools and watch buffalo cool off in the river, had its highest occupancy in 2020 even as revenues nosedived. Meanwhile, in Uganda's Bwindi National Park, an NGO called Conservation Through Public Health is trying to find overseas retailers to buy locally grown coffee and the curios that craftsmen usually sell to tourists.

Some conservationists, determined to look on the bright side, speculate that the pandemic may eventually kill off the illegal wildlife trade. The theory that covid-19 spread to humans in a Chinese wet market has reminded people of the dangers of eating wild animals, so perhaps they will stop? Perhaps, but the utter uselessness of rhino horn as a cure for erectile dysfunction has not stopped people from buying it for that purpose. So far, the evidence suggests that the pandemic is more likely to boost poaching than to curb it. ■

Big creatures, heavy burden

France

Tanks again

LONDON AND PARIS

The armed forces are now planning for high-intensity war

In the forests and plains of the Champagne-Ardenne region, where once the great powers went into battle, the French armed forces are beginning to prepare for the return of a major conflict. Planned for 2023, Exercise Orion is a full-scale divisional exercise that will last several days, based probably out of camps at Suippes, Mailly and Mourmelon. It will involve the full range of French military capacity on a scale not tested for decades. The drill will include command-post exercises, hybrid scenarios, simulation and live-fire drills. Around 10,000 soldiers could take part, as well as the air force and, in a separate maritime sequence, the navy. Belgian, British and American forces may join in.

There are other signs that the French armed forces are in the midst of a generational transformation. In January the general staff quietly established ten working groups to examine the country's readiness for high-intensity war. French generals reckon that they have a decade or so to prepare for it. The groups cover everything from munition shortages to the resilience of society, including whether citizens are "ready to accept the level of casualties we have never seen since world war two", says one participant. The spectre of high-end war is now so widespread in French military thinking that the scenario has its own acronym: HEM, or *hypothèse d'engagement majeur* (hypothesis of major engagement). The presumed opponents are unnamed, but analysts point not only to Russia, but also Turkey or a North African country.

That represents a seismic shift for French forces. Thirty years ago they mostly did peacekeeping. Over the past decade, they have turned to counter-insurgency and counter-terrorism, whether abroad (Opération Barkhane in the Sahel) or at home (Opération Sentinelle). But in his strategic vision for 2030 published last year, General Thierry Burkhard, the head of the French army, called for preparing for high-intensity, state-on-state conflict.

"We absolutely have to prepare for a more dangerous world," General Burkhard recently told *The Economist*. This requires what he calls a "hardening" of the land army. Currently France keeps 5,100 troops in the Sahel as part of Barkhane. Future operations "could involve brigades, or a division", meaning 8,000-25,000 soldiers. The need to change scale over the next decade, says the general, will require a mix of reforms: more demanding recruitment; investment in modern equipment; simpler organisational structures to make the army more nimble; and toughened training for a major conflict. "We will be tested more and more brutally," he says. "We need to realise this."

When Emmanuel Macron was elected president in 2017, the armed forces initially doubted his commitment to military spending. After imposing a round of short-term cuts, he rowed publicly with General Pierre de Villiers, then head of the joint chiefs of staff, prompting the general to resign. Since then, however, Mr Macron has kept a campaign promise to invest heavily in France's soldiers.

The defence budget for 2019-25 got a big ▸▸

→ Also in this section

boost, taking annual spending to €50bn ($59bn) by the end of the period, by which time it will be 46% up on its level of 2018. Weighted towards the later years, the budget allows military planners to think ahead, buy kit and reorganise. "It's the first time in memory that we have a reasonable fit between the planning documents and the budget allocated," says François Heisbourg of the Foundation for Strategic Research in Paris. It also means that France now meets its NATO commitment to spend at least 2% of its GDP on defence.

The core of French military modernisation is the Scorpion programme, a $6.8bn project to replace virtually every front-line motorised and armoured vehicle in the army, upgrade the 1990s-era Leclerc tank and connect all these together over a new digital network. The idea is that a first fully-equipped Scorpion brigade should be ready by 2023. Rémy Hémez, a French officer and researcher, says that in the 15 years between 2010 and 2025 the army's equipment will have changed more than it did in the four decades between 1970 and 2010.

Marchons, marchons

In many respects, France's approach to future war differs from the tech-heavy vision recently unveiled by Britain. Whereas Britain is cutting troops and armour, France is keeping 60% more soldiers than Britain plans to, and 50% more tanks. It has been relatively slow to acquire and arm drones. "There is a great risk of falling behind as automation on the battlefield accelerates," warned a report by the Institut Montaigne, a think-tank. Indeed, French officers tend to be more sceptical than British or American ones that technology will transform the battlefield. "Technology is never 100% effective," warns General Burkhard. "Soldiers must always be able to fight in a degraded way...when the technology does not work any more."

That does not mean France is ignoring new domains of war; space, in particular, is a priority. In September last year France's air force became the "Air and Space Force", having earlier set up a new military space command in Toulouse. The French armed forces are also expanding their information warfare and cyber capabilities. In December 2020 Facebook and Instagram removed a network of 100 fake accounts linked to the French armed forces after they sparred with Russian-backed ones over the Central African Republic and Mali, among other African battlegrounds where the two countries vie for influence.

As France starts to gear up its armed forces for all these new forms of warfare, however, there are a number of serious challenges. The Sahel experience, says General Burkhard, is "undeniably a real strength". Over a vast area of semi-arid scrub, soldiers and special forces take part in high-risk combat operations, which are both technically and tactically challenging. The French army has reported 57 deaths since 2013. Yet Barkhane is a highly asymmetric conflict, in which the French enjoy air supremacy, with no communications interference or threat from drones, missiles or cyber-attacks.

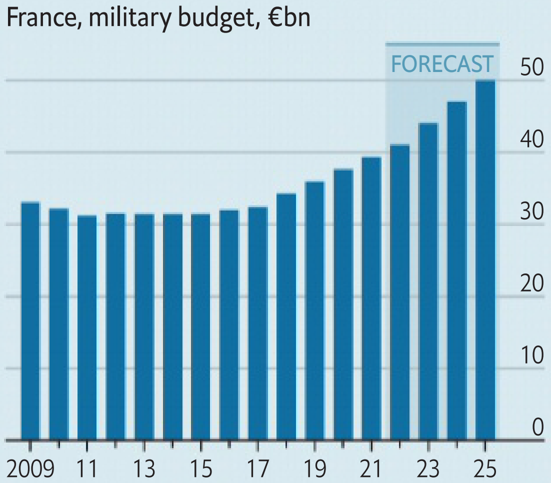
The other problem is that French forces are being pulled in several directions at once. In mid-March a dozen French tanks, 160 armoured vehicles and 300 troops arrived in Tapa, in Estonia. They were the latest French contribution to the NATO battlegroups stationed in Poland and the Baltic states to deter Russian attack. Indeed military staff assume future engagements would be alongside allies—if not NATO, then at least America, or a coalition of the willing. These modernisation efforts are consistent both with NATO's priorities and with Mr Macron's desire for Europe to bolster its indigenous defences, though France and others remain reliant on American support for key enabling assets, like airlift and air defence.

In addition to eastern Europe, France is increasingly preoccupied to the south. In the eastern Mediterranean, France and Turkey have quarrelled over Libya, Syria and Cyprus, prompting Mr Macron to dispatch two warplanes and a frigate to Greek waters last August. France is also deeply involved in the Indo-Pacific, where its overseas territories contain 1.6m French citizens and 7,000 soldiers. France has sustained a steady naval presence in the area.

The catch is that the navy has just 15 major surface ships to deal with all these issues, points out Admiral Pierre Vandier, France's chief of naval staff. "All of us Europeans are on thin ice. We may stretch our forces between doing well in the Atlantic, doing well in the Med, doing well in the Gulf and doing well in the Indo-Pacific." Prioritising between these is no longer a job for the armed forces, he says, but "a political decision" for Mr Macron, or for his successor. "We will have choices to make, for sure." ■

Rumours of wars

France, military budget, €bn



Source: Institut Montaigne

Serbia

Vial stuff

An otherwise misruled country beats the EU at vaccination

SERBIA MAY not have had such glowing press coverage since the first world war. A poor country by European standards, and plagued by corruption, it nonetheless has one of the world's fastest covid-19 vaccination campaigns—third in Europe in total doses delivered per person. Thousands of Bosnians, Macedonians and Montenegrins have crossed the border for free jabs. President Aleksandar Vucic has been having a good pandemic.

On the government's health website Serbs can sign up to receive a Chinese vaccine, a Russian one, a Western one or whatever is available. About three-quarters of the shots given so far are Chinese. To obtain the sought-after Pfizer vaccine, you may need contacts. Foreigners get AstraZeneca, possibly because many locals do not want it. By March 27th 20% of Serbs had had at least one dose. Mr Vucic crowed that 30-year-olds in Germany would have to wait for ages to get their first jab.

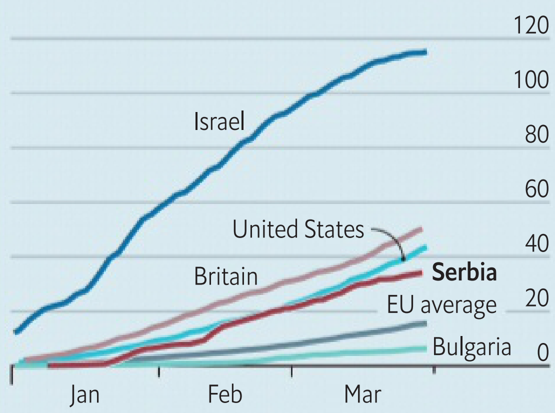
Nevertheless, rates of infection and death are rising fast. Many Serbs do not bother to take precautions, says Ivan Kostic, a surgeon in the central town of Cacak, particularly those who have had their first shot. Unlike elsewhere in Europe, there have been no long lockdowns. The health-care system is run-down: Serbian hospitals have a quarter fewer staff than western European ones, estimates Dr Kostic, partly because so many have emigrated.

Worse, conspiracy theories are starting to undermine the vaccination drive. One study found 70% of Serbs believe in at least one covid-19 conspiracy theory, such as that it is a bioweapon or is spread by drug makers; in western Europe the rate is about ▸▸

Beating Brussels

Covid-19 vaccination doses

2021, per 100 people



Source: Our World in Data

a quarter. Since the 1980s, says Vedran Dzihic of Vienna University, Serbia has engaged in "hyper-production" of conspiracy theories, mostly xenophobic ones directed at Albanians, Bosnians, Croats or the Vatican. Now citizens have difficulty discerning crackpot tales from reality.

Yet Mr Vucic's strategy of not putting his foreign-policy eggs in one basket has paid off. He has bought vaccines in Europe, Russia and China, and signed deals to produce the Russian and Chinese ones in Serbia. Both countries hope to use vaccine politics to undermine faith in the EU. Polls show it is working, though some Serbs think that China expects commercial favours in return.

The EU has promised Serbia recovery funds, but has yet to donate any vaccine. Meanwhile, Mr Vucic's success at getting vaccine elsewhere lets him pose as a regional leader. Serbia's neighbours have few illusions about his benevolence, says Florian Bieber of Graz University. But his prowess at "street-wise, gangster-style" politics, domestic and international, makes him a force to be reckoned with. ■

Latvian poetry

Folk histories in four lines

A Baltic cultural treasure, translated

OVER THE years, Swedes, Germans and Russians have all had a go at conquering Latvia and imposing their flavours of Christianity on it. Today Lutherans worship mainly in the country's west, and Russian Orthodox in the east. But Latvia's deepest rituals are still inspired by its home-grown brand of paganism. They include wild summer-solstice parties and a national song-and-dance festival every five years.

The hymns of this prehistoric faith are folk poems, typically four lines long, called dainas. Thanks to Krisjanis Barons, a folklorist who encouraged Latvians to note down such quatrains in the 19th and early 20th centuries, over a million of them are on file at the national library in Riga, the capital. Some have musical notation, but since dainas follow predictable schemes the tunes tend to be repeated, as in Celtic jigs and reels.

Pagan pages

For the past 22 years, Ieva Szentivanyi has been rendering dainas into English. Her first volume was published in 2018 and the second is ready for the press. The rhythm of Latvian is hard to translate, but more difficult is conveying the affection of the language's diminutive suffixes. The English diminutive of "book" is "booklet"; in Latvian, she explains, it more like a "dearest, sweetest, most beloved book". Dainas are short, but rich in metaphor and symbolism:

Birch tree, dear, thou art so ample
All the way to the ground;
Dearest wife, thou art so lovely
All the way to deep old age.

Aficionados say this canon of folk poems is as significant as any body of classical literature. Ms Szenivanyi calls them Latvia's wisdom to share with the world. Some scholars claim a few could date from the Bronze Age: in one a warrior duelling with his sister's abuser breaks his sword against a gatepost, something an iron weapon would be unlikely to do.

There is one class of daina that Mrs Szentivanyi dares not touch, mythical ones that speak of melting seas and waves of sunshine, which are confusing enough in the original Latvian. She aims to finish 2,000 of them. It is a daunting challenge: as one of her favourite dainas has it, "the words go on and on".

Germany and covid-19

Who's in charge?

BERLIN

Germany's management of the pandemic looks shaky

A COMMUNIST-ERA joke, in updated form, has been doing the rounds on German social media. "Are there no vaccines here?" someone asks, to be told: "No, there are no vaccines over there. There are no tests here." The gag captures the dismay many Germans feel about their state's inability to fend off the third wave of the pandemic, even as other countries vaccinate their way towards freedom.

Two factors explain the descent into misery. The first is that much of the lockdown armoury is already deployed. In October, politicians could close restaurants, bars and museums to battle the second wave. But most restrictions have only tightened since, leaving Germany to countenance hitherto untried options like compulsory testing and curfews. Meanwhile, an ever changing tangle of rules leaves citizens confused and businesses in despair.

The second is a fraying of Germany's federal model. Throughout the pandemic, national and state leaders have thrashed out lockdown rules at regular summits, ensuring decisions that could be implemented consistently by local leaders. The system had its flaws, not least in sidelining parliament. But now it is creaking. Meetings run late into the night, as ill-considered ideas are batted around in the hunt for compromise. (Last week Angela Merkel had to apologise for one, a short-lived plan to tighten restrictions over Easter.) Politicians are briefing against each other via leaks. Now several states, including North Rhine-Westphalia, the largest, have ignored a national agreement to pull an "emergency brake" when covid numbers exceed a certain threshold, preferring instead to expand testing capacity or limit restrictions to the hardest-hit areas.

On March 28th Mrs Merkel attacked the freelancing state leaders, hinting that their intransigence would be met with changes to federal law. She extended her rebuke to Armin Laschet, the premier of North Rhine-Westphalia who hopes to succeed her as chancellor after an election in September. Yet he and others vowed to stick to their guns. As authority drains from Mrs Merkel a vacuum has developed at the heart of German decision-making. Add sluggish vaccinations, and pandemic policy has never known such disarray.

The fallout is visible not only in soaring caseloads and dwindling beds for intensive-care units. The polling lead enjoyed by Mrs Merkel's Christian Democratic Union (CDU) and its Bavarian ally, the Christian Social Union (CSU), is evaporating. Soon after Easter the two parties must pick a single candidate to lead them into the election. The main rival of Mr Laschet, who was recently anointed as the CDU leader, is Markus Söder, his CSU counterpart. Straight after Mrs Merkel's interview, Mr Söder backed her tougher line. Voters find him the more appealing candidate. ■

Charlemagne | Netflix Europa

How streaming became a tool of European integration

"BARBARIANS", A NETFLIX drama set 2,000 years ago in ancient Germania, inverts some modern stereotypes. In it, sexy, impulsive, proto-German tribesmen take on an oppressive superstate led by cold, rational Latin-speakers from Rome. Produced in Germany, it has all the hallmarks of a glossy American drama (gratuitous violence and prestige nudity) while remaining unmistakably German (in one episode someone swims through a ditch full of *scheisse*). It is a popular mix: on a Sunday in October, it was the most-watched show on Netflix not just in Germany, but also in France, Italy and 14 other European countries.

Moments when Europeans sit down and watch the same thing at roughly the same time used to be rare. They included the Eurovision Song Contest and the Champions League football, with not much in between. Now they are more common, thanks to the growth of streaming platforms such as Netflix, which has 58m subscribers on the continent. For most of its existence, television was a national affair. Broadcasters stuck rigidly to national borders, pumping out French programmes for the French and Danish ones for the Danes. Streaming services, however, treat Europe as one large market rather than 27 individual ones, with the same content available in each. Jean Monnet, one of the EU's founding fathers, who came up with the idea of mangling together national economies to stop Europeans from killing each other, was once reputed to have said: "If I were to do it again from scratch, I would start with culture." Seven decades on from the era of Monnet, cultural integration is beginning to happen.

Umberto Eco, an Italian writer, was right when he said the language of Europe is translation. Netflix and other deep-pocketed global firms speak it well. Just as the EU employs a small army of translators and interpreters to turn intricate laws or impassioned speeches of Romanian MEPs into the EU's 24 official languages, so do the likes of Netflix. It now offers dubbing in 34 languages and subtitling in a few more. The result is that "Capitani", a cop drama written in Luxembourgish, a language so modest it is not even recognised by the EU, can be watched in any of English, French or Portuguese (or with Polish subtitles). Before, a top French show could be expected to be translated into English, and perhaps German, only if it was successful. Now it is the norm for any release.

The economics of European productions are more appealing, too. American audiences are more willing than before to give dubbed or subtitled viewing a chance. This means shows such as "Lupin", a French crime caper on Netflix, can become global hits. It is worth taking a punt on an expensive retelling of an early-20th-century detective series about a gentleman jewel thief in Paris, if it has the potential to explode beyond France. In 2015, about 75% of Netflix's original content was American; now the figure is half, according to Ampere, a media-analysis company. Netflix has about 100 productions under way in Europe, which is more than big public broadcasters in France or Germany.

And European officials wield a stick to encourage investment. European film-makers rival farmers in the ranking of cosseted European industries. To operate in the EU, streaming companies are required to ensure at least 30% of their catalogue hails from the bloc—and to promote it. Buying a back catalogue of 1990s Belgian soap operas and hiding them in a digital cupboard does not count. France compels big media firms to kick back revenues into domestic production. If European governments are intent on shaking down big American firms, it is better for everyone that the money is spent on something watchable.

Not everything works across borders. Comedy sometimes struggles. Whodunits and bloodthirsty maelstroms between arch Romans and uppity tribesmen have a more universal appeal. Some do it better than others. Barbarians aside, German television is not always built for export, says one executive, being polite. A bigger problem is that national broadcasters still dominate. Streaming services, such as Netflix or Disney+, account for about a third of all viewing hours, even in markets where they are well-established. Europe is an ageing continent. The generation of teens staring at phones is outnumbered by their elders who prefer to gawp at the box.

Actually, I want to direct

In Brussels and national capitals, the prospect of Netflix as a cultural hegemon is seen as a threat. "Cultural sovereignty" is the watchword of European executives worried that the Americans will eat their lunch. To be fair, Netflix content sometimes seems stuck in an uncanny valley somewhere in the mid-Atlantic, with local quirks stripped out. Netflix originals tend to have fewer specific cultural references than shows produced by domestic rivals, according to Enders, a market analyst. The company used to have an imperial model of commissioning, with executives in Los Angeles cooking up ideas French people might like. Now Netflix has offices across Europe. But ultimately the big decisions rest with American executives. This makes European politicians nervous.

They should not be. An irony of European integration is that it is often American companies that facilitate it. Google Translate makes European newspapers comprehensible, even if a little clunky, for the continent's non-polyglots. American social-media companies make it easier for Europeans to talk politics across borders. (That they do not always like to hear what they say about each other is another matter.) Now Netflix and friends pump the same content into homes across a continent, making culture a cross-border endeavour, too. If Europeans are to share a currency, bail each other out in times of financial need and share vaccines in a pandemic, then they need to have something in common—even if it is just bingeing on the same series. Watching fictitious northern and southern Europeans tear each other apart 2,000 years ago beats doing so in reality. ■

Also in this section

The Red Wall reconsidered

Barratt Britain

CRAMLINGTON AND PEGSWOOD

The easy availability of a Conservative lifestyle explains the Tories' growing strength in the north

Michael Finn, the design director of Barratt Developments, Britain's biggest home builder, does not like the term "estates". It sounds "very 1960s and very concrete", he says. "We build places." That is not the only change. Barratt homes come with more storage space than they used to, he explains, as people simply own more stuff. They are fitted with heating systems controlled by a mobile phone and lots of plug sockets for gadgets. Kitchens with serving-hatches are long gone; now families cook in an open-plan room, with French doors leading to the garden. On a Sunday afternoon the cul-de-sacs of Pegswood, a village that is home to one such "place", are filled with children playing. The back gardens contain trampolines and football nets; the garages contain gyms; the driveways contain Kia Sportages, Nissan Qashqais and other mid-range SUVs.

Political safarists seeking to understand Boris Johnson's government often head to Blyth in Northumberland, ten miles from Pegswood. In December 2019 the town voted Conservative for the first time since the 1930s. Boris Johnson flipped four dozen more seats across Wales, the Midlands and the north of England, granting him a big majority and unbuckling the Labour Party from its former heartlands. The so-called "Red Wall" they comprise has become a synonym for towns fallen on hard times and a working class "left behind" by a metropolitan elite, personified by Labour's Jeremy Corbyn and anti-Brexit warriors. Politicians from all parties scramble for remedies to these problems, with residents set to deliver their judgment at local elections in May.

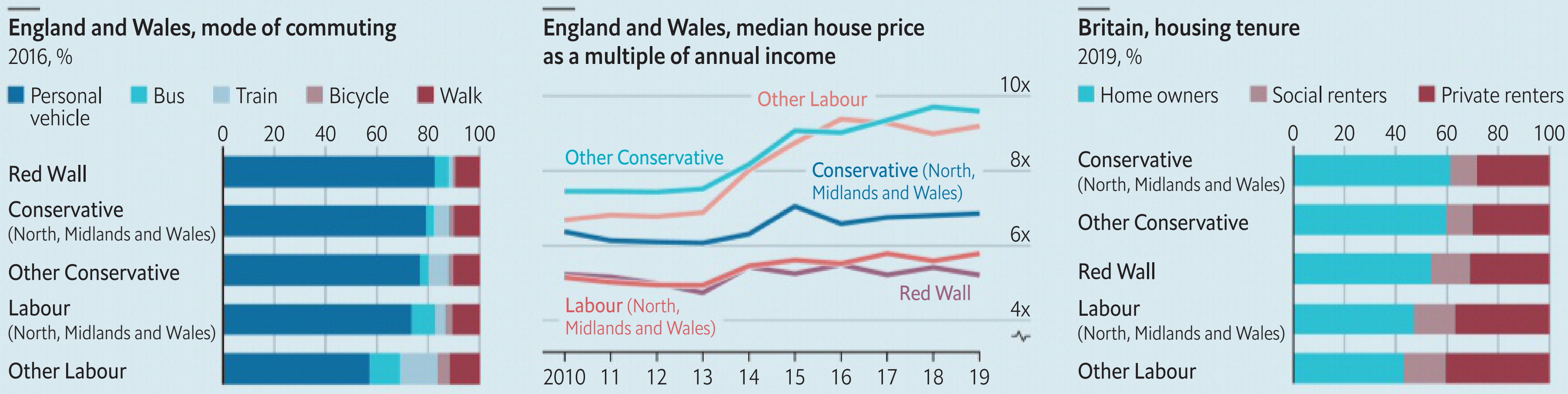
But the dilapidated high streets of former industrial towns, which are sometimes compared to the American rustbelt, are only half the story of Mr Johnson's new domain. For they are often surrounded by gleaming new suburbs: a British counterpart to the American dream, where a couple on a modest income can own a home and two cars and raise a family. "The Tories didn't win the poorest bits of England," says a Labour shadow cabinet member. "They took a load of places where, frankly, life is pretty good, and it is more surprising that they were still voting Labour before."

As young professionals priced out of big cities are well aware, Britain does not build enough homes. But some parts of the country have done better than others. The north and the Midlands have accounted for a rising share of housing investment over the past two decades, with big builders such as Barratt, Persimmon and Taylor Wimpey responsible for much of the work. The drive from Pegswood to Cramlington, a nearby village, passes seven developments, complete and in progress, advertised by yellow signs at each roundabout.

These signs also herald a political transformation. The south-east of Northumberland was coal country, and voted Labour. Although Pegswood's own colliery closed in 1968, mining remained the main source of local employment until the early 1990s. But in local elections in 2017 the Conservatives took control of the county council. At the general election two years later, as well as taking Blyth Valley, which encompasses Cramlington, they cut Labour's majority from over 10,000 to under 900 in Wansbeck, which encompasses Pegswood.

The constituencies that make up the "Red Wall" are poorer than the rest of Britain, and as elsewhere, productivity and wage growth have been weak. But money goes a lot further here: these seats have some of the lowest housing costs in the country, and a greater share of home owners (see chart on next page). The pit at Pegswood is now a park, adjoined by new suburbs, and three-bedroom homes at the half-constructed development start at just £194,995 ($268,176). They can be bought with a 5% deposit thanks to "Help to Buy", a government subsidy scheme.

True north



Source: Resolution Foundation

In Cramlington, Richard, who works in sales, earns around £28,000 a year and his partner, a part-time administrative assistant, earns £12,000. That is enough for a four-bed house and two cars. "If I'd moved to London and got a graduate job, I'd probably be renting a shitty flat and I doubt I'd have two kids," he says.

The Conservative Party has long believed its success lies in home ownership. Margaret Thatcher was a friend of Lawrie Barratt, Barratt's founder, and moved to one of his homes after leaving office. Robert Hayward, a Conservative peer and psephologist, argues that developments like those found in Northumberland have played an underappreciated role in British politics. David Cameron's majority, he reckons, was won on the back of seats filled with such places across Warwickshire, Staffordshire and Derbyshire. Similar areas in the Midlands and the North—where mines and factories have been replaced by business parks, light industry and Amazon delivery hubs—swung Tory in the decade that followed. Mr Johnson recently angered office workers by suggesting they have been slacking while working from home during the pandemic, but many residents in Cramlington share that suspicion. "It's not a real job if you can do it in your pyjamas," says one home owner.

Both parties are hunting for big ideas that will allow them to hold (or win back) these seats. They include "levelling up" the British economy, delivering the opportunities of post-Brexit "global Britain" and unleashing a culture war over statues and flags. Yet Barratt residents have less lofty concerns. Lord Hayward says the typical inhabitant works in the private sector and relies on state services, like schools and hospitals, but not state welfare. Education funding is one of the few bits of national politics that residents in Cramlington bring up on the doorstep; Mr Johnson immediately increased it on becoming prime minister in 2019.

Motoring matters, too. Voters in the "Red Wall" are more likely to commute by car than anywhere else in Britain (see chart). The new developments have sprung up along motorways. Most homes come with at least two car-parking spaces, although families with teenagers may own three or four. All this helps explain why fuel duty has been frozen for a decade, to the dismay of environmental campaigners and Treasury officials.

There is an egalitarianism to Barratt Britain. Accountants, teachers, sales reps, plasterers and driving instructors live on the same street, and the smaller choice of pubs and restaurants means they socialise together, too. As long as mortgages remain affordable and petrol is cheap, it is not a place that worries much about politics. That is a boon for the government, and a problem for Labour. "When you knock on the door of a big new house," asks a shadow minister, "how do you tell the people living there that the country is going wrong?" ■

Economic growth

Beating expectations

British firms are adapting to lockdowns—and confounding gloomy forecasts

FORECASTING THE economy during Britain's first lockdown was relatively straightforward. A walk through any city centre told the same story as the real-time mobility data supplied by Google and Apple: ordering people to stay at home caused a collapse in economic activity. Forecasters accurately predicted the scale of the collapse as Britain experienced its fastest and deepest recession in a century.

Over the past few months the job has become trickier. Monthly GDP figures have beaten the consensus estimate of independent economists all but once since July (see chart). The second lockdown in November was only half as damaging to the economy as had been expected, and the third lockdown appears to be beating expectations too.

The main reason for this is that firms have adapted to new circumstances faster than expected. Retailers now have click-and-collect sales that allow for continued custom. Hospitality firms are set up for takeaway trade. Many construction and manufacturing businesses, which shut during the first lockdown, have chosen to remain open since.

Despite similar covid-19 restrictions to last April, around 4m fewer workers were furloughed in January. The same month GDP dropped by just 2.9% compared with a 20% fall last spring. And it is not just output that is beating forecasters' expectations: the public finances appear to be in a healthier state than anticipated and estimates for the peak in unemployment keep being revised down. With the vaccine roll-out proceeding at pace, Britain looks set for rapid growth in the months ahead.

Reality check

Britain, GDP, % change on previous month

Sources: ONS: Refinitiv: Reuters

Bagehot | What's to become of them?

David Cameron's scramble for cash highlights the problem of Britain's former prime ministers

For a man who was born with a silver spoon in his mouth, David Cameron has a remarkable ability to attract bad luck. His decision to bet the country's future on the result of a referendum on the European Union was one of the most disastrous gambles in British history, up there with Lord North's decision to impose taxes on tea in the American colonies. Now his post-political career is collapsing in ruins.

The story starts in 2012, when the late Jeremy Heywood, one of the most revered civil servants of his generation, gave Lex Greensill a desk in the Cabinet Office, which sits at the heart of government. The two had got to know each other at Morgan Stanley, an investment bank. Mr Greensill seemed to have a clever solution to a problem that has plagued the public sector—the fact that the health service is slow to reimburse local pharmacies, which then run into financial difficulties. Mr Greensill duly applied supply-chain financing to this problem.

In 2018, two years after Mr Cameron was ejected from office, Mr Greensill offered the former prime minister a job at Greensill Capital. Mr Cameron presumably saw a chance to make the sort of serious money with which public office had failed to provide him. There was talk of his share options being worth £60m ($80m) if the company floated. Mr Greensill presumably saw a chance to smooth relations with the public sector that was one of his most important clients—you don't employ former prime ministers to do the accounts. Mr Cameron did his bit during the pandemic, sending text messages to the chancellor, Rishi Sunak, and other people at the Treasury, asking them to consider the company for a scheme to help firms through the turbulence.

The trouble with this marriage made in heaven is that Greensill Capital has now collapsed and many companies that are dependent on it, including Liberty Steel, which employs some 5,000 people, are teetering on the edge. The Labour Party is talking about "a growing catalogue of allegations of cronyism". The newspapers are full of stories about Mr Cameron feeding at the corporate trough, including a camping trip with Mr Greensill and Muhammad bin Salman, Saudi Arabia's crown prince.

Everybody behaved properly, according to the rules. As a private citizen, Mr Cameron has every right to take a job advising a private business and, once employed, to seek to advance its legal interests. He broke none of the rules that cover what prime ministers (and indeed ministers) can do having left office, for they no longer apply once a prime minister has been out of office for two years. He broke none of the rules governing lobbying: they apply to professional lobbyists for hire rather than company employees. Mr Sunak ignored Mr Cameron's messages. The relevant officials considered Mr Cameron's request and politely turned it down. If that is cronyism, most of the world would kill for it.

But the rules themselves are a problem, for they allow politicians to behave in a way that appears dodgy. It does not look good to the average voter that a former prime minister is trying to use the clout that he inevitably retains to feather his nest. This matters enormously, for two reasons. First, the public's faith in the political class has collapsed, as the Brexit referendum demonstrated. Britain needs to rebuild trust in its politicians, and stories such as this one do not help. Second, a more permeable relationship between the public and private sector is a good thing—as the success of Kate Bingham, a venture capitalist who ran Britain's vaccine task force, attests. But the British public has a visceral suspicion of private enterprise, and Mr Cameron's relationship to Greensill will strengthen that hostility and make it harder for government to make use of the private sector in the future.

Former prime ministers occupy an anomalous position—they may be treated as regular citizens from the point of view of business (after a short period of decompression) but they nevertheless enjoy a quasi-official status, particularly in the eyes of foreigners. They need to make a living for themselves and their families, and they move in a world of staggeringly rich and successful people, many of whom are happy to pay for the inside track on how government works.

Ex gratia

There was a time when the problem of what to do with exes could be allowed to take care of itself. A good many either died shortly after retiring (Disraeli and Churchill) or were rich enough to look after themselves (Lord North's embarrassment at losing the American colonies was cushioned by the fact that he then inherited a fortune). But these days prime ministers are getting their jobs earlier—Mr Cameron was in his 40s when he left office—and are living longer. There are currently more former prime ministers alive than at any previous point in British history: five compared with the previous record of four.

Britain needs to keep these proliferating former prime ministers on a tighter leash. The rules banning lobbying should be extended from two years to, say, ten, and former prime ministers should be required to register their interests in public. The government's adviser on the ministerial code should be given more power to tackle dubious behaviour.

But Britain also needs to give them more solid work to do. Many countries make detailed provisions for their former leaders: the United States provides them with a pension of $221,400, travel expenses of up to $1m, staff, office space and secret-service protection. Britain, which currently provides bare-bones support in the form of security and an office allowance, should move in the same direction. Serving prime ministers also need to put rivalries aside and try harder to find big public jobs for their predecessors. People who make it into Number 10 invariably have an unusual amount of energy. They should be given more opportunity to serve the nation and less to serve themselves. ■

Vaccines

Spreading the needle

The world has made almost one billion doses of vaccines against covid-19. Now it is working out how to share them

FLIGHT EK787 touched down in Accra at 7.39am on February 24th. It was carrying 600,000 doses of AstraZeneca's covid-19 vaccine. The shots arrived in Ghana from the Serum Institute in Pune, India—the biggest vaccine-maker in the world. It was the first delivery of jabs made through COVAX, a vaccine-sharing initiative.

COVAX was established last year to promote the supply of vaccines to countries that might otherwise struggle to obtain them. Some 192 nations joined. Each was promised enough jabs to inoculate 20% of its people. But on March 24th India put a temporary halt on vaccine exports. Since it provides 86% of supplies for COVAX, this has thrown a spanner in the works.

It is in the world's interest to suppress transmission everywhere at the same time. New variants may emerge wherever the virus is able to spread unchecked by vaccines. The founders of COVAX started planning early. They were determined not to repeat mistakes made in 2009 in dealing with H1N1—or swine flu, a pandemic for which vaccines were difficult to obtain globally. They worked quickly to bring so many countries on board. By the end of 2020, it looked as if the extraordinary scientific effort that had produced vaccines in record time would be followed by an unprecedented co-operation to vaccinate one-fifth of the world. And yet even as growing quantities and varieties of vaccine are coming online, COVAX is now struggling to deliver.

Richard Hatchett is the head of the Coalition for Epidemic Preparedness Innovations, a charity in Norway. Along with Seth Berkley, head of Gavi, a vaccine-finance agency, he began in January 2020 to think about how to distribute any successful vaccines around the world.

Mr Hatchett worked in the White House during the H1N1 outbreak in 2009. That pandemic was far less serious than covid-19, but even then the issue of exporting vaccines was "incredibly fraught", he says. Rich countries placed advance orders for vaccines, leaving poorer nations to depend on donations which were slow to arrive. He was determined to avoid the same thing happening with covid-19.

In early 2020 hundreds of covid-19 vaccine candidates were being concocted. "We had no idea whether any of these vaccines were going to work," recalls Mr Berkley. Historically about 10% of vaccine candidates have proved successful. Experts feared that covid-19 vaccines might be particularly difficult to make. Rich countries made multiple upfront investments, guaranteeing their access to early doses.

The world needed a vaccine-buying club. The result was COVAX. It has secured at least 2bn doses, enough to protect health-care workers and the oldest and most vulnerable in all 192 of its members. Rich countries are paying for vaccines for poor ones. Before India's export ban, COVAX had delivered 32m doses—mostly to low-income countries. So far the efforts to distribute vaccine in poor countries are looking more like the H1N1 forerunner than had been hoped. That picture should, however, change as the year goes on.

Rich nations representing just 14% of the world's population had bought up 53% of the most promising vaccines, calculated Oxfam, a charity, in December. Nine out of ten people in poor countries, it added, would miss out in 2021. The EU has ordered 2.6bn doses for its 450m citizens. Too few have been delivered, so it has been considering banning the export of vaccines made ▸▸

in Europe. This will, its says, help it get its "fair" share.

Rich countries are not the only ones holding on to doses. The decision of India, a poor country that is currently the world's third-largest vaccine-maker, to halt exports is a particular blow to COVAX. The alliance relies on India for most of its supplies (see chart 1). Some 40m doses expected in March and up to 50m doses in April will be delayed, crippling the scheme's modest ambition of distributing 350m doses in the first half of the year.

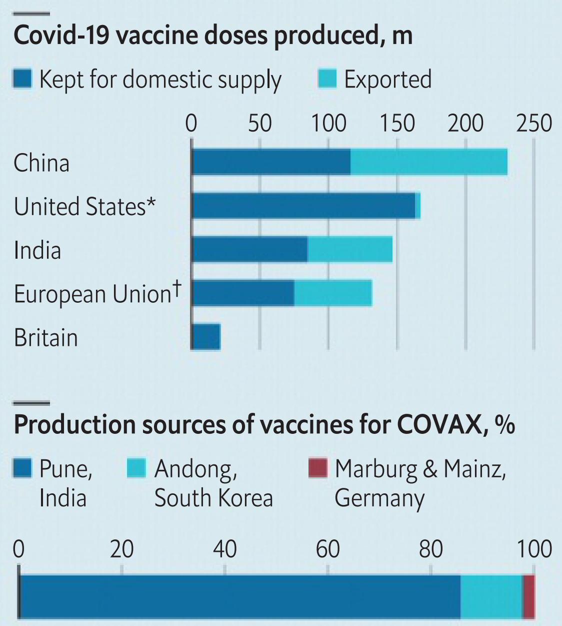
It is true that rich countries have vaccines in far greater supply than poor ones. But it is also true that rich and middle-income countries, with their older and fatter populations, have been much harder hit by covid-19 (see chart 2).

Many poor countries are in Africa. The continent as a whole appears to have been less badly affected by covid-19, with a few big exceptions such as South Africa. This may be because of the relative youth of the continent's population. Some worry that African cases and deaths are being dramatically undercounted. But Salim Abdool Karim, a South African epidemiologist, notes that the proportion of positive tests across the continent has been consistently below 10%. Colleagues across the continent are not reporting queues of patients with respiratory distress, says Dr Karim. None of this means that Africa should not get the vaccine it wants, but it may lessen the impact of the slow arrival of its vaccines.

In January Winnie Byanyima, the head of UNAIDS, the United Nations agency charged with dealing with the disease, said the world was witnessing "vaccine apartheid". Yet at that time there was little enthusiasm among the mostly low- and middle-income countries of COVAX for the two vaccines, Pfizer and Moderna, that were

Jab cross jab 1

At March 29th 2021

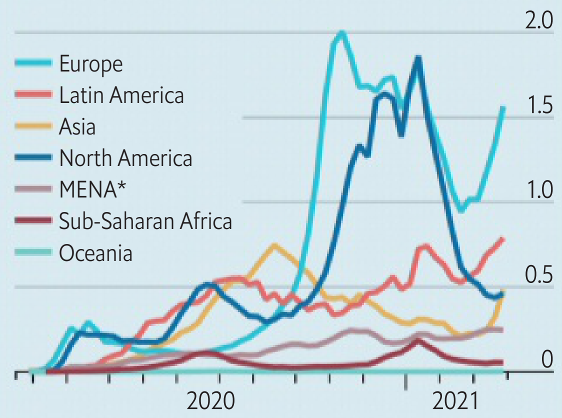


Source: Airfinity

*Includes March 30th shipment to Canada
†Includes Switzerland

The rise and fall 2

Weekly confirmed covid-19 cases, by region, m



Sources: Johns Hopkins University CSSE

*Middle East and north Africa

available at that point, says Mr Berkley. They are costly and hard to distribute, since they must be kept unusually cold.

Instead the vaccine of choice for members of COVAX was the cheap and easy-to-distribute jab from AstraZeneca. Because the world was slow to fund COVAX, rich countries ordered many millions of doses before the alliance was able to start buying. But COVAX was able to obtain supplies from the Serum Institute in India and a manufacturer in South Korea. COVAX countries were also keen on shots being developed by Novavax and Johnson & Johnson. Both were inexpensive and could be kept in normal refrigerators. The Johnson & Johnson vaccine also looked as if it would require just one shot. These will arrive, but not until later this year.

One of the main problems for COVAX is that the AstraZeneca vaccine has taken longer to arrive than had been hoped. The World Health Organisation (WHO) did not grant emergency authorisation for its use globally until February 15th. Eight days later, the vaccine was being packed up in Pune for export to Ghana and Ivory Coast. And so it was that at the start of March the distribution of COVAX doses seemed at last to be under way.

Given COVAX's limitations it has been galling to many experts to see rich countries snaffling doses of AstraZeneca from the Serum Institute—pushing COVAX supplies further down the queue. Britain has already taken 4.5m doses, and recently sent an envoy to India to try to secure another 5.5m. The EU is sniffing round, too.

Other countries are also far from blameless. Anxious to speed up their vaccine roll-out, various low- and middle-income countries have bypassed COVAX and obtained supplies directly from the institute or through the Indian government. According to Airfinity, an analytics company, Argentina, Brazil, Myanmar, Saudi Arabia and South Africa have between them taken 12m doses. Canada has snagged 500,000, and the UAE 200,000. India is keen to donate shots for political gain.

Emmanuel Macron, France's president, has said that Europe and America should donate 4-5% of their supplies to developing countries. The Biden administration rejected this idea and opted to send money to COVAX instead. Meanwhile, America has millions of doses of AstraZeneca sitting unused. The national medicines regulator has not yet approved its use, but America has not donated its stockpile, either. When countries have shared any spare doses their donations seem to have been driven by politics and economics, rather than necessity or fairness. On March 18th America said it would loan 4m doses to Mexico and Canada, its closest neighbours.

Judging COVAX's success has become difficult because the goalposts have shifted since last year. More vaccines are available for distribution than had been expected. That has helped, but the high efficacy of the new vaccines means that many countries are now keen to offer vaccines to most of their citizens—rather than just the most vulnerable ones. Indeed, with highly effective vaccines, something close to herd immunity might be possible.

I am not givin' away my shot

The prospect of some countries deciding to give additional shots is further complicating attempts to work out how much vaccine is available to share. Last week Britain said that, from September, those aged over 70, health workers, and the clinically very vulnerable could get booster shots to protect against variants. Producing new variant vaccines will diminish the capacity to produce vaccines against the original strain. There is also talk of vaccinating children as well—when trials are completed. If rich countries decide to vaccinate children, this would further eat into what is available to suppress the virus globally.

COVAX has shown that a new medicine can be launched in rich and poor countries at about the same time, and that the supply of new medicines can be driven by pooling demand from the many small countries that are usually last in line for them. New deals mean COVAX may be able to supply its members with 27% of their doses this year. But without more support it will be unable to meet its most basic aim: to supply them with the first 3% of their jabs—enough to jab every health-care worker in the world.

Tedros Adhanom Ghebreyesus, the head of the WHO, wants all countries to start this task by April 10th, the 100th day of this year—and, as it so happens, the day by which the world is expected to have produced 1bn doses of vaccines, according to Airfinity. Inoculating only health-care workers will require only a small portion of the vaccines that the world is creating. Yet the year is rolling on and that task has barely begun. The world, warns Dr Tedros, is on the brink of "moral failure". ■

Commercial decoupling

Swept up in a storm

NEW YORK AND SHANGHAI

A spat over cotton portends more trouble for Western firms in China

BOYCOTTS OF FOREIGN brands are so common in China that managers have a ready-made playbook when caught in a storm of nationalist outrage. Start with an apology. Then stay mostly quiet, perhaps expressing respect for Chinese culture. Wait for the anger to subside. Over the past week the list of companies consulting the manual has grown. Chinese consumers, egged on by the ruling Communist Party, vowed to shun some of the world's biggest clothing companies, from Adidas to Zara.

In the eyes of the boycotters, the firms erred by declaring concern over allegations that China's cotton industry includes the forced labour of Uyghurs, a mostly Muslim ethnic minority in the north-western region of Xinjiang. Their bosses hope that the controversy will fizzle out. But they and other Western executives in China cannot shake an unsettling fear that this time is different. Their lucrative Chinese operations are at rising risk of tumbling into the political chasm that has opened between the West and China.

H&M, a Swedish fast-fashion retailer, faces the most immediate trouble. As of March 30th, a week after it was attacked online, its garments were still unavailable on China's most popular e-commerce apps. Its stores have disappeared from smartphone maps. Landlords in several shopping malls have terminated its leases. Its Chinese business, worth $1bn in revenues and representing 5% of its global sales in 2020, is in jeopardy.

→ Also in this section

For other companies the Xinjiang rage has not been as devastating. Even as celebrities in China cancelled endorsement deals with Nike, some 350,000 Chinese signed up for an online sale of a limited-edition pair of its swooshy shoes on March 26th. Little by little the social-media mob has dwindled amid signs that government censors were reining it in, perhaps to lower the heat. The share prices of foreign firms entangled in the boycotts have clawed back most of their initial losses.

Foreign executives, however, remain on edge. The issue at the heart of their current problems—China's human-rights violations in Xinjiang, and the West's new-found willingness to punish them—is one for which the tried and tested playbook is ill-suited. It may also be more expansive, seeping into many other corners of their business dealings in the world's second-biggest economy.

The boycotts were apparently triggered by the co-ordinated announcements on March 22nd by America, Britain, Canada and the European Union of sanctions against Chinese officials for abuses in Xinjiang. China responded with sanctions of its own. The Communist Youth League, a party affiliate, then dug up a months-old statement by H&M expressing concern about reports of Uyghur forced labour. Hua Chunying, a foreign-ministry spokeswoman, made the message clear. “The Chinese people will not allow some foreign companies to eat Chinese food and smash Chinese bowls,” she said.

The commercial conflagration over cotton illustrates the difficulty of even limited economic decoupling between China and the West. China’s cotton industry is worth about $12bn a year, less than 0.1% of GDP. About 90% of China’s cotton comes from Xinjiang, and the government says 70% of that is harvested mechanically. In theory it should be possible for companies to remove hand-picked fibres from supply chains. In practice that would require audits of how the cotton is produced. China will not allow free travel around Xinjiang, let alone unmonitored conversations with Uyghur workers. Last year American clothing-industry groups described the situation as “of a scale, scope and complexity that is unprecedented during the modern era of global supply chains”.

In January Donald Trump cut through the complexity with a full prohibition on cotton imports from Xinjiang. His successor as president, Joe Biden, who is less China-baiting but more concerned about human rights, has not reversed it. The trouble is that yarn from Xinjiang ends up in factories around China, making it hard to stop the taint from spreading to all Chinese cotton products, which make up a large slice of global supply. China accounts for about 40% of the world’s textile exports. “There is no way we can declare the full supply chain is clean,” observes a consultant based in Shanghai.

Mei Xinyu, a researcher with the Ministry of Commerce, has written that cotton is the “entry point” for America’s strategy of using the Xinjiang allegations to suppress China, which denies any forced labour is taking place. China’s only choice, he says, is to fight back forcefully. The Communist Party is confident of its abilities to do so, thanks to what it calls the “powerful gravitational field” of its market. American-listed firms which regularly report their revenues from China or Asia, and can thus be assumed to have larger exposure to the country, have outperformed those that do not in recent years (see chart).

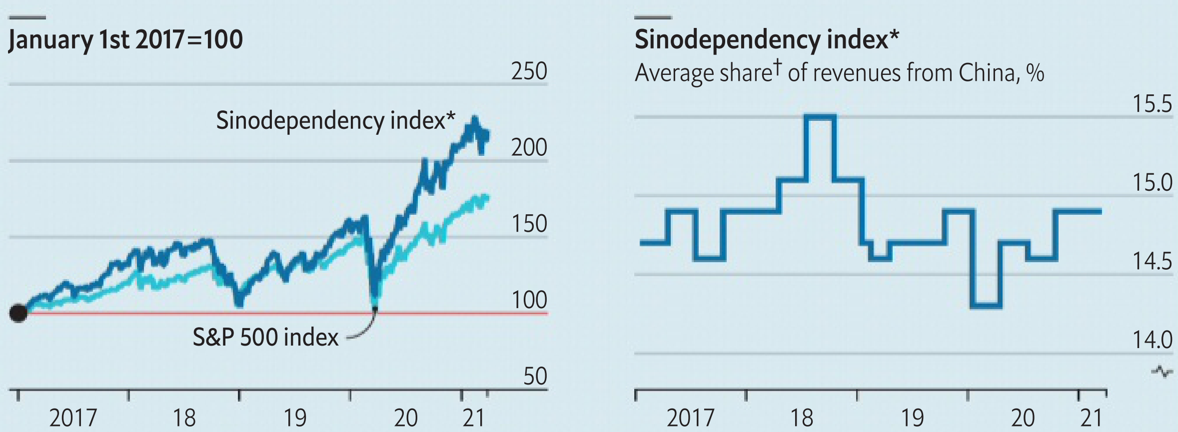
Yet even gravity has its limits. An apology, the first step in mending fences, is untenable this time. Many people inside foreign companies “recognise the moral gravity of what’s happening in Xinjiang”, says Scott Nova of the Worker Rights Consortium, a labour-monitoring organisation. Those that do not must still comply with the American ban on cotton imports if shipping to America. This earns them little sympathy in China. Foreign firms have found it virtually impossible to get audiences with Chinese officials to explain their legal obligations in America, says a government-relations expert.

Those obligations may soon multiply. The Uyghur Forced Labour Prevention Act, currently wending its way through Congress with bipartisan support, assumes that all Xinjiang products are made with forced labour. Companies will have to prove otherwise if they want to export to America. “It’s like having to prove a negative,” sighs one representative of American industry. The consequences could be dramatic. Nearly half of the polysilicon in solar panels globally comes from Xinjiang. China’s largest wind-turbine maker, Goldwind, is based there. Xinjiang’s oil and gas power factories around China.

Europe has so far refrained from banning products from Xinjiang. China’s decision to focus its ire on H&M rather than on an American firm may be a warning to EU officials to keep it that way. But the aggression poses a risk. In December the EU and China signed an investment deal which would give European industrial and financial firms greater access to the Chinese market. The European Parliament may now have second thoughts when asked to ratify it. “After seven years of negotiations, we hoped for seven years of wellness. Now it looks like it might be seven years of drought,” says Joerg Wuttke, president of the EU Chamber of Commerce in China.

China still wants some foreign firms to feel welcome. On March 26th Li Keqiang, the prime minister, visited a plant part-owned by BASF, a German chemicals giant. Such comity will almost certainly become rarer as the authorities promote home-grown business, from chipmaking to electric vehicles. China’s newest five-year plan, unveiled in March, is focused above all else on the pursuit of self-sufficiency in the face of a “hostile external environment”, as party leaders describe it. Western bosses had hoped that the fissures between China and the West would start to close under Mr Biden’s administration. Instead they are getting deeper and wider. ■

Bulls in the China shop



*Based on 112 members of the S&P 500 index which regularly report revenues from China or Asia †Unweighted estimate
Sources: Bloomberg; Refinitiv Datastream; *The Economist*

Commercial property

WeSurvive

NEW YORK

A refurbished flexible-office firm begins a humbler second act

It is hard to imagine such shockingly different financial documents. Two years ago a startup in New York that boosters claimed was worth $47bn issued a flowery prospectus in advance of its initial public offering (IPO). The firm’s mission, it declared, was to “elevate the world’s consciousness”. Such was the backlash against its puffery that it was forced to scrap its flotation. On March 26th a New York firm unveiled a 50-page investor presentation that was rather less effusive, filled with talk of cost savings, efficiency and productivity gains for clients. This humbler company secured a backdoor listing, through a special-purpose acquisition company (SPAC), that would value it at around $9bn.

Both documents came from WeWork, a trailblazing but troubled pioneer of the co-working industry. After its abortive IPO in September 2019, its lofty valuation came down to earth (see chart on next page). The future looked bleak. Adam Neumann, its flamboyant founder, was discredited and ousted shortly thereafter. It suffered a nasty falling-out with Japan’s Softbank, its deep-pocketed backer. Then came the pandemic-induced recession, which led some clients not to renew their contracts, many of which were short-term. That left the company with a huge global overhang of unviable property leases. At times, bankruptcy seemed like a real possibility.

WeWork managed not only to avoid that fate but, as the new paperwork attests, to convert itself into a viable, if less ambitious, business. A disciplined management team replaced Mr Neumann and his inner circle. Sandeep Mathrani, a seasoned

property executive who took over as CEO, is as reassuringly straight-laced as his predecessor was seductive. Jamie Hodari, boss of Industrious, another co-working firm, praises his rival as "the opposite of Adam Neumann in a lot of ways", who "has helped bring the industry from childhood toward adulthood".

Mr Mathrani has certainly brought much-needed discipline to WeWork's finances. By the end of last year the company had dumped more than 100 underperforming or as-yet-unopened offices and wangled rent reductions or amendments on another 100 or so deals. This allowed the firm to cut future lease payments by some $4bn. Only 10% of its customers have month-to-month leases; more than half are signed up for a year or more.

All told, WeWork expects to have nearly $2bn in cash on hand if the SPAC deal closes as expected in the third quarter of this year. Despite the wholesale switch to home-working in the pandemic, global revenues (excluding operations in China, which are run separately) remained roughly flat at $3.2bn. The corresponding net loss actually narrowed, from $3.5bn in 2019 to $3.2bn.

The path to profitability no longer looks as elusive as before for reasons beyond Mr Mathrani's steady hand. William Rudin, a property developer in New York and an early backer of WeWork, is convinced that as the city starts to recover from covid-19, flexible workspaces "will play a very important role" in supporting the revival of established firms and the rise of startups. In February Mr Mathrani told *The Economist* that three-quarters of American tenants were small and medium-sized companies (the mix in Europe was more even).

More broadly, the pandemic has led many businesses to rethink the need for long-term leases and fixed headquarters, argues Ben Munn of JLL, a large property-management firm. JLL predicts that the share of flexible offices in all office space, which was less than 5% in big global markets before covid-19, will reach 30% by 2030. A year of self-isolation has led many employees and employers alike to appreciate the value of office banter. Once seen as "window-dressing", WeWork's focus on "community", which was mentioned 150 times in its original IPO prospectus, "might turn out to be an incredible source of strength", muses Mr Hodari. Its brand, the only one most millennials can name, is strong. It is against this backdrop, Mr Rudin says, that WeWork's SPAC deal "validates its business model".

WeWork is not out of the woods. Having been upended by the pandemic, the commercial-property market has yet to find a new equilibrium between landlords, tenants and middlemen like WeWork. Big traditional property firms will increasingly compete with co-working specialists in offering flexible options. On April 1st JLL and Brookfield, a Canadian asset manager with a large property portfolio, were due to open a hip flexible-office space in Brooklyn. Industrious recently secured a $250m investment from CBRE, another large property manager, and has scooped up "a lot" of distressed WeWork leases, says Mr Hodari. Still, WeWork's chastened comeback story no doubt appeals more to investors than its earlier tale of hubris. ■

Americans newspapers

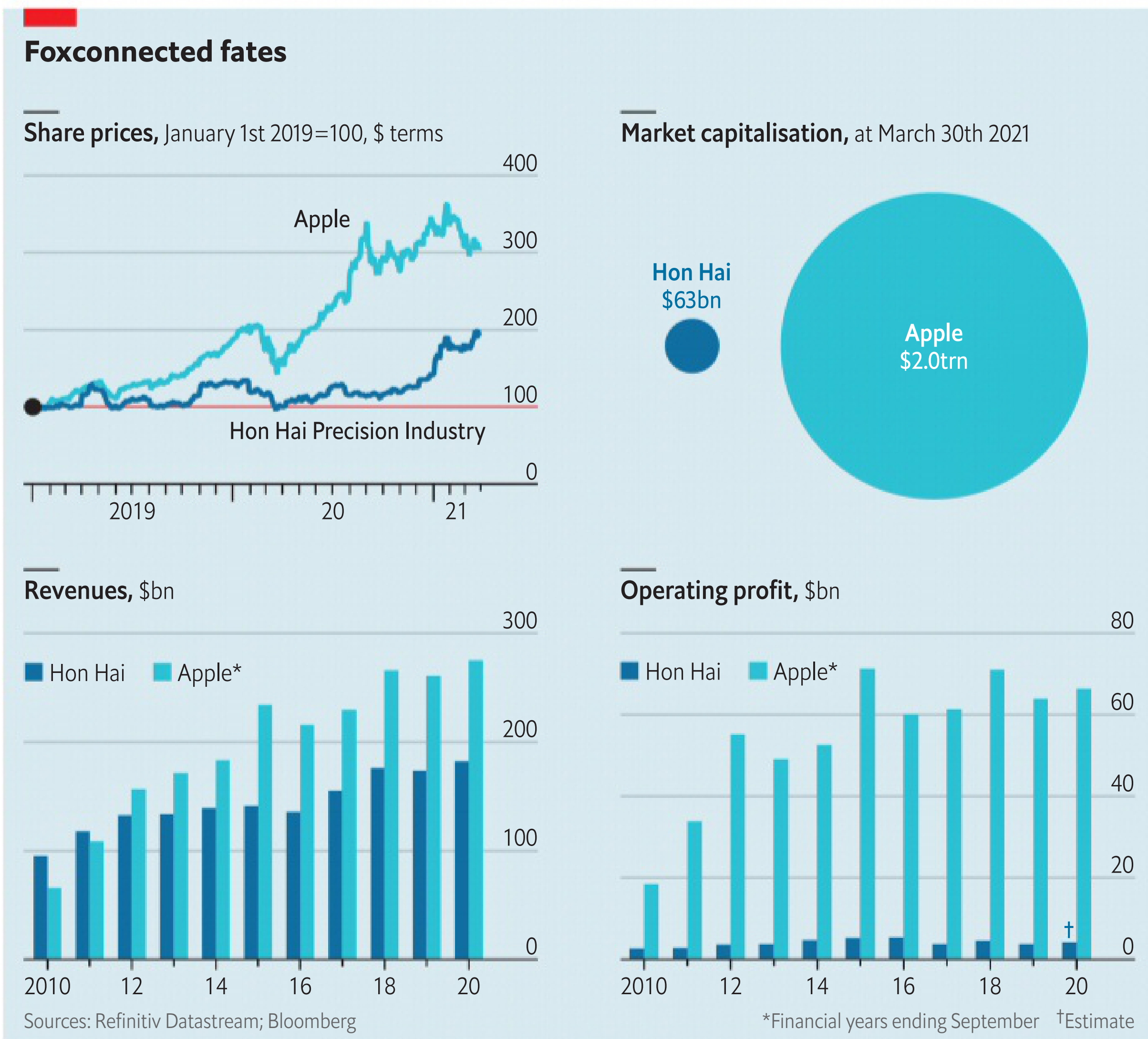
Who wants to be a press baron?

BERLIN

Billionaires battle for Tribune Publishing

GARY MARX and David Jackson, two veteran investigative reporters at the *Chicago Tribune*, spent most of last year seeking potential buyers who might save their newspaper from Alden Global Capital, a New York hedge fund. "We need a civic-minded local owner or group of owners," they wrote in January 2020 in an opinion article in the *New York Times*. The alternative was a ghost version of the paper, they warned. "Illinois's most vulnerable people would lose a powerful guardian, its corrupt politicians would be freer to exploit and plunder, and this prairie metropolis would lose the common forum that binds together and lifts its citizens."

With no saviour in sight, Messrs Marx and Jackson have now left the paper. In mid-February their nightmare came closer



Riding Hon Hai

Hon Hai Precision Industry is as obscure as its main client is famous. On March 30th the firm, also known as Foxconn, reported record sales of $182bn in 2020, thanks to demand for the Apple gadgets it assembles. Its market value has doubled in a year, to $63bn. It is now eyeing smartphones on wheels. Analysts think it could be making 1m electric cars by 2025. If so, it may overtake Apple, whose iCar plans look less advanced.

to reality when the board of Tribune Publishing, which owns the *Chicago Tribune* and eight other local rags, accepted a $630m bid by Alden for the 68% of the company it did not already own. But on March 27th, in a Pulitzer-worthy twist, Hansjörg Wyss, a Swiss billionaire, said he would join forces with Stewart Bainum, a hotel tycoon in Maryland, to buy Tribune Publishing for $650m. "I don't want to see another newspaper that has a chance to increase the amount of truth being told to the American people going down the drain," Mr Wyss told the *New York Times*.

Heath Freeman, Alden's boss, would dispute this characterisation. He has said he wants to save local news by fixing a broken business model. A study last year by the University of North Carolina found that 2,100 papers, more than a quarter of the total, have gone out of business in the past 15 years. Newsrooms have half as many journalists as they did a decade ago. In pursuit of Mr Freeman's stated goal, Alden has amassed more than 200 titles, including the *Denver Post*, the *Boston Herald* and *Pioneer Press* in St Paul, Minnesota. To balance the books it has slashed costs, including by cutting staff, and sold property.

Most of Alden's outlets now make money. But critics say this comes at the expense of good journalism. A group of 21 Democratic senators once urged Mr Freeman to stop his "reckless acquisition and destruction of newspapers". Enter Mr Wyss. Before he made his billions in medical devices, he had a short career as a reporter, covering skiing for the *Neue Zürcher Zeitung*, a Swiss daily, and filing dispatches on American sports for another, *Der Bund*, while attending Harvard Business School. Now 85, he has settled in Wyoming. He would like the

Bartleby Their finest hours

People need to work, but not all week

People's relationship with work is complex. For all the complaining about the tedium and bureaucracy, the power-crazed bosses and recalcitrant colleagues, individuals need the security of a job. A century of research has shown that unemployment is bad for mental health, leading to depression, anxiety and reduced self-esteem. On average, it has an even greater effect than divorce.

But how much work do you need to do? A recent paper* by the Centre for Business Research at Cambridge University took the opportunity of the pandemic to examine the impact of reduced working hours on well-being. Many British employees were placed in a furlough scheme, under which their hours were reduced and their wages were subsidised by the government. "We found that people working reduced working hours or being furloughed do not have poorer mental health," the authors conclude. This suggests that social welfare would be improved if governments adopted furlough schemes in future recessions, even when they are not triggered by a virus.

What was particularly surprising is how little work was needed to keep people happy. The threshold for good mental health was just one day a week—after that, it seemed to make little difference to individuals' well-being if they worked eight hours or 48 hours a week. The boost from working clearly comes from the feeling of purpose, from the social status it creates and from the camaraderie of colleagues engaged in the same tasks.

A little bit of work may be satisfying but too much is not. An enterprising junior analyst at Goldman Sachs recently surveyed his peers and fashioned his report in the style of a research presentation from the investment bank itself. The survey found those first-year analysts had worked an average 98 hours a week since the start of 2021, and only managed five hours of sleep a night. It found that 77% of them had been the subject of workplace abuse, that 75% had sought, or considered seeking, counselling, and that, on average, the cohort had suffered sharp declines in mental and physical health. Unsurprisingly, the analysts thought it was unlikely they would still be working at the bank in six months' time.

To be fair to Goldman Sachs, the survey had only 13 respondents. Discontented workers may have been the most likely to respond. And the bank's reaction was restrained. "A year into covid, people are understandably quite stretched, and that's why we are listening to their concerns and taking multiple steps to address them," a spokesperson said.

Nevertheless, the general reaction to the story was remarkably unsympathetic. In some people's eyes, the young analysts should have expected to be treated in such a fashion; after all, that is why they were being paid so well. Veterans of the investment-banking industry reminisced along the lines of "It was the same in my day. Never did me any harm." But it is hard to see why young Goldman analysts (or indeed, anyone) should expect to suffer workplace abuse. They joined a bank, not the Mafia.

Nor does it make much business sense to have employees working so long that they only get to sleep five hours a night. They can hardly be operating at full efficiency when they are dog-tired. Surely it is better to hire more analysts, and pay each of them a little less. That junior professional staff have always worked long hours is not a good explanation for piling stress onto young people at the start of their careers. It smacks of the legendary navy motto: "The beatings will continue until morale improves."

Clearly, economies cannot prosper if everyone works one day a week. But the need to limit excessive working hours was realised back in Victorian times. For much of the 20th century the length of the average working week fell while output continued to climb.

There will be occasions when people have to work late or rise early to finish a project (Bartleby writes this on a day when the needs of *The Economist* required him to get up at 5am). Day after day, however, a long-hours lifestyle is bad for workers' health. Some organisations may see the appetite for slogging it out as a sign of an employee's willingness to put their job ahead of their families and friends. If so, they don't need to have better employees. They need better managers.

* "Cut hours, not people: No work, furlough, short hours and mental health during the covid-19 pandemic in the UK", by Brendan Burchell, Senhu Wang, Daiga Kamerade, Ioulia Bessa and Jill Rubery

Chicago Tribune to emulate the success of the *Washington Post*, which has thrived under the ownership of another billionaire, Jeff Bezos, without compromising the quality of reporting. Mr Wyss has said he thinks the *Tribune* could in time be "a very profitable newspaper".

Douglas Arthur of Huber Research, a firm of analysts, thinks Mr Bainum and Mr Wyss may need to raise their offer by another 10% or so to sway the other shareholders. They may be able to. On March 29th Mason Slaine, a Floridian financier with a stake in Tribune, said he is willing to put up $100m to join their bid. Mr Slaine would like to gain control of Tribune's two Florida newspapers, the *Orlando Sentinel* and the *Sun Sentinel* in Fort Lauderdale.

This suits Messrs Bainum and Wyss just fine. Mr Bainum is primarily interested in the *Baltimore Sun* and two other Maryland papers; Mr Wyss in the *Chicago Tribune*. They were already planning to hive off the publisher's other newspapers to local owners like Mr Slaine.

The bid hinges on Patrick Soon-Shiong, a biotechnology billionaire who owns 24.6% of Tribune. His time as owner of the *Los Angeles Times*, bought from Tribune in 2018 for $500m, has been rocky. Observers think he may be ready to offload some of his news assets. Managing newspaper finances is a lot less fun than bragging about your press baronetcy. ■

Making headlines

Urban transport

Flying taxis take off at last

Will investors be taken for a ride?

The history of the flying car is almost as old as that of powered flight itself. It started with the Curtiss Autoplane of 1917, an awkward-looking contraption with detachable wings. It never left the ground. Later machines made it into the skies but failed to take off commercially. Money is now pouring into flying taxis. On March 30th Lilium, a German company that develops them, announced a reverse merger with a special-purpose acquisition company (SPAC) that values it at $3.3bn—a sign that investors think the business will fly.

Thanks to better batteries and lightweight materials the vehicles, some of them ten years in the making, are ready to carry passengers. Up to 300 firms are working on short-range battery-powered craft that take off and land vertically, estimates Natasha Santha of LEK, a consultancy. Carmakers, aerospace firms, tech companies and others are ploughing money into the field. Morgan Stanley, an investment bank, reckons the market for aerial hops could be worth $674bn by 2040. Regulators are offering a glide path to certification. America's Federal Aviation Administration is engaged in the process with around 30 firms, Ms Santha says. Others besides Lilium are heading for the stockmarket, after mergers with SPACs. One of them, Joby Aviation, has been valued at nearly $7bn. Another, Archer, is worth almost $4bn.

Midway between a cab and a helicopter, flying taxis have distinct advantages over both. Quiet electric motors allow them to operate frequent services. They require only a patch of concrete to land, unlike noisy choppers, which face severe operating restrictions in most cities. They can fly four or five times faster than a cab can drive and do not get stuck in traffic. Prices can be kept low by ride-sharing.

Joby, based in California, says its five-seater machine will enter commercial service in 2024. The firm calculates the initial cost of around $4 per person per mile may soon fall by 25%. A trip from Manhattan to JFK airport would then cost $30-40 per passenger. It counts Toyota, a Japanese car giant, among its backers and in December it acquired the flying-car business of Uber, a ride-hailing titan. As it announced its listing via a SPAC in February, Archer unveiled a $1bn deal to supply United Airlines and a partner airline with 200 five-seater craft. It promises flying-taxi networks in Los Angeles and Miami by 2024.

Some companies are even closer to lift-off. One, eHang, is close to certification in China, its home market. In Europe Volocopter, a German firm backed by two car companies, Daimler and Geely, as well as Intel, a chipmaker, and DB Schenker, a logistics giant, hopes to be allowed to fly in 2023. It plans to start service soon afterwards. Other startups such as Vertical Aerospace, a British company, as well as familiar names in carmaking (Hyundai of South Korea) and planemaking (Airbus in Europe) are not far behind.

The real revolution will come when full autonomy takes out the cost of a pilot. Archer hopes to run such aircraft by 2028. They face fewer obstacles in the air than earth-bound cars do on the road; airliners mostly fly on autopilot as it is. Still, as one industry insider puts it, it is probably best to accustom passengers and regulators to airborne taxis before ejecting the driver. ■


Volocopter money

Schumpeter | Poker chips

Intel should be wary of becoming an American national champion

Data may be the new oil, but it is semiconductors—the brains of the data economy—that these days vie with hydrocarbons as the business world's biggest economic flashpoint. Like crude, the $500bn computer-chip industry is essential to industrial economies. It is regularly buffeted, as are oilmen, by excesses of supply and demand. And it is at the vortex of intense geopolitical rivalries. Its main wellspring, though, is not in the Persian Gulf, but on an island about 175km (110 miles) across the water from China. What is more, the Communist Party in Beijing claims the island in question, Taiwan, as part of its territory. That puts the semiconductor industry at the heart of the Sino-American power struggle—a uniquely uncomfortable place to be.

It is in this context that the recent $20bn commitment by Intel, America's biggest chipmaker, to revitalise semiconductor production in America should be seen. With some fanfare, its new boss, Pat Gelsinger, is placing a flag on his home turf, hoping to help reclaim the dynamism that the country which invented semiconductors has lost to chip factories in Taiwan and South Korea. It comes amid a surge of "chip nationalism", in which governments from East to West are offering lavish subsidies for such "fabs". It coincides with a severe chip shortage that—though it mostly affects microprocessors used in cars, which Intel does not sell—has brought home the danger of supply disruptions. And it follows America's kneecapping of Huawei, a Chinese maker of networking gear, by restricting its access to American technology, including semiconductors.

No one could accuse Intel of squandering a geopolitical tailwind. But Mr Gelsinger's plan to build two new fabs in Arizona is also a gamble. It extends Intel's traditional business of making its own chips to making those blueprinted by other American companies, including Amazon, which designs the processors used in its cloud-computing data centres, and Qualcomm, which specialises in semiconductors for mobile telephony. The decision to become part contract manufacturer rather than designing chips and outsourcing production, which rivals such as AMD have done successfully, requires a huge outlay that investors may find hard to stomach. Intel already spends about $28bn a year on capital investments, research and development.

Intel's move also marks the start of a new era of public funding for chipmaking in America that could dangerously distort the market. The industry is lobbying for $50bn of federal support over the next decade, which it says is necessary to spur construction of 19 new fabs, requiring $280bn of private investment. Mr Gelsinger's bet puts Intel in the vanguard of America's mission to strengthen its position as a semiconductor superpower. But if it does not play its cards carefully, it could be the first Silicon Valley firm to suffer the curse of being a national champion.

It is already one of the first in line for public largesse. American politicians loudly grumble about how dependent the country has become on two firms in China's backyard, Taiwan Semiconductor Manufacturing Company (TSMC), and Samsung, a South Korean conglomerate. Although American firms lead the world in developing and designing chips, they manufacture just 12% of them at home, down from 37% in 1990. They blame the Asian countries' subsidies, which help defray the huge cost of fabs, which these days can exceed $10bn apiece. That may be so, but TSMC and Samsung have also outdone Intel in recent years in their ability to produce state-of-the-art chips. When he was president, Donald Trump pressed the two Asian companies to expand production on American soil. Both say they will. Intel, though, is a more obvious recruit for the home team.

Heeding the call, Mr Gelsinger has vowed to get the firm back into the game, displaying a chutzpah not seen since his mentor, Andy Grove, stepped down as chief executive in 1998. The government is squarely behind him. Intel is likely to be an early recipient of part of the $37bn Mr Trump's successor, Joe Biden, has earmarked to support America's chipmakers. It also plans to expand in Europe, where countries hope to lure as much as €50bn ($59bn) in semiconductor investments, partly with state support.

In economic terms all this is a mixed blessing. Free money is always nice. If America's government insists that American companies buy more American-made chips, Intel stands to benefit. But government backing can encourage over-expansion; building factories takes years, while demand for chips changes quickly, fuelling regular boom-and-bust cycles. Support can also unexpectedly be snatched away. Investors, already nervous about the sliding profitability of Intel's core business, may fret about the impact of over-investment on margins. And there is no guarantee customers will flock to the company as a contract manufacturer. It has dabbled in this business before with little success, chiefly because it had put its own chipmaking interests over its customers'. Mr Gelsinger now talks of "co-opetition" rather than competition, and promises to keep contract manufacturing at arm's length from Intel's own chipmaking. Clients may still prefer TSMC, unburdened by any such conflict.

The silicon curtain

The trickiest task for Intel will be to balance a state-backed expansion in America and Europe with cordial relations with China, its biggest market, accounting for 26% of last year's sales. For now China probably needs Intel as much as Intel needs China. But if Mr Biden pursues his predecessor's policy of restricting chip exports to Chinese firms, the risk is not just lower sales, but retaliation. As geopolitical tensions mount, so does the pressure to renationalise supply chains, or turn them into competing webs of Chinese and American allies. Intel should discourage this at all costs. It would be disastrous for one of the world's most globally integrated industries. It would be no picnic for Intel, either. ■

The Archegos affair

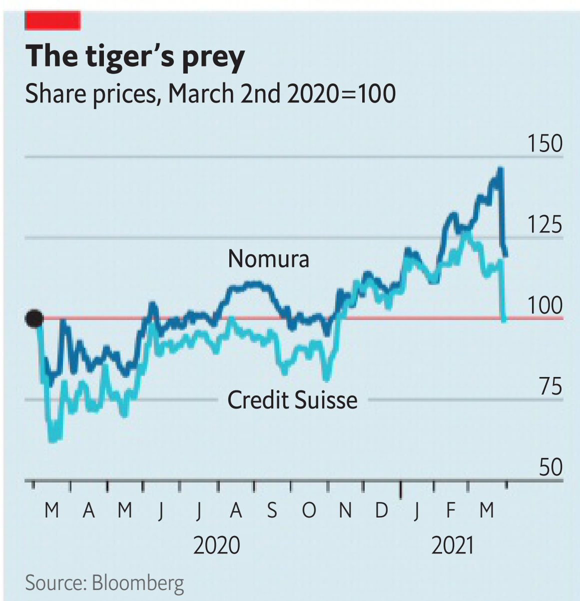
Margin call of the wild

An obscure family office is at the centre of large trading losses by two banks

Before Friday March 26th, few people may have heard of Archegos Capital Management, an investment vehicle run by Bill Hwang, a former hedge-fund trader with a chequered past. But it has emerged as the entity behind a fire sale of at least $20bn-worth of equities, which roiled stockmarkets on an otherwise unremarkable Friday and has left at least two global banks—Credit Suisse and Nomura—facing multi-billion-dollar losses. Financial regulators in America and Europe will have a say before the affair has run its course.

The plotline has already taken shape. Archegos is a so-called family office. It manages the private wealth of Mr Hwang, who once worked for Tiger Management, a celebrated hedge fund. One of Archegos's strategies was long-short equity. The main idea is to be indifferent to the direction of the overall market by betting that the share prices of some stocks will rise while the prices of other stocks fall. The hope is that the longs do better than the shorts. But when markets are volatile the strategy can come unstuck. This is what seems to have happened to Archegos.

The first sign of trouble came that Friday when Goldman Sachs and Morgan Stanley, two Wall Street behemoths, began selling large blocks of shares for an unnamed client who had missed a margin call—a demand for more collateral to cover losses on trades that had gone awry. The stocks that were forcibly sold might best be categorised as "second-tier tech". They included Baidu, a Chinese search engine, and ViacomCBS, an American media conglomerate, with a streaming service that gives it the flavour of a faddish tech stock. Their prices crashed under the weight of the selling. The price of ViacomCBS shares, for instance, fell by more than a quarter.



By Sunday March 28th it had emerged that the mystery client was Archegos. More familiar names were caught up in the drama. On Monday Credit Suisse said it was in the process of liquidating the positions of a client that had defaulted on margin calls, and that the related losses would be "material". Unofficial estimates put these at $3bn-4bn. Nomura, a Japanese bank, said that it was on the hook for about $2bn, possibly more if stock prices fell further. These are significant losses. If not quite a lost limb, they amount to more than a flesh wound. The banks' share prices tanked.

The full reckoning will only become clear over time. But evidently Nomura and Credit Suisse were slower to pull the plug than their American rivals, after an attempt to co-ordinate an orderly unwinding of Archegos's positions failed. By making the margin call on Archegos early, and then liquidating positions quickly, the Americans seem to have limited the damage to themselves, but left the others nursing bigger mark-to-market losses.

The fire sale raises some disquieting questions. How was Mr Hwang, a little-known figure, able to run up such big losses? Leverage played a big part. Why then was he able to lean so heavily on Wall Street to enhance the size of his bets? What makes this even more puzzling is that Mr Hwang had already blotted his copybook. In 2012 he pleaded guilty to charges of insider trading.

One answer is that banks are desperately searching for profits. Rules drafted after the global financial crisis make it expensive for Wall Street banks to trade on their ▸▸

own account. The days when they could make much money from slow-moving, unleveraged asset managers—the "long-only" crowd—are a distant memory. Such investors mostly buy and sell stocks cheaply on electronic platforms. So Wall Street banks increasingly rely on fees and commissions from fast-trading hedge funds or family offices that act like hedge funds, such as Archegos. Fees on bespoke derivatives, such as equity swaps and contracts for difference, are especially attractive to the brokerages. The appeal for the fast-money hedge-fund crowd is that such derivatives allow them to magnify their positions. They can make large bets without having to put up lots of their own capital upfront.

In short, Wall Street can't easily make money out of people who do not take rash bets. But people who make rash bets can lose you money, too. It is probably not a coincidence that Credit Suisse and Nomura are based in countries (Switzerland and Japan, respectively) where long-term interest rates have been stuck near or below zero. With few opportunities to make money from lending at home, they turned to Wall Street for excitement. Unfortunately for their shareholders, they found it.

Parallels are naturally being drawn between Archegos and LTCM, an ill-fated hedge fund. In 1998 LTCM was prevented from blowing up itself and the banking system by the Federal Reserve, which co-ordinated a bail-out by its Wall Street brokers. LTCM, too, was afforded breathtaking leverage by its brokers, who were dazzled by its principal shareholders, who included John Meriwether, a star trader formerly at Salomon Brothers, and Robert Merton and Myron Scholes, Nobel-prizewinning economists. It appears that several of the banks that acted as Mr Hwang's brokers tried to come to a standstill agreement, of the kind that the Fed mediated for LTCM, in order to avoid a fire sale of the stocks they held to hedge their exposure to Archegos. Those discussions are now the subject of regulatory scrutiny. The tentacles of Archegos evidently do not stretch anything like as far into the financial system as LTCM's. The wider damage from the Archegos affair has so far been limited.

Archegos might be a one-off mishap, albeit a large one. But it is not too much of a stretch to link it to some recent market themes. Since November there has been a general shift away from tech-and-media stocks, which profited greatly from the stay-at-home economy, towards cyclical companies, such as banks, airlines and industrial firms, which benefit from reopening. Archegos may well have been at the wrong end of this, at times violent, rotation. Events are moving unusually fast in the world economy and in financial markets. And when events move fast, some things get broken. ■

The IMF

Performance anxiety

WASHINGTON, DC

Has the world's economic crisis-fighter done enough in the pandemic?

A YEAR AGO, crisis gripped the global economy. The world's multilateral lender of last resort swung into action. Speaking ahead of the spring meetings of the IMF and World Bank, which start on April 5th, Kristalina Georgieva, the fund's managing director, hailed its "unprecedented" actions, including new financing for 85 countries and debt-service relief for 29 poor countries. More help is on the way. But is it enough?

The IMF offers its members a financial lifeline when they run out of cash. Its support typically comes with demands for policy reforms and debt restructuring where needed, to ensure that borrowers' debts are sustainable. Such conditionality helps guard the fund's resources and avoid bailing out other creditors. Going easy on borrowers today could encourage laxity in future, inviting more crises.

But covid-19 was not a normal crisis. The need for assistance was broad-based and urgent; meeting it was unlikely to encourage bad behaviour in future. So the IMF raised limits on cheap emergency financing facilities, which lend to countries with sustainable debts and attach relatively few strings; it offered poor countries debt-service relief; and it set up a "short-term liquidity line" (SLL) for fundamentally sound economies.

Since March 2020 the fund has doled out $32bn in emergency financing and offered $74bn through other schemes. Yet the support pales in comparison with the scale of the covid-19 crisis. The fund lent more in the year to September 2009, during the global financial crisis; the 85 countries receiving help today make up only around 5% of global GDP. The fund had expected an early wave of rapid financing to give way to more structured programmes with more strings attached. But so far only 12 new deals have been approved. Last April the IMF thought take-up of the SLL could be up to $50bn. It has, in fact, been zero.

That is partly because, while the IMF was drip-feeding credit to poor countries, America's Federal Reserve brought out the firehose, blasting liquidity through its dollar swap lines. That coaxed back investors who had fled emerging markets, reducing the need for support. And in some cases the mere offer of help from the IMF may have bolstered investors' confidence.

But part of the low use of the IMF's schemes has been of its own making. Some governments were ineligible because of existing debt problems; others got less than they asked for, say, because of a perceived lack of need. Other potential borrowers decided that the political stigma of turning to the IMF was too great, or that doing so could raise doubts about their ability to service their private-sector debts.

The seeming lack of demand for the IMF's services has led to some hand-wringing. One question is whether the fund should alter its schemes. In July Adnan Mazarei of the Peterson Institute for International Economics, a think-tank, and Matthew Fisher, a former IMF official, proposed a special pandemic support facility, both to avoid setting awkward precedents for future borrowing and to reduce the stigma of turning to the IMF. Ousmène Mandeng, another former official, argued in the *Financial Times* that conditionality should be "recalibrated...to reduce the political cost". The IMF's board has considered a new pandemic facility, but so far has decided against it.

Instead, on March 22nd it extended the higher limits on its rapid-financing facilities and increased borrowing limits for poor countries. It seems to be nudging those that have sought emergency financing towards more structured programmes, where normal conditionality and oversight apply. Indeed, since September such programmes and precautionary support have accounted for around half of all approvals, and a higher share of requests.

The IMF's board has also expressed support for a new allocation of $650bn-worth of special drawing rights (SDRs), a special IMF currency that members can exchange for cash with no strings attached. Most low- and middle-income countries would receive more help than they have obtained from covid-related IMF lending so far. The poorest could benefit even more, if the fund works out a way to reallocate SDRs from rich countries. Once drawn, SDRs would not need to be repaid, but would incur interest (currently 0.05%), making them not quite as good as a grant, but better than a loan.

All told, the fund's approach may seem a muddle. On the one hand, it is encouraging borrowers to sign up for programmes with more conditions. The SDR allocation, on the other, rejects strings entirely (though regimes under sanctions might struggle to swap their SDRs for cash). It could help borrowers repay Chinese creditors who perhaps should suffer write-downs. For now, though, the muddle helps some of the countries in need. And the fund may have lots of time to forge a more consistent approach. It took until 2011 for IMF lending to peak after the global financial crisis. ■

China's lending

Neither predator nor pal

HONG KONG

What 100 contracts reveal about China's development lending

WHAT DO THE following have in common? Subway cars in Argentina; digital TV in the Republic of Congo; thermal power in Kyrgyzstan; turboprop planes in Vanuatu; and the Queen Elizabeth II quay in Sierra Leone? All have benefited from Chinese lending, which has helped finance transport, power and telecommunications projects across the developing world.

China insists it is helping poor countries follow in its own debt-financed footsteps, offering the kind of patient capital other lenders are now too wary to provide. China's critics instead accuse it of drenching countries in red ink, then grabbing strategic assets, such as ports or mines, as collateral when a country defaults.

Judging these claims can be tricky because the terms and conditions of loans are mostly hidden from view. Mostly. An enterprising team including Brad Parks at AidData, a research centre at the College of William and Mary in Virginia, has scoured parliamentary websites, official registers and debt databases in over 200 countries, looking for any loan documents that might have slipped out into the open. They have found 100 contracts signed by 24 borrowing countries, mostly with two state-directed "policy banks", the Export-Import Bank of China (China Eximbank) and China Development Bank.

The contracts suggest China's loans are not conspicuously expensive. China Eximbank's commercial loans charge a rate of 0.5-4.5% above a floating benchmark rate (the London Interbank Offered Rate, which averaged about 1% over the past decade). These are "in line with market terms", say the authors.

Nor are the loans obviously predatory. In 99 out of 100 cases, China does not require the borrower to pawn a physical asset as collateral. This should not be a surprise. Taking possession of physical assets is "a pain", points out Anna Gelpern of Georgetown University, one of the study's authors. (The one potential exception is the port loan to Sierra Leone, which mentions "equipment and other assets" detailed in another, unlocated document.)

China's lenders are, however, keen on less painful forms of collateral. They sometimes insist that countries maintain a separate bank account that the lender could seize or block in a dispute. When combined with unusually broad confidentiality clauses (in some cases, borrowers cannot even reveal the existence of the loan), these accounts make it harder for a country's other creditors, or indeed its citizens, to keep track of the government's financial standing.

Chinese lenders do not play nicely with other creditors. They typically insist on being left out of any broader efforts to provide debt relief to a stricken borrower (although any demand for special treatment may not be enforceable in practice). Chinese banks do, however, show solidarity with their compatriots. They can recall a loan if the borrower damages the interest of any Chinese entity, including, but not limited to, other banks.

China lends more than most to inhospitable corners of the world. The 100 contracts include loans to some countries with awful credit ratings (Venezuela) and some with no rating at all (Sierra Leone). Countries like this sometimes struggle to borrow because they have too much freedom to default and cannot convince a lender otherwise. The unusual terms in China's loan contracts make it harder for countries to bilk it. But that presumably also makes it easier for countries to borrow from it. ■

The scramble for commodities (1)

Mission critical

NEW YORK

Governments race to obtain minerals vital to economic and military security

CUT DEEP into the desert rock of southern California are the jagged tiers of an open-pit mine. Mountain Pass is North America's only mine of rare-earth metals, used in everything from fighter jets to the drive-trains of electric cars. In 2015 Mountain Pass shut, unable to compete with rare-earth producers in China. But it has begun a new chapter. MP Materials, which bought the mine in 2017, said on March 18th that production in 2020 jumped by 40%. More expansion is planned. With grants awarded by America's defence department last year, MP Materials will build facilities to process rare earths, part of an effort to secure supply independent from China.

America's support of Mountain Pass points to a broader phenomenon. The trade war with China and covid-19's disruptions to supply chains have stoked fears of dependence on foreign production of medicine, semiconductors and more. Minerals have attracted particular attention, both because they are essential to modern technologies such as batteries, laser-guided missiles and wind turbines, and because many minerals' supply chains are controlled by China. Faced with muscular Chinese industrial policy, governments that long trusted companies to manage their own supply chains are stepping in.

In February Joe Biden's White House issued an executive order to review the vulnerability of supply chains that are key to economic and national security, including critical minerals and batteries. The European Commission in September launched a public-private alliance to secure vital raw materials. In March Australia unveiled a plan for processing critical minerals, inviting companies to apply for public funds; Canada published a list of 31 critical minerals, part of a plan to boost supply. But if minerals show governments' increased appetite for intervention, they also reveal the limits of what that intervention might achieve quickly. China is at least a decade ahead. Shenghe Resources, controlled by the Chinese state, owns about 8% of MP Materials' shares. It is also Mountain Pass's sole customer—the mine sends all its output to China for processing.

America long guarded against supply disruptions by hoarding minerals in a national stockpile. After the fall of the Soviet Union, the need for one seemed less urgent and most of its contents were sold; proceeds went towards other military expenses and building a memorial to the second world war. What was left was of questionable utility. In 2008 a committee for the National Research Council, charged by Congress with assessing the remaining stockpile, concluded: "The department of defence appears not to fully understand its need for specific materials or to have adequate information on their supply." America's strategic plan was, essentially, nothing of the kind.

China took a different approach. In the 1980s Deng Xiaoping recognised the importance of the country's deposits of rare earths such as neodymium and praseodymium. "The Middle East has its oil," he said. "China has rare earths." Support for mines and domestic processing meant that by 2010 China controlled about 95% of rare-earth mining. The rest of the world was caught off guard when, that year, China sharply tightened export of the metals. The move was aimed in part at rationalising a domestic industry plagued by illegal mining and environmental degradation—by one estimate, 300 square metres of topsoil was removed to recover each tonne of rare earths in southern China, with more than 150 square kilometres of forest destroyed by mining near Ganzhou.

However, some observers saw the export restrictions as part of a dispute with Japan, a large importer, over the Senkaku Islands. Politicians in Japan, Europe and America woke up to the possibility that China could use its dominance in a key commodity to punish rivals.

America, Europe and Japan prevailed against China's export quotas in a dispute before the World Trade Organisation. But in recent years concern about supplies of rare earths has intensified. That is in part because China has continued to invest not just in rare earths, but in foreign mines of key metals, which are shipped to China for processing—China processes 72% of the world's cobalt and 61% of its lithium, according to the Centre for Strategic and International Studies, a think-tank, and BloombergNEF, a data group. It is also because, even if governments in America, Europe and Japan were comfortable with China's heft in mining and processing, total investment in key minerals does not look commensurate with demand.

As ambitions for clean energy grow, the European Commission reckons that EU countries will need up to 18 times as much lithium and five times as much cobalt in 2030 as they do now. "Europe's transition to climate neutrality could replace today's reliance on fossil fuels with one on raw materials, many of which we source from abroad and for which global competition is becoming more fierce," the commission argued in September. If the world moves to limit the rise in temperatures to 2°C above pre-industrial levels, the World Bank estimates, global production would need building up. By 2050 output of cobalt, graphite and lithium, for instance, would have to be more than 450% higher than in 2018 to meet battery demand. The bank expects recycling to help a bit, but large investment in new mines is still needed. In a preview of what may come, rising demand and constrained supply have recently pushed up the prices of lithium, cobalt and neodymium and praseodymium oxide.

A battery of measures

Faced with such figures, mining may seem set to attract a flood of capital. Indeed, the craze for special-purpose acquisition companies (SPACs) has reached the obscure metals on the lower rows of the periodic table. One SPAC helped raise over $500m for MP Materials in November. But total investment could still remain meagre.

Mining projects are notoriously risky, with investors wary that volatile commodity prices will threaten a given mine's economics. Some metals, such as lithium, still have no futures price, clouding the outlook further. "The markets are not as transparent or as fluid as oil," points out Morgan Bazilian of the Colorado School of Mines, "and there's not good price discovery."

It doesn't help that, as investors become more concerned about environmental, social and governance factors, many mines tick all the wrong boxes. Cobalt mining is concentrated in the Democratic Republic of Congo, long plagued by corruption and child labour (see next story). Countries with well-established legal systems are theoretically more attractive, but bring their own problems. Lithium Americas, a Canadian company, wants to build a lithium mine in northern Nevada. It faces litigation over the effect on local groundwater and the greater sage grouse. By the middle of the 2020s, says Andy Leyland of Benchmark Mineral Intelligence, a research group, shortages of minerals for lithium-ion batteries could reverse the long decline in the price of batteries. Raw materials account for about two-thirds of their costs.

Rare earths illuminate the problem. "If you have a back yard with rocks, you have a rare-earth mine," says James Litinsky, the chief executive of MP Materials. "The challenge is the economics." China's control of the processing industry gives it huge influence over rare-earth prices, which has dissuaded a surge of investment elsewhere. If that wasn't disincentive enough, separating rare earths has historically been both complex and environmentally damaging—rare-earth minerals are often nestled beside radioactive ones. And, though rare earths are essential to enormous sectors such as defence, transport and personal electronics, collectively worth trillions of dollars, the market for rare-earth oxides amounts to only about $5bn, according to Adamas Intelligence, a research group.

The result is that rare earths are attracting some investment, but not enough. Mountain Pass, says Mr Litinsky, can produce and separate rare earths in a sustainable manner, the first steps towards creating a secure supply chain. However, Adamas estimates that by 2030 the world will face a shortage of neodymium and praseodymium oxide equivalent to about three times the annual output of Mountain Pass. In the meantime Adamas expects prices to climb by 5-10% a year.

Japan provides one example of how governments outside China might intervene. After China tightened exports of rare earths, Japan moved more decisively to shore up supplies than governments in America or Europe. Most important, in 2011 the state-backed Japan Oil Gas and Metals National Corporation (JOGMEC) and Sojitz, a Japanese trading firm, said they would supply $250m in loans and equity to Lynas,

A rare sight

an Australian miner of rare earths. In exchange, Japan would receive about 8,500 tonnes of rare earths each year, equivalent to about 30% of Japan's demand.

Japan's support of Lynas is broadly viewed as a success. But the strategy brings risks. After Chinese exports eased and rare-earth prices plunged, Lynas was on the brink of collapse, so in 2016 JOGMEC and Sojitz agreed to restructure the company's debt. Lynas's processing plant in Malaysia faced controversy over radioactive byproducts. JOGMEC's other efforts to secure rare earths, for instance ventures started over a decade ago in Canada and Kazakhstan, have to date borne little fruit.

Some carmakers are beginning to think more seriously about battery supply chains. Tesla has signed offtake agreements with Glencore, which mines cobalt in the Democratic Republic of Congo; in March it became an adviser to a nickel mine in New Caledonia. Its boss, Elon Musk, has even proposed mining its own lithium in Nevada using novel techniques. However, that plan has met scepticism from the mining industry itself; the broader situation looks sufficiently untenable that politicians in America and Europe are stepping in. "There's beginning to be a return to favour of more interventionist policies in activities which might have been viewed as strictly commercial," argues Roderick Eggert of America's Critical Materials Institute.

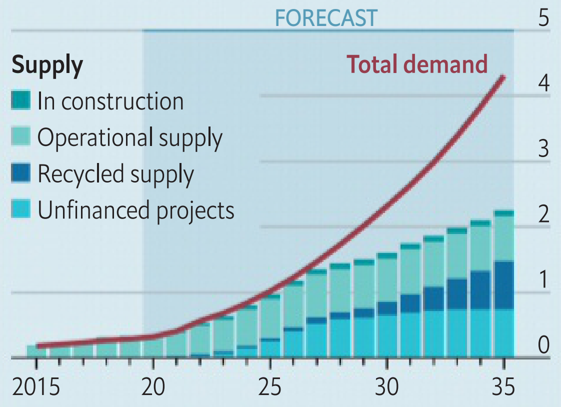
In Europe, mining and processing projects are now eligible for funds from the European Investment Bank. The American defence department's recent grants include not just those to Mountain Pass but to Lynas, to build a rare-earths processing facility in Texas. Last year America's Development Finance Corporation took its first direct stake in a company: it invested $25m in TechMet, a firm whose projects include a nickel and cobalt mine in Brazil.

Such steps are not without controversy. Europe's public-private effort to support critical minerals includes a rare-earth project in Greenland in which Shenghe Resources has a stake. Concern about that project's environmental risks has galvanised an election in Greenland, due to be held on April 6th. In America senators including Ted Cruz and John Barrasso bristle not at government intervention, but at the support for mining and processing abroad. (Messrs Cruz and Barrasso, both Republicans, represent states that have their own potential rare-earth projects.) Marco Rubio, another Republican senator, prefers creating an American co-operative of rare-earth suppliers, exempt from antitrust policy. Mr Leyland of Benchmark Mineral Intelligence expects some uptick in American mining, with limits. "These are going to be global supply chains," he says, "because you can't change geology."

Most wanted

Worldwide lithium demand and supply

Millions of tonnes of lithium carbonate equivalent



Source: Benchmark Mineral Intelligence

Mr Biden's executive order on supply chains may turbocharge government involvement; by early June his deputies must present recommendations for shoring up such chains. JOGMEC continues to show how governments' activities might expand: its recent investments include mining for cobalt from Japan's sea floor.

This may bring results. The oil embargoes of the 1970s prompted impressive innovation in oil drilling and alternative energy. However, progress then, as now, can be slow. Investments in recycling and in alternatives to scarce metals are both worthy and may take a decade to produce the desired outcome. A typical mine, Mr Leyland estimates, can take at least five years to come online and sometimes many more.

That poses a problem. Governments face two sources of intense time pressure: uncomfortable dependence on China as tensions escalate and the urgent need to limit climate change by deploying clean-energy technologies. "Hopefully China will have more competition," says Brian Menell, TechMet's chief executive, "but it has a big head-start." The main risk to clean-energy adoption, argues Erez Ichilov of Traxys, a trading house that backs mines of key battery metals, is bottlenecks in supply. "It takes time to develop the mines. It takes time to develop the plants." ■

The scramble for commodities (2)

From the red earth

KOLWEZI

The electric-car boom sets off an ugly dash for cobalt in Congo

On the streets of Kolwezi, a mining city in the Democratic Republic of Congo, huge billboards advertise "executive" mobile-phone-data packages, a few gigabytes for a few dollars. They are popular not just with the suited types shown on the hoardings; they also sell to more roughly dressed men who work in crude "artisanal" mines, who use the data to check the price of cobalt. "Every day we look at the LME," says Claude Mwansa, a miner who lives in Kapata, a neighbourhood where most people work in mining. He means the London Metal Exchange, where cobalt is traded.

That price has soared from $30,000 per tonne in January to nearly $52,000. The reason is surging optimism about electric cars. Carmakers are setting ambitious sales targets. Joe Biden, America's president, plans to replace the government's fleet of vehicles with electric ones. All this requires cobalt for batteries, and 75% of the metal is mined in Congo. Meeting the demand will not be easy.

By value, as much as 90% of cobalt mined in Congo comes from industrial firms such as Glencore, an Anglo-Swiss trader, and China Molybdenum, a Chinese state enterprise, which use modern methods to drill and refine the ore. The rest comes from miners like Mr Mwansa, who dig mostly by hand on land held by co-operatives, or else illegally, on land owned, say, by industrial firms. They mainly sell to Chinese middlemen who operate "depots" that line the main road out of Kolwezi, where they do basic processing and then transport the ore to South Africa or Tanzania, to be shipped to China.

Yet by employment, artisanal mining outweighs the industrial sort. Glencore's two mines employ around 15,000 people; more than 200,000 may work on artisanal sites. "Creusers" work in hand-dug pits, using shovels and pickaxes to get the ore out. It is carried on people's heads to rivers to be washed and transported on motorbikes. Accidents are common. Pits collapse; pumps refreshing the air fail. But the money is good, by Congolese standards. Working three or four days a week (all that most can physically manage), a miner can make 100,000 Congolese francs ($50). Most Congolese live on less than $2 a day.

Most buyers, however, want little to do with artisanal mining, because of the poor working conditions and the use of child labour. Apple and Tesla are among those being sued in America for using cobalt illegally mined on Glencore's property by children who died (Glencore is not a defendant). The firms argue that the case should ▸▸

Buttonwood The frog chorus

What the enthusiasm for funding startups means for the venture-capital world

FINANCIAL MARKETS are fuelled by stories, and the most skilful storytellers are found in venture capital. For a start, venture capitalists have to listen to a lot of fairy tales from the would-be entrepreneur. "The world will look different in a decade," he says. "My startup will be the leading business in a new industry." VCs tell themselves stories about how they can foresee what others cannot, and how this stands to make them a lot of money. And they retell them to potential investors in their funds.

Who to believe, when you cannot easily verify such tales? This difficulty is a version of the agency problem of asset management. When venture capital was clubbier, it was manageable. But in recent years investors who are new to the terrain have been piling in. A VC trying to raise money may favour startups of the kind that has done well recently, even if they are not the best long-term bet. Oddball startups with more potential might then be starved of capital.

There is thus a nagging fear that the more money that is funnelled into Silicon Valley and other centres of venture capital, the less "true" innovation will occur. Well perhaps. But it is not obvious that great business ideas are being ignored. The downside of the flood of venture capital is more prosaic. Run-of-the-mill startups are overindulged. And prospective returns are depressed.

More and more pension schemes are looking to alternative investments, including venture capital, to juice up their returns. VC funds have on average beaten the public market, net of fees, over the long run. The best funds do a lot better than the average. But it is not only a matter of returns. Smart investors in public markets realise that they own a lot of companies that are at risk of disruption from emerging technology firms. A good way to balance that risk is to own a stake in the next generation.

More money for new businesses is surely a good thing. Nevertheless there is a lingering disquiet. One source of discomfort is that funds are often narrowly segmented by region, industry, or stage of investment—and sometimes all three. This helps with marketing. Money is attracted to themes that have worked well recently. As Hollywood has discovered, it is easier to sell a variant of an old story than a brand-new one.

There are drawbacks, though. A truly game-changing business may sit astride several themes and be ignored, says Ajay Royan of Mithril, a VC firm based in Austin, Texas. In the public markets buying stuff that has worked well recently is called momentum trading. It does fine much of the time, and has an appeal to the investor who is out of his element in venture-land. By "social-proofing" VC investments the anxious can get more comfortable with the risks, says Mr Royan. "But it can devolve into the VC equivalent of 'you can't get fired for buying IBM'." And the trouble with crowded trades is that they are prone to crashes.

Some VC funds will fall prey to the vices of asset gathering—telling a good story about the latest fad to maximise the amount of fee-paying money under management. But there is a culture that militates against this. The best VC firms pride themselves on being oversubscribed. They turn money away. And an industry that hears a lot of fairy tales has some inbuilt discipline. Venture capitalists have to kiss a lot of frogs to find a prince—even a halfway handsome frog. The average VC firm screens 200 targets a year, but makes only four investments, according to one study.

And thematic VC can sometimes have a logic to it. Regional funds make sense for consumer-facing startups, because of local variations in tastes and habits. Increasingly, the seed or early-stage venture funds with better returns tend to have a thematic focus, says Simon Levene of Mosaic Ventures, a London-based VC firm. Nor is it obvious that moonshot ideas are starved of funding. SpaceX, Elon Musk's space-exploration firm, was valued at a whopping $74bn at its most recent funding round. Even borderline scams are given a respectful hearing.

The trouble with abundant capital instead is more straightforward. More money chasing scarce ideas and talent means that the prices paid for startups rise, which all else equal means returns fall. And the absence of cash constraints can spoil a promising startup. If it blows a lot of money on marketing, the resulting growth can distract the founders from underlying faults with the product. Telling a good story is vital in the startup business. But there is a danger in believing your own fairy tales.

be dismissed and they should not be held responsible for the conditions of workers who mined cobalt they bought in a global supply chain, where provenance was hard to trace. Though some electronics firms have stopped using Congolese cobalt, carmakers have little choice—nowhere else generates as much. Tesla has vowed, but so far failed, to engineer cobalt out of its batteries. Last year it struck a deal with Glencore to buy "certified" cobalt.

Glencore says it does not sell artisanal cobalt but "recognises the legitimacy" of the practice. It supports the "Fair Cobalt Alliance", which tries to improve conditions in artisanal mines. But in practice the big firms have tried to cut off the industry. Miners complain that walls have been erected and guards hired to keep them off sites they say are theirs. Some now scramble over walls to mine at night.

Congo's government has its own solution. On March 31st Gecamines, the state mining firm, announced the start of operations of a state enterprise with a legal monopoly on all artisanal cobalt. This, it says, will help regulate conditions in the mines and also raise revenue. Trafigura, a Singapore-based commodities trader, says it will help sell the output, which will be certified by an NGO as free of child labour. Soldiers have been sealing off artisanal mines since the plan was first announced in 2019.

Miners in Kapata say all they want is a free market. "There are too many mafias here," says Mr Mwansa. They worry that the new state firm will be an excuse for officials to extract more in bribes. "The government just wants to steal," says Bernard Tshibangica, another miner. But buyers, desperate for cobalt not tainted by child labour, may see it otherwise. ■

Free exchange | The underachiever

In America's rapid recovery from covid-19, Europe may get a glimpse of what could be

IT CAN BE easy to forget that Europe might reasonably be expected to outperform the American economy. True, population growth in the former is slower. But because Europe remains far less integrated than America—politically, economically and culturally—it has room to exploit efficiencies that the latter has already realised. And because parts of Europe remain economically underdeveloped (nominal GDP per person in Bulgaria, the EU's poorest member, is roughly a quarter of that in Mississippi, America's poorest state), the scope for rapid catch-up growth in poorer places is substantial. Yet Europe has struggled to realise its potential in the 21st century. Chronic underperformance is now more or less taken for granted; the experience during the pandemic, and the likely recovery from it, could reinforce its reputation for mediocrity. But a dose of American-style stimulus—more appropriate to economic conditions in Europe anyway—could change that.

From 2000 to 2007 the EU's economy (excluding Britain) grew by a decent 2.1% per year, on average, while America's grew by 2.5%. Alas, the comparison has never since so flattered the Europeans. They lost ground after the global financial crisis, having stumbled through a secondary debt crisis. On the eve of the pandemic, GDP in the EU was only 12% above its 2007 level; American output was 22% higher. Then, in 2020, covid-19 took nearly 8% off the EU's GDP, almost twice the decline in America. Looked at in purchasing-power-parity terms, Europe's economy was roughly the same size as America's in 2000. It limped into 2021 7% smaller.

A day late and a euro short

Yet the most startling phase of transatlantic divergence may be about to begin. According to the European Commission's most recent forecasts, the EU is likely to grow by 3.7% this year (and at a similar rate in 2022). America, by contrast, is now projected to grow by 6-7% in 2021. Indeed, by the end of next year the American economy is expected to be 6% larger than it was in 2019—and, remarkably, bigger than forecasters in 2019 had thought it would be in 2022—while Europe will scarcely have regained its pre-pandemic level of output. Just as important, America appears to be poised to escape the low-growth, zero-interest-rate trap that has ensnared so much of the rich world over the past two decades, and which seems likely to maintain its grip on Europe. Indeed, the pandemic may represent the third crisis to deal a blow both to Europe's level of output and also to its subsequent growth rate.

Europe's problems are manifold. An ageing, slow-growing population limits its potential, as does slower productivity growth than what America typically manages. Some of its trouble reflects bad luck: that a once-a-century financial crisis struck while euro-area macroeconomic institutions remained cripplingly underdeveloped, for instance, or that a devastating pandemic hit before European growth had made a full recovery. During the global financial crisis, the European Central Bank played a destructively hawkish role (one that it has not reprised in the pandemic, thankfully). Yet there is no ignoring the damage done to European fortunes by persistently inadequate fiscal policy.

In the great recession of 2007-09, America's federal budget deficit reached nearly 10% of GDP, or almost two-thirds more than the central government deficit across the EU. Borrowing on both sides of the Atlantic subsequently fell much faster than economic conditions warranted. But America's deficit began widening again from 2016 while European deficits shrank. Europe loosened its purse strings far more in the fight against covid-19 than it did during the financial crisis; across the EU government borrowing rose to nearly 10% of GDP in 2020. But America, again, did more, notching up a budget deficit of 19% of GDP last year. And borrowing will only drop a smidgen this year, to about 15%, thanks to the passage in March of another stimulus package, of $1.9trn. A new proposal to spend an additional $2trn on infrastructure may widen the deficit further, though Joe Biden's administration seeks to fund at least part of that initiative with new tax revenue.

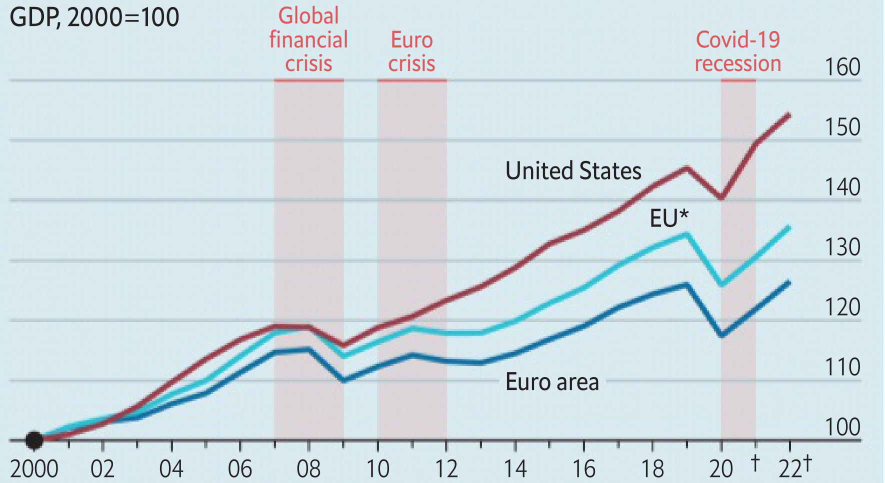
Europe is hardly re-embracing austerity. Budget rules intended to limit member states' borrowing, which were suspended last year, will not be reimposed until at least 2023. Borrowing across member governments may thus reach about 5% of GDP this year. Crucially, the EU itself has fiscal firepower to wield now, courtesy of the Next Generation EU fund agreed by member states last year, and backed, in a first, by European bonds. This pot of €750bn ($880bn, or about 6% of the EU's GDP in 2020) will direct large sums of money towards recovery efforts and growth-boosting investments over the next five years. Such spending is badly needed given Europe's pitifully weak levels of investment in recent years. While in America gross fixed capital formation grew by just under 1% a year in 2016-20, in Europe it shrank, according to an analysis by Christian Odendahl and John Springford of the Centre for European Reform. But current plans are simply far too modest. The EU's economy is currently about 20% smaller than it would have been had it expanded from 2008 onwards at the same pace it managed from 2000 to 2007. That is a gap in output of about €3trn.

American-style fiscal expansion is not without risks. Critics warn that too much borrowing and spending could lead to worryingly high rates of inflation. But Europe, where inflation has been lower for longer, would have comparatively little to fear from a similarly bold fiscal programme. While some European economies carry unnervingly high debt loads, the EU as a whole has a much lower level of debt to GDP than America. Low interest rates are more firmly entrenched in Europe. While America's overnight interest rate rose as high as 2.4% before the pandemic, Europe's remained stuck at zero. The yields on some European ten-year government bonds remain in negative territory.

And though Eurosceptic sentiment has receded in recent years, existential threats to the EU could stage a swift and powerful return if a robust American recovery exposes the gratuitous nature of anaemic European growth. Europe's governments have done well to do better than they managed a decade ago. Imagine what could be, though, if they were to do enough. ■

Outmatched

GDP, 2000=100



Sources: IMF; US Federal Reserve; European Commission *Excluding Britain †Forecast

Global warming

The other greenhouse gas

Everyone worries about carbon dioxide. Worrying about methane might be more immediately productive

Politics, Otto von Bismarck is supposed to have said, is the art of the possible. And one of the most depressing features of discussions about global warming is their tendency to take place in a fantasy land of the politically impossible. Few people in those parts of the world made rich by carbon-dioxide-emitting enterprise are going to volunteer for a cut in living standards. And it is hard to ask those from parts of the world that are not yet rich to sacrifice the chance to become so.

That being the case, it makes sense to concentrate on doing things which affect neither the comforts of the former nor the aspirations of the latter. Technological change that shifts economies away from using fossil fuels as their principal energy sources may be able to achieve this in the long term. But some sort of effective action is also needed now.

Fortunately, one such course of action may indeed be available. For carbon dioxide is not the only cause of global warming. About a quarter of the effect is a consequence of a different gas, methane. And the methane problem looks a lot more tractable in the short term than does the carbon-dioxide one.

CO2 v CH4

Going after methane, a compound of one carbon atom with four hydrogens, makes sense, for it is a potent greenhouse agent. Over the 20 years subsequent to its emission a tonne of methane causes 86 times more warming than does a tonne of CO_2. Also, it does not hang around. It has a half-life in the atmosphere of about a decade, so what is released soon vanishes. By contrast, CO_2 lingers for hundreds, or even thousands, of years. The Climate and Clean Air Coalition, a collaboration of governments and environmental lobby groups, therefore reckons that halving anthropogenic methane emissions over the next 30 years could shave 0.18°C off the average global temperature in 2050. That may not sound much, but it is between 20% and 45% of the gap between current temperatures and the goal, agreed on in Paris in 2015 by most of the world's countries, of stabilising temperatures between 1.5°C and 2°C above pre-industrial averages.

Moreover, in many cases the cost of stopping emissions of methane can be offset against the fact that, unlike carbon dioxide, it is a valuable commodity. The International Energy Agency (IEA, an intergovernmental organisation based in Paris) estimates that 75% of emissions from the oil and gas sector—some 16.5% of total human emissions—could be avoided with technologies available today, and that 40% (9% of total human emissions) could be eliminated at no net cost.

The importance of tackling methane has become more apparent in the past decade and a half. After a plateau which began in 1999, concentrations of the gas in the atmosphere started rising again in 2007, a trend that continues to this day. At the moment, more than 300m tonnes are emitted every year as a consequence of human activity, and that rate is growing. As a result, methane concentrations are now more than two-and-a-half times what they were before the Industrial Revolution, and are rising faster than allowed for in all but the most pessimistic climate projections for the 21st century (see chart 1 on next page).

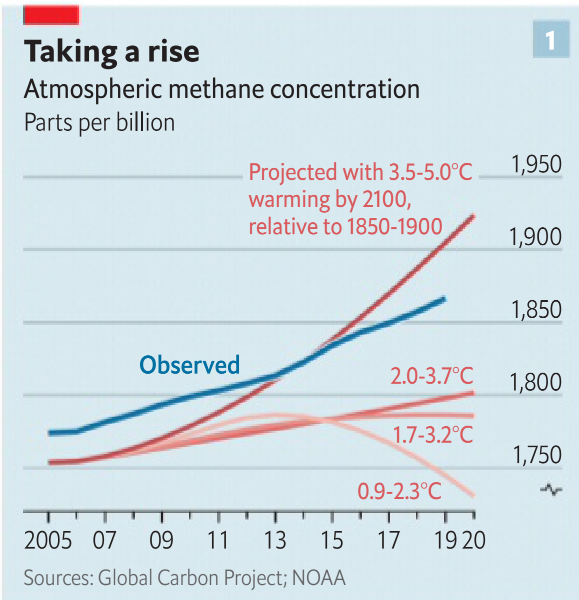
The rise after 2007 prompted a rush to ▸▸

understand methane's sources and how it degrades in the atmosphere. That rise was originally seen as an anomaly, says Marielle Saunois of France's Climate and Environmental Sciences Laboratory, "but now that it has been going on for 13 or 14 years, we see the plateau as the anomaly".

Both ground-based and aerial studies show that leaky natural-gas pipes are one culprit. In 2018, for example, instruments mounted on planes flying downwind of Washington, Baltimore, Philadelphia, New York and Boston found that 850,000 tonnes of methane a year was wafting from these cities. That is roughly ten times the official estimate of the American government's Environment Protection Agency (EPA). A bigger source of emissions, though, is further up the fossil-fuel supply chain—at the points where natural gas, oil and coal are extracted from Earth's crust, processed and moved around the globe.

A study published in *Science* in 2018 measured leaks from a third of America's natural-gas supply chain and oil-production sites. Extrapolating from this sample, the team involved estimated that some 13m tonnes of methane escaped from these facilities each year, approximately 60% more than the EPA's official figures.

The IEA, meanwhile, estimates that each year the world's coal mines liberate roughly 40m tonnes of methane that was once trapped in the coal being extracted. As a source of power, coal is on its way out, but not fast enough. It maintains a stronghold in Asia, and in China in particular, where it could stymie efforts to stabilise the climate. Researchers at Global Energy Monitor, an environmental lobby group that maintains a log of coal-related operations around the world, estimate that planned new mines will emit a further 13.5m tonnes a year. Their report, published in March, surveyed 432 mining projects, more than 100 of which are already under construction in China. As soon as a seam is opened it starts to emit methane. While a mine is active its methane is vented deliberately into the atmosphere to avoid explosions. But even once it has been closed it can carry on leaking the gas for decades.



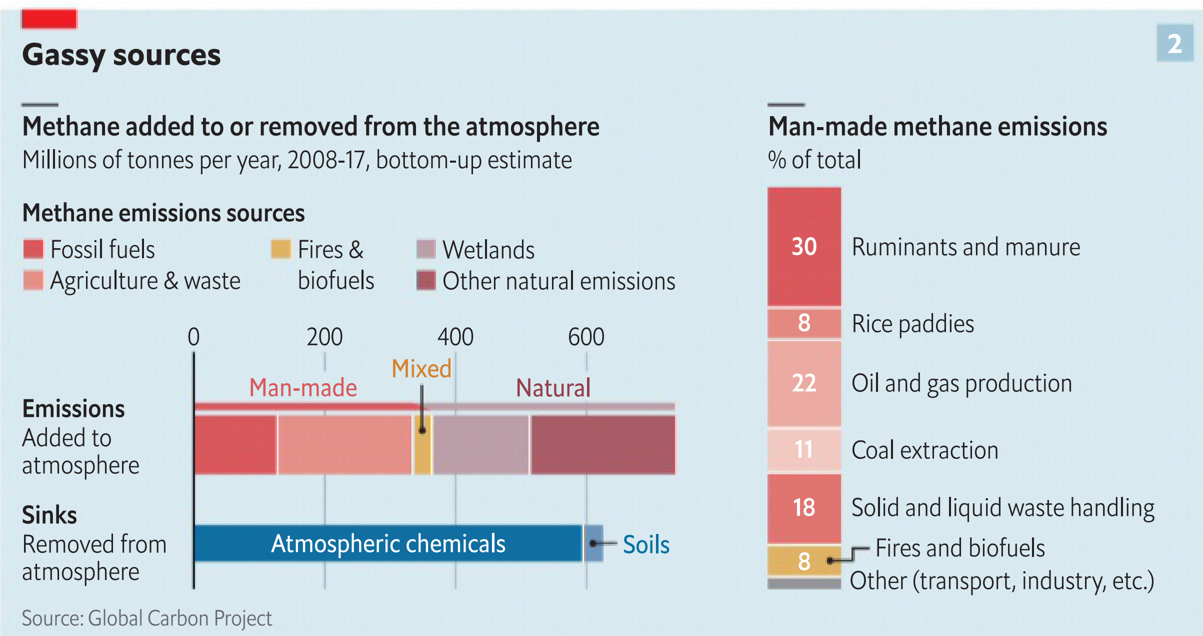
Taking a rise
Atmospheric methane concentration
Parts per billion
Sources: Global Carbon Project; NOAA

The task of putting together all the data on sources of methane has fallen to an international collaboration called the Global Methane Budget, led by Dr Saunois. This seeks to understand what might be called the methane cycle, by tracing how much CH_4 makes its way into and out of the atmosphere every year (see chart 2), and developing a model that describes this.

Gas pains

As the chart shows, besides leaky wells and pipelines, and gassy coal mines, methane is also emitted by belching cattle, rice paddies, forest fires, slash-and-burn agriculture, rubbish dumps, wastewater-treatment plants, cars and lorries, and natural ecosystems such as swamps, rivers and lakes. A perfect inventory would require knowledge of the size, nature and locations of all such sources around the globe—currently an impossible undertaking. Instead, researchers at the Global Methane Budget combine two methods, one bottom-up, the other top-down, to arrive at the best estimate they can.

The bottom-up approach is to scrape national and international sets of data for information on all possible sources of the gas (numbers and sizes of cattle herds, sizes and locations of paddies, inventories of fossil-fuel operations and so on), and then combine this with estimates of how much methane each type of source emits. The top-down approach employs direct satellite and ground-based measurements of methane concentrations. The two are reconciled by plugging the list of sources into a computer model intended to simulate the flow of methane from its sources and the way it is broken down in the atmosphere. This produces hypothetical atmospheric concentrations which can be checked against the real measurements. Mismatches are reduced by adjusting the modelled flows to arrive at a best estimate of what is actually happening.



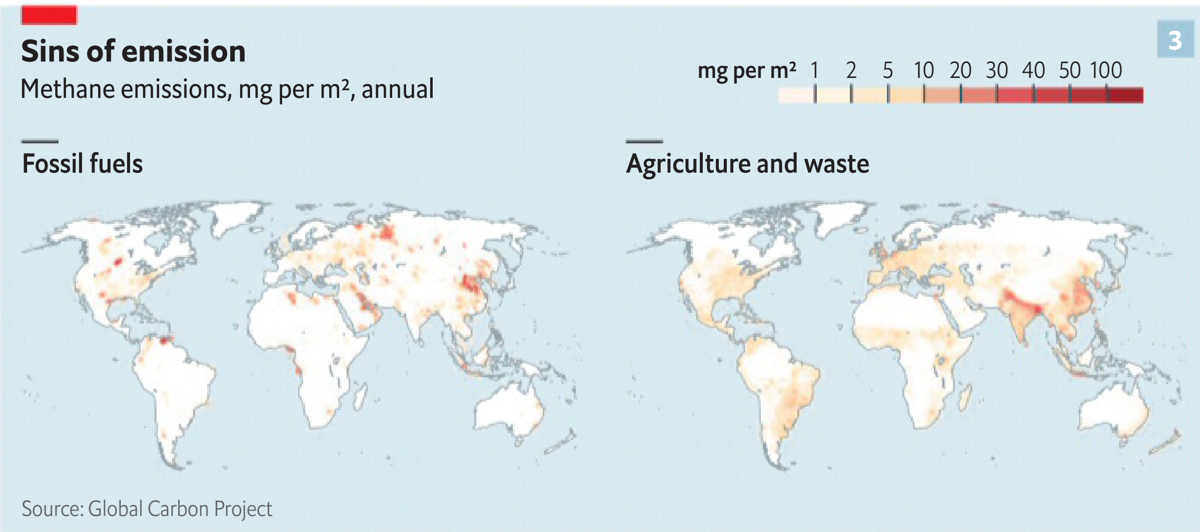
Gassy sources
Source: Global Carbon Project

Dr Saunois's team published their first results in July 2020. They found that between 550m and 880m tonnes of methane per year were emitted between 2008 and 2017—roughly 9% more than the average between 2000 and 2006. Between 50% and 60% of this came from human activities, depending on whether the bottom-up or top-down method was used. Of these, roughly speaking, fossil fuels and agriculture each account for a third (see chart 3 on next page for their global distribution), with the remainder coming from a combination of emissions from things like cars, fires, landfills and waste-water processing.

The post-2007 uptick in methane levels, the team found, was caused by extra human emissions, though there may also be some diminution in the atmosphere's ability to destroy the gas. Thankfully, there was little sign of increased release of methane from Arctic tundra, which some fear may happen as the tundra warms.

Fossil-fuel emissions increased a lot in China over the decade that followed 2007, and to a lesser extent in other Asian countries, America, Africa and the Middle East. China, indeed, is the world's largest methane emitter, an accolade it owes partly to its continued exploitation of coal. In spite of regulations brought in to encourage mine operators to use methane from their mines for such purposes as power generation, rather than venting it into the atmosphere, a study published in *Nature*, in 2019, found that the sector's activities were still driving China's methane emissions up. Europe was the only region to achieve a drop in emissions, in part thanks to policies to reduce the amount of biodegradable waste that is sent to landfill.

The largest increases in agricultural emissions came from Asia, Africa and the Middle East—and agricultural sources, specifically livestock and rice paddies, are the most difficult of all to deal with. In both cases, the gas is produced by methanogenic microbes that live, respectively, in the animals' guts and decomposing excre-



ment, and in oxygen-poor waterlogged soil. Paddies (many of them in China, another reason for that country being top of the emissions league) account for 8% of man-made methane emissions. Varieties of rice that yield more grain for the same amount of methane could help reduce this, but a technologically simpler approach would be to switch to irrigating paddies for less time, which comes with the added bonus of saving water too.

The lion's share of agricultural methane, though, comes from ruminant livestock—cows and sheep, mainly. Such husbandry generates 79% of the sector's contribution. That amounts to 30% of all anthropogenic emissions.

Asking people to eat less meat and drink less milk, while fashionable at the moment in rich countries, probably goes against the Bismarckian principle of realism in the wider, middle-income world where discretionary spending is rising and diets are improving. But another option is to attack the methanogens themselves. This is now being investigated experimentally, to see if changing what the animals eat can damp down methanogenic activity.

Though it is probably not a practical solution at scale, some studies suggest a diet rich in certain seaweeds can decrease an animal's methane emissions by as much as 80%. A compound called bromoform, abundant in these algae, inhibits the chemical reactions that produce methane inside the animals' rumens.

Unfortunately, cattle fed enough seaweed to experience the 80% cut produce less meat or milk than they otherwise would. But another, more benign, dietary change does seem to help without side-effects. This is to add vegetable oils to ruminants' diets. These are calorie-rich, but do not ferment in the rumen and therefore do not encourage methanogens. This approach can cut emissions by 11-18%.

More radically, methanogen activity can be disrupted by adding synthetic chemicals to animals' diets. One such is 3-nitrooxypropanol, which gums up an enzyme the bugs use to generate methane. DSM, a Dutch firm, has turned this into a product, now awaiting approval for use in Europe, which it claims can reduce the amount a cow emits by 27-40%.

Just do it

That methane emissions are a prime target for reduction is an idea which has caught on with politicians, at least in rich countries. In October, the European Commission adopted a "European methane strategy", the implementation of which will be thrashed out this year. The previous plan had been to cut the EU's emissions in 2030 to a level 29% below those of 2005. That target has now been increased to 35-37%.

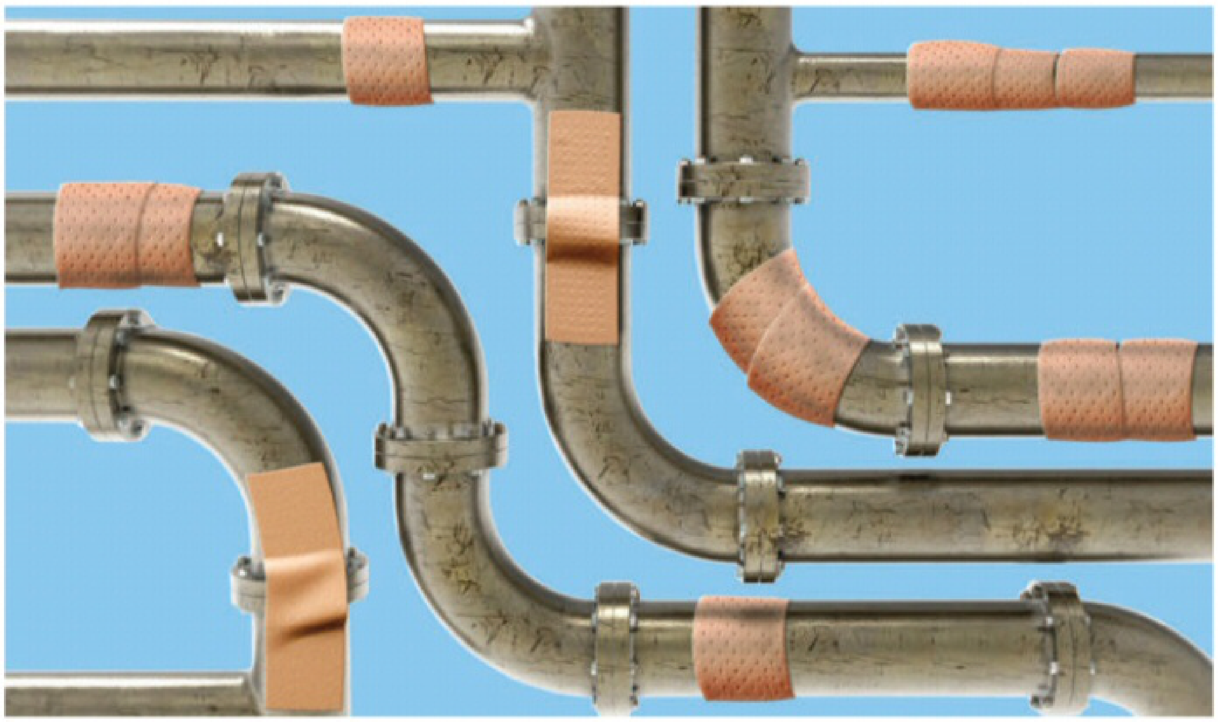
In America, meanwhile, methane policy has been yo-yoing. In 2020 Donald Trump, who was then the president, repealed regulations on monitoring and plugging methane leaks introduced by his predecessor, Barack Obama. Mr Trump's successor, Joe Biden, says he will reverse this reversal, but is also under pressure from environmental lobby groups to go further, by setting a target of reducing emissions by as much as 65% by 2025.

Such lofty goals are worth little, though, if their consequences are not measured. Fossil-fuel companies naturally gather their own data privately. And several environmental organisations hunt for leaks in pipelines and so on using instruments mounted on cars and planes. Their goal is to shine a light on the issue, but their data are also frequently fed back to oil and gas operators, to help them patch up their pipelines. The Environmental Defence Fund says responses vary, but many firms are grateful for the additional feedback.

The Oil and Gas Methane Partnership (OGMP), a UN-led project, standardises methods for measuring and reporting methane emissions in the fossil-fuel industry. At the last count, it had recruited 66 companies which, collectively, produce 30% of the world's oil and gas. Data collected through the OGMP will be fed into a new International Methane Emissions Observatory being cooked up by the UN Environment Programme and the European Commission. This will combine them with other measurements, including from the growing number of satellites that measure methane sources from above, to verify national and corporate accounting.

The jewel in that crown is MethaneSAT, scheduled for launch next year by an eponymous not-for-profit firm. This satellite will scan Earth's surface every few days with a resolution of 1km², allowing it to monitor and report point-sources of gas from fossil-fuel operations. Its owners are also in discussions with the government of New Zealand to map the country's agricultural infrastructure, including the location of herds of cattle, in order to track emissions there as well.

Better, more transparent data do, generally, lead to better outcomes. The Intergovernmental Panel on Climate Change envisages a 35% drop in methane emissions below 2010 levels by 2050. The IEA's numbers suggest that 14% of this is possible in the oil and gas sector alone, at no net cost. Anything on top of that would help offset failures (which seem likely) to limit CO_2. And that, surely, is the stuff of excellent Bismarckian politics. ■



Art and conquest

The spoils of war

The theft of the Benin bronzes was devastating. But returning them will be hard

Loot. By Barnaby Phillips. *OneWorld; 400 pages; £20. To be published in America in May; $27.95*

BENIN CITY, or Edo as it was known in its heyday at the start of the 17th century, was a confident metropolis, a place of creativity and military power. In 1600 a Dutch visitor described an impressive central avenue seven or eight times broader than Warmoesstraat, one of the main shopping streets in Amsterdam, and a palace for the Oba, or head of the ruling dynasty, "so large, that you can feel no End". The walls were decorated with ivory sculptures and elaborate metal plaques depicting hunters, musicians, courtiers and animals including leopards, elephants and crocodiles.

As well as being the heart of a great empire that traded throughout west Africa, Edo was the centre of a complex belief system populated by gods and spirits associated with wealth, health and fertility. Ogun, a god's son, was said to help the city make tools and weapons; he was (and is) the patron of farmers, fighters, hunters, craftsmen and artists. On attaining the throne, each new Oba would commission a bronze head from the local metal-workers as a way of paying homage to his predecessor. The palace's shrines and altars to past rulers boasted many of these statues—kings with puffed cheeks and shining eyes, their queens with elaborate collars and tall braided hairpieces.

Building Edo and its exclaves meant removing 100 times the amount of material contained in the Great Pyramid of Giza, according to an archaeologist who surveyed the area in the 1960s and 1970s. A modern visitor to the city—now the capital of Edo state in southern Nigeria—finds little to show for that effort. The earthen wall that once surrounded the seat of the Oba's empire is crumbling, littered with human excrement and plastic bags and punctuated by electronic billboards for evangelical churches. The old moat stinks.

The bronze and ivory treasures are scattered around the world. Some are held by wealthy private collectors in Europe and America—in 2016 the idealised bronze head of a 16th-century royal, with a long-necked calabash sitting on its crown, was sold privately for over $10m. Others are divided between more than 160 museums, chiefly in America, Britain and Germany, which often display them with minimal information. One label euphemistically says the objects were "brought" to Britain after a military skirmish.

How they really got there is a question asked ever more loudly by activists who want Western museums to be more transparent about the origins of their collections. Last November Dan Hicks, a curator at the Pitt Rivers Museum in Oxford, published "The Brutish Museums", which uses military and trade records to lay out the destruction of the kingdom of Benin by a British expeditionary force in 1897. It shows how colonial expansionism was enlisted in the service of great ethnographic collections (such as the one at the Pitt Rivers), which still draw millions of visitors.

Western acquisition, though, is only half of the story. One country's gain is another's loss. Barnaby Phillips calls his new book "Loot", a word that came into English usage in 1788 from Hindustani slang for plunder and mayhem. Mr Phillips, a veter- ▸▸

an British correspondent in Africa who knows Nigeria well, adds new and much-needed context to the story of the Edo empire and its bloody finale.

He digs into Edo history to show how the power of the Obas evolved as they encountered the Portuguese, the Dutch and later the British, and tracks what happened to the most important treasures after they were grabbed from the Oba's palace in 1897. The international market took off in the 1930s when some of the British perpetrators of that seizure began selling off their holdings. Counterintuitively, British civil servants worked hard to return the treasures to Nigeria after the second world war, while Nigerian politicians raided their country's museums for sculptures to use as instruments of diplomacy. In 1973 General Yakubu Gowon gave a rare bronze—looted by the British, then returned to the National Museum of Nigeria in the 1950s—as a gift to Queen Elizabeth when he made his first state visit to Britain. It now sits in the Grand Vestibule at Windsor Castle.

Stealers keepers

By demonstrating beyond doubt that the Benin bronzes were seized as military booty, in circumstances that would now be described as the "unlawful destruction of cultural heritage" by the UN Security Council, the new accounts make a powerful moral case for their return to Nigeria. Mr Hicks lays bare the savagery of the British expeditionary force. Mr Phillips is at pains to show how deeply the Edo people feel the loss of their physical culture. He describes a scheme in Edo state whereby Sir David Adjaye, architect of the National Museum of African American History and Culture in Washington, is to build a new museum and education centre in the city.

The story of the Benin bronzes is "a dramatic and tragic tale", Mr Phillips writes. Returning them to a new museum would do a great deal to right a historic wrong. Germany recently indicated that its own museums may soon return their holdings; on March 24th Aberdeen University announced a plan to send an artefact back to Benin City, the first from a British institution for more than half a century. Other British and American museums are expected to follow. But Mr Phillips is clear-sighted about the political and financial obstacles that must still be overcome.

Young people may be keener on restitution than their forebears, but some Nigerians think money spent on museums would be better directed to schools or hospitals. Others are sceptical about the country's ability to safeguard its collections. Meanwhile, some in Europe and America would not mind seeing the Nigerians stumble if it meant hanging on to treasures they have long called their own. Possession still has a powerful allure. ■

The Peruvian Amazon

The wood from the trees

Wars of the Interior. By Joseph Zárate. Translated by Annie McDermott. *Granta; 208 pages; £12*

Osman Cuñachí was practising free kicks one afternoon in 2016 when thick black oil from a crack in a nearby pipeline started oozing into the Chiriaco river. The 11-year-old member of the Awajún tribe, the second-largest indigenous nation in Peru, heard that government engineers were paying people to clean up the spill. His family was one of dozens who waded into the water with buckets and plastic bottles. Sick from the fumes, his four-year-old brother was the first to give up. Osman stayed in until it got dark, hoping to earn enough to buy a smartphone. In a photo taken that day he is covered in black smears, smiling and swinging his bucket.

"It's a perverse paradox of development that something as horrific as an oil spill and the death of a river could temporarily benefit a town," writes Joseph Zárate, a Peruvian journalist, in "Wars of the Interior". Each of his chapters investigates how a commodity extracted from the rainforest—wood, gold, oil—has changed the lives of the locals, mostly for the worse. Mr Zárate acknowledges that these industries have helped Peru and its Amazonian neighbours grow and modernise. But, he argues, too little thought has been given to the trade-offs. Rifts in Peruvian society over the exploitation of natural resources too often end in violence. A war is raging between "clashing visions of progress", and indigenous people are losing.


A forest floored

Many books about the Amazon cast its inhabitants as passive victims, or idealise them as guardians of the forest. Mr Zárate does neither. His subjects don't oppose development itself—Osman's father wants him to become a petroleum engineer—but rather the brutal way it has intruded on their lives. They are resilient and stubborn, but they are clearly outgunned. An Asháninka chief sees no choice but to fight illegal loggers who are chopping down trees on his tribe's reserve. He gets killed. A Quechua potato farmer can't imagine selling her land for a pittance so that a mining company can dredge up a yellow metal of no value to her. Her house is burned down. Doctors find dangerous arsenic, lead and mercury in little Osman's blood. He just wants to be "a normal kid, and not be scared of getting a tumour one day".

Though Mr Zárate's findings could fill scathing exposés of the kind churned out by Greenpeace, his technique is more like that of Svetlana Alexievich, the Belarusian writer who was awarded the Nobel prize for literature in 2015. A quote from one of her books stands as the epigraph to "Wars of the Interior": "I strive desperately to…reduce history to the human being." Like Ms Alexievich's narratives, Mr Zárate's relies heavily on his subjects' own words. Like her, he focuses on the failure of the state to protect its people.

In Peru extraction companies operate in 70% of the rainforest. Many ignore clauses in their contracts about respecting local people but few are held to account. Though the World Bank estimates that 80% of Peru's wood exports have illegal origins, only a handful of loggers have ever been sent to prison for illegally felling trees. In the past decade, meanwhile, more than two Olympic swimming pools-worth of oil has leaked into the country's rivers. Mr Zárate forces readers to confront the human implications of development. "Osman Cuñachí doesn't understand much about environmental politics," he writes (in Annie McDermott's translation), "but he does know how hard it is to clean oil off your body."

Economic development can no doubt be pursued more carefully, but its force seems to be unstoppable, just like the flood that destroyed the Amazonian village where Mr Zárate's grandmother grew up in the 1940s. She left to work as a maid in Lima, as thousands of indigenous women still do each year. She married at 14, adapted her speech in order to assimilate into urban society and saved enough money to send all her children to university. To some, hers is an uplifting story. Mr Zárate isn't so sure: "The question is what we are prepared to sacrifice, as individuals and as a society," in the name of progress. ■

Writers' lives

The human stained

Philip Roth. By Blake Bailey. *W.W. Norton; 912 pages; $40. Jonathan Cape; £30*

PHILIP ROTH insisted he wasn't a Jewish novelist. This was a strange protestation for an author whose subjects include overbearing Jewish parents and rebellious sons, circumcision, the Holocaust, anti-Semitism and the diasporic condition (as well as unexpected uses for kosher liver).

Nor, he maintained, was he an autobiographical one. Yet from first to last, Roth's stories circle back to the corner of New Jersey where he grew up. He spent years trying to find a fictional form in which to analyse his combustible first marriage. Unusually, he once apologised for secretly recording a former lover on the phone and inserting her memories word for word into "The Human Stain". Even when writing "The Plot Against America", which imagines Charles Lindbergh's election as president and the subsequent persecution of the Jews, Roth murmured to himself "Don't invent, just remember."

As Blake Bailey's new biography shows, Roth (who died in 2018) took great pains to manage his reputation. He facilitated sympathetic reviews and tore strips off his publishers for dud jacket copy. He prescripted interviews with Ross Miller, a previously anointed biographer whom he later disowned. When Wikipedia misidentified the origins of one of his characters, he responded in the *New Yorker*.

He emerged almost fully formed from a coddled upbringing in a petit-bourgeois household in Newark. Early stories were published in all the right places. "Goodbye, Columbus", his first collection, won the National Book Award; his advances were healthy, even before the *succès de scandale* of "Portnoy's Complaint" in 1969.

That book set him up for life. He became a martyr to his craft in the secluded Connecticut countryside, with no family to distract him and no need to support himself by teaching—though on occasion he did, because campuses helped drag him out of a funk, and offered abundant supplies of female graduate students. During basic training he had hurt his back while dropping a pan of potatoes, and writing was a torture, physically and psychologically. One of his writerly commandments to his acolytes read: "It's not going to get better. Resign yourself to this."

Yet he punished himself at his desk every day. The mix of monomaniacal devotion, incontestable achievement and daily humiliation helps explain why a younger generation of novelists, whose writing life was more precarious, saw him as the suffering servant of American literature. As peers such as Saul Bellow, John Updike and Norman Mailer drifted into senescence or died, he was the exemplar and redeemer.

Such a life risks seeming drab, especially since Mr Bailey makes little attempt to explore the painstaking genesis of the novels. But Roth's compulsive self-sabotage makes the story more dramatic than it might have been. He married twice, both times disastrously. The first union, with Margaret Martinson, came about after she faked a positive pregnancy test by using another woman's urine. In Shakespearean comedy, bed tricks lead to happy endings. In this case it merely prolonged the hysteria, turmoil and infidelity and led to crushingly expensive litigation—cut short only by Margaret's death in a car crash. Roth was so stunned by this *deus ex machina* that he asked his lawyer whether "this meant he was divorced in the state of New York".

A second marriage, to the actor Claire Bloom, was equally ill-starred. Roth cheated relentlessly and had a breakdown. Ms Bloom published a memoir accusing him of spousal abuse. It is impossible to apportion blame amid the sniping.

Depending on tastes, the funny, angry work itself reached a peak in either the malicious glee of "Sabbath's Theatre" or the tragic sonorities of "American Pastoral". But one of Roth's great themes—the complex business of assimilation—seems out of joint with today's proudly intersectional times. His treatment of women, often callous, became frankly transactional in old age. Mr Bailey's defence of him against charges of misogyny can be reduced to the plea that some of his best friends were women. Roth wrote two novels about the McCarthyite origins and incubation in academia of what is now called cancel culture. He may yet fall victim to it. ■

Haunted fiction

Daze of the dead

Fragile Monsters. By Catherine Menon. *Viking; 256 pages; £14.99*

IN CATHERINE MENON'S debut novel, the past is less a foreign country than a hostile world. The Australian-British author brings together two women, a grandmother and her granddaughter, who over the course of a week sift dark memories to make sense of their individual sadness and shared heritage. As each casts back in time, a rich and moving family history takes shape, filled with love and heartache, guilt and grief, and no end of secrets and lies.

It is 1985 and after a decade in Canada Durga Panikkar, a mathematics professor, has returned to her native Malaysia. One rainy evening she arrives at her childhood home in Pahang to spend Diwali with her grandmother, Mary. Their reunion is ruined by an uninvited guest. Tom, a schoolfriend whom Durga hasn't seen for 15 years, is more than bad news, "he's worst news". Disaster strikes in another guise when Mary is hurt in a fire caused by a faulty firework.

As her grandmother recovers, Durga explores the house. She encounters objects that raise questions about the mother she never got to know, Mary's long-dead daughter. "Prying, poking, Durga? You go looking for trouble, you find it," Mary warns. As the younger woman pieces together the turbulent events of Mary's past, she also recalls the tragic accident in a banyan swamp that rocked her life and Tom's. Can she and her grandmother leave their ghosts behind—or will they continue to be haunted by these "fragile monsters"?

Durga's search for the truth is gripping, her quirky narration enlivened by her mathematical mindset: a dead friend is "a zero module", her unknown mother "an imaginary number". But the chapters chronicling Mary's back-story are the most compelling. Her life unspools from an unruly childhood in the 1920s to fierce old age, each incarnation vividly presented. She is a teenager with a cruel streak, a protective mother and sister, a bowed but unbroken survivor of the second world war and the Malayan Emergency (in which communist guerrillas tried to overthrow British rule).

For Mary, the past is "all blood under the bridge". Ms Menon's story shows that, though time flows on, history's waves still ripple decades downstream.

Contemporary art

Cabin fever

Rachel Whiteread's new sculptures are a powerful departure from the work that made her name

People, and buildings, have come and gone in Mile End since it was first recorded as a settlement in 1288. Some of the Victorian terraces that survived the bombing raids on east London during the second world war were slated for demolition half a century later. A resident in Grove Road held out, and eventually his was among the only houses standing. When at last he left, a 30-year-old British sculptor called Rachel Whiteread obtained a temporary lease on the property and set to work.

She erected a steel skeleton inside and sprayed liquid concrete onto the walls and up three flights of stairs. Removing the exterior shell left a mould of the home's interior. The ghostly effect was offset by the living sense of switches flicked, fireplaces aglow, door handles turned. "House" drew crowds, some in wonder, others jeering. "Wot for" someone spray-painted on the side. "Why not!" came the enigmatic reply. The sculpture won Ms Whiteread the Turner prize in 1993, the first time it was awarded to a woman. On the same night, she won the "anti-Turner" prize for the worst example of British art.

Two months later "House" was demolished on the orders of the local council. The artist sat in her car and watched. Then she went back to her studio. Her output since has been prodigious.

Some works have been massive, others intimate. Some are made of concrete or plaster, others of coloured resin, but all are recognisably Ms Whiteread's, full of surprising ideas about mundane settings. Having once cast the inside of a cupboard and covered it in black felt—to represent the feelings of a child taking refuge in a parent's wardrobe—she reproduced the empty space under chairs and in toilet-paper rolls. The monumental "Nameless Library" (2000) in Vienna, with its walls of books—the spines of the casts turned inwards and illegible—was a tribute to the Austrian Jews killed in the Holocaust. As Ben Luke, a critic, noted, casting empty spaces became her way of creating something "mysterious and unique and uncanny". Casts were her "sculptural language".

That is why the new work she has produced, at nearly 60, is so surprising. In the past, Ms Whiteread says, "the nature of the final object has been to do with pouring material into a mould. So it's always about making a negative", which "ends up being the final piece". In a stark departure, her new sculptures are "completely invented. And what I've invented is a skin of an object" rather than an interior.

The smooth and the rough

Ms Whiteread has gathered all manner of scrap material and shaped it into two cabins, which she has painted in layer after layer of white emulsion. Superficially, these assembled structures might seem to be distinguished from her moulds only by the construction methods. But the impact of the works could not be more different. The smooth exteriors and solid shapes of her earlier pieces "bring to mind classical ideals of proportion, balance and symmetry", Richard Calvocoressi, an art historian, writes adroitly in the catalogue for Ms Whiteread's new show (due to open at Gagosian in London on April 12th). By contrast the latest sculptures evoke "openness, disorder, the uncontrolled".

Instead of a smooth finish, in the new cabins there is old lath, discarded wire netting, slats of wood with nails banged into them, corrugated iron so degraded and full of holes as to resemble lace. The one called "Poltergeist" has the appearance of an abandoned shelter. Something much more catastrophic is happening in "Doppelgänger" (pictured); it appears "ripped open, torn apart, smashed, collapsed", as Mr Calvocoressi puts it. Pinned to the wall of Ms Whiteread's studio in London is a small reproduction of "Raft of the Medusa", and you can see how Théodore Géricault's Romantic painting of shipwrecked sailors inspired the cabin's rickety floor and its huge diagonal gash. "I wanted to make the opposite of what I'd been making," Ms Whiteread says. "But I couldn't envisage what that was. I just knew I wanted it to be ephemeral, to be like skin and bones."

Three things account for the shift, she believes. A career retrospective that filled the galleries at Tate Britain in 2017 (before a worldwide tour) brought home how much work she had made over 30 years, freeing her to set off in a new direction. Then the pandemic meant her new exhibition was postponed; it also forced her to look again at what was essential. She and her family withdrew to their house in rural Wales.

But it was a diagnosis eight years ago of bipolar disorder that helped the artist understand the emotional turmoil and depression she has experienced since she was a teenager. Ms Whiteread hasn't spoken about her illness publicly before, and insists it is not severe: "It wasn't out of control. I wasn't running around with my clothes off, screaming and shouting." But she has been hospitalised more than once in the past decade and must take medication for the rest of her life.

She has long described herself as an emotional sponge: "I just soak things up. I'm well generally, but sometimes things just pile on, and a valve goes." Looking back, she realises that her illness has always been present in her work. But identifying it caused a shift. "Something happened that freed me to somehow make that more apparent than maybe it was before."

The name of the new work—"Internal Objects"—is telling. "Yes, it has been affected by my diagnosis without a doubt," Ms Whiteread says. "I think what I've done here is I've extended my vocabulary, which is a very nice feeling. It feels like there's a whole new thing I can do." ■

Appointments

Dynamic Leader Sought for IESBA Chair

A global search has begun for an executive with significant and senior experience to be the next Chair of the International Ethics Standards Board for Accountants (IESBA). Candidates from a wide range of relevant backgrounds, including but not limited to regulatory, business, investor, corporate governance, the accountancy and legal professions, and academia, are encouraged to apply.

An essential element of the IESBA Chair's role is to ensure that the activities of the IESBA maintain a public interest focus while developing high-quality ethics, including independence, standards for the global accountancy profession. The IESBA Chair is a full-time executive position with an initial appointment for a three-year term starting on January 1, 2022 that could be renewed for a total tenure of nine years. Extensive international travel is expected for this position.

To learn more about this position, please visit https://ethicsboard.org and apply by **April 30, 2021.**

IESBA International Ethics Standards Board for Accountants®

GOBIERNO DE LA REPÚBLICA DOMINICANA

ENERGY AND MINES

EDENORTE DOMINICANA, S.A.
EDESUR DOMINICANA, S.A.
EMPRESA DISTRIBUIDORA DE ELECTRICIDAD DEL ESTE, S.A.

COORDINATED BY THE
MINISTRY OF ENERGY AND MINES (MEMRD)

NOTICE

INTERNATIONAL PUBLIC TENDER FOR NEW GENERATION No. EDES-LPI-NG-01-2021

FOR THE PURCHASE OF ASSOCIATED ELECTRICAL POWER ANO ENERGY THROUGH LONG-TERM AGREEMENTS WITH THE ELECTRICITY DISTRIBUTION COMPANIES

The electricity distribution companies **EDENORTE DOMINICANA S.A**. (hereinafter, **"EdeNorte"**), **EDESUR DOMINICANA, S.A**. (hereinafter, **"EdeSur"**) and **EMPRESA DISTRIBUIDORA DE ELECTRICIDAD DEL ESTE, S.A**. (hereinafter, **"EdeEste"**) and jointly called **"Distribution Companies"**), coordinated by the **MINISTRY OF ENERGY AND MINES (MEMRD)**, per its acronym in Spanish) (hereinafter, "Ministry") and under the supervision and oversight of the **SUPERINTENDENCY OF ELECTRICITY** (**SIE**, per its acronym in Spanish), pursuant to articles 56 letter b), sole paragraph 101 and 110 of General Electricity Law No. 125-01, its Implementing Regulation and its respective amendments, CALL to the "International Public Tender for New Generation EDES-LPI-NG-01-2021 for the Purchase of Associated Electrical Power and Energy through long-term agreements with the Electricity Distribution Companies" (hereinafter, **"Tender"**), which has the following characteristics and/or main objectives:

1. Reserved solely for new, combined cycle natural gas generation projects.
2. For total net power to be contracted ranging between 700 MW and 800 MW.
3. With the following main characteristics:
   - **a. BLOCK 01:** (GENERATION AND GAS): Offer of one integrated block for a generation plant with a minimum contracted power of 350 MW up to a maximum power of 400 MW (net power), supplied by a 400 MW (net) combined cycle unit; and a natural gas terminal with onshore storage capacity sized to ensure the minimum supply of combined cycle generation units for a total of 800 MW (net power) for uninterrupted operation in accordance with the regulation in force. Said terminal must have a Liquefied Natural Gas (LNG) discharge jetty offshore and all installations required to receive, treat, store and transport natural gas, guaranteeing the safe and efficient operation of all systems.
   - **b. BLOCK 02:** (GENERATION): Offer of one generation block with a minimum contracted power of 350 MW up to a maximum power of 400 MW (net power), supplied by a combined cycle unit of 400 MW net; among other requirements established in the bid specifications governing the Tender (hereinafter the **"Bid Specifications"**).

Any long-term energy purchasing agreement entered into with regards to this Tender shall have a (36) thirty-six-month term to start as of the date said contract is entered into and shall be effective for one hundred eighty (180) months.

To this effect, all legal persons interested in participating in the Tender, whether national, foreign, established or wishing to be established in the Dominican Republic are **INVITED** to present their credentials in accordance with the requirements and procedures established for this purpose in the **Bid Specifications**, the foregoing in the understanding that those interested may do so on an individual basis or as part of a consortium. Tender participation is only possible for Interested Participants who successfully register in the participant registry created for purposes of the Tender. To carry out said registration, all Interested Participants are invited to:

- iii. download the document entitled "Instructions for Participant Registration" from the Ministry's web page www.mem.gob.do, starting March 12, 2021;
- iv. follow the instructions therein established to perfect said registration; and
- v. make the payment of Five Thousand United States Dollars and 00/100 cents (US$5,000.00).
- vi. The deadline for the registration of participants is April 20, 2021.

Notwithstanding the above, it is informed that Registered Participants will be able to download the Tender Specification documents from the Ministry web page as of **March 15 2021**, with a term for consultation and clarifications according to the Timetable of the Specifications indicated.

Prior to registering in the Participant Registry, any clarification, doubt, consultation or query regarding this Notice, must be addressed to the following email:

licitacioncontratoscompradeenergia@mem.gob.do

The reception and opening of non-financial bids shall take place on August twenty-five (25) of Two Thousand Twenty-One (2021), at 10:00 am, at the Intercontinental Hotel of this city of Santo Domingo or at whatever location established or informed by the Tender Committee on a timely basis.

In Santo Domingo de Guzman, National District, capital of the Dominican Republic, on the twelfth **(12th) day of the month of March of the year Two Thousand Twenty-One** (2021).

Economic & financial indicators

Economic data

	Gross domestic product % change on year ago latest		quarter*	2021†	Consumer prices % change on year ago latest		2021†	Unemployment rate %		Current-account balance % of GDP, 2021†	Budget balance % of GDP, 2021†	Interest rates 10-yr gov't bonds latest,%	Interest rates change on year ago, bp	Currency units per $ Mar 30th	Currency units % change on year ago
United States	-2.4	Q4	4.3	4.5	1.7	Feb	1.9	6.2	Feb	-2.8	-10.0	1.7	103	-	
China	6.5	Q4	10.8	8.5	-0.2	Feb	1.6	5.5	Feb‡§	2.6	-4.8	3.0 §§	65.0	6.57	8.1
Japan	-1.4	Q4	11.7	2.7	-0.4	Feb	0.2	2.9	Feb	3.2	-9.0	nil	-8.0	110	-2.0
Britain	-7.8	Q4	4.0	5.1	0.4	Feb	1.7	5.0	Dec††	-3.9	-12.6	0.8	39.0	0.73	11.0
Canada	-3.2	Q4	9.6	4.8	1.1	Feb	2.1	8.2	Feb	-2.1	-9.2	1.5	76.0	1.26	12.7
Euro area	-4.9	Q4	-2.6	4.2	0.9	Feb	1.2	8.1	Jan	3.2	-5.9	-0.3	22.0	0.85	7.1
Austria	-5.7	Q4	-5.6	3.8	1.2	Feb	1.7	5.7	Jan	3.0	-6.1	-0.1	-3.0	0.85	7.1
Belgium	-5.1	Q4	-0.6	4.0	0.9	Mar	1.0	5.6	Jan	-0.6	-6.3	nil	4.0	0.85	7.1
France	-4.9	Q4	-5.7	5.3	0.6	Feb	1.1	7.9	Jan	-1.7	-7.5	-0.1	-12.0	0.85	7.1
Germany	-3.6	Q4	1.4	3.5	1.7	Mar	1.8	4.6	Jan	6.8	-4.0	-0.3	22.0	0.85	7.1
Greece	-5.9	Q4	11.1	3.2	-1.3	Feb	nil	15.8	Dec	-5.1	-5.0	0.9	-73.0	0.85	7.1
Italy	-6.6	Q4	-7.5	3.4	0.6	Feb	0.7	9.0	Dec	3.0	-8.3	0.7	-82.0	0.85	7.1
Netherlands	-2.8	Q4	-0.5	3.1	1.8	Feb	1.9	3.6	Feb	11.4	-3.4	-0.3	-5.0	0.85	7.1
Spain	-8.9	Q4	0.1	5.7	1.4	Mar	0.8	16.0	Jan	1.3	-8.5	0.3	-34.0	0.85	7.1
Czech Republic	-4.7	Q4	2.4	4.1	2.1	Feb	2.2	3.3	Jan‡	1.1	-5.5	2.0	52.0	22.3	11.4
Denmark	-2.5	Q4	2.5	3.5	0.6	Feb	0.6	4.4	Jan	7.2	-1.5	nil	30.0	6.34	6.8
Norway	-0.6	Q4	2.6	2.6	3.3	Feb	1.6	5.0	Nov‡‡	2.4	-1.7	1.5	52.0	8.55	24.0
Poland	-2.8	Q4	-2.8	4.0	2.4	Feb	2.4	6.5	Feb§	2.1	-4.9	1.6	-15.0	3.97	4.0
Russia	-3.4	Q3	na	2.5	5.7	Feb	4.6	5.7	Feb§	3.0	-2.0	7.3	29.0	76.1	4.8
Sweden	-2.1	Q4	-1.0	2.3	1.4	Feb	1.4	9.7	Feb§	3.7	-2.3	0.4	46.0	8.75	14.9
Switzerland	-1.6	Q4	1.3	2.5	-0.5	Feb	0.3	3.6	Feb	8.1	-0.9	-0.3	11.0	0.94	2.1
Turkey	5.9	Q4	na	4.0	15.6	Feb	11.1	13.4	Jan§	-1.9	-3.1	18.3	522	8.32	-20.9
Australia	-1.1	Q4	13.1	2.8	0.9	Q4	1.6	5.8	Feb	1.1	-5.9	1.7	94.0	1.32	22.7
Hong Kong	-3.0	Q4	0.7	3.3	0.4	Feb	1.8	7.2	Feb‡‡	3.2	-3.6	1.4	71.0	7.77	-0.3
India	0.4	Q4	42.7	13.0	5.0	Feb	5.0	6.9	Feb	-0.8	-6.7	6.1	-7.0	73.4	3.0
Indonesia	-2.2	Q4	na	3.3	1.4	Feb	2.6	7.1	Q3§	-0.1	-6.8	6.8	-108	14,480	12.8
Malaysia	-3.4	Q4	na	4.4	0.1	Feb	2.4	4.9	Jan§	3.6	-6.3	3.3	-11.0	4.15	4.3
Pakistan	0.5	2020**	na	1.7	8.7	Feb	7.8	5.8	2018	-1.3	-6.9	10.3 †††	62.0	153	8.1
Philippines	-8.3	Q4	24.4	6.8	4.7	Feb	4.0	8.7	Q1§	-1.1	-7.2	4.5	-50.0	48.5	5.0
Singapore	-2.4	Q4	15.9	4.6	0.7	Feb	1.6	3.3	Q4	17.3	-4.1	1.8	51.0	1.35	5.2
South Korea	-1.2	Q4	5.0	3.1	1.1	Feb	1.5	4.9	Feb§	4.3	-4.9	2.1	50.0	1,134	8.0
Taiwan	5.1	Q4	5.8	4.5	1.4	Feb	1.5	3.7	Feb	15.1	-0.5	0.4	-6.0	28.5	6.0
Thailand	-4.2	Q4	5.4	3.6	-1.2	Feb	0.8	1.5	Dec§	5.0	-5.7	1.8	71.0	31.3	4.5
Argentina	-4.3	Q4	19.4	6.2	40.7	Feb‡	41.9	11.0	Q4§	2.1	-6.0	na	na	92.0	-29.9
Brazil	-1.1	Q4	13.3	3.2	5.2	Feb	5.7	13.9	Dec§‡‡	-1.1	-7.6	8.9	113	5.76	-10.6
Chile	nil	Q4	30.1	5.7	2.8	Feb	3.5	10.2	Jan§‡‡	-0.2	-6.6	3.5	-10.0	730	16.0
Colombia	-3.5	Q4	26.5	4.8	1.6	Feb	2.6	17.3	Jan§	-3.3	-8.9	6.5	-46.0	3,739	9.2
Mexico	-4.3	Q4	13.7	4.0	3.8	Feb	3.4	4.5	Feb	2.0	-2.8	6.6	-66.0	20.6	17.6
Peru	-1.7	Q4	37.9	8.0	2.4	Feb	2.3	19.0	Feb§	-0.1	-6.9	4.8	22.0	3.76	-8.5
Egypt	2.0	Q4	na	3.1	4.5	Feb	6.0	7.2	Q4§	-3.5	-8.2	na	na	15.7	0.3
Israel	-1.4	Q4	6.4	3.4	nil	Feb	1.4	5.1	Feb	3.9	-9.2	1.1	3.0	3.34	6.9
Saudi Arabia	-4.1	2020	na	2.9	5.3	Feb	2.5	8.5	Q3	-1.1	-5.7	na	na	3.75	0.3
South Africa	-4.1	Q4	6.2	2.0	2.9	Feb	3.7	32.5	Q4§	-1.2	-9.2	9.5	-206	14.9	20.5

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 Mar 30th	% change on: one week	% change on: Dec 31st 2020
United States S&P 500	3,958.6	1.8	5.4
United States NAScomp	13,045.4	0.6	1.2
China Shanghai Comp	3,456.7	2.7	-0.5
China Shenzhen Comp	2,229.3	2.9	-4.3
Japan Nikkei 225	29,432.7	3.6	7.2
Japan Topix	1,977.9	2.6	9.6
Britain FTSE 100	6,772.1	0.9	4.8
Canada S&P TSX	18,705.6	0.4	7.3
Euro area EURO STOXX 50	3,926.2	2.4	10.5
France CAC 40	6,088.0	2.4	9.7
Germany DAX*	15,008.6	2.7	9.4
Italy FTSE/MIB	24,636.4	1.8	10.8
Netherlands AEX	701.1	2.2	12.2
Spain IBEX 35	8,595.2	1.8	6.5
Poland WIG	58,249.5	2.0	2.1
Russia RTS, $ terms	1,460.3	1.6	5.3
Switzerland SMI	11,121.4	0.5	3.9
Turkey BIST	1,395.8	-1.3	-5.5
Australia All Ord.	6,969.8	-0.6	1.7
Hong Kong Hang Seng	28,577.5	2.4	4.9
India BSE	50,136.6	1.9	5.0
Indonesia IDX	6,071.4	-1.4	1.5
Malaysia KLSE	1,609.2	0.4	-1.1

	index Mar 30th	% change on: one week	% change on: Dec 31st 2020
Pakistan KSE	44,491.0	-2.3	1.7
Singapore STI	3,190.9	1.8	12.2
South Korea KOSPI	3,070.0	2.5	6.8
Taiwan TWI	16,554.9	3.3	12.4
Thailand SET	1,589.5	1.2	9.7
Argentina MERV	48,090.7	-1.1	-6.1
Brazil BVSP	116,849.7	4.3	-1.8
Mexico IPC	47,905.0	2.6	8.7
Egypt EGX 30	10,739.7	0.4	-1.0
Israel TA-125	1,660.3	nil	5.9
Saudi Arabia Tadawul	9,635.3	1.8	10.9
South Africa JSE AS	67,291.7	3.1	13.3
World, dev'd MSCI	2,805.1	1.4	4.3
Emerging markets MSCI	1,319.5	1.6	2.2

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2020
Investment grade	126	136
High-yield	370	429

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

Commodities

The Economist commodity-price index

2015=100	Mar 23rd	Mar 29th*	% change on month	% change on year
Dollar Index				
All Items	163.0	163.7	-2.4	60.1
Food	126.0	125.0	-1.9	30.5
Industrials				
All	197.5	199.9	-2.7	84.6
Non-food agriculturals	150.7	148.8	2.7	78.5
Metals	211.4	215.0	-3.7	85.9
Sterling Index				
All items	194.5	181.5	-1.1	44.2
Euro Index				
All items	152.3	154.4	0.1	49.3
Gold				
$ per oz	1,727.7	1,711.1	-0.9	6.1
Brent				
$ per barrel	60.7	65.1	3.6	188.2

Sources: Bloomberg; CME Group; Cotlook; Refinitiv Datastream; Fastmarkets; 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

A dark conundrum

Americans are driving less, but more are dying in car accidents

IN THEORY, ONE silver lining of the covid-19 pandemic should have been a decline in other types of death. As people spend more time at home, they drive less so are less likely to die in car accidents.

Data from the United States back up the first link in this chain: Americans drove 13% fewer miles in 2020 than in 2019. However, less driving has not led to fewer deaths. Official totals are not yet available, but a statistical model from the National Highway Traffic Safety Administration (NHTSA) finds that deaths in the nine months to September 2020 increased by 5% year-on-year. Similarly, the National Safety Council, a non-profit, reckons that fatalities on roads rose by 8% in 2020. This implies that fatalities per mile driven rose by 24%, the biggest increase since 1924.

Why are more people dying if fewer cars are on the road? Although nationwide data lack detail, California publishes granular numbers on crashes and deaths. Drivers in America's most populous state have not become more accident-prone: collisions fell by 24%, more than miles driven (13%).

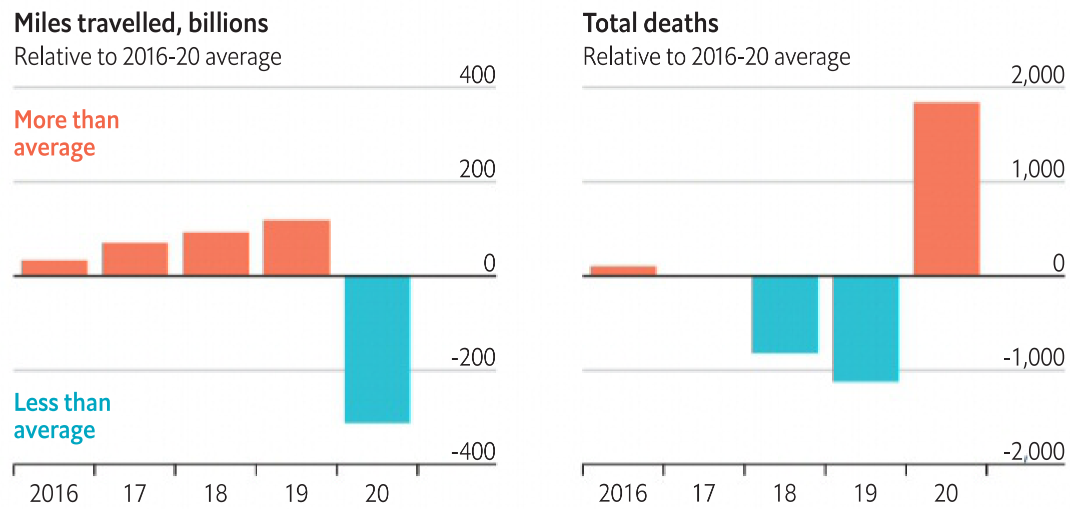
Instead, the crashes that did occur were unusually deadly, causing death 19% more often than in 2019. One factor is less use of seat belts: even as collisions declined overall, the absolute number where officers recorded unfastened seat belts rose by 5%. Another is an increase in the severity of crashes where reckless behaviour—such as alcohol or drug use, speeding or running red lights—was cited as a factor. Although the number of such collisions fell in line with the statewide average, the share that led to death rose by 23%, a greater increase than in other types of crashes.

The causes of a rise in risky driving are unclear, but responses to covid-19 probably contributed. Americans have been drinking more alcohol, and bingeing more often. Speeding is now more common: the number of tickets for going over 100 miles (161km) per hour doubled in California and Iowa, and the NHTSA reports that speeds in a number of cities rose by 22%. Reductions in congestion and in law enforcement may have emboldened lead-footed drivers.

In California rural areas, where roads are less crowded, account for a disproportionately high share of traffic fatalities. However, the gap in death rates between these areas and cities shrank in 2020. This suggests that as urban roads emptied out, drivers started treating them more like rural ones, and stepped on the accelerator. ■

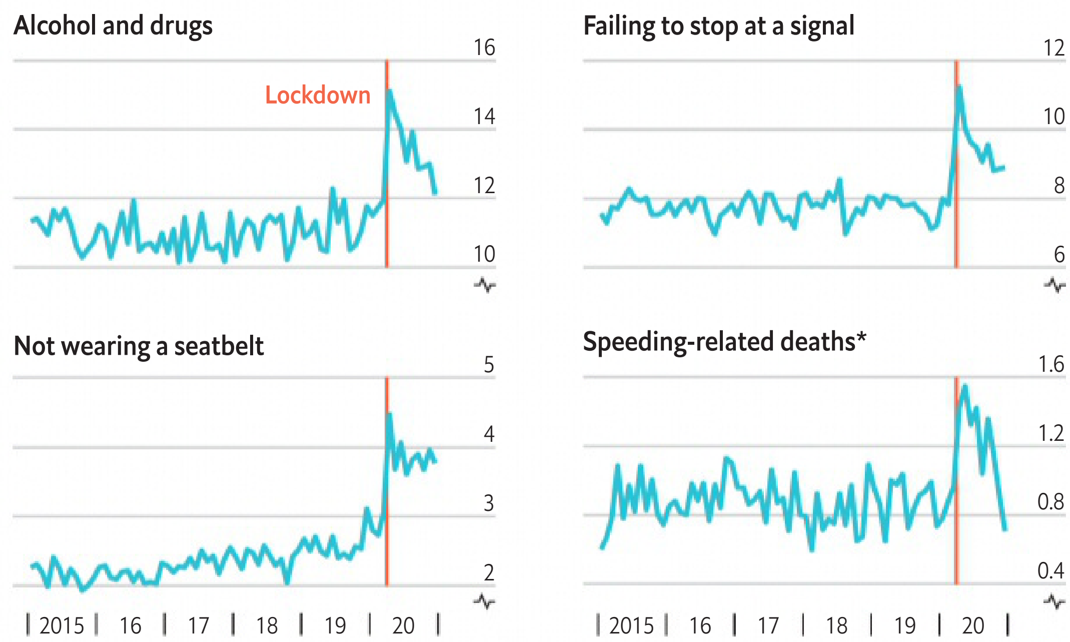
→ Lockdowns led to less driving, yet deaths on the road increased

Road traffic, United States



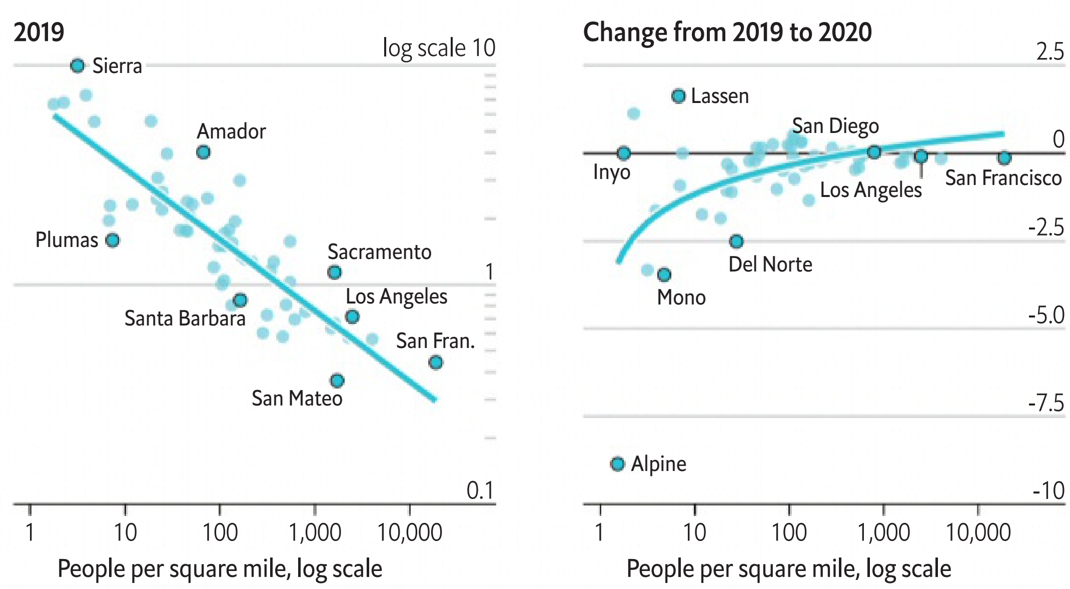
→ The proportion of crashes that involved reckless behaviour surged

California, share of traffic collisions involving...
% of total



→ Roads are deadlier in rural areas than cities, but lockdowns shrank this gap

Californian counties, population density v deaths from traffic collisions per 10,000 people



*Share of collisions involving speeding that were fatal Sources: Transportation Injury Mapping System, University of California, Berkeley; National Safety Council; indexmundi.com; government statistics

An Englishman in Paris

Steven Spurrier, wine expert and host of the world's most notorious tasting, died on March 9th, aged 79

SHOWDOWNS BETWEEN France and England are two a penny. Between France and California they are rare. But add an Englishman into the mix—even a charming, sprightly, upper-class one with exquisite manners, kingfisher-blue dinner jackets and handmade shoes—and the scene may change dramatically.

So Steven Spurrier intended when, on May 24th 1976, he supervised the setting out of a light, pleasant room at the Intercontinental Hotel in Paris. He had invited nine French experts to, ostensibly, a simple tasting of Californian wines to celebrate America's bicentennial. Then, at the last minute—his head always fizzing like a Krug with interesting ideas—he thought it might be more fun to pit French wines against Californian in a blind tasting. The French, he reasoned, were bound to scoff if they knew a wine came from the upstart Napa Valley. What if they did not know?

The contest came down to chardonnays (the Californian versions against long-established white Burgundies) and cabernet sauvignons (Bordeaux *grands crus châteaux* reds against parvenu vintages from America's west coast). Not far into the tasting the judges were already confused, cross-checking their reactions, unwittingly praising California while doing down France. And the result, after 20 wines had been sipped, was a bombshell. A 1973 chardonnay from Chateau Montelena in Napa, in only its second vintage, was declared the best white; a 1973 cabernet sauvignon from Stag's Leap Cellars, also in its second vintage, was the best red. The judges sat in horror and disbelief. California had triumphed; France had fallen from its pedestal, and the world of wine had changed. "The Judgment of Paris" crowed *Time* in its headline (its reporter being the only one who had turned up). "Not bad for kids from the sticks!" cried the man from Montelena. "There goes your Légion d'Honneur," sighed Bella, Mr Spurrier's wife.

His dapper bravado should not have surprised the French. In 1971, not long in Paris, he had had the nerve to buy a dingy little wine shop near La Madeleine, strip out the tanks of *vin ordinaire* and fill it with extraordinary wines he had found as he and Bella toured round Europe. Bottles from tiny struggling estates down lanes in Anjou and Touraine; single-vineyard beauties from Burgundy and Champagne; vintage sherries and Madeiras, which the French mostly ignored; even English sparkling wines, which were held up at French customs when the officer declared that they could not possibly exist. That wine, from the Hambledon Estate, went proudly into the window of the Cave de la Madeleine. There too he pushed his *champagne intégral* and beaujolais *à l'ancienne,* fermented without extra sugar, and told the French that if they wanted more, they could add it themselves.

Next door he started up an Académie du Vin with an American colleague, Patricia Gallagher, running courses, tastings and trips for a large clientele of expatriate Americans. The French were welcome to join in too because, he'd say impishly, they didn't know as much about wine as people assumed. He saw himself as an ambassador for all unsung vignerons and overlooked varieties, and relished being the first *caviste* in the city to wear a tie to work, *comme il faut*. After the Judgment of Paris, the French got all the more huffy. But he was having far too much fun to mind.

The obsession had started early: at Marston Hall on Christmas Eve when he was 13 and was allowed for the first time, the butler was told, to have a glass of port. With one sip of that glorious Cockburn's 1908, the die was cast. He was captivated by the thought that wines had family names and came from *terroirs* that affected them; that they had personalities and histories. His father hoped he would go into the City, but he could think of no better life than devoting himself to art, another passion, and to wine.

Luckily he had no need to do anything else. At 23 he received his share of the sale of the family gravel company, £250,000 (more than £5m today), quite adequate to buy a house in Fulham and to build in the garden a fountain in which to chill his wine. He worked a little, though, triple-washing corks and bottling St Emilion from huge casks in St James's, before travelling round Europe's vineyards to instruct himself. The money, sadly, dwindled fast, siphoned off by scroungers. He realised then that he did not have a business bone in his body; he was a soft touch. The Paris Cave and Académie did best, but even the Cave had to close in 1988, and Académies in Rome and New York did not prosper. Dozens of other schemes—wine warehouses, a distribution business, the Vinopolis wine-tasting venue in London—bubbled and broke, and each time, as debonair as when he zipped on his bicycle through teeming city streets, he sailed on. His career at last settled into writing columns for *Decanter* magazine and running wine courses at Christie's, in both of which he could follow his fascination for wines not yet known or not yet esteemed enough.

Among those were now his own sparkling wines from the Bride Valley vineyard he and Bella had planted in Dorset. This was a last throw of the Spurrier dice, gambling with mildew, washout summers, chalk soil and cold air, which gave his wines a definite lightness and acidity, or vibrancy and precision, as he preferred to say. But they did well, and he had a vast cellar to supplement them. He loved to wander round it, reliving the places and people behind each purchase, anticipating each reopening: a 2000 syrah, say, from the Marqués de Griñon's Dominio de Valdepusa near Toledo, velvety and vigorous, or a Marchesi Antinori Tignanello 2006, breathing Tuscan friendships.

His cellar was proof, too, that he had no animus against the French. Far from it. He revered their wines, and had been amazed when the Judgment of Paris came down. All he had meant to do was open up attitudes, not transform the world wine trade. Fully 70% of the wines in his cellar were still French; of those perhaps a third were clarets. And as he contemplated his remaining bottles of 1990s Léoville Barton, he concluded that claret was what he would always return to: that wine that had stirred up such wars between France and England, all that time ago. ■