FINANCIAL TIMES

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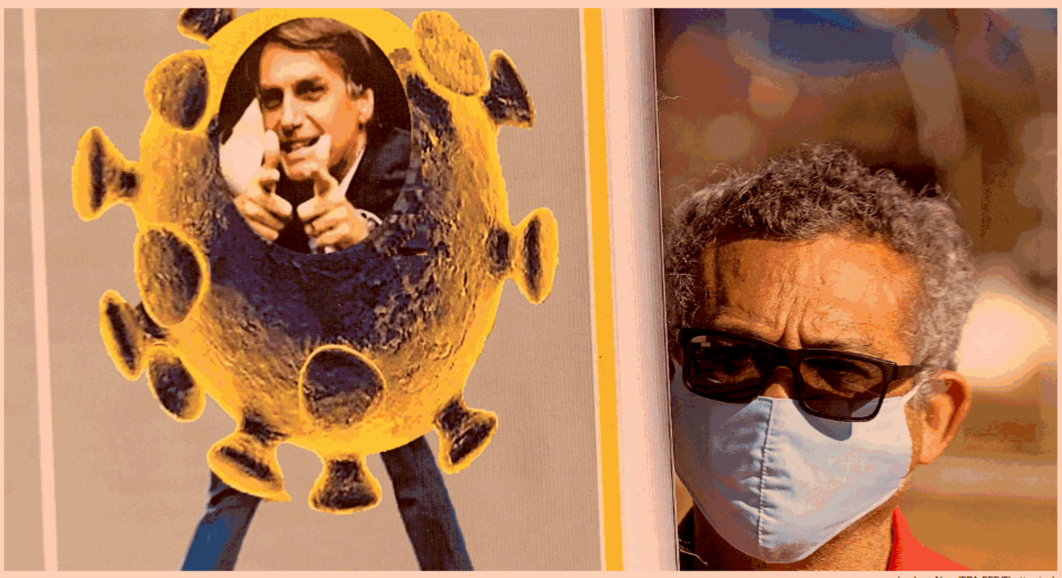
Setting big goals can distort the objective — ANDREW HILL, PAGE 12

Covid hotspot
Brazilian fury over death toll



Joedson Alves/EPA-EFE/Shutterstock

A demonstrator holds up a placard depicting Jair Bolsonaro at a protest against the Brazilian president and his handling of the coronavirus pandemic in Brasilia yesterday.

Mr Bolsonaro's government was accused of trying to hide the extent of Brazil's epidemic over weekend, after it stopped reporting figures for the total number of infections and deaths.

Brazil has become a global hotspot for the virus, which has already claimed 35,000 lives. Only the US and the UK have higher death tolls. Mr Bolsonaro has faced sharp criticism of his response to the crisis, during which he has played down the severity of Covid-19.

Brazil accused of hiding data page 3
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Shipping industry warns of trade blockage as crew are left stranded

● Travel curbs hit 400,000 sailors ● Restaffing vessels impeded ● Freight clogs supply chain

PEGGY HOLLINGER, ROBERT WRIGHT AND MICHAEL POOLER — LONDON

The international shipping industry has warned of a threat to global trade from a mounting crisis on board the world's merchant vessels, with up to 400,000 crew stranded at sea or at home by global travel restrictions in response to the Covid-19 pandemic.

One German-owned tanker last week refused to sail unless replacement crew could be brought in, said industry executives and union representatives, amid concern over rising fatigue and safety.

The fear is that others will follow after June 16, when emergency extensions to the labour agreements governing seafarers' contracts expire. Many crew have worked several months beyond their contracts, prompting ship owners, unions and captains to sound the alarm.

"It's a ticking time bomb," said Guy Platten, secretary-general of the International Chamber of Shipping, representing ship owners and operators. "The longer this issue goes on the greater risk to the supply chain."

Maritime transport is the engine of globalisation, with around 80 per cent of world trade by volume carried on vessels such as container ships, fuel tankers and dry bulk carriers, according to the United Nations Conference on Trade and Development.

However, the smooth operation of the freight trade is being hindered by travel restrictions that bar crew from disembarking to return home or from travelling to a port where their ship is waiting for a crew change.

Many seafarers are also struggling to obtain entry or exit visas, while the widespread suspension of commercial air travel has increased the difficulties in moving crew around. Those affected make up more than a fifth of the 1.8m seafarers who crew the world's 96,000 commercial vessels.

Last month the International Maritime Organisation published a 12-step protocol for safe crew changes. But governments have been slow to implement it and the number of crew stranded at sea was rising weekly, Mr Platten said.

The industry is now calling on governments around the world to create "safe corridors" that would allow free movement of seafarers. These include designating seafarers as "key workers" who can travel without restrictions when leaving or joining a vessel, creating safe areas in airports for their transit, and accepting official maritime documents as proof of identity.

About 80 per cent of world trade by volume is carried on vessels such as container ships, fuel tankers and dry bulk carriers

Under maritime rules, a seafarer is allowed to spend only 11 months at sea. But some have now been at sea for up to 15 months, said Jim Scorer, secretary-general of the shipmasters' federation, IFSMA. "Some of these people are dangerously tired," he said.

Steve Cotton, secretary-general of the International Transport Workers' Federation, said that after June 16 the labour deal could no longer be extended.

"We won't tell seafarers they have to stay on board. If they want off, we will assist them getting off," he said.

EU's €750bn rescue attacked page 2
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Briefing

▸ **BNP targets Goldman's hedge fund spot**
Head of global markets Olivier Osty has told the FT that France's biggest investment bank is seeking to displace the Wall Street group as one of the top three global prime brokers to hedge funds.— PAGE 6

▸ **EU capitals raise rescue fund objections**
Member states have said the €750bn crisis recovery fund will not target aid effectively, warning that the metrics used, such as pre-crisis unemployment, will present an incorrect picture of need.— PAGE 2

▸ **Opec and Russia extend production cuts**
The oil cartel and Moscow have agreed to prolong for a further month the output cuts set in place in April, with the crude price recovery to near $40 a barrel generating support among members.— PAGE 4

▸ **Tokyo governor in Olympic travel doubts**

Yuriko Koike has questioned whether the Games can go ahead next year without a global quarantine deal, and whether the opening ceremony should be curtailed.— PAGE 4

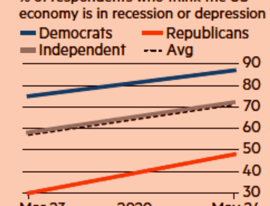
▸ **Shell faces blowback over dividend cut**
The Anglo-Dutch oil group has been pressed by investors to outline how it plans to create value for shareholders in coming years after it announced a dramatic two-thirds cut to its dividend.— PAGE 6

▸ **Climate trumps virus as investor threat**
Sustainable finance expert Thierry Philipponnat has said environmental dangers pose a bigger threat to stability than coronavirus and rules on lending to fossil fuel groups need to reflect that.— PAGE 8

▸ **New Barclays case opens over crisis cash**
Financier Amanda Staveley's £1.5bn case against Barclays is due to begin today, in which her private equity firm PCP Capital is suing the bank for alleged deceit over the terms of its 2008 fundraising.— PAGE 8

Datawatch

American pessimism
% of respondents who think the US economy is in recession or depression



Source: Gallup

As states weigh moves to unlock their economies, some 71 per cent of Americans say the country is in a depression or recession. The figure for Democrats is 87 per cent, nearly 40 percentage points higher than Republicans

Real US jobless figure eludes number crunchers

An admission from the US labour statistics bureau that Friday's stunning jobs numbers might not be as rosy as they appear has thrust the agency into the spotlight just as economic data are crucial in assessing the depth of the recession. Its main quandary is that while it seeks to classify furloughed workers as temporarily unemployed, many survey respondents, when asked, say they are employed but absent for 'other reasons'.

Analysis ▸ PAGE 3

Floyd death triggers $450m flood of corporate cash into civil rights groups

ANDREW EDGECLIFFE-JOHNSON — NEW YORK
COURTNEY WEAVER — WASHINGTON

US civil rights groups have received a surge of corporate donations since the death of George Floyd, transforming the fortunes of some of the organisations hit hardest by the Covid-19 crisis.

A Financial Times review of statements from US companies found more than $450m in pledges to groups focused on social and racial justice, which typically depend more on individual donations, often from people in disadvantaged communities.

Walmart and its foundation promised to put $100m into a new racial equity centre; Warner Music and Sony Music announced $100m funds with few details attached; and Nike pledged $40m to various organisations.

Amazon, Facebook, Google and Spotify announced donations of $10m or more, with Apple giving undisclosed sums to groups including the Equal Justice Initiative. Goldman Sachs, Target, United Health and Verizon's foundation each gave $10m.

Jacob Harold, executive vice-president of Candid, which studies non-profit organisations and foundations, said it had already tracked $232m in donations specifically to racial equity groups since Floyd's death — almost as much as they receive in a typical year.

The protests that have rocked the US in response to Floyd's death at the hands of the Minneapolis police went global over the weekend, with large demonstrations in a number of cities, including Sydney, London, Rome and Berlin.

The influx of donations has come as the Covid-19 pandemic has plunged charities into crisis. After a decade of growth, many have seen donations collapse, investments shaken and demand services soar.

The Center for Effective Philanthropy will report today that 80 per cent of non-profit groups have tapped or expect to tap their reserves, with those working on racial equality particularly affected.

Beyond larger civil rights organisations, such as Black Lives Matter and the NAACP, the giving has filtered down to smaller groups, who said they had seen a huge spike in online donations as well as offers of corporate money.

The Black Voters Matter Fund raised over $200,000 in a week, raking in roughly 500 times its typical number of daily contributions. "We're still wrapping our heads around it," said Alexis Buchanan, its development manager.

'Broad coalition' on streets page 3

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World Markets

STOCK MARKETS

	Jun 5	May 29	%Week
S&P 500	3193.93	3044.31	4.91
Nasdaq Composite	9814.08	9489.87	3.42
Dow Jones Ind	27110.98	25383.11	6.81
FTSEurofirst 300	1461.07	1362.93	7.20
Euro Stoxx 50	3384.29	3050.20	10.95
FTSE 100	6484.30	6076.60	6.71
FTSE All-Share	3589.76	3363.67	6.72
CAC 40	5197.79	4695.44	10.70
Xetra Dax	12847.68	11586.85	10.88
Nikkei	22863.73	21916.31	4.32
Hang Seng	24770.41	23132.76	7.08
MSCI World $	2218.50	-	
MSCI EM $	988.80	-	
MSCI ACWI $	528.00	-	

CURRENCIES

	Jun 5	May 29		Jun 5	May 29
$ per €	1.131	1.112	£ per $	0.786	0.809
$ per £	1.273	1.236	€ per £	1.125	1.111
£ per €	0.889	0.900	¥ per €	124.160	119.839
¥ per $	109.745	107.735	£ index	77.244	76.481
¥ per £	139.657	133.192	SFr per £	1.225	1.188
SFr per €	1.089	1.069			
€ per $	0.884	0.899			

COMMODITIES

	Jun 5	May 29	%Week
Oil WTI $	39.08	35.23	10.93
Oil Brent $	41.92	37.63	11.40
Gold $	1700.05	1717.35	-1.01

INTEREST RATES

	price	yield	chg
US Gov 10 yr		0.93	0.13
UK Gov 10 yr		0.35	0.05
Ger Gov 10 yr	103.33	-0.28	0.04
Jpn Gov 10 yr		0.04	0.01
US Gov 30 yr	125.42	1.73	0.14
Ger Gov 2 yr	104.78	-0.61	0.01

	price	prev	chg
Fed Funds Eff	0.05	0.05	0.00
US 3m Bills	0.15	0.16	-0.01
Euro Libor 3m	-0.35	-0.36	0.01
UK 3m	0.23	0.24	-0.01

Prices are latest for edition | Data provided by Morningstar

A Nikkei Company

INTERNATIONAL

CORONAVIRUS ROUND-UP

Demand for China goods dips but cheap commodities spur spending spree

Foreign demand for Chinese goods cooled in May, figures from China's customs authority suggest, and the country has been stocking up on cheap commodities.

South-east Asia, the top buyer of Chinese goods, reported a 1 per cent dip in imports after an 8 per cent increase in April.

Exports to the US fell 11 per cent and to Europe 1 per cent in the first five months of this year as western countries struggled to reopen their economies.

Sweden Democrats leader calls for architect of virus strategy to quit

The leader of the populist Sweden Democrats has become the first top politician to call for the resignation of the man behind the country's coronavirus strategy.

Jimmie Akesson wrote that Anders Tegnell, state epidemiologist, should resign due to mistakes that had left Sweden with a far higher death toll than its neighbours.

Sweden is engulfed in a debate about the wisdom of not imposing strict lockdowns after Norway and Denmark refused to open their borders to Swedes.

Russians celebrate Trinity Sunday

Russian Orthodox church members pray during the Trinity Sunday service at Yelokhovsky Cathedral in Moscow yesterday. Believers were allotted socially distanced spaces.

Spanish PM cites second wave threat as he sets out rules for life after lockdown

Spain set out the main rules that will govern post-lockdown life after emergency powers lapse on June 21.

Pedro Sánchez, prime minister, said the cabinet would approve a decree setting obligations that would apply until the crisis is over, including compulsory wearing of masks on public transport, restrictions on mass gatherings, and testing all suspected cases.

"The threat of a second wave is not made-up," Mr Sánchez said. "We have to avoid it at all costs."

Pacific island states lobby for entry to trans-Tasman bubble travel club

Pacific nations are lobbying to join the proposed trans-Tasman bubble being set up by New Zealand and Australia to re-establish international travel.

Most Pacific governments closed borders, but at a massive economic cost. The region is reliant on tourism, accounting for a third of jobs in Fiji, Palau and Vanuatu, and at least 40 per cent of gross domestic product.

New Zealand and Australia have indicated that Pacific nations will be considered for inclusion only after the bubble has been established.

Cases so far

6,939,869

— and 400,624 deaths, as at 1730 BST on 7 June

Source: Johns Hopkins University, CSSE

Read more at ft.com/coronavirus

Recovery package

EU states attack €750bn rescue plan

Allocation of funds has little direct connection to pandemic, say members

MEHREEN KHAN — EU CORRESPONDENT

Brussels is under fire from EU governments for failing to target its planned €750bn recovery fund on damage caused by the coronavirus shutdown.

EU diplomats have raised concerns that the European Commission is proposing to use a series of "outdated" economic measures to determine how much member states will receive from a Recovery and Resilience Fund (RRF) intended to further Europe's post-pandemic economy.

The complaints have emerged as EU governments pore over details of an unprecedented crisis-fighting tool that would give the commission the power to borrow €750bn from international capital markets. The spending programme is divided into different pots, the biggest of which is a €560bn fund to support specified economic reforms in member states through a mixture of grants and loans.

The commission wants this RRF to allocate money based on three main economic criteria: a country's gross domestic product; its GDP per capita; and its average unemployment rate between 2015 and 2019.

It argues the criteria will ensure the funds are channelled to economies hardest hit by coronavirus and with limited fiscal capacity to fight the deepest depression since the second world war.

Most governments will have to ratify the EU's borrowing plans in their national parliaments. For some of them, the metrics have emerged as an early point of contention. One national diplomat questioned the use of a pre-crisis measure of unemployment that bore no relation to the pandemic.

"We are not trying to help [countries] with decades of bad economic handling and lack of reforms," said the diplomat.

Commission officials have grappled with how best to design the fund given the stark variations in the impact of the virus. The pandemic has hit southern Europe particularly hard while poorer countries in the east — traditionally the biggest beneficiaries of EU aid — have done better at containing it and have reopened economies more quickly.

Internal commission estimates show that Italy, Spain, Poland and Greece will be among the big winners from the fund. Yet Poland is expected to have the least severe recession in the EU this year. Other countries with high death tolls such as Belgium, which has the EU's highest rate of per capita fatalities, will receive among the lowest amounts of aid under the proposed formula.

> 'We are not trying to help [countries] with decades of bad economic handling and lack of reforms'

The commission's methodology has now been challenged by countries including the Netherlands, Denmark, Austria, Belgium, Ireland, Lithuania, and Hungary for having no direct connection to the pandemic.

The commission defended the criteria saying the recovery instrument "will be particularly beneficial to the countries with a lower per capita income and with a high unemployment rate to reflect the high economic and social challenges that these countries face".

In a statement, the commission said: "The allocation key channels a very large share of the funds to countries which have been very severely affected by the crisis. The allocation of funds to Greece, Italy and Spain represent almost 50 per cent of the available envelope for grants."

Profile. Italy's rising star

Meloni challenges Salvini's rightwing crown

Ex-youth minister has grown in popularity as Covid pushes voters towards conservatism

MILES JOHNSON — ROME

When the leaders of Italy's rightwing parties staged an anti-government protest in Rome this week, Matteo Salvini, leader of the anti-immigration League, was joined by the woman who is his ally but also now his main challenger on the right: Giorgia Meloni.

Ms Meloni, who wore the same Tricolore face mask as Mr Salvini on the march, has in recent weeks emerged as a threat to the League leader's once-unquestioned dominance of Italian nationalism.

A poll published last week by Corriere della Sera, the Italian broadsheet, showed that Ms Meloni's Brothers of Italy party's popularity had risen to 16.2 per cent of respondents who expressed a preference, up from the 6.5 per cent share of the vote it received in last year's European elections. Mr Salvini's League came in at 24.3 per cent, down from 34.3 per cent in last year's vote.

A former waitress who has been involved in rightwing politics since her teens, Ms Meloni first came to prominence as a youth minister in Silvio Berlusconi's administration.

"It is certainly her moment right now," said Giovanni Orsina, a professor of politics at Rome's Luiss university. "What we are seeing is that the percentage who vote for rightwing parties is roughly the same as last year but that Meloni is taking share from the League."

With more than 33,000 deaths, Italy has been devastated by the coronavirus crisis and Mr Salvini, whose party runs Lombardy, has been put on the back foot. Less flamboyant than Mr Salvini, Ms Meloni's conservatism has resonated more with voters, analysts said.

She has criticised the left-leaning pro-EU Italian government for its slow response and the EU for its delay in coming up with co-ordinated action.

"When the coronavirus was just an Italian problem it didn't interest anyone in the European Union. When we had the first red zones in Lombardy, Ursula von der Leyen [European Commission president] was with Greta Thunberg [the environmental activist]. They only did things when the virus arrived in Germany," she told the Financial Times prior to the EU's announcement of a stimulus plan.

Giorgia Meloni, left, poses for a photo with supporters during Republic Day celebrations in Rome last week
Fabio Frustaci/EPA-EFE

She remains critical of the European response. "Some of the largest speculative financial attacks against Italy have come from inside the European Union," she said. "I think the views of Italians about Europe have changed significantly over this crisis."

Ms Meloni is rare in Italian politics for being both young, aged 43, and also female in a landscape where until recently being a male aged over 60 was the norm. Born in Rome in 1977 she grew up in a single-parent family and worked while a teenager as a waitress, bartender and nanny to support her mother. On Sundays she worked at Rome's Porta Portese flea market.

Ms Meloni, who is a staunch advocate of conservative family values and has had her views widely parodied by liberal critics, had a child outside of marriage in 2016 with her long-term partner.

The evolution of Italy's post-fascist politics, its place within the Italian right, and her place within it, are complex. The Brothers of Italy under Ms Meloni is staunchly anti-immigration in a similar fashion to Mr Salvini, is also critical of the EU, and is socially conservative on issues such as gay marriage and the structure of the Italian family.

Ms Meloni's strategy is to challenge Mr Salvini for the support of conservative but centrist voters. She has long distanced herself from any direct association with fascism.

"Salvini is a national populist, Meloni is more a national conservative," said Mr Orsina. "Salvini comes from the tradition of the League, which began as a protest party and had a provocative communication style. Meloni's political style is more conservative than this.

"On immigration they are very similar, but the League is much more focused on business interests in the north. Meloni's party comes from a post-fascist tradition more focused on the Italian working class, in the centre and south of Italy."

Ms Meloni cut her political teeth working in the youth wing of the National Alliance party, which grew out of the Italian Social Movement party (MSI) founded in 1946 by supporters of the fascist dictator Benito Mussolini. In 2008, Mr Berlusconi appointed Ms Meloni, then a member of the National Alliance, which was in a coalition with his Forza Italia, as Italy's youth minister when she was 29. She later co-founded Brothers of Italy.

Up until last year, her party was a small part of Italy's rightwing coalition, formed of the League and Mr Berlusconi's party, and consistently polled in the low to mid single digits.

Daniele Albertazzi, a political scientist at the University of Birmingham, said: "Arguably the voters that Meloni is taking from Salvini were naturally hers all along. Salvini was the one who transformed his party from a regionalist party to a nationalist one.

"I don't think anyone is expecting her to become prime minister at this stage. But if she continues like this it's certainly not impossible. And if she does, I expect her to project a far more moderate image than many would expect."

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Central Europe

Mining outbreaks hamper Poland's attempts to contain virus

JAMES SHOTTER AND AGATA MAJOS
WARSAW

"If it were not for Silesia," a spokesman for Poland's health ministry said this month, "we would have 32 [new cases of coronavirus] this morning."

In fact, Poland reported 202 new infections on that morning, June 1, as outbreaks in Silesia, a coal-mining region in the south of the country, hampers the government's efforts to tame Covid-19.

Like most of central Europe, Poland reacted quickly to the pandemic, closing its borders, shutting non-essential businesses and banning large gatherings. As a result, it has suffered far fewer deaths (1,155) and cases (26,249) than many countries in western and southern Europe, and doctors have not had to face the agonising choices about which patients to treat that confronted some of their counterparts in Spain and Italy.

But whereas Slovakia, Austria and Hungary have seen a sharp drop-off in new infections, new cases in Poland remain elevated, with the problems in Silesia's mines echoing those in South Africa, where the world's deepest mine was forced to close after an outbreak.

For the past six weeks, Poland has recorded roughly 300-400 new infections a day. And more than 50 per cent of these have come from Silesia, which accounts for just 12 per cent of the population.

"Instead of decreasing the epidemic curve, we've got a sort of plateau," said Maria Ganczak, a specialist in epidemiology at the University of Zielona Gora, in western Poland. "What is striking is that we have the same pattern of a plateau as Sweden . . . The numbers [of cases in Sweden] are higher per million inhabitants, but the pattern is the same, so of course this worries me."

Silesia is the heart of Poland's coal industry, and in recent weeks the narrow mine shafts beneath the countryside around Katowice have become one of the main incubators of the virus. More than 4,000 staff at mines in the region have tested positive for Covid-19.

"The conditions in the mines have proved very favourable for spreading the virus," said Grzegorz Hudzik, from the Silesian health inspectorate. "There is very close contact between people, it's hard to keep distance between workers. The working conditions in the mines — the humidity and temperature — also help it spread."

The situation in Silesia's mines has been compounded by the region's population density. At 368 people per square kilometre, it is the highest in Poland.

But Prof Ganczak said a lack of local laboratory capacity in the early days of the pandemic had also played a role — tests had to be sent elsewhere in Poland for analysis.

"This caused severe delays in getting results, and of course every single hour is crucial at the beginning of an outbreak," she said, adding that Poland's testing levels were still among the lowest in the EU.

Miners emerge from a pit in Silesia, heart of the country's coal industry

Fortunately, most cases of Covid-19 in Silesia have not been serious. "So far we've had 225 deaths reported in Silesia, but this is not excessive, it's not an outlier," said Piotr Zakowiecki, a health analyst at Polityka Insight. "In proportion to the population, the number of deaths per million is similar to those in [other regions]."

Epidemiologists say that this is probably because most of the miners are men in their 20s and 30s who are less likely to develop serious complications than older people.

Although extensive workplace testing set up in recent weeks has helped to identify outbreaks among miners, scientists worry the virus could spread to their older relatives and more vulnerable members of the community.

"These local outbreaks are potentially dangerous because they can leak, and also cause transmission 'on the streets', so to speak," said Rafal Halik, from Poland's National Institute of Public Health. "It seems that there will [continue to] be these local outbreaks and it will be hard to bend this curve."

INTERNATIONAL

‘Broad coalition’ takes to US streets in support of justice

Multicultural nature of protests distinguishes them from 1968 days of rage

DAVID CROW — NEW YORK

It took Shaquoia James several attempts to watch the video of George Floyd's death.

"It was a while before I could make myself see the whole thing all the way through," she said. "It was just so graphic, but it shows everybody what's happening out there. God only knows what goes on when the camera's not running."

The video compelled Ms James, a 24-year-old airport security worker from Brooklyn, to protest for the first time. When asked why she has attended the demonstration in Manhattan's Washington Square Park, she incants the names of black Americans that have died at the hands of police or authority figures. "Eric Garner, Trayvon Martin, Freddie Gray, Ahmaud Arbery, Breonna Taylor, George Floyd: these are my people," she said.

As she surveys the peaceful crowd in the park, she notes she is one of the few black people. "You can see it's not just the African-Americans, it's the whites, the Chinese, the Indians," she said.

The multicultural nature of the demonstrations distinguishes them from previous periods of unrest stoked by racial tensions, such as protests in 1968 after the assassination of Martin Luther King Jr. "I know enough about that history to say there is something different here," former President Barack Obama said last week, adding that today's protesters "were a far more representative cross-section of America . . . who felt moved to do something because of the injustices that they have seen".

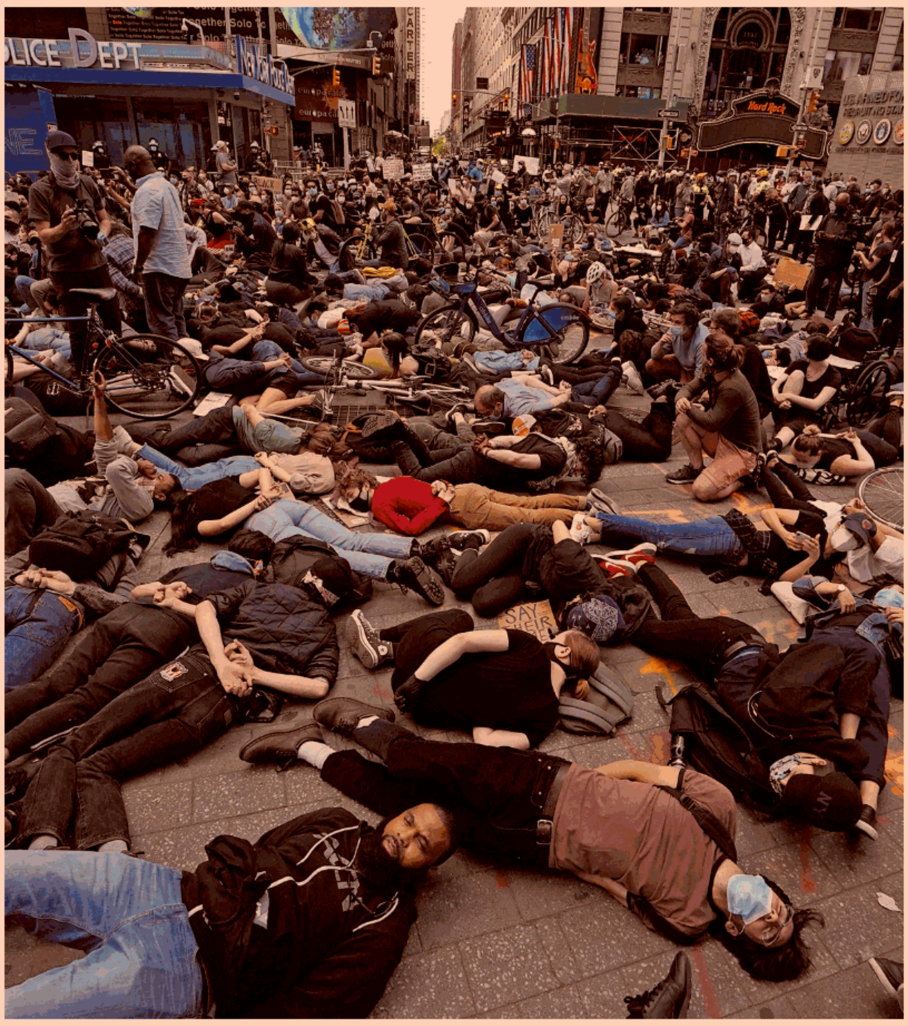
He said: "That didn't exist back in the 1960s, that kind of broad coalition."

The coalition cuts not just along racial lines, but class ones too. At a protest outside the New York mayor's residence, Gracie Mansion, a 71-year-old retired banker, is "taking a knee" alongside hundreds of other demonstrators. John Campbell has walked to the protest from his home on 80th Street and Park Avenue. "I've lived here all my life, through two bombings, financial collapses, and so much else, but this seems different to other tragedies," he said. "This is an existential question: what are we doing as a country?"

Alex Halpern Levy, 33, who runs a speechwriting and strategy firm, was a law student during the Occupy Wall Street protests and was "supportive of their message" but "never felt an urgency to join". He added: "This time is different, I felt a more gravitational pull to take part." He attended a protest this week outside the Stonewall Inn, site of gay civil rights demonstrations in 1969.

Michael Beschloss, the presidential historian, said the video of Mr Floyd's death was analogous to other defining images of the civil rights movement, such as the photo of a 17-year-old demonstrator being attacked by a police dog in Birmingham, Alabama, in 1963, or images of the brutal suppression of the Selma to Montgomery march in 1965.

"This moment is like other moments in history where Americans said the system is not fulfilling its promise," said Mr Beschloss. "When you see a moment like that, it activates people who are not thinking about it, or on the fence, or without focused views, and it fills them with a strong emotional conviction that now is the time to protest and show the political system needs to change fast."



Protesters lie on their backs in Times Square, and drop to one knee in Manhattan
Timothy A. Clary/AFP/Getty Images

> 'This moment is like other moments in history where Americans said the system is not fulfilling its promise'

Donald Trump has reacted to the protests with a "law and order" message, and many of the demonstrators cite dissatisfaction with the White House as a factor in their decision to protest.

Rich, a 39-year-old corporate lawyer, calls the protests a "turning point", adding: "There is such a broad swath of people because there is so much anger that has been pent up. It comes from lots of frustrations to do with policing and the treatment of African Americans, but also the presidency."

He is next to Aaron Chaz, a 30-year-old film-maker. "I'm black and I can relate to what it's like to have to be taught how to conduct yourself to avoid danger," he said of Mr Floyd's death. "But to see everybody like this, all colours, all races — I think it's beautiful."

Lucia, a 21-year-old Hispanic student from Newark, New Jersey, agreed. "I think the recipe for the storm is pretty unique," she said.

Her friend, a 26-year-old bridal consultant who declined to give her name, said: "I've been angered by the events of my entire life, which has been a series of microaggressions," explaining the difficulties she faced as a Hispanic girl in Cape Coral, Florida — "a racist town".

But she said: "I'm marching for my younger brothers, and the children I want to have, for change for the next generation."

Troops

Former military chiefs hit at Trump deployment threat

KADHIM SHUBBER — WASHINGTON

Donald Trump faced growing criticism from former US military chiefs yesterday over his handling of protests against police violence and his threats to send troops into cities.

The president was criticised by Colin Powell, secretary of state under George W Bush, after he threatened to use the military to subdue civil unrest and cleared peaceful protesters outside the White House for a photo opportunity.

The rebukes came a day after tens of thousands rallied across the US in peaceful protests over the killing of George Floyd. Large crowds gathered in cities including New York, Washington and Philadelphia in rallies that were largely free of the violence that had marred previous demonstrations.

The protests have shone a harsh light on US policing practices, with scenes of violence by officers adding to the anger sparked by Floyd's death in custody.

Mr Powell, who backed Hillary Clinton against Mr Trump in the 2016 presidential race, told CNN he would support Joe Biden, the Democratic nominee, in November's election.

"We have a constitution and we have to follow that constitution, and the president has drifted away from it," said the retired general who also chaired the joint chiefs of staff. Mr Trump, he said, "lies all the time". The criticism from Mr Powell, who is from the moderate wing of the Republican party that Mr Trump defeated in the 2016 primaries, came as former Trump officials and a string of military figures spoke out against the president this week.

Jim Mattis, the retired general who served as secretary of defence for Mr Trump, spoke on Wednesday of "the first president in my lifetime who does not try to unite the American people — does not even pretend to try".

John Kelly, a retired general who was Mr Trump's chief of staff, said on Friday: "I think we need to look harder at who we elect."

Criticism also came from John Allen, a retired general, Martin Dempsey, chairman of the joint chiefs of staff in the Obama administration, and former admirals William McRaven, James Stavridis and Mike Mullen.

Mr Mullen told Fox News yesterday: "We have a military to fight our enemies, not our own people. And our military should never be called to fight our own people as enemies of the state. And that quite frankly for me really tipped it over."

Mr Trump said he had ordered the national guard, which, as president, he commands, to withdraw from the capital "now that everything is under perfect control".

Broadband

Huawei launches fightback to keep role in UK's 5G networks

GEORGE PARKER AND NIC FILDES
LONDON

Huawei will today launch a fightback to try to preserve its role in Britain's 5G networks, urging UK prime minister Boris Johnson not to "overestimate the risk of security and forget the economic impact" of delaying the rollout of superfast broadband.

After weeks of mounting attacks by Conservative MPs and by the government in Washington, the Chinese telecoms equipment provider has decided to respond publicly, embarking on an advertising campaign that stresses the company's commitment to Britain over the past 20 years.

Victor Zhang, Huawei vice-president, insisted in an interview with the Financial Times that the Chinese group was not controlled by Beijing and claimed it was a private company 100 per cent owned by its employees.

But Tom Tugendhat, a senior Tory MP, has described Huawei as a "dragon in the nest", while Washington argues that the company's equipment is a security risk that could let the west's secrets fall into Beijing's hands.

Mr Zhang warned that Britain's economy would suffer billions of pounds of lost growth as it tried to recover from "the challenge of Brexit and now Covid-19" if Huawei's equipment was removed from the country's 5G networks. "We need to realise how to manage and mitigate the risk from security rather than overestimate the risk of security and forget the economic impact," he said, adding that the company was working with Britain's security services to address concerns.

Mr Johnson is under pressure from Washington and Tory MPs to exclude Huawei, even though the group's equipment is integral to his efforts to deliver gigabit broadband to the whole country by 2025. Last week Mr Johnson's National Security Council agreed to work with "five eyes" partners — the US, Canada, Australia and New Zealand — to develop alternatives to Huawei.

Vice-president Victor Zhang insists that the company is not controlled by Beijing

But Rishi Sunak, chancellor, and Alok Sharma, business secretary, urged Mr Johnson at the meeting to take a "transactional" approach to China — balancing a tough stance towards Beijing with Britain's economic needs.

China's response to the coronavirus crisis and its proposed security law for Hong Kong have heightened tensions between London and Beijing in recent weeks.

Labour market. **Statistics**

US officials struggle to pin down actual jobless rate

> Classification snags, collection difficulties and large flows in and out of work pose challenge

JAMES POLITI — WASHINGTON

The US government agency responsible for publishing labour market statistics is struggling to pin down the actual unemployment rate.

The problem is "misclassification" of workers in a survey, difficulties with data collection during the pandemic and big flows in and out of jobs.

On Friday, the Bureau of Labor Statistics, a unit of the US labour department, released its latest report on the US jobs market, showing unemployment dropping from 14.7 per cent in April to 13.3 per cent in May.

But the data came with a caveat: the agency acknowledged that some furloughed employees had been labelled as working but absent, when they should have been classified as temporarily laid off. If not for that mistake, the unemployment rate would have been 3 percentage points higher.

The revelation was not new and in fact the problem has been getting smaller: in April, closer to the start of the pandemic, the BLS had said the "misclassification error" was in the order of 5 percentage points, which meant the US unemployment rate might have neared 20 per cent.

But the agency's own admission that a higher, alternative jobless rate might be more accurate than the official one has placed it in the spotlight at a time when economic data is crucial in assessing the depth of the recession, and more politically sensitive given the presidential election year.

It revealed the difficulty of producing economic statistics at a time of large, sudden economic transformation.

"It's not that the questions have changed or the interviewers have changed: the circumstances have changed dramatically from anything that has been encountered before," said Erica Groshen, a former BLS commissioner under Barack Obama, now at Cornell. "You have employers who have never laid anybody off before, you have workers who have never been laid off before. This happened essentially overnight, and both sides are intending to pick up where they left off as soon as they can."

The BLS's quandary is that in its judgment — and its instructions to field staff — people furloughed should be classified as unemployed on a temporary basis, because it is an involuntary absence unlike other forms of leave. But when asked about their status, many respondents have been answering that they remained employed, but absent for "other reasons". That category is usually reserved for limited departures from the workplace due to medical leave or jury duty, rather than homebound people waiting for restrictions to be lifted.

> The bureau's latest report shows unemployment dropping from 14.7% in April to 13.3% in May

"At a moment like this, the line is blurry over how furloughed/hiatus/temporarily closed workers should be classified. They gave guidance to the field personnel but clearly there was ambiguity, and some reported it one way and some the other," said Austan Goolsbee, a professor at the University of Chicago's business school and former adviser to Mr Obama. BLS declined a request for an interview but on Friday said it and the US Census Bureau were "investigating" why discrepancies continued to occur and was "taking additional steps" to address it, suggesting a ramped-up training effort for field staff to prompt respondents differently so they do not place themselves in the wrong category.

In the data release, BLS revealed other difficulties it was having with producing the unemployment statistics, including the fact that the survey of 60,000 households they are based on are partly conducted through in-person interviews that had to be cancelled. That led the response rate to be 15 percentage points lower than pre-pandemic levels, at 67 per cent, the BLS said.

The trouble has been compounded by the nature of the shifts happening in the labour market. The separate establishment survey released by BLS showed that employers created 2.5m jobs in May, which was also a surprise, marking a small rebound from the 20.5m positions shed in April. But that was a net figure: according to a JPMorgan analysis of the data, 7.7m workers moved from unemployment to employment last month, and another 5.5m moved from outside the labour force into employment. But at the same time, 4.9m people moved in the opposite direction.

Former US economic officials have dismissed the idea of any political influence, saying statistics are assembled by civil servants in a very quick timeframe.

Bolsonaro government

Brazil accused of removing data to hide Covid death toll

ANDRES SCHIPANI — SÃO PAULO

Brazil has stopped reporting the total number of confirmed coronavirus cases and overall death toll — just as it has become the global hotspot for the pandemic.

The government of Jair Bolsonaro this weekend took down months of data on the virus, revealing only the number of new daily cases and fatalities.

The far-right president has long been accused of downplaying the seriousness of the pandemic, leading to the resignation of one health minister and the sacking of another, and the appointment of a general with no public health experience to replace them.

Mr Bolsonaro said the cumulative data did not show that the "largest proportion" of those who had been infected had recovered, and did "not reflect the moment the country is in". He added that "actions are under way to improve the reporting of cases".

The move has sparked fears that the administration might try to doctor the numbers at a time when the country has surpassed 35,000 deaths, behind only the US and the UK, according to Johns Hopkins University data.

The former army captain has repeatedly shrugged off the outbreak, opposing quarantines, lockdowns and social distancing and encouraging Brazilians to get back to work. "The manipulation of statistics is a manoeuvre of totalitarian regimes," said Gilmar Mendes, Supreme Court justice. "Attempts are made to hide the numbers in Covid-19 to reduce or control health policies. The trick will not remove responsibility for the eventual genocide."

Brazilian scientists say that with more than 672,000 infections in Brazil, the world's second-largest number of cases after the US, Mr Bolsonaro is attempting to deflect public attention from his botched response to the pandemic.

"The authoritarian, insensitive, inhumane and unethical attempt to make the Covid-19 deaths invisible will not prosper," the council of state health secretaries said in a statement, adding it would fight the reporting changes. "We are not merchants of death."

On Wednesday and Thursday, the release of the daily tally from the health ministry showing daily, weekly, monthly and total figures on infections and fatalities was delayed until after the primetime news show *Jornal Nacional*, which attracts roughly a quarter of Brazil's 211m people.

On Friday, the health ministry took down a website that had shown the daily, weekly and monthly figures on infections and deaths. On Saturday, the site came back online without total numbers of infections and fatalities.

Energy

Opec and Russia to extend oil supply cuts

Recovery in prices encourages producers to keep restrictions in place

DAVID SHEPPARD, ANJLI RAVAL AND DEREK BROWER

Opec and Russia have agreed to extend their record oil production cuts for a further month as crude recovers to near $40 a barrel.

Saudi Arabia and Russia will continue to take the bulk of the almost 10m barrels a day of cuts, but called in a virtual meeting on Saturday for stronger compliance from other members.

The agreement builds on a deal struck in April by Opec+, an alliance of the cartel and other producers including Russia. The deal ended a price war between Moscow and Riyadh that, with collapsing demand from the pandemic, threatened to overwhelm markets and ravage producer economies.

The latest deal was largely agreed prior to formal meetings of oil ministers. Oil's recent recovery generated support for keeping the full cuts in place rather than tapering them from July.

"It was unanimously agreed by Opec and Opec+ countries to extend the current reduction to the end of July," said Suhail Al Mazrouei, oil minister of the United Arab Emirates.

Dan Brouillette, US energy secretary, welcomed the deal at a "pivotal time as oil demand continues to recover and economies reopen around the world". Washington had pressed Saudi Arabia and Russia to reach the deal in April as the higher-cost US shale industry was hammered by lower prices.

Opec+ is trying to support the industry while not wanting to raise prices too quickly, with the world economy facing a steep recession. But the continued co-operation of Saudi Arabia and Russia will provide an element of stability to an industry faced with historic volatility.

"The extension shows Saudi Arabia and Russia want to avoid the kind of acrimony that helped crater oil prices in March, but challenges lie ahead," said Jason Bordoff at the Center on Global Energy Policy at Columbia University.

Opec still expects global demand to contract by about 9m barrels a day this year, from 100m b/d pre-crisis, putting pressure on oil-producing economies, while the wider energy industry has had to slash spending.

Opec+ agreed in April to cut 9.7m b/d or almost 10 per cent of global supply in May and June, but was initially expected to ease the cuts from July to 7.7m b/d or about 8 per cent for the rest of the year as demand recovers.

Delegates had discussed extending the cuts for up to three months, but Moscow was keen to ease the curbs sooner, worrying too quick a recovery would also bring back more supply from the US shale sector. A 1m b/d cut by Saudi Arabia on top of the group-wide cuts also ends this month, with demand starting to recover as economies emerge from lockdowns. Global oil demand fell by up to a third in March and April, hit by travel bans and restrictions.

Mexico, which has resisted participating since the deal's inception, will not take part in the latest cuts, reducing the tally slightly to about 9.6m b/d from next month.

Bjornar Tonhaugen at Rystad Energy said: "The market has mostly priced this one-month extension scenario in, we believe, so the upside to flat price is fairly limited."

Interview. Iván Duque

Tax rise ruled out as Colombia eyes swift recovery

President cites lift from $2.5bn bond sale and shrugs off concerns about state finances

GIDEON LONG — BOGOTÁ
MICHAEL STOTT — LONDON

Life under lockdown: mounted police patrol the Santa Cruz district in Medellin yesterday. Below, president Iván Duque
Joaquín Sarmiento/AFP

Iván Duque, Colombia's president, has brushed off concerns about government finances and ruled out tax rises in the near future, betting on a swift economic recovery to overcome the twin shocks of coronavirus and low oil prices.

The country was Latin America's fastest-growing economy before the pandemic, expanding 3.4 per cent last year, and has a record of prudent economic policy which has helped it overcome bouts of political and social turbulence.

In an interview with the FT, the 43-year-old president, a former official at the Inter-American Development Bank, pointed to the issuance last week of $2.5bn in sovereign bonds as evidence of "confidence in Colombia and confidence in our macroeconomic policy".

Mr Duque's popularity has risen after his rapid response to the virus and a relatively low toll relative to other Latin American nations of 33,000 infections and 1,100 deaths. Colombia's per capita death rate is well below that of Brazil, Chile, Ecuador, Mexico or Peru.

It was "grounds for optimism but not triumphalism", the president said. He projected that Latin America would be harder hit than other regions but would bounce back faster, with Colombia's economy growing 3 per cent next year. But that would only be possible if the government kept taxes low.

"It strikes me as a big blunder when people recommend tax reforms in the middle of a pandemic," he said. "If we impose more taxes on companies just when they've been hit by something as big as this pandemic, it will limit their capacity to generate jobs and growth. We're betting instead on a speedy economic recovery that will lay the ground for greater fiscal solvency."

Last month Morgan Stanley said Colombia would need "major fiscal reform", generating additional revenues of at least 1.5 per cent of GDP, to stand a chance of holding on to its coveted investment- grade status.

Mr Duque bristled at the suggestion that rating agencies might downgrade Colombia in the next year. It was "stupid" to view the country in isolation, as national finances everywhere had been challenged. Standard & Poor's and Fitch rate Colombia BBB-, the lowest rung on their ladders, with a negative outlook. Moody's rates Colombia two notches above non-investment grade.

The government has abandoned hope of sticking to its target of cutting the fiscal deficit to 2.2 per cent of GDP this year. It aims to limit it to 6.1 per cent, a goal many economists say is optimistic.

The country went into the crisis with a higher debt-to-GDP ratio than peers Mexico, Peru and Chile, giving it less fiscal room to prop up the economy, transfer cash to the needy, and help struggling companies.

Colombia has one of the region's stricter lockdowns, and a ban on flights since mid-March has devastated airlines. Mr Duque said there would be no special treatment for flag carrier Avianca, which recently entered Chapter 11 bankruptcy. But he suggested the state could help the sector as a whole. "We're not ruling out any plan that is sensible and involves a sustainable restructuring."

Colombia is hosting 1.8m Venezuelan migrants. More than 5m Venezuelans have left in the past five years in what has become the largest recent mass emigration, eclipsing even the flow of Syrians through the Mediterranean, which has slowed after a decade of war.

The pandemic has only increased the risks in Venezuela. "There is no immunisation programme, there is no [functioning] hospital network, there is no serious epidemiological information," said Mr Duque. "So what you have is a time bomb."

Despite the scale of the problem, "no one has put it on their radar", he complained. "Help from the international community for this migrant crisis has been quite modest."

At an international donors' conference last month organised by Spain, nations pledged $653m to help countries trying to cope with the influx of Venezuelan refugees. The UN and aid organisations say they need $1.4bn this year.

> Bogotá has a record of prudent economic policy which has helped it overcome bouts of political and social turbulence

Colombia has long been the closest US ally in the region, and Mr Duque is an ardent supporter of Juan Guaidó, the Venezuelan opposition leader who has led a US-backed campaign to oust Venezuelan president Nicolás Maduro for more than a year. The Colombian leader insisted that Mr Guaidó deserved continued strong international backing, despite recent setbacks.

"It truly saddens me when I see a brave dedicated man like Juan Guaidó . . . risking his life defying a dictator who is the Latin American equivalent of Slobodan Milosevic . . . and I see people analysing Juan Guaidó's role as if they were watching a boxing match," Mr Duque said.

"What we should all be asking ourselves is whether we are giving Juan Guaidó and the Venezuelan people the support they need to recover their freedom and their democracy."

Japan

Olympics in doubt without travel deal, says Tokyo governor

ROBIN HARDING AND LEO LEWIS
TOKYO

The governor of Tokyo has questioned whether the Olympics can go ahead next year without an international deal on travel and quarantine. She has also called for possible cuts to the opening and closing ceremonies.

Yuriko Koike said freedom for athletes and supporters to visit Japan was a precondition for holding Tokyo 2021.

Her remarks show how the Tokyo Olympics remain in jeopardy despite a one-year postponement, amid concerns about a second wave of Covid-19. In April, a spokesman for the Tokyo Olympics told reporters there was "no plan B" for any further delay.

"A basic precondition for the Olympics is that the people of the world can come," Ms Koike told the Financial Times.

At present, foreigners who have visited 111 different countries are banned from entry to Japan. Without an international deal to let athletes and spectators from competing nations attend, some events would lack their strongest competitors or most passionate fans.

Asked whether the Tokyo Olympics were certain to go ahead, Ms Koike would say only that they were "a hope" in dark times, and that she wanted to continue with preparations.

Delaying the event by a year will cost billions of dollars and Ms Koike called for cutbacks to help pay the bill. "For example, the opening and closing ceremonies are part of the pleasure of the games but they could be simplified or rationalised," she said.

The opening ceremony is one of the most symbolic moments of the games and so the governor's comments suggest a tough negotiation process is under way with sponsors, prime minister Shinzo Abe, and the International Olympic Committee over money. "The costs of the extension aren't just a matter for Tokyo, but for the national government, the IOC and the IPC. We all need to discuss this more. We will also need the support of the people of Tokyo," she said.

Tokyo organisers have already been warned by the IOC they would need to consider plans for a "very different" games if the pandemic was not under control worldwide. That could include limits to spectator numbers.

Ms Koike's term as governor expires next month and the Olympics would have been the backdrop to her re-election campaign. Although she has not yet declared her candidacy, she is a strong favourite to win another four years, having played a prominent role in Japan's response to coronavirus.

The governor said she was inspired by one of her predecessors, Shinpei Goto, who planned large parts of Tokyo and quarantined 200,000 soldiers returning from the Sino-Japanese War in 1895 to prevent the spread of cholera.

"To have those grand designs, but also that sense of risk control and management — it's important to learn from history," she said.

Richard Walker Policymakers must work with business to deliver a truly green, clean and resilient recovery ➜ OPINION, PAGE 17

Companies & Markets

BNP in pursuit of Goldman's spot in prime broker ranks

- Swoop on Deutsche units boosts goal
- French bank aims to join global top 3

STEPHEN MORRIS — LONDON

BNP Paribas is seeking to displace Goldman Sachs as one of the top three global prime brokers to hedge funds, and surpass Barclays as the dominant European player after acquiring Deutsche Bank's business last year.

France's largest investment bank swooped on the German lender's global prime finance unit and electronic equities business last summer as Deutsche scaled back its ambitions.

BNP is one of the few European bankers still committing resources to prime finance, the lucrative but tech-heavy and risky business of lending money as well as handling trades for hedge funds and asset managers.

"Our combination could be the largest prime broker in Europe and be considered in the top four in the world," said Olivier Osty, head of global markets at BNP. "This has to be seen, but that is the objective and we will make it . . . We would be trying to compete with Goldman for the third or fourth spot."

"There is a good opportunity for us to take leadership in Europe on investment banking and global markets," Mr Osty told the Financial Times. "US banks are retrenching a lot and BNP is stepping up."

However, the bank faces significant hurdles in disrupting the hierarchy. Along with JPMorgan and Morgan Stanley, Goldman has dominated the prime brokerage business for years, followed by Bank of America and Barclays.

By contrast, BNP ranked 11th last year and Deutsche has historically placed seventh to ninth in league tables, according to data provider Coalition. To oust Goldman from the top three, the newly combined entity would have to increase its market share to more than 12 per cent, Coalition estimates.

"We have been taking market share for the past year and a half and this increased in the first quarter," said Mr Osty. "Are we there yet? No, but the trend is definitely positive and the [coronavirus] crisis will probably strengthen us [as smaller players withdraw]."

JPMorgan's prime business handled more than $500bn in client assets at the end of September and the heads of the unit wrote "Next stop, $1 trillion!" in an internal memo at the time.

When all client transfers from Deutsche are completed in early 2021, BNP's prime brokerage business is expected to have more than $300bn of assets — as much as $200bn of that coming from Deutsche — and revenue in the hundreds of millions a year. Mr Osty declined to be more specific on financial targets.

Around 125 staff out of a potential 800 have already moved across from Deutsche, including senior figures such as Brian Fagen, head of Americas execution services, and Andy West, global head of prime technology, according to Ashley Wilson, co-head of the German bank's prime finance unit, who is himself being transferred next year.

While there had been concern several large clients were snubbing BNP for bigger rivals, Mr Osty claims many have been persuaded to stay. That is partly to counterbalance Wall Street's increasing dominance of global investment banking but also because Deutsche's system, branded "autobahn", is seen as one of the better platforms in the industry.

"The combination of Deutsche's technology and BNP Paribas's balance sheet and long-term commitment to this business is compelling," said Supurna Vedbrat, global head of trading at BlackRock, which has remained a client.

"The asset management industry needs European-based global prime brokers," she added.

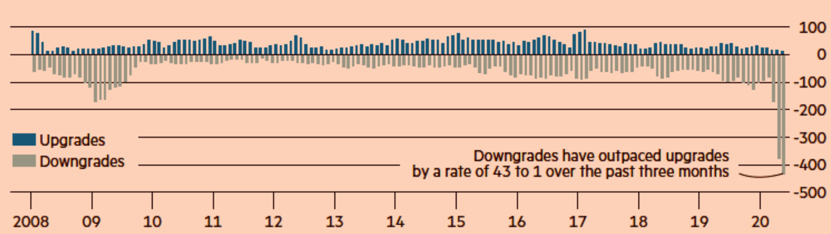
Additional reporting by Laura Noonan in New York

In the pits Rating downgrades in US leveraged loan arena outnumber upgrades by 43 to 1

Chris Graythen/Getty Images

Downgrades hammer the $1.2tn US leveraged loan market

Three-month rolling count of upgrades and downgrades



Data through May 31 2020
Sources: S&P Global Market Intelligence's LCD; S&P/LSTA Leveraged Loan Index

ERIC PLATT — NEW YORK

A spree of downgrades has pushed ratings on more than a third of the $1.2tn US leveraged loan market to B minus or lower, the highest share on record, as the coronavirus fallout weighs on businesses across the US.

Ratings on loans worth $369bn have been cut by S&P Global this year. The credit quality of more than a tenth of loans in the S&P/LSTA leveraged loan index is judged C, double C or triple C — ratings that often signal a company is facing severe distress.

The weakening creditworthiness of many groups that borrow through the leveraged loan market has raised red flags for investors, even as stock markets have surged. The loan market is a critical source of funding for mid-sized US businesses and leveraged buyout firms. It has more than doubled in size over the past decade.

Even as loan prices have recovered over the past 10 weeks, the pace of rating cuts has been eyecatching. Downgrades have outnumbered upgrades by 43 to 1 over the past three months, according to analysts with LCD, a unit of S&P Global.

Among the downgraded issuers are Bass Pro Group, the fishing and hunting supplies retailer, hospital owner LifePoint Health, and medical staffing business Envision Healthcare.

"We expect the pandemic will lead to a weakening US economy, with high unemployment, and reduced consumer spending this year," Mathew Christy, an S&P analyst, said when downgrading Bass Pro Group to single B from B plus. S&P expected the drop in revenues and profitability to bump Bass's debt ratios higher. Investors fear many other businesses will struggle to repay debts if revenues remain depressed.

The rating cuts are proving a headache for managers of collateralised loan obligations, which are among the largest owners of leveraged loans. CLOs have restrictions on their ownership of loans rated triple C, and many are nearing or breaching those limits, S&P data showed.

Dan Ivascyn, chief investment officer at Pimco, warned that the consequences of the deteriorating loan quality would ripple through the market for some time to come. Downgrades would keep coming "even in a fairly robust recovery".

Shell faces spending scrutiny after dividend cut

ATTRACTA MOONEY AND ANJLI RAVAL — LONDON

Royal Dutch Shell is facing growing pressure from investors for clarity on its spending plans after the company announced a dramatic two-thirds cut to its quarterly dividend.

In discussions with the Anglo-Dutch group's chairman, chief financial officer and investor relations team in recent weeks, some of the world's biggest asset managers and pension funds have pushed for disclosure on its capital allocation strategy — from new projects to shareholder payouts.

At least four of Shell's biggest investors said they had separately held conversations with the oil company urging it to outline how it planned to create value for shareholders in the coming years in the wake of the dividend cut.

One top 20 investor said: "If you can't understand where the company is going, and they aren't paying a dividend [as large as before], why would you own the stock? We are pissed off with them because they cut the dividend."

In April Shell reduced its quarterly payout to 16 cents a share from 47 cents — its first dividend cut since the second world war. The company said it was part of a rebasing as it made a "fundamental shift" over the next 30 years to become a net-zero emissions business by 2050.

The move, which coincided with a hit to earnings from the coronavirus pandemic, marked a U-turn from 2019, when it pledged $125bn in shareholder handouts over the next five years.

"We have asked them what they are planning to do with this cash [that they will save from the dividend cut]. They are struggling to answer that," the top 20 investor said.

Shell argues that this is money the company does not necessarily have in the first place.

Ben van Beurden, chief executive, said in May that it was "not wise, prudent or even responsible to pay out a dividend if you know for sure that you have to borrow for it, deplete your liquidity and, at the same time, also reduce the resilience [of the company's finances] in a world that will be totally unpredictable for some time to come".

The hefty dividend had always been central to Shell's investment case but analysts had long questioned its sustainability.

Additional reporting by Peggy Hollinger

Travel & leisure. **Financial rules**

Manchester City kicks off challenge to Uefa ban

Hearing will test how far Gulf club owners can be brought to heel by football authorities

MURAD AHMED AND KATE BEIOLEY

Legal teams assembled by Manchester City and Uefa are beginning a case to decide the future of football's financial regulatory regime.

Today the English Premier League team will appeal against a two-year ban from the Champions League, the region's most prestigious and lucrative club competition, at the start of a three-day hearing at the Court of Arbitration for Sport in Switzerland, considered the ultimate arbiter of global sporting disputes.

Uefa, European football's governing body, delivered the unprecedented sanction alongside a €30m fine in February for "serious breaches" of so-called financial fair play rules designed to stop overspending on players in pursuit of trophies.

If the ban was upheld, the club, owned by Sheikh Mansour bin Zayed al-Nahyan, a member of Abu Dhabi's ruling family, would face a revenue hit worth £100m a season and the task of persuading a stellar squad of players led by head coach Pep Guardiola to stay.

Legal experts and football executives say the case will test how far Gulf states such as the United Arab Emirates, Qatar and Saudi Arabia, which have invested heavily in sport as a form of soft power, can be brought to heel by football's authorities.

The final decision could upend the FFP system at a time when the pandemic is causing strain on club finances.

"The calibre of the legal teams shows that the stakes are very high for both parties," said Daniel Geey, a sport lawyer at Sheridans.

Manchester City is being represented by David Pannick QC from Blackstone Chambers and Monckton Chambers' Paul Harris QC, according to people familiar with both sides' legal teams. Each will act on a separate strand of the case. Lord Pannick is one of Britain's leading barristers. He will be supported by lawyers from London-based firm Clifford Chance, while fellow "magic circle" firm Freshfields Bruckhaus Deringer will instruct Mr Harris. Switzerland's Kellerhals Carrard is also involved.

The people said Uefa's legal team was led by Jan Kleiner, head of the sport law practice at Swiss firm Bär & Karrer, and Mark Phillips QC from London's South Square Chambers, known for his expertise on sporting and financial cases.

Ferran Soriano, Manchester City chief, has said the club will bring "irrefutable evidence that the claims are not true". Meanwhile, a person with knowledge of the governing body's investigations commented that "provided Uefa don't cave in, they should win at CAS . . . City have no evidence at all".

Manchester City's most explosive strategy would be to argue that Uefa's financial rules should not exist at all. Club executives have tried to approach expert witnesses in the past on their willingness to argue that FFP rules are anti-competitive, according to a person with knowledge of such efforts.

The final CAS judgment could be as consequential as the European Court of Justice's Bosman ruling in 1995, which made it easier for players to move between clubs, kicking off the modern era of multibillion-euro broadcasting deals and huge transfer signings.

"Uefa needs to demonstrate that they can effectively sanction one of the biggest European clubs," said Mr Geey.

Manchester City and Uefa declined to comment.

Uefa investigators began a probe in 2018 after publication of internal emails obtained by German magazine Der Spiegel. The leaks were provided by Rui Pinto, a Portuguese national facing criminal charges in his home country, including for computer hacking.

Mr Pinto denies the charges.

The emails appear to show a sustained effort to skirt FFP rules directed by Manchester City executives, including that the £67.5m annual sponsorship of the club's shirt, stadium and academy by Abu Dhabi-based airline Etihad was paid in the past with a large financial "contribution" by a company owned by Sheikh Mansour.

Increased sponsorships have been crucial to Manchester City's on-pitch success, underpinning spending on players such as Sergio Agüero and Raheem Sterling. Annual commercial revenues at the club rose from €22m in 2008, the year of the Abu Dhabi-backed takeover, to €261m last season, according to consultancy Deloitte.

Sergio Agüero in action this year: Manchester City is facing a hit of £100m a season and the problem of persuading a stellar squad of players to stay
Action Images via Reuters/Carl Recine

The Premier League has also become tangled in the case in a series of legal issues involving Gulf kingdoms with growing ambition in the sport.

Based on the same leaked emails in the Uefa case, the Premier League has launched its own probe, working with law firm Bird & Bird to see if the club has overstated sponsorship income.

The league is also scrutinising a £300m takeover of Newcastle United by an investment group led by the Public Investment Fund, Saudi Arabia's sovereign wealth fund.

The deal is subject to Premier League approval, which is applying an "owners' and directors' test", which can bar potential owners if they have committed an act in a foreign jurisdiction that would be considered a criminal offence in the UK, even if it was not considered illegal in their home territory.

That has led to the organisation being subject to intense lobbying from opponents of the deal. They include beIN Sports, the Doha-based broadcaster owned by Nasser Al-Khelaifi, who is also president of French club PSG.

Richard Masters, Premier League chief executive, has had recent meetings with beIN executives, according to two people familiar with the discussions, who argued the Saudi state should be blocked from acquiring Newcastle because of alleged involvement in beoutQ, a pirate network that has unlawfully streamed content from beIN, including English football matches.

Saudi Arabia denies involvement.

COMPANIES & MARKETS

EY battles on three fronts to defend its name

Firm draws unpleasing scrutiny over state of its controls in relation to NMC Health, a Dubai gold business and Wirecard

TABBY KINDER AND DAN MCCRUM

The scandals are an unwelcome distraction while EY's UK firm revamps its leadership and with its international board braced for a virus hit to profits — FT Montage

Amjad Rihan was more than 3,000 miles away from EY's Dubai skyscraper office when his lawyer called to say he had finally won a seven-year fight against his former employer.

One of the few people to ever take on a prominent accounting firm in court, Mr Rihan had sued EY for forcing him out after he exposed a string of alleged illegal activities by a Dubai gold company and a subsequent cover-up by its auditors.

"I never set out to be a whistleblower, but turning a blind eye was not an option," he said, speaking from the house in Warwick where he eventually landed after fleeing the Middle East. "Most of the wealth in the world is audited by the Big Four accountants. It is not always in the interest of the powerful to point out when something goes wrong."

It is the first time he has reflected publicly on his story since an English High Court judge ordered EY to pay him $11m in April. The court accepted claims that EY had participated in accounting misconduct that reached its senior ranks. According to the judgment, the firm colluded with Kaloti Jewellery International to hide illicit exports and helped obscure audit findings that included suspected money laundering.

The accounting firm is attempting to appeal against the judge's decision. It claimed Mr Rihan, who became one of EY's youngest partners aged 36, was a "liar and opportunist", according to the judge's summary, and that the allegations were "completely without merit".

For EY, which made $36bn in revenues last year, the battle to reverse the court order carries considerably more reputational risk than financial.

The Kaloti saga is one of three fires the group is fighting. They have drawn scrutiny as to whether the central controls that guard the behaviour of its auditors are failing.

EY is facing a regulatory investigation into its oversight of NMC Health, a collapsed London-listed hospital group headquartered in Abu Dhabi, which looks set to become one of the largest scandals of the FTSE 100.

Questions are also mounting about its audits of Wirecard, a Dax 30 fintech business at the centre of what threatens to become one of the largest accounting scandals in German postwar history.

EY's involvement in these controversies risks straining its influential lobbying spot in British politics just as legislators consider proposals to break up big accounting firms to improve the governance and quality of their audits.

EY's UK chief, Steve Varley, is the government's business ambassador for the professional services industry and sits on a Treasury council that informs policies for how businesses operate.

The scandals are also an unpleasant distraction while EY's UK firm overhauls its leadership and as its international board braces for a significant hit to profits during the coronavirus crisis.

"To get wrapped up in one scandal may be regarded as misfortune, two looks like carelessness. Three, well, it just looks bad, doesn't it?" said a lawyer involved in investigations into NMC Health.

Mr Rihan sued four EY entities, including its global and European businesses, in the English courts because he did not believe responsibility for the Dubai scandal could be contained to the region.

A person close to EY said: "They cannot say it was cultural or isolated. Everything is central."

The ability to maintain quality control at sprawling professional services firms, which operate as a combination of partnerships and franchises, has long been a subject of debate in the sector.

EY has a "global code of conduct", which purports to manage ethics and behaviour for its 280,000 employees at 700 offices in 150 countries. The benefit of having an exhaustive international network is that clients can be referred to member firms around the world, keeping fees inside the group.

The badge of a large global accounting or law firm lends credibility to a small office in a country not known for its regulatory controls. Often firms gather fees on a global scale when the work is good, but shirk liability when a scandal occurs, blaming the governance of the individual office.

"We market ourselves as a global solution and then when a problem crops up we throw in as many firebreaks as possible to put distance between it and the rest of the firm," admitted a board member of one of the big accounting firms.

> Its lobbying spot in politics risks being strained just as UK lawmakers consider Big Four break-up plans

Some recent incidents have questioned the efficacy of the model: KPMG's brand suffered globally over its involvement in a corruption scandal in South Africa, while PwC is being investigated in the UK for alleged misconduct by its Italian office on audit work for telecoms company BT.

For EY, the multinational framework has complicated the three audit crises. All four entities that Mr Rihan sued claimed in court that they were not responsible for how he was treated. The judge rejected the idea: "I agree with the claimant's submission that EY Dubai and the other locally-based EY organisations were subordinate to EY Global."

EY said after the ruling that it was "surprised and disappointed".

"It was the work of an EY Dubai assurance team that uncovered serious irregularities and reported them to the proper authorities," it said.

Kaloti has denied any wrongdoing and said that it conducted all appropriate anti-money-laundering checks.

On NMC, EY's audit was signed off in London, despite the bulk of the company's trading and assets being in the Middle East. Accounts from 2012 and 2013 show that NMC paid more than half of the audit fees to EY's UAE firm, suggesting that a group of staff in the region took on a significant chunk of the work even after it listed on the London Stock Exchange.

The UK accounting watchdog announced an investigation into EY's 2018 audit of NMC last month. At the end of last year, hedge fund Muddy Waters questioned the relationship between EY and NMC, pointing out that the board included former partners of the Big Four firm. It said NMC's margins were "too good to be true" and that it believed a "cosy relationship" between EY and its client meant there was a "lack of rigour" in its audits.

Liquidators to the company at the London offices of Alvarez & Marsal and lawyers advising NMC's board will pull apart years of trading to discover how $4bn of undisclosed debts went undetected. It could expose EY, which earned around £14m for its audits over seven years, to potential allegations of negligence.

EY said it would fully co-operate with the FRC's inquiry and it would be inappropriate to comment further on NMC Health.

On Wirecard, the audit work was carried out by EY partners in Germany, who were also responsible for monitoring the group's operations in Dubai that are at the core of accusations about fraudulent profits.

Wolfgang Schirp, who is preparing a lawsuit aimed at EY on behalf of Wirecard investors, said an independent report into its accounts was "truly devastating". Special auditors at KPMG said they were unable to verify that tens of billions of euros worth of transactions supposedly routed through Dubai, Dublin and Munich took place, casting fresh doubt on at least three years of accounts that were given the green light by EY.

"Our audit of Wirecard's 2019 accounts is ongoing," EY said. "We have not formed an audit opinion and cannot confirm any conclusions." Wirecard told investors in May that EY's work so far had not raised "any material findings. However, not all audit procedures have yet been completed."

EY told the FT that it understood "our vital role in serving the public interest and fostering trust and confidence in capital markets. Audit quality is critical to this and we continuously seek to be globally consistent in delivering high quality audits through investing in technology, training for our people and improving our processes".

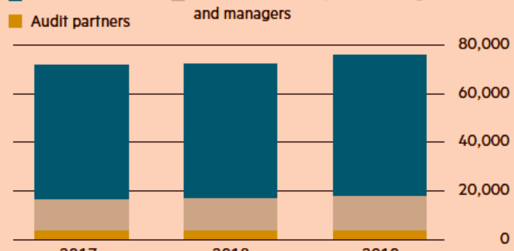
The firm launched a programme in 2015 to improve management and communication for its audit teams.

So far the fallout for the firm has been negligible. EY audits 30 per cent of Fortune 500 companies and 25 per cent of the FTSE 100. It continues to advise governments, with its mandates only growing as the public sector outsources logistical support to combat the pandemic.

One former EY partner said: "In terms of the potential damage . . . The financial impact on companies of this scale is only ever petty cash. Their ego may take a hit, but only regulatory change will have any tangible impact."

EY expands its auditing business

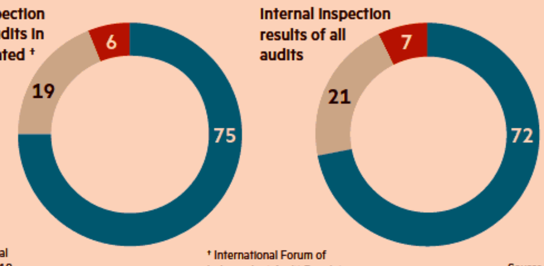
Number of professionals



Source: EY

Measuring EY's audit quality

% of audit engagements that were...*



* Based on internal inspections in 2018

† International Forum of Independent Audit Regulators

Source: EY

Mining

Rio rushes to tackle heritage site fallout

NEIL HUME
NATURAL RESOURCES EDITOR

Simon Thompson, the chairman of Rio Tinto, has scheduled a series of meetings with UK investors as the group scrambles to contain the fallout from the destruction of a 46,000-year-old Aboriginal heritage site.

The world's biggest iron ore miner blew up two sacred rock caves at Juukan Gorge last month as part of a mine expansion, sparking an international outcry and calls for an overhaul of Australia's heritage protection laws.

L&G, one of the 10 biggest shareholders in Rio, has spoken out against the incident. The first meetings are scheduled for this week.

"Managing social licence to operate is crucial for all mining companies," said Nick Stansbury, portfolio manager at Legal & General. "We are disappointed by this incident, and are concerned about the implications for the ongoing relationship with local communities."

Rio secured legal approval from the Western Australian government to level the site in 2013 as part of the expansion of its Brockman 4 mine in the Pilbara, the country's main iron ore-producing region.

It has apologised for the blasts, with the head of its iron business Chris Salisbury telling state broadcaster ABC on Friday that the company thought it had a "shared understanding" with the traditional owners of the caves — the Puutu Kunti Kurrama and Pinikura People (PKKP) — that the area would be mined. However, that explanation has been challenged by representatives of the PKKP, who say there was an expectation that Rio would not disturb sites of cultural and historical significance. But it is not clear if those concerns were ever formally voiced to Rio.

"The Traditional Owners have vehemently rejected Rio's suggestion that they had a 'shared understanding' of the future of the site," said Brynn O'Brien, executive director of the Australasian Centre for Corporate Responsibility, a shareholder advocacy organisation. "Australian law is patently insufficient to protect Indigenous people's human rights around culture and consent."

COMPANIES & MARKETS

Financials

Climate threat 'greater than pandemic'

Bank lending to fossil fuel industry heightens risk, French research finds

MATTHEW VINCENT — LONDON

Climate change poses a bigger threat to financial stability than the coronavirus pandemic, and the rules on bank lending to fossil fuel groups must be tightened to address it, a report has warned.

In his latest research for the Finance Watch advocacy body, Thierry Philipponnat, a board member at the French financial regulator and authority on sustainable finance, has recommended increasing the risk weightings banks apply to oil, gas and coal exposures.

This would make them treat fossil fuel lending in the same way as other risky investments, increasing their capital requirements to insulate them against possible losses. Banks would therefore have more protection against the risk of carbon assets becoming "stranded" if demand falls — or the risk of costly climate disruption if it does not.

Mr Philipponnat said this approach would end the "climate-finance doom loop" in which fossil fuel finance enables climate change, which threatens financial stability through natural events.

Finance Watch estimates that climate-related risks to the system are greater than those posed by pandemics.

"The actions we are proposing today are far less radical or costly than those taken in response to the Covid-19 crisis but they target a far bigger threat," said Benoît Lallemand, secretary-general."

Under the report's proposals, the risk weighting for bank exposures to existing fossil fuel reserves would rise from 100 per cent to 150 per cent, making banks treat them the same as risky venture capital and private equity lending, for capital purposes. The risk weighting for bank exposures to new fossil fuel reserves would be increased from 100 per cent to 1,250 per cent, making equity finance the only option, and one that better reflects future threats.

Climate campaigners have been calling on banks to help meet the goal of the Paris Agreement: limiting the global temperature rise to 1.5C over the pre-industrial average.

But last year, the Rainforest Action Network found that 33 banks provided $654bn to 1,800 fossil fuel companies, equivalent to 70 per cent of the capital expenditure of the entire industry. JPMorgan Chase was the world's biggest "fossil banker", providing $195bn over three years, followed by Wells Fargo, Citi and Bank of America.

In Europe, Barclays has been the biggest, backer of oil, gas and coal companies, said ShareAction, the responsible investment charity, providing more than $85bn since the Paris Agreement was signed in 2015. HSBC and Standard Chartered have been named by BankTrack, a Dutch charity, as among the biggest lenders to coal projects.

Some investors are pressing for more. In March, Christopher Hohn, founder of the $28bn TCI hedge fund group, said: "Regulators cannot allow banks to hide coal loans and the totally unrealistic risk weightings being used.

"Using a 250 per cent risk weighting would make new and existing coal loans uneconomic," he added.

Market questions. Policy outlook

Fed eyes tools to help ensure a recovery takes hold

FT REPORTERS

What next for the Fed?

The Federal Reserve meets this week after a welcome surprise on Friday, when payrolls data showed that US employers added 2.5m jobs in May, cutting the jobless rate to 13.3 per cent.

Stocks jumped on the sign that the biggest economy could be recovering from the virus slump earlier than expected.

The data raise the question of what the central bank, which concludes its two-day meeting on Wednesday, might do — if anything — to ensure a rebound takes hold.

The Fed has already cut interest rates to zero, launched an unlimited bond-buying programme, and announced 11 lending facilities. Before Friday's jobs numbers, officials had suggested their preference was to keep policy on hold.

Nevertheless, investors will look for more guidance on what other tools the Fed would consider, if the pandemic were to deal further blows to the US economy. Late last month, chairman Jay Powell said the central bank was "strongly committed" to deploying measures to help the economy.

The Fed has so far ruled out negative interest rates, but another unconventional policy has gained traction among investors. Yield curve control, last used during the second world war, calls for the central bank to set targets for US Treasury yields and buy as many bonds as needed to maintain those levels.

Other investors have thrown their support behind a more aggressive form of forward guidance, whereby the Fed pledges to keep interest rates at a certain level until specific targets on economic output, unemployment and other indicators are reached.

Analysts at Bank of America expect yield curve control and further easing in September, "once the initial bounce from reopening subsides and it becomes apparent that the economy is in for a slow and bumpy recovery." *Colby Smith*

Will the euro maintain its run?

The common currency rebounded at the end of May following the announcement by Brussels that it planned to create a €750bn recovery fund, soothing investor concerns about the eurozone's ability to emerge from the virus crisis intact.

The currency's strong run, on the back of a generally weaker dollar, continued into Thursday's European Central Bank meeting, at which policymakers pledged an extra €600bn of bond purchases. In response, the euro climbed to its strongest level against the dollar since March.

On Friday the euro was trading above $1.13, putting it up about 4 per cent over the past fortnight — an indication that the ECB's latest move has bolstered the currency's near-term prospects.

"Markets are rallying on greater confidence in the euro area's longevity," said Seema Shah, chief strategist at Principal Global Investors. "The ECB will be hoping that this show of strength will put to bed any doubts about its willingness or ability to provide necessary stimulus."

The sense of optimism has been encouraged by early signs of recovery from European economies that have reopened following lockdowns. But numbers for the eurozone's first-quarter GDP, due tomorrow, could hinder the currency's resurgence if they disappoint.

Analysts have questioned whether the euro could be reaching the end of its run, now that the additional monetary and fiscal measures have been priced in.

Any big gains in the exchange rate from this point would be attributable more to dollar weakness than euro strength, said Chris Turner, global head of markets research at ING. *Eva Szalay*

China disinflationary forces

China was the first big economy to impose a near-total virus shutdown. It was also the first to reopen after controlling the virus.

Because of that, economic data from the country are being closely watched for clues about how quickly activity can rebound from the effects of the pandemic. But away from talk of V ,U, or W-shaped recoveries, investors are growing concerned over the disinflationary forces taking hold in China.

Official data, out on Wednesday, are expected to show that China's year-on-year consumer price inflation was 2.6 per cent in May, according to economists polled by Bloomberg. That is slower than the 3.3 per cent recorded in April, and well behind China's inflation target, which was raised to 3.5 per cent at the meeting of the national congress.

Compounding concern is the suspicion that the headline figures do not tell the full story. Recent inflation has been driven by food prices, notably pork, the cost of which is still roughly twice what it was a year ago due to swine fever.

The struggle to stoke prices in general indicates that while supply chains are coming back online in the second-biggest economy, demand from consumers is returning much more slowly. That was probably due to cost savings as households worried about job security, as well as changes in consumer behaviour brought on by the virus, said Hao Zhou, a strategist at Commerzbank.

Mr Zhou warned that without bolder efforts from Beijing to stimulate the economy, the country risked a worrying deflationary turn in the latter part of 2020. *Daniel Shane*

Shares have risen sharply amid signs that the US economy is coming out of the virus crisis faster than expected
Elise Amendola/AP

Banks

Barclays set for latest legal battle in Staveley case

JANE CROFT

A former Tesco chairman and a close adviser to Sheikh Mansour of Abu Dhabi are among figures set to testify in financier Amanda Staveley's £1.5bn High Court case against Barclays, which is due to begin today.

Ms Staveley's private equity firm PCP Capital is suing Barclays for alleged deceit over the terms of its 2008 emergency fundraising, in which the bank turned to Qatar and Abu Dhabi to raise capital, allowing it to avoid a UK government bailout.

Barring any last-minute settlement, the nine-week trial will give fresh insight into the events of October 2008 as Barclays scrambled to raise billions of pounds at the height of the global financial crisis.

Barclays denies wrongdoing and is defending the lawsuit, which it said was "without merit". Three former Barclays executives were acquitted by jury this year in a criminal trial brought by the Serious Fraud Office over the Qatari fundraising.

The SFO alleged that the men had lied to the market about Qatari investors secretly being paid an extra £322m in return for investment in the two emergency cash calls in June and October 2008.

However, Ms Staveley's lawsuit focuses on the events around the Abu Dhabi investment.

PCP claims in the lawsuit that it would never have put together the parallel Abu Dhabi side of the fundraising had it known about the side deals promised by Barclays to Qatar.

The firm argues that its initial involvement was as a principal investor — something disputed by Barclays, which alleges that Ms Staveley was only ever seen by the bank as an adviser.

PCP's witnesses will include Ali Jassim, a trusted business adviser to Sheikh Mansour. Ms Staveley, who orchestrated Sheikh Mansour's purchase of Manchester City in 2008 and is steering a deal for Newcastle United, will herself testify for several days.

Barclays was prosecuted by the SFO over the 2008 fundraising but had the criminal charges against it scrubbed by the courts two years ago.

It still faces Ms Staveley's civil lawsuit as well as delayed regulatory scrutiny from the Financial Conduct Authority over the Qatari affair before it can draw a line under the events of 2008.

In its latest defence document filed at the High Court, Barclays said the PCP claim was "fundamentally misconceived" and that the firm was not acting on its own behalf but that of Sheikh Mansour. "Barclays denies it made any representations which were false," the bank said.

The bank's witnesses are set to include Sir Richard Broadbent, who was the senior non-executive director at Barclays at the time and later became chairman of Tesco before stepping down from the retailer in 2014.

John Varley, the former Barclays chief executive who was acquitted of criminal wrongdoing by the Court of Appeal in 2019, has given a witness statement for the lawsuit. He is expected to give evidence about the fundraising under oath in a court for the first time.

Industrials

Hyundai Heavy underlines shipbuilding demand shock

EDWARD WHITE — WELLINGTON
THOMAS HALE — HONG KONG

Forthcoming deals worth billions of dollars to make LNG carriers will not be enough to offset harm from the pandemic, the head of one of the biggest shipbuilding companies has warned.

Order books for Korean shipbuilders — who hold more than a quarter of market share — are a bellwether for international shipping activity and trade.

Ka Sam-hyun, chief executive of South Korea's biggest shipbuilder, Hyundai Heavy Industries, said that while some customers had already requested payments and deliveries of ordered vessels to be delayed, the worst could be to come.

"We cannot pinpoint when and how the current situation will be brought under control. However, what is clear is that a short-term demand shock for the shipbuilding industry is becoming obvious," Mr Ka said.

The warning comes despite Qatar's state-owned oil producer reserving capacity with Korean shipyards as part of its plans to spend $20bn on more than 100 carriers to ship fuel from the world's largest liquefied natural gas project off the country's north-east coast.

Shares in Korea's Big Three shipbuilders — Hyundai Heavy Industries, Samsung Heavy Industries and Daewoo Shipbuilding & Marine Engineering — soared in Seoul on Tuesday after Qatar Petroleum confirmed the plans.

Analysts are hopeful for further upside, with announcements linked to LNG projects being developed by France's Total in Mozambique and by Russia's Novatek in the Arctic expected in coming weeks.

However, Mr Ka said that with new orders shrinking almost one-third in the first quarter, the potential windfall from the LNG contracts "is not big enough" to change the fundamental problems facing Korea's shipbuilders.

Exacerbating the problems was the rise of state-backed Chinese shipbuilders which were increasingly winning a bigger share of international orders, Mr Ka said.

Additional reporting by Javier Espinoza in Brussels and Song Jung-a in Seoul

Financials

US lenders upbeat on return to normal loan repayments

LAURA NOONAN — NEW YORK

US banks expect a significant number of borrowers to recommit to normal payment schedules once their forbearance deals expire this month, senior executives said.

Many clients, they added, had not been hit as hard by the pandemic as they feared. Between 4 and 22 per cent of borrowers across various types of loan signed up for 90-day payment holidays as the pandemic threatened their livelihoods, according to analysis by Autonomous based on public disclosures.

Their ability to resume normal payments will be an early indicator of the level of defaults and loan losses banks are likely to face from the emergency.

Banks set aside tens of billions for loan losses in the first quarter, and have in recent weeks studied the income patterns of those who opted in to the holidays, and asked customers granted forbearance measures if they plan to extend for another 90 days.

"We would expect a meaningful portion of that [forbearance] hopefully not to be needed any more," said Brendan Coughlin, head of consumer lending at Citizens Bank, where 7 per cent of small business and consumer loans were in forbearance deals at the end of March.

Only 10 per cent of clients who put their pay into checking accounts and availed of payments holidays suffered income disruption since the pandemic begun, he said. In Citizens' mortgage business, about 25 per cent of those who applied for forbearance continued to make their normal loan payments.

A senior executive at one big bank said early research suggested a 20 per cent fall in the number of mortgage borrowers in forbearance measures once initial terms expire.

About 40 per cent of those granted forbearance continued to make full payments, the executive said, and Friday's job figures suggested consumers were doing better than expected.

Across their overall books, senior executives at Bank of America, Wells Fargo and US Bank have publicly said that between 25 and 40 per cent of those who were granted forbearance continued making payments.

Additional reporting by Robert Armstrong

Chemicals

LyondellBasell Industries warns over plastics outlook

MICHAEL POOLER — INDUSTRY REPORTER

LyondellBasell Industries has warned that plastics demand will plummet this year despite greater use of food packaging, face masks, and other single-use items to prevent virus spread.

The US-listed chemicals group projected a 15 per cent fall in consumption of two of the most common types of the material, as people buy fewer cars and household appliances.

Such a drop would signal a retreat by a substance that has proliferated with rising living standards but which is linked to environmental blight.

Bob Patel, LyondellBasell chief executive, pointed to the resilience of plastics even in recessionary periods. "The only year that there was demand decline was in 2008 during the financial crisis." Even then, it was "only by 3 or 4 per cent, not 15 per cent".

The downturn heightens risks of an oversupply of plastics, following large investments over the past decade in petrochemical complexes. In the US, more than $200bn has been promised by groups including Dow, Shell and ExxonMobil for facilities fed with cheap raw materials from shale extraction. It has led to a surge in polyethylene, with 105m tonnes produced in 2019, according to data provider ICIS. Polypropylene stood at 75mt.

With coffee chains returning to disposable cups and bans on single-use items delayed in some countries, environmental campaigners fear a setback in the battle against plastic waste.

There are pockets of demand for polymers, for instance in personal protective equipment. But this is little consolation for those supplying sectors such as cars, construction and aerospace.

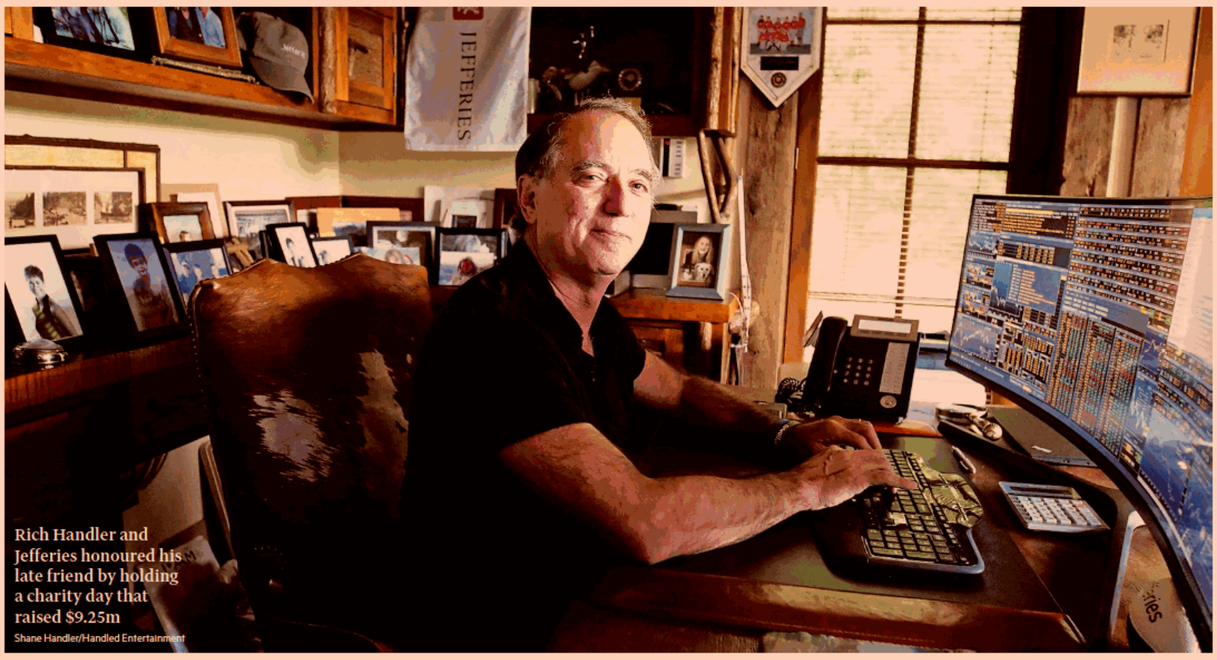
Mr Patel said the chemicals industry had experienced two black swan events: the crude crash, and an earlier glut that sent values for benchmark grades of plastics plunging to multiyear lows.

"This will be a very difficult year and one in terms of earnings that will be similar to the 2008-09 period, but the worst of it is behind us and now it's really about the pace of the recovery," Mr Patel said. "I think that this period of challenging margins and profitability will reduce new supply globally."

How to Lead. Rich Handler, chief executive of Jefferies

Dealing with personal loss amid market chaos

The longtime investment banking head was set for 2020 to be a celebratory year, writes *Laura Noonan*



Rich Handler and Jefferies honoured his late friend by holding a charity day that raised $9.25m
Shane Handler/Handled Entertainment

Jefferies entered 2020 with record quarterly earnings, setting chief executive Rich Handler on course for a celebration to mark his 20th year at the helm of one of the world's biggest independent investment banks.

Within weeks of closing that quarter on February 29, New York-based Jefferies was navigating chaotic markets from hastily-created home offices as its hometown became the pandemic's epicentre and global economies lurched towards recession.

Then, coronavirus claimed the life of Mr Handler's longtime finance chief Peg Broadbent at just 56, a shock made worse by the inability to properly grieve "a great partner to all of us" because of lockdown restrictions.

Yet Mr Handler, 59, who professes to be more interested in doing his job than talking about it but has amassed 22,600 followers on Instagram, does not consider the past months as the toughest in his career.

That honour falls to times when he or his company were more uniquely afflicted, such as in 2011, when Jefferies was falsely accused of having the same sovereign debt problems as those that tipped MF Global over the edge, or in 1990, when the collapse of investment bank Drexel cost Mr Handler his job just as he was about to become a father.

Mr Handler, who grew up in New Jersey and studied at the University of Rochester and then Stanford, says he views the current environment with a mixture of "incredible sadness" for the misery wrought by the pandemic and the protests against racism sweeping the US, and optimism about the world's — and his bank's — capacity to rally.

He talks about the sadness mostly in terms of what the world is going through, but there is undoubtedly a personal edge. Last week, Jefferies raised $9.25m in Broadbent's honour through a charity day where trading commissions and donations from staff and the firm were channelled to almost 90 mostly smaller groups assisting with coronavirus relief.

"When you have someone who passes from coronavirus, there's no funeral, there's no real closure, there's no service, at least not for a while," says Mr Handler over a Zoom call from his Westchester County estate where he is waiting out the pandemic with his wife and four children.

"For those who wanted to honour Peg, this was a good chance for them to do it in a positive manner by doing good. But it still doesn't take away from the fact that you never really have a chance to grieve for somebody."

Mr Handler sees a long path ahead for the country at large as well, demanding a health solution for the virus, a "real change in racial relations" and global partnership to replace the "isolationism" of recent years. "It's going to take . . . some sacrifice, which means probably higher taxes," he says. "I'm an optimist that [recovery] will happen, it's just going to take time and a lot of work and co-operation."

'Worry about things you can control, like your work ethic, creativity, attitude, integrity and teamwork'

As for the bank, in a staff memo Mr Handler and his president Brian Friedman wrote that their hopes of a special year were still "intact", a reference to their goal of record annual profits in 2020. "We wouldn't have said that . . . if we didn't really rally well in the last two months, gain a lot of market share, help our clients in a significant way, and really perform well internally," he says.

He and Mr Friedman have been driving performance by communicating exhaustively with staff since they were scattered to the four winds in March.

Written dispatches include thanking staff for working "tirelessly", circulating scientific material on the virus and expressing their shared "heartbreak" at the killing of African-American George Floyd by a white police officer.

In one memo, Mr Handler writes that staff should "completely forget the markets and all work issues" over the Easter weekend, surprising advice from a man who says he's worked most weekends for 30 years. Mr Handler stresses that balance is important — indeed, it's part of the purpose of his Instagram account, where he uses pictures of him and his family to show the younger generation that finance CEOs are "real people".

He also uses the platform as a forum to talk to a largely millennial audience about topics that resonate with them, such as diversity and advice on the importance of things such as "integrity, respect, humility and dedication".

Courting young talent is important. Jefferies' success in increasing revenues by almost 40 per cent in the four years since 2007 came on the back of 2,000 new hires, a large number for a bank with 4,000 staff. "We have been actively recruiting, interviewing and hiring people since the Covid crisis started," he says. "Difficult periods can be the best times to attract great talent."

Some have been recruited entirely over Zoom, several have come to Mr Handler's Westchester estate and done socially distant interviews outside.

He won't say how many staff he wants to add: "I've never been able to do that or understand how people could do that because our world changes so much."

It's an apt comment, given that the world is arguably on the cusp of unprecedented change. JPMorgan chief executive Jamie Dimon recently said the crisis should be a "wake-up call" for an America where too many people have been left behind for too long.

That has uncomfortable implications for banks, which are the bastions of the economic system, and people such as Mr Dimon and Mr Handler, who are paid millions of dollars to run them.

The Jefferies boss argues that his bank is a positive force, helping companies raise money and manage it, while paying a "boatload of taxes" and "creating value" for shareholders and bondholders. Jefferies made $7m of net profits when Mr Handler joined the bank in 1990. Last year, it made $415m.

"Are we doing God's work?" he says, invoking the phrase that former Goldman Sachs boss Lloyd Blankfein was pilloried for coining in 2009. "No. I'm not saying that we deserve to be knighted. But I'm also not going to be embarrassed by what our industry has done."

He disputes reports he is Wall Street's best-paid bank boss and argues that any conversation about income distribution after the pandemic must examine issues broader than finance or executive pay.

"It's not an easy question — you can't just wave a magic wand and say, 'OK, I'll redistribute my income from here to there', and solve all the problems," he says, describing the role of taxes, philanthropy and job creation in any solution.

FT Leadership
More interviews illuminating the personalities of high-profile leaders by focusing on the issues they faced ft.com/howtolead

Mr Handler says he has been told that empathy has been one of his "biggest advantages" and that he has honed that further during this crisis, by helping his junior staff as they adjust to life where "everything is on hold".

Still, Jefferies hasn't followed bigger banks such as Goldman and Morgan Stanley by soothing staff with commitments not to make any lay-offs this year.

"You don't make promises you can't keep and you never know what's going to happen in the future in our industry," Mr Handler says. "What we have told people is that the thought of lay-offs hasn't come up in even one of our senior conversations since the virus surfaced.

"We have told everyone to get to work and worry about things you can control like your work ethic, creativity, attitude, integrity and teamwork, and don't worry about the nonsense that you can't control," he says. "If we all do that, we will continue on and have a very good year, despite the challenges and volatility in the markets."

Business books: from leadership in the AI era to lab grown meat

FT journalists' recommended reads

Unleashed: The Unapologetic Leader's Guide to Empowering Everyone Around You *by Frances Frei and Anne Morriss*

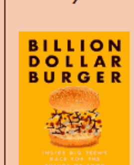
Unleashed is worth an afternoon of your time, whether or not you are already a leader. It is sparkily written and personal, drawing on the experiences of co-authors (and spouses) Frei and Morriss. Their mission is to flip our notions of leadership outwards — stop focusing on yourself and your own effectiveness, and instead set a loftier goal: "Your mission as a leader: to continuously improve the performance of the people around you." By doing so, the authors contend, you will learn to listen to others, actively help them get what they need — and produce a more productive, happier workforce.

The knock-on effects will also help diverse teams perform better: promoting people using rigorous systems, and giving your full attention to colleagues. Some of these tips are simple but often overlooked. "In a world of relentless, device-driven distraction, giving someone your undiluted attention is one of your cleverest devotion signals."

At a time when so-called strong leadership and charismatic operators seem to be on the rise, such openness and vulnerability is a risky proposition and needs buy-in across the organisation. Frei — a Harvard Business School professor — offers her own case study of how she successfully worked with her employer to change the gender culture for MBA students to address persistent biases in hiring and in the experience of female students.

And if you are fascinated to know more about toxic workplaces, and how better leadership can turn them round, there is plenty of insider detail from Frei's work at Uber ("a hot mess" when she arrived as the company's first vice-president of leadership and strategy). One important change she made? Management training on a vast scale, "a massive influx of executive education using a virtual, interactive classroom". That's something we might be seeing a lot more of as leaders in a post-Covid workplace — toxic or not.

Billion Dollar Burger: Inside Big Tech's Race for the Future of Food *by Chase Purdy*



If you have not heard the term cultured meat before, you are hardly alone. The so-called "lab-grown" product where scientists produce meat from animal cells in bioreactors is a growing part of the world's food technology scene, attracting millions of dollars from early-stage investors.

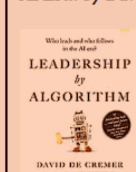
Purdy, a reporter for digital publisher Quartz writing on the changing food landscape, gives us a brief canter through the short history of lab-grown meat, starting with the introduction of a burger presented in a Petri dish in 2013 intertwined with the tale of Just, a US food technology start-up, and its co-founder Josh Tetrick.

Purdy raises some of the existential issues surrounding entrepreneurs and investors who are involved in reinventing foods that we know and love, and whether that changes our relationship with food.

He poses the question of whether humans can do better than nature in coming up with meat alternatives, and ponders whether we can reconcile the culture and ethics of food in an era where population growth and environmental damage means current methods of agriculture are unlikely to be sustainable.

It will be a while before we see cultured meat in the supermarket. But even when it becomes publicly available, there is the issue of taste, and how it compares with meat from slaughtered animals or its plant-based rivals. That is the billion-dollar question that remains unanswered.

Leadership by Algorithm: Who Leads and Who Follows in the AI Era? *by David De Cremer*



Nothing is likely to slow organisations' race towards algorithmically fuelled improvements in efficiency — in fact, the shift to more virtual working may even accelerate the move. De Cremer's reflective examination of the pros and cons of management and leadership by algorithm is timely and thought-provoking.

He draws a clear distinction between management — the repeatable functions of which could be performed by data-crunching artificial intelligence — and leadership. The latter draws more on skills that "create value beyond the immediate observable financial returns", such as empathy, intuition, imagination and ethical judgment. De Cremer's vision is of a world in which human and algorithm work alongside each other, with managers liberated from humdrum tasks and computers helping to reinforce trust and augment decision-making.

Still, as he points out, the fact that "leadership by algorithm" is subject to such hype is indicative of how frustrated most people are by the flesh-and-blood variety. Bringing algorithms in as "teammates" will require leaders to adopt even finer skills.

De Cremer, an academic based at the National University of Singapore, weaves his prior work on business ethics into his prescription for these future leaders.

The tone is optimistic, but he warns of the risks. In using machines to take "cool" decisions, void of sentiment, organisations may sacrifice the warmth only a human can provide.

MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
2.62%	2.06%	3.15%	2.25%	2.47%	0.74%	1.66%	2.12%	-0.265%	0.952%	0.679%	-1.222%	4.90%	-0.31%

Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison

AMERICAS

May 06 - - Index / All World

S&P 500 New York
3,193.93
2,848.42
Day 2.62% Month 11.35% Year 13.01%

Nasdaq Composite New York
9,814.08
8,854.39
Day 2.06% Month 11.41% Year 29.55%

Dow Jones Industrial New York
27,110.98
23,664.64
Day 3.15% Month 13.52% Year 6.15%

May 06 - Jun 05 Index / All World

S&P/TSX COMP Toronto
15,854.07
14,830.74
Day 2.10% Month 7.04% Year -2.21%

IPC Mexico City
39,037.42
36,792.41
Day 2.84% Month 6.37% Year -10.30%

Bovespa São Paulo
95,947.72
78,118.57
Day 0.86% Month 19.08% Year -1.42%

EUROPE

May 06 - Jun 05 Index / All World

FTSE 100 London
6,484.30
5,849.42
Day 2.25% Month 10.91% Year -10.15%

FTSE Eurofirst 300 Europe
1,461.07
1,321.51
Day 2.47% Month 11.35% Year -0.68%

CAC 40 Paris
5,197.79
4,501.44
Day 3.71% Month 15.94% Year -1.78%

May 06 - Jun 05 Index / All World

Xetra Dax Frankfurt
12,847.68
10,606.20
Day 3.36% Month 19.74% Year 7.24%

Ibex 35 Madrid
7,872.60
6,730.90
Day NaN% Month NaN% Year NaN%

FTSE MIB Milan
20,187.51
17,245.04
Day 2.82% Month 16.11% Year 0.16%

ASIA

May 06 - Jun 05 Index / All World

Nikkei 225 Tokyo
22,863.73
19,674.77
Day 0.74% Month 16.54% Year 12.03%

Hang Seng Hong Kong
24,770.41
23,980.63
Day 1.66% Month 4.97% Year -7.37%

Shanghai Composite Shanghai
2,930.80
2,871.52
Day 0.40% Month 2.47% Year 2.39%

May 06 - Jun 05 Index / All World

Kospi Seoul
2,181.87
1,928.61
Day 1.43% Month 15.12% Year 5.56%

FTSE Straits Times Singapore
2,751.50
2,572.36
Day 1.64% Month 7.44% Year -12.34%

BSE Sensex Mumbai
34,287.24
31,685.75
Day 0.90% Month 8.11% Year -14.46%

Country	Index	Latest	Previous
Argentina	Merval	45128.75	43676.18
Australia	All Ordinaries	6116.50	6112.00
	S&P/ASX 200	5998.70	5991.80
	S&P/ASX 200 Res	4494.20	4485.30
Austria	ATX	2485.00	2388.91
Belgium	BEL 20	3540.00	3449.89
	BEL Mid	7973.54	7950.41
Brazil	IBovespa	94637.06	93828.61
Canada	S&P/TSX 60	956.81	936.71
	S&P/TSX Comp	15854.07	15527.87
	S&P/TSX Div Met & Min	423.62	426.56
Chile	S&P/CLX IGPA Gen	20217.56	18465.50
China	FTSE A200	10582.51	10529.93
	FTSE B35	9000.71	8988.96
	Shanghai A	3072.03	3059.97
	Shanghai B	208.11	205.66
	Shanghai Comp	2930.80	2919.25
	Shenzhen A	1942.83	1938.55
	Shenzhen B	860.65	864.41
Colombia	COLCAP	1163.84	1158.05
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	957.55	932.42
Denmark	OMXC Copenahgen 20	1231.50	1235.60
Egypt	EGX 30	10621.14	10424.10
Estonia	OMX Tallinn	1184.55	1184.85
Finland	OMX Helsinki General	9674.47	9545.72
France	CAC 40	5197.79	5011.97
	SBF 120	4099.95	3964.56
Germany	M-DAX	27199.76	26760.42
	TecDAX	3250.99	3246.68
	XETRA Dax	12847.68	12430.56
Greece	Athens Gen	683.46	669.79
	FTSE/ASE 20	1651.89	1611.24
Hong Kong	Hang Seng	24770.41	24366.30
	HS China Enterprise	10066.25	9967.93
	HSCC Red Chip	3886.14	3841.34
Hungary	Bux	37985.66	37260.06
India	BSE Sensex	34287.24	33980.70
	Nifty 500	8299.35	8185.90
Indonesia	Jakarta Comp	4947.78	4916.70
Ireland	ISEQ Overall	6358.90	6239.50
Israel	Tel Aviv 125	1412.25	1407.02
Italy	FTSE Italia All-Share	22007.64	21432.54
	FTSE Italia Mid Cap	34650.46	33957.32
	FTSE MIB	20187.51	19634.03
Japan	2nd Section	6411.93	6298.14
	Nikkei 225	22863.73	22695.74
	S&P Topix 150	1340.23	1329.95
	Topix	1612.48	1603.82
Jordan	Amman SE	1654.03	1641.21
Kenya	NSE 20	1931.18	1936.17
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1039.39	1032.37
Lithuania	OMX Vilnius	738.28	732.81
Luxembourg	LuxX	1089.93	1079.33
Malaysia	FTSE Bursa KLCI	1556.33	1561.84
Mexico	IPC	38948.08	37872.89
Morocco	MASI	10179.11	10124.81
Netherlands	AEX	572.80	559.12
	AEX All Share	814.93	797.57
New Zealand	NZX 50	11171.66	11222.80
Nigeria	SE All Share	25312.05	25407.96
Norway	Oslo All Share	931.78	910.76
Pakistan	KSE 100	34350.42	34119.39
Philippines	Manila Comp	6465.13	6517.49
Poland	Wig	51494.63	50202.54
Portugal	PSI 20	4609.19	4621.12
	PSI General	3267.10	3299.56
Romania	BET Index	8848.75	9021.60
Russia	Micex Index	2792.74	2766.26
	RTX	1285.78	1257.31
Saudi-Arabia	TADAWUL All Share Index	7207.78	7222.41
Singapore	FTSE Straits Times	2751.50	2707.20
Slovakia	SAX	358.46	356.38
Slovenia	SBI TOP	873.85	-
South Africa	FTSE/JSE All Share	54722.38	53204.79
	FTSE/JSE Res 20	49969.31	48850.26
	FTSE/JSE Top 40	50199.80	48837.53
South Korea	Kospi	2181.87	2151.18
	Kospi 200	290.62	286.45
Spain	IBEX 35	7872.60	7566.80
Sri Lanka	CSE All Share	4781.03	4782.43
Sweden	OMX Stockholm 30	1730.51	1700.48
	OMX Stockholm AS	671.83	660.97
Switzerland	SMI Index	10190.37	10075.68
Taiwan	Weighted Pr	11479.40	11393.23
Thailand	Bangkok SET	1435.70	1411.01
Turkey	BIST 100	116840.94	116315.98
UAE	Abu Dhabi General Index	4284.73	4277.37
UK	FT 30	2506.00	2427.80
	FTSE 100	6484.30	6341.44
	FTSE 4Good UK	5975.29	5851.04
	FTSE All Share	3589.76	3509.99
	FTSE techMARK 100	5501.64	5389.74
USA	DJ Composite	8797.87	8553.37
	DJ Industrial	27110.98	26281.82
	DJ Transport	9872.96	9575.25
	DJ Utilities	826.52	814.06
	Nasdaq 100	9824.39	9629.66
	Nasdaq Cmp	9814.08	9615.81
	NYSE Comp	12641.44	12286.98
	S&P 500	3193.93	3112.35
	Wilshire 5000	32525.31	31714.77
Venezuela	IBC	346862.03	346890.28
Vietnam	VNI	886.22	883.90
Cross-Border	DJ Global Titans ($)	369.08	361.00
	Euro Stoxx 50 (Eur)	3384.29	3261.67
	Euronext 100 ID	1014.74	986.65
	FTSE 4Good Global ($)	7902.08	7725.79
	FTSE All World ($)	356.11	348.73
	FTSE E300	1461.07	1425.89
	FTSE Eurotop 100	2806.88	2733.78
	FTSE Global 100 ($)	2045.62	2001.58
	FTSE Gold Min ($)	2201.70	2200.10
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2177.95	2182.97
	FTSE World ($)	634.92	621.25
	FTSEurofirst 100 (Eur)	3858.46	3732.99
	FTSEurofirst 80 (Eur)	4620.38	4468.00
	MSCI ACWI Fr ($)	528.00	528.80
	MSCI All World ($)	2218.50	2222.54
	MSCI Europe (Eur)	1493.35	1499.78
	MSCI Pacific ($)	2587.85	2576.40
	S&P Euro (Eur)	1538.08	1492.66
	S&P Europe 350 (Eur)	1500.91	1463.86
	S&P Global 1200 ($)	2517.46	2460.85
	Stoxx 50 (Eur)	3086.33	3005.91

(c) Closed. (u) Unavaliable. † Correction. ♥ Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Boeing	203.6	205.43	21.13
Apple	111.3	331.50	9.18
Amazon.com	80.4	2483.00	22.40
American Airlines	78.8	18.59	1.87
Microsoft	74.1	187.20	4.28
United Airlines Holdings	56.9	42.41	3.31
Jpmorgan Chase & Co	46.7	111.23	4.79
Delta Air Lines	44.3	34.16	1.78
Nvidia	42.9	356.80	6.14
Royal Caribbean Cruises Ltd	42.1	69.44	11.75

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Occidental Petroleum	20.79	5.24	33.70
Apache	16.07	3.07	23.62
Royal Caribbean Cruises Ltd	69.44	11.75	20.37
Marathon Oil	7.32	1.09	17.50
Carnival	21.51	3.03	16.40
Downs			
Clorox	197.57	-6.68	-3.27
Cboe Global Markets	98.20	-2.83	-2.80
Akamai	99.00	-2.84	-2.79
Vertex Pharmaceuticals	265.69	-7.13	-2.61
Newmont	54.76	-1.14	-2.04

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Bp	220.7	362.25	26.05
Royal Dutch Shell	220.0	1477.20	88.00
Hsbc Holdings	218.9	422.95	23.55
Astrazeneca	215.6	8427.00	-103.00
Int Consolidated Airlines S.a.	179.9	327.50	39.30
Lloyds Banking	162.6	35.55	1.66
Barclays	157.9	131.40	7.88
British American Tobacco	148.8	3182.50	-17.50
Rio Tinto	143.3	4550.00	80.00
Glaxosmithkline	137.6	1637.60	-13.60

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Carnival	1431.50	237.00	19.84
Capita	45.80	7.56	19.77
Frasers	367.20	48.60	15.25
Hammerson	137.00	18.05	15.17
Melrose Industries	148.95	19.55	15.11
Downs			
Kaz Minerals	461.00	-36.00	-7.24
Biffa	244.50	-18.00	-6.86
Centamin	147.15	-9.65	-6.15
Plus500 Ltd	1214.00	-72.00	-5.60
Polymetal Int	1415.00	-82.00	-5.48

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Airbus	757.8	80.98	9.00
Allianz Se Na O.n.	700.5	193.20	7.48
Sap Se O.n.	539.6	121.14	1.54
Intesa Sanpaolo	525.0	1.77	0.08
Total	494.9	38.33	2.22
Asml Holding	478.9	320.50	10.20
Basf Se Na O.n.	468.8	57.43	2.03
Royal Dutch Shella	454.6	16.82	1.17
Lvmh	442.3	404.25	14.20
Santander	433.7	2.53	0.26

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Airbus	80.98	9.00	12.50
Seadrill	0.31	0.03	12.20
B. Sabadell	0.36	0.04	12.06
Commerzbank Ag	4.43	0.45	11.43
Hugo Boss Ag Na O.n.	30.40	3.10	11.36
Downs			
Edp	4.25	-0.14	-3.12
Lindt Ps	7154.22	-188.27	-2.56
Rwe Ag Inh O.n.	30.40	-0.79	-2.53
Iliad	161.00	-4.00	-2.42
Svenska Cellulosa Ab Sca Ser. B	10.95	-0.27	-2.40

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Softbank .	1113.7	5220.00	45.00
Fast Retailing Co.,	620.2	63940.00	140.00
Sony	392.1	7280.00	13.00
Toyota Motor	379.2	7067.00	93.00
Mitsubishi Ufj Fin,.	356.9	462.60	11.70
Tokyo Electron	309.0	23840.00	655.00
Sumitomo Mitsui Fin,.	301.9	3279.00	81.00
All Nippon Airways Co.,	236.9	2784.00	183.50
Recruit Hldgs Co Ltd	223.8	3818.00	-56.00
Takeda Pharmaceutical	219.0	4041.00	5.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Alps Alpine Co.,	1467.00	120.00	8.91
Jfe Holdings,.	882.00	63.00	7.69
All Nippon Airways Co.,	2784.00	183.50	7.06
Tbb Dai-ichi Life Insurance ,	1486.50	94.50	6.79
Nippon Steel & Sumitomo Metal	1113.00	69.50	6.66
Downs			
Yahoo Japan	444.00	-19.00	-4.10
Kikkoman	5360.00	-180.00	-3.25
Cyberagent,.	5210.00	-130.00	-2.43
Sky Perfect Jsat Holdings .	442.00	-10.00	-2.21
Oji Holdings	526.00	-11.00	-2.05

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Jun 05 price(p)	%Chg week	%Chg ytd
Winners			
Int Consolidated Airlines S.a.	327.50	43.3	-48.5
Carnival	1431.50	35.4	-60.8
Easyjet	891.20	31.1	-37.7
Rolls-royce Holdings	355.90	31.0	-47.8
Melrose Industries	148.95	29.4	-38.5
Meggitt	356.60	28.7	-45.5
Legal & General	250.90	26.4	-19.3
Standard Chartered	464.50	26.1	-35.5
Royal Bank Of Scotland	137.35	24.5	-43.8
Prudential	1274.50	21.7	-12.9
Glencore	180.98	20.8	-24.9
Aviva	296.30	19.6	-30.1
Losers			
Polymetal Int	1415.00	-13.0	18.8
Hargreaves Lansdown	1628.00	-11.2	-17.0
Hikma Pharmaceuticals	2330.00	-9.4	17.4
Fresnillo	717.40	-8.8	11.4
Reckitt Benckiser	6874.00	-4.8	10.9
Pennon	1104.00	-3.2	7.5
Ocado	2123.00	-3.1	68.6
Rentokil Initial	483.40	-2.7	6.1
Glaxosmithkline	1637.60	-2.0	-7.9
Astrazeneca	8427.00	-1.8	10.0
Auto Trader	551.00	-1.3	-7.2
National Grid	918.60	-0.8	-3.3

FTSE 250	Jun 05 price(p)	%Chg week	%Chg ytd
Winners			
Hammerson	137.00	86.1	-55.7
Airtel Africa	53.20	56.5	-32.5
Senior	91.15	47.0	-51.0
Hyve	136.00	40.5	-95.3
Capita	45.80	35.4	-72.8
Petrofac	223.50	30.7	-41.6
Aston Martin Lagonda Global Holdings	72.00	30.6	-59.0
Investec	189.70	30.1	-46.2
Wood (john)	244.50	27.2	-36.8
Chemring	273.00	26.7	10.3
Micro Focus Int	515.20	26.7	-53.6
Playtech	333.70	26.1	-17.7
Losers			
Centamin	147.15	-11.5	16.1
Plus500 Ltd	1214.00	-8.5	39.7
Hochschild Mining	185.50	-7.3	5.2
Future	1286.00	-6.8	-12.0
Avast	469.00	-6.8	-1.2
Genus	3320.00	-4.8	3.0
Spirent Communications	239.00	-3.8	-3.2
Avon Rubber	3150.00	-3.7	51.4
Hilton Food	1230.00	-3.1	10.4
B&m Eur Value Retail S.a.	377.90	-3.0	-6.8
Petropavlovsk	24.15	-3.0	90.2
Cranswick	3588.00	-2.7	3.7

FTSE SmallCap	Jun 05 price(p)	%Chg week	%Chg ytd
Winners			
De La Rue	118.20	190.1	-14.5
Lamprell	31.90	93.3	-20.3
Intu Properties	9.26	81.7	-71.7
Petra Diamonds	3.16	66.3	-64.2
Int Personal Finance	67.00	58.0	-58.5
Countrywide	98.95	57.8	-71.6
Gulf Marine Services	14.40	55.7	95.9
Premier Oil	39.82	49.2	-60.0
Rps	60.90	42.6	-65.0
Hyve	136.00	40.5	-95.3
Arrow Global	105.40	37.1	-60.4
Card Factory	50.20	37.0	-65.3
Losers			
Ted Baker	134.70	-12.1	-61.8
Amigo Holdings	17.00	-9.5	-76.0
Schroder Uk Public Private Trust	26.50	-8.9	-28.2
Stobart Ltd	47.45	-8.4	-57.6
Discoverie	512.00	-6.9	-8.9
Dp Eurasia N.v.	36.00	-6.7	-31.2
Ten Entertainment	170.00	-5.6	-44.2
Vectura	86.90	-4.8	-5.0
Int Biotechnology Trust	724.00	-4.7	16.4
Wanton	179.50	-4.3	-40.8
Sportech	17.50	-4.1	-46.2
Biotech Growth Trust (the)	1136.00	-3.9	21.4

Industry Sectors	Jun 05 price(p)	%Chg week	%Chg ytd
Winners			
Oil Equipment & Services	5092.43	27.6	-
Life Insurance	6739.96	20.6	-16.7
Oil & Gas Producers	5546.06	17.5	-
Banks	2559.62	16.3	-
Travel & Leisure	7373.10	13.3	-
Automobiles & Parts	3463.47	12.3	-
Industrial Metals	3254.52	11.6	-
Construction & Materials	6539.25	11.5	-7.0
Aerospace & Defense	3708.42	11.3	-
General Industrials	5831.72	10.9	-9.2
Real Estate Investment Trusts	2757.50	9.0	-
Industrial Transportation	1943.47	8.5	-
Losers			
Index - Technology Hardware & Equipment	1885.04	-4.0	-5.2
Pharmaceuticals & Biotech.	18224.60	-1.9	2.3
Food & Drug Retailers	4187.63	-0.6	-0.1
Gas Water & Multiutilities	5048.17	0.2	-6.4
Tobacco	32763.52	0.5	-4.7
Household Goods	17259.77	1.4	-4.0
Software & Computer Services	1928.71	1.8	-
Fixed Line Telecommunication	1478.78	3.1	-
Chemicals	11404.10	3.1	-
Electronic & Electrical Equip.	8930.06	3.4	3.3
Personal Goods	37160.72	3.5	-2.4
Forestry & Paper	17696.79	4.3	-

Based on last week's performance. †Price at suspension.

CURRENCIES

[illegible]

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

[illegible]

FT 30 INDEX

[illegible]

FX: EFFECTIVE INDICES

[illegible]

FTSE GLOBAL EQUITY INDEX SERIES

[illegible]

FTSE SECTORS: LEADERS & LAGGARDS

[illegible]

FTSE 100 SUMMARY

[illegible]

UK STOCK MARKET TRADING DATA

[illegible]

Data provided by Morningstar | www.morningstar.co.uk

UK RIGHTS OFFERS

There are currently no rights offers by any companies listed on the LSE.

UK COMPANY RESULTS

[illegible]

UK RECENT EQUITY ISSUES

[illegible]

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	+/-Week	52 Week High	52 Week Low	Yld	P/E	MCap m
[illegible]							
South Korea (KRW)							
HyundMobis	219000	28500	268500	126000	1.86	9.41	17244.73
KoreaElePwr	22300	900.00	29500	15550	-	-7.59	11859.17
SK Hynix	90400	6500	106000	62400	1.13	38.99	54518.01
SmsungEl	55500	5100	62800	42300	2.56	17.48	274467.08
Spain (€)							
BBVA	3.53	0.73	5.34	2.46	7.03	7.87	26606.67
BcoSantdr	2.53	0.49	4.26	1.78	8.67	7.34	47509.86
CaixaBnk	2.05	0.37	2.94	1.50	4.65	8.27	13872.57
Iberdrola	10.03	0.34	11.35	7.76	3.34	19.74	73231.75
Inditex	26.90	1.85	32.28	18.51	2.32	24.36	94850.04
Repsol	9.53	1.16	15.67	5.92	9.29	-4.03	16884.71
Telefonica	4.87	0.63	7.59	3.53	7.83	30.03	28583.46
[illegible]							
Alphabet	1440.02	6.50	1530.74	1008.87	-	28.33	432078.64
Altria	41.91	2.86	52.46	30.95	7.52	-62.33	77884.21
Amazon	2483	40.63	2525.45	1626.03	-	112.34	1238460.89
AmerAir	18.59	8.09	34.99	8.25	2.07	5.11	7861.61
AmerExpr	109.73	14.66	138.13	67.00	1.57	16.20	88329.52
AmerIntGrp	36.36	6.30	58.66	16.07	3.38	10.26	31316.53
AmerTower	264.89	6.72	269.25	174.32	1.37	65.04	117427.44
Amgen♦	225.67	-4.03	244.99	173.09	2.47	18.24	132749.79
Anadarko	72.77	-	76.23	40.40	1.50	-63.37	36563.54
Anthem	287.89	-6.22	312.48	171.03	1.19	15.16	72581.7
Aon Cp	200.20	3.25	238.19	143.93	0.83	32.72	46263.13
Apple	331.50	13.56	331.75	181.14	0.88	27.17	1436832.05
ArcherDan	42.52	3.21	47.20	28.92	3.16	18.14	23619.7
[illegible]							
Intuit	288.11	-2.21	306.89	187.68	0.67	48.29	75130.83
John&John♦	147.30	-1.45	157.00	109.16	2.65	22.39	388075.78
JohnsonCn	36.05	4.64	44.65	22.78	2.77	27.80	26816.24
JPMrgnCh	111.23	13.92	141.10	76.91	2.94	10.80	338920.35
Kimb-Clark	139.28	-2.16	149.23	110.66	3.07	19.81	47431.4
KinderM	16.72	0.92	22.58	9.42	5.46	18.13	37812.06
Kraft Heinz	32.62	2.15	33.43	19.99	4.71	21.49	39856.2
Kroger	32.48	-0.14	36.84	20.70	1.78	16.49	25535.37
L Brands	18.68	2.49	28.02	8.00	6.20	-14.55	5165.64
LasVegasSd	52.97	5.03	74.29	33.30	6.01	18.78	40454.76
LibertyGbl	23.24	2.00	28.62	15.24	-	-35.16	4235.65
Lilly (E)	149.21	-3.74	164.90	101.36	1.84	24.27	142711.97
Lockheed♦	410.75	22.31	442.53	266.11	2.30	18.16	115188.81
[illegible]							
Mrcntl Srvcs	580000	51000	580000	39000	0.01	21.14	179.30

Closing prices and highs & lows are in traded currency (with variations for that country indicated by stock), market capitalisation is in USD. Highs & lows are based on intraday trading over a rolling 52 week period.
♦ ex-dividend
■ ex-capital redistribution
price at time of suspension

FT 500: TOP 20

[illegible]

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
VertexPharm	265.69	272.82	-7.13	-2.61	-22.27	-7.7	-2.44
ChShenEgy	13.10	13.08	0.02	0.15	-1.04	-7.4	0.30
Pfizer	35.99	36.01	-0.02	-0.06	-2.20	-5.8	-6.54
AbbottLb	89.86	88.25	1.61	1.82	-5.06	-5.3	-3.41
HumanaInc	389.86	392.27	-2.41	-0.61	-20.79	-5.1	1.51
ReckittB	6874.00	7038.00	-164.00	-2.33	-350.00	-4.8	-98.96
Alexion	115.21	113.68	1.53	1.35	-4.69	-3.9	17.26
GenMills	61.00	60.76	0.24	0.39	-2.04	-3.2	1.99
Takeda Ph	4041.00	4036.00	5.00	0.12	-122.00	-2.9	5.73
Regen Pharm	597.00	598.54	-1.54	-0.26	-15.81	-2.6	3.94
Illumina	354.11	358.40	-4.29	-1.20	-8.94	-2.5	14.14
Lilly (E)	149.21	150.71	-1.50	-1.00	-3.74	-2.4	-5.50
Charter Comms	530.72	540.03	-9.31	-1.72	-13.28	-2.4	3.37
NovoB	429.50	430.30	-0.80	-0.19	-9.55	-2.2	-0.12
Anthem	287.89	282.09	5.80	2.06	-6.22	-2.1	4.66
CrownCstl	168.60	167.65	0.95	0.57	-3.56	-2.1	6.25
GlaxoSmh	1637.60	1651.20	-13.60	-0.82	-34.20	-2.0	-99.02
WalMartSto	121.56	122.11	-0.55	-0.45	-2.50	-2.0	-2.54
BectonDick	242.01	243.55	-1.54	-0.63	-4.92	-2.0	-7.52
NTTDCMo	2918.00	2954.00	-36.00	-1.22	-58.50	-2.0	-7.90

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Jun 05	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
HCA Inc.	06/25	7.69	BB-	Ba2	BB	114.75	4.38	0.00	-0.20	3.85
High Yield Euro										
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	71.10	28.23	0.00	0.64	25.98
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Colombia	01/26	4.50	BBB-	Baa2	BBB-	108.50	2.79	0.09	-1.17	2.26
Brazil	04/26	6.00	BB-	Ba2	BB-	114.00	3.34	0.04	-0.83	2.81
Poland	04/26	3.25	A-	A2	A-	111.00	1.28	0.00	-0.40	0.75
Turkey	04/26	4.25	-	B1	BB-	91.30	6.04	0.05	-1.35	5.51
Mexico	05/26	11.50	BBB+	Baa1	BBB-	144.75	3.17	0.10	-1.34	2.64
Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Peru	08/27	4.13	BBB+	A3	BBB+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	BBB-	Baa3	BBB	174.38	2.49	0.03	-0.70	-
Brazil	02/47	5.63	BB-	Ba2	BB-	106.63	5.16	0.04	-0.55	-
Emerging Euro										
Brazil	04/21	2.88	BB-	Ba2	BB-	103.09	0.05	0.01	-0.09	-1.19
Mexico	02/22	1.88	BBB+	Baa1	BBB-	101.47	1.00	-0.04	-1.57	0.77
Mexico	04/23	2.75	BBB+	A3	BBB+	107.76	0.76	0.00	-0.07	-1.56
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	117.04	1.00	0.02	-0.15	-1.42

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

BONDS: GLOBAL INVESTMENT GRADE

Jun 05	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa1	A	125.24	3.12	-0.03	-0.39	-
Morgan Stanley	01/28	4.00	BBB+	A3	A	101.55	3.76	0.06	0.24	-
NationsBank Corp.	03/28	6.80	BBB+	Baa1	A	124.77	3.18	-0.02	-0.33	-
GTE LLC	04/28	6.94	BBB+	Baa2	A-	125.27	3.26	0.02	-0.35	-
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	124.47	3.42	-0.26	-0.40	-
Barclays Bank plc	01/29	4.50	A	A1	A+	95.08	5.21	0.06	0.18	-
Euro										
Electricite de France (EDF)	04/30	4.63	A-	A3	A-	137.45	0.82	-0.01	0.10	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	124.42	0.68	0.00	-0.11	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	121.70	0.93	0.00	0.02	-
Finland	04/31	0.75	AA+	Aa1	AA+	108.23	-0.01	-0.01	0.09	-
Yen										
Mexico	06/26	1.09	BBB+	Baa1	BBB-	94.33	2.10	-0.01	0.47	1.56
£ Sterling										
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	128.68	3.20	0.00	-0.01	0.40
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	137.45	2.19	-0.03	0.02	-

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

INTEREST RATES: OFFICIAL

[illegible]

BOND INDICES

[illegible]

VOLATILITY INDICES

[illegible]

INTEREST RATES: MARKET

[illegible]

BONDS: BENCHMARK GOVERNMENT

[illegible]

GILTS: UK CASH MARKET

Jun 05	Price £	Red Yield	Change in Yield Day	Change in Yield Week	Change in Yield Month	Change in Yield Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Tr 2pc '20	100.23	0.07	16.67	75.00	16.67	-88.89	103.06	100.00	32.53
Tr 1.5pc '21	100.90	0.05	-16.67	150.00	-16.67	-90.74	101.58	100.78	32.84
Tr 4pc '22	106.97	0.01	0.00	-125.00	0.00	-97.96	109.62	106.97	38.77
Tr 5pc '25	123.28	0.09	28.57	-1000.00	12.50	-85.25	126.04	121.74	35.84
Tr 1.25pc '27	107.69	0.16	14.29	700.00	60.00	-78.38	108.81	103.68	30.03
Tr 4.25pc '32	144.06	0.47	11.90	62.07	34.29	-54.81	148.26	137.84	38.71
Tr 4.25pc '36	154.28	0.63	10.53	46.51	36.96	-48.36	160.46	144.85	30.41
Tr 4.5pc '42	177.01	0.77	8.45	37.50	37.50	-43.80	186.37	160.91	27.21
Tr 3.75pc '52	185.03	0.76	7.04	40.74	49.02	-44.12	198.36	160.72	24.10
Tr 4pc '60	213.67	0.71	9.23	47.92	61.36	-46.62	231.12	180.47	24.12

Gilts benchmarks & non-rump undated stocks. Closing mid-price in pounds per £100 nominal of stock.

GILTS: UK FTSE ACTUARIES INDICES

[illegible]

COMMODITIES

[illegible]

BONDS: INDEX-LINKED

[illegible]

BONDS: TEN YEAR GOVT SPREADS

[illegible]

Big hairy goals — be careful what you wish for

Andrew Hill

On management

"A big hairy target" was how one UK health minister described the goal of carrying out 100,000 coronavirus tests a day by the end of April.

When the government reported back at the end of that month, critics accused it of finagling its desired outcome. Last week, the UK's statistical regulator knocked it for supplying inadequate data to support the achievement of a follow-up target of building capacity to carry out 200,000 tests. Boris Johnson's government is careering through a crisis of such scale and gravity that these mis-steps may go unnoticed in any final reckoning. But the blunders speak to the fetishisation of targets — especially in relation to public health — and expose the wider risks of ill-managed target-setting by any organisation.

After the crisis, former health secretary Jeremy Hunt told the BBC on June 3, we should reflect "why we seem to have a [health] system that only really reacts when you have a big target". Later the same day, he pressed Mr Johnson to speed up test results. The premier, grabbing the nearest blunt instrument of policy, set another target: by the end of the month, almost all tests would be turned around within 24 hours.

The reference to big hairy targets echoes the "big hairy audacious goals" (BHAGs — pronounced bee-hags), conceived by Jim Collins and Jerry Porras in their 1994 bestseller *Built to Last*. (If you prefer a rougher version, a British chief executive I know translates the acronym as "big hairy-arsed goals".)

Visionary strategic objectives can inspire teams. Collins and Porras suggest BHAGs should have a long lead time — as long as 30 years, rather than the 30 days the government is setting for its less shaggy goals. Still, even the short-range, crisis-inspired, on-the-hoof target-setting of the UK government helped kick-start the country's tardy testing strategy.

Previous attempts to set goals — for instance, to reduce hospital waiting times — have had a similar catalytic effect. Siva Anandaciva, who used to work at the UK's health department and is now chief analyst at The King's Fund, a health think-tank, believes NHS targets "have done more good than harm" over the past 20 years. They "really do galvanise the service", he told me, as hospital chief executives dance to "the drumbeat from Whitehall" and translate the longer-range goal into smaller practical steps.

Inevitably, though, the fainter the drumbeat, the wilder and weirder the dance. Targets can breed unintended consequences. David Boyle, author of *Tickbox*, a polemic against senseless target-setting, warns they atrophy judgment. Smaller key performance indicators can also proliferate to the point of absurdity.

One London primary healthcare organisation set 30,000 KPIs, including the goal of a 15 per cent response rate to a questionnaire asking users, some presumably critically ill, how likely they were to "recommend" the accident and emergency service to friends and family. The KPI was doomed by drunk patients. Boyle writes they "got into the habit of throwing up in the feedback boxes, so that they could say: 'That's how likely I'll be to recommend it!'"

Even when potentially effective targets are chosen, they can fall under the malign influence of Goodhart's law, as my colleague Chris Giles has written: when you turn a measure into a target, it ceases to become a good measure, and starts to distort behaviour. Mr Anandaciva says hospital bosses often complain a public target can dominate discussion, to the detriment of other objectives, including good patient care.

Journalists and opposition politicians have a habit of measuring ministers against milestones even if, in a full-blown crisis, finding such markers is as hard as firing an arrow into a hurricane and hoping to score a bullseye. Perhaps understandably, a week before Mr Johnson announced his testing goal, he told a parliamentary committee he had been "forbidden from announcing any more targets and deadlines".

> Targets fail when managers ditch their instincts and common sense and defer to the tick-box

I would no more counsel abolishing targets, however, than I would suggest twisting the data to reach the goal. From Peter Drucker, who devised "management by objectives", to Intel's Andy Grove, who developed Silicon Valley's favoured gauge, "objectives and key results" (OKRs), management thinkers and doers advise setting some guideposts for performance.

Targets start to go wrong when they are short-term, badly designed, and set from the top with no eye to reality on the ground. They fail when managers ditch their instincts and common sense and defer to the tick-box.

All organisations should take the opportunity of the aftermath of the pandemic, which has made many KPIs redundant anyway, to rethink target-setting. Next time, by all means make your goals big. If you must, make them hairy. But above all, make them manageable — and then manage them.

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Working life

White people must step up for black colleagues

The protests in the US are a pivotal moment and people of colour need active allyship, writes Nicola Rollock

Protesters gather in Hyde Park, London, last week during a Black Lives Matter march. Below: Nicola Rollock

Hannah McKay/Reuters

A very privileged white man recently told me with an indulgent chuckle how much he enjoyed his privilege. I was not amused. For people of colour, white privilege and power shape our lives, restrict our success and, as we were starkly reminded in recent weeks, can even kill. No matter how well-crafted an organisation's equality and diversity policy, the claims of "tolerance" or the apparent commitment to "embracing diversity", whiteness can crush them all — and often does.

People of colour know this. We do not need the empirical evidence to tell us that black women are more likely to die in childbirth or that black boys are more likely to be excluded from school even when engaging in the same disruptive behaviour as their white counterparts. We did not need to wait for a study to tell us that people with "foreign sounding names" have to send 74 per cent more applications than their white counterparts before being called for an interview — even when the qualifications and experience are the same.

Or that young people of colour, in the UK, are more likely to be sentenced to custody than their white peers. We do not need more reviews to tell us we are not progressing in workplaces at the same rate as our white colleagues. We already know. Many of us spend an inordinate amount of time and energy trying to work out how to survive the rules that white people make and benefit from.

While many white people seem to have discovered the horrors of racism as a result of George Floyd's murder, it would be a mistake to overlook the pervasive racism happening around us every day. For the truth is Floyd's murder sits at the chilling end of a continuum of racism that many of us have been talking about, shouting and protesting about for decades.

Whiteness — specifically white power — sits at the heart of racism. This is why white people are described as privileged. Privilege does not simply refer to financial or socio-economic status. It means living without the consequences of racism. Stating this is to risk the ire of most white people. They tend to become defensive, angry or deny that racism is a problem, despite the fact they have not experienced an entire life subjected to it.

Then there are the liberal intellectuals who believe they have demonstrated sufficient markers of their anti-racist credentials because they have read a bit of Kimberlé Crenshaw — the academic who coined the term "intersectional" to describe how different forms of oppression intersect. Or, as we have seen on Twitter, there are those who quote a few lines from Martin Luther King.

Liberal intellectuals will happily make decisions about race in the workplace, argue with people of colour about race, sit on boards or committees or even become race sponsors without doing any work to understand their whiteness and how it has an impact on their assumptions and treatment of racially minoritised groups.

There are, of course, white people who imagine themselves anti-racist while doing little if anything to impact positively on the experiences of people of colour. As the author Marlon James and others have stated, being anti-racist requires action: it is not a passive state of existence.

Becoming aware of whiteness and challenging passivity or denial is an essential component of becoming a white ally. Being an ally means being willing to become the antithesis of everything white people have learnt about being white. Being humble and learning to listen actively are crucial, as a useful short video from the National Union of Students points out. This, and other videos, are easily found on YouTube and are a very accessible way for individuals and teams to go about educating themselves about allyship.

White allies do not pretend the world is living in perfect harmony, nor do they ignore or trivialise race. If the only senior Asian woman is about to leave an organisation where Asian women are under-represented and she is good at her job, white allies will flag these points to senior management and be keen to check whether there is anything that can be done to keep her. White allies are not quiet bystanders to potential or actual racial injustice.

Allyship also means letting go of the assumption that white people get to determine what constitutes racism. This is highlighted by the black lesbian feminist writer and journalist Kesiena Boom, who has written a 100-point guide to how white people can make life less frustrating for people of colour. (Sample point: "Avoid phrases like "But I have a Black friend! I can't be racist!" You know that's BS, as well as we do.")

> Being an ally takes work. It is a constant process, not a static point one arrives at

Active allyship takes effort

Being an ally means seeing race and acknowledging that white people have a racial identity. In practical terms, it means when we talk about gender, acknowledging that white women's experiences overlap with but are different to those of women of colour. White women may be disadvantaged because of their gender, but they are privileged because of their racial identity. When we talk about social mobility, employment, education, health, policing and even which news is reported and how, race plays a role. Usually it is white people who are shaping the discourse and white people who are making the decisions.

This is evident even when white people promise commitment to racial justice in the workplace. It is usually white people who make the decision about who to appoint, the resources they will be given, what they can say and do. In their book *Acting white? Rethinking race in post-racial America*, US scholars Devon W Carbado and Mitu Gulati argue that white institutions tend to favour and progress people of colour who are "racially palatable" and who will do little to disrupt organisational norms. Those who are more closely aligned to their racial identity are unlikely to be seen as a fit and are, consequently, less likely to succeed.

Being a white ally takes work. It is a constant process, not a static point one arrives at and can say the job is complete. It is why despite equalities legislation, there remains a need for organisations — many of them small charities operating on tight budgets — such as the Runnymede Trust, StopWatch, InQuest, Race on the Agenda, brap and Equally Ours. Their publications offer useful resources and information about racial justice in the workplace as well as in other sectors.

There is, of course, a dark perversity to white allyship that is not often mentioned in most debates about racial justice. White allyship means divesting from the very histories, structures, systems, assumptions and behaviours that keep white people in positions of power. And, generally, power is to be maintained, not relinquished.

The writer is a reader in equality and education at Goldsmiths, University of London

Work Tribes

'Like all of you, I've certainly had my hands full in lockdown'

EMMA JACOBS AND ANDREW HILL

Milly, the mumpreneur

To all my lovely Insta followers, I trust you are keeping well and safe in these terrible times.

I haven't had as much time to post as I'd like. Like all of you, I've certainly had my hands full with work, home schooling and cleaning.

Our cleaner, Maria, has been sorely missed, particularly by my little Noah, who says I don't make his bed the way he likes it.

Lockdown has been at our home in the Chilterns. There have been some cruel rumours on social media that this is our second home. For the record, we had planned to live here full-time anyway, but this terrible pandemic hastened the move.

I've been doing my bit — delivering my old stock of cashmere baby clothes to families in need.

Geoff has been holed up in his home-office on back-to-back Zoom meetings. He's put a lock on the door so we don't disturb him. God knows what he gets up to in there alone?

While this has been a terrible time for the world, for our little family it's been idyllic.

You've probably seen my posts about crafting and baking bread with Noah. We have a long family walk every day. Sometimes Geoff comes too. Home schooling has gone so well we've decided to keep little Noah off school. Who knew that our decision to hire a teacher-turned-nanny would pay off?

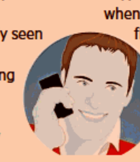
After pivoting from cashmere handcrafted baby clothes to pram-tech, I decided to pivot once more (making that a 360-degree transition).

I couldn't stand by and do nothing during this terrible time. I'm delighted to unveil my silk face masks that come with matching bumbags.

Five per cent* will go to NHS charities!

Yours,
Milly

*of profits
@millymumpreneur



Meet the tribes
Read the series ft.com/work-tribes

Jessica, the millennial manager

It's great to have all the Digital Fulfilment crew back at work. Well, almost all. Let's just take a moment to reflect on the permanent distancing of our co-workers and friends Brittany and Kayla. It was tough delivering that news. But, redundancy will be the best opportunity they've ever had. And for the rest of you: more work! Yay!

So: for obvious reasons, our weekly Team Huddle is out of the question — for now. Don't worry — I'm saving up all my hugs for when the WHO tells us to get tactile again! But as the Thrust has reopened the SkyShrubbery an appropriately distanced *paseo* in the open seems a great substitute. Jake — hold up my iPad a little higher so I can see the Zoom participants. Amber, Chris — hey there! Can't wait to welcome you back to the office. Where the real work is done haha! In the meantime, I see from your SweatBangle data that you're clocking fewer steps than you should: remember, I'll be looking for a one-to-two ratio with keypad character strokes when I crunch the weekly figures.

By the way, your bangles have been reprogrammed to deliver a teensy electric shock if you get too close to a co-worker. It'll sting a little, yes. You can use your hand sanitiser on any residual burns. We need to be particularly careful around certain colleagues. Most of us are millennials or Gen Z, so basically immune, but Alistair's verging on the vulnerable, which is why I've asked him to wear full PPE. What's that, Alistair? NO! Don't lift your mask! You're only 55? I thought older.

My lockdown learning: you can build new habits. Let's not lose them. We're keeping the weekly karaoke sessions, of course. But also, stop every day to think about nature. Like, what the hell is that great spiky shrub that just drew blood from Alistair's ankle?

OK. That's enough fresh air. Back to your Perspex cubicles.

When employment contracts come with exit fees

Some graduates who leave their first job early are charged thousands of pounds for 'training costs', writes Robert Wright

Graduation day at Cambridge university — Alamy

When Katie O'Flynn was looking for her first job after graduating, the offer from Sparta Global, an IT contractor, seemed ideal. The company undertook to train Ms O'Flynn as a software tester. It would then place her with clients who wanted her skills.

Yet, nine months after she took up the post in January 2017, she faced a predicament confronting a rising number of workers leaving their first graduate jobs. Having found software testing frustrating and dull, Ms O'Flynn told Sparta she was leaving to study for a masters degree. Sparta first withheld her last month's pay to cover some of her training costs. Then, after Ms O'Flynn contacted an employment tribunal about potentially bringing a case to try to recover the money, Sparta presented her with a bill for a further £16,000 in training costs they said she was still obliged to refund.

Her experience reflects the growing popularity of "exit-fee" contracts that seek to tie graduate trainees to employers for a set period, usually two but sometimes four years. Employers operating such schemes require graduates to sign contracts stipulating those who depart during the set period reimburse training costs — sometimes up to £20,000 — though at some companies such fees are reduced for time worked. Sparta demanded Ms O'Flynn pay a partially amortised portion of what they said was £21,600 in training costs, for a three-month course with 30 others. "They came down very hard on me," she says.

Stories such as Ms O'Flynn's have made exit-fee contracts the latest in many controversies over UK employment practices. Campaigners including Tanya de Grunwald, founder of Graduate Fog, a careers website for recent graduates, believe the contracts are unfairly exploitative. She says recently exit-fee practices have generated the most complaints from her site's users, and graduates have continued to receive warnings and invoices from employers. "I'm really concerned for their mental welfare," she says of the graduates who contact her.

But employers that use the contracts defend them as a legitimate way to fund training. Sparta Global says it offers high quality IT grounding: "Sparta's bespoke programme . . . provides trainees with weeks of dedicated lab-based practical training created and run by industry experts without any upfront cost."

The question is whether the fees are proportionate. Jolyon Maugham, the public-law barrister who founded the campaigning Good Law Project, says there is little doubt the law would let an employer seek reimbursement if a high-flying executive left after it had funded his MBA. "What the law says is that employers can, if acting reasonably, protect a legitimate interest," he says.

Mr Maugham contrasts the MBA executive's case with Ms O'Flynn and other exit-fee trainees, who typically receive a number of weeks' classroom training priced, in most cases, at more than twice the cost of a year's undergraduate university education. Such cases breach the principle that demands must be proportionate, he says. "The qualitative difference between those two worlds will be immediately apparent to you."

Mr Maugham says graduates take the risk of signing up to the contracts believing they will have far better training than is sometimes delivered. He expects, based on previous legal decisions, that the courts would side with the graduates if presented with a clear argument the contracts were unfair to the employees. But he is seeking graduates to bring a test case that will make a definitive ruling.

Employers challenged have mostly forgiven the debt but settled cases out of court, without setting a clear legal precedent, while graduates accept such settlements because, if they lost in court they might have to pay exit fees and both sides' legal costs. "We think that these clauses are clearly unlawful," Mr Maugham says. "But I cannot say that I'm absolutely certain that that's so."

Sparta insists most trainees are happy, despite Ms O'Flynn's frustration. "Sparta is immensely proud that 91 per cent of its graduates remain in the employment of Sparta or their placement clients after completing their two-year programme," the company says.

A graduate who worked for FDM Group, a listed IT developer, says one of his six weeks of training focused on giving presentations and another on the Excel spreadsheet system. The software training was a "basic foundation in programming", according to the person, who asked not to be named.

Mr Maugham estimates that, based on FDM's annual report, it is the biggest single user of exit-fee contracts, with 3,000 staff on them at any given time. "A year at university cost me £9,000," the graduate says. "How does a six-week IT course cost £20,000?" FDM says it provides "high-quality, classroom-based training"."Our entire programme of courses was independently reviewed within the last 12 months to ensure full value for our people, in line with industry standards."

> For many former trainees, the legal picture remains cloudy

A forthcoming case may clarify some issues. Michael Bennett and Charles Day, former employees of Geeks Ltd, a software developer, have brought a case before South London Employment Tribunal arguing the company was unreasonable to withhold their last month's pay when they left during their training periods. The pay was withheld, according to Geeks Ltd, to cover part of training costs, which it puts at £15,800 each. The Good Law Project is backing the men's action, postponed until November because of coronavirus restrictions.

Mr Bennett says he left after managers failed to respond to his satisfaction to a letter setting out concerns from several trainees. "There was a group letter setting out several reasons why they believed the training was inadequate, both in terms of the number of contact hours, the actual quality of the training and then the cost that they were attributing to it," he says.

Paymon Khamooshi, Geeks Ltd's tech director, says the training was to a high standard. He says it recently won a legal action requiring one former trainee to pay back training costs. He also denies his company's arrangement is an "exit fee". Geeks Ltd either recovers the costs by writing them off each month as an employee works for Geeks or by seeking repayment if they leave, says Mr Khamooshi. "The training details and costs are calculated and agreed on up front."

For many former trainees, the legal picture remains cloudy. Ms O'Flynn, who is studying for a Physics PhD at King's College London, decided against legal action but was later offered of an out-of-court settlement. She wants Sparta to say it will "never do it again". "I turned down the offer," she says. "I wouldn't have done that if I didn't think there was injustice."

Digital visions of a net art native

Galleries are rushing to make exhibitions available online but the work of Olia Lialina and others has been there all along. By Kristina Foster

Above, from left: 'Hosted', 'Best Effort Network' and 'Summer', installed at London's Arebyte Gallery, now closed. Below right: the artist Olia Lialina Max Colson; Lea Roewer

Ever since the art world migrated online, virtual exhibitions, video tours and digital fairs have been vying for a slice of our screen time. From zoomed-in webcam shots of painted masterpieces to interactive museum archives, we have been introduced to traditional art in new ways. But there is an entire body of art which has called the internet its natural home since long before online viewing rooms were de rigueur. These works powerfully speak to our new in-between existence, and are poignant at a time when the relationship between technology and art has never been so vital.

In one such work, a woman pushes herself back and forth on a swing, her face bathed in sunshine. To those confined indoors, it's a nostalgic image but it also purposely shows something that has become excruciatingly familiar over the past months: glitchy pauses that disrupt the swing's smooth trajectory, the hallmark of a dodgy internet connection.

"Summer" (2013) is the work of Russian artist Olia Lialina, a pioneer of the net art scene which emerged in the 1990s. For an informal group of avant-garde artists, the internet became both central theme and primary medium; they used hyperlinks to construct sprawling narratives, turned browser windows into proscenium arches. They also waged war on (art) institutions, pirated, hacked, plagiarised.

Many of the utopian dreams that first attracted artists to the internet are the same as those that have enabled us to feel connected during a period of uncertainty and dislocation: access to information, widespread dissemination of data, infinite networks communicating on what video art innovator Nam June Paik prophetically described as an "electronic superhighway" in the 1970s. This new technology presented a subversive opportunity to create a different kind of art object and art space, one that was accessible to anyone with a connection and a computer.

Net art evades clear definition, but Lialina's work represents some of the genre's most recognisable features in the way it probes the storytelling possibilities of browser software while also celebrating the internet's ephemerality. Glitches are a common conceit. For instance, the illusion of the swing's movement in "Summer" is made possible as the page is redirected to different images hosted on separate websites, creating a kind of flip-book effect which propels Lialina (herself the model) back and forth on our screen. The work relies on its hosts to maintain the websites; if these cease to function, the swing's movement becomes increasingly broken. In a new book, curator and researcher Annet Dekker sees this participatory element as essential: "As such, ["Summer"] shows how art on the net is not only about technology but also just as much about human involvement."

Ill-suited to biennales, fairs or conventional exhibitions, net art has often been relegated to a marginal position in the art world, but it has proved particularly hardy in the face of a pandemic. Lialina's own exhibition *Best Effort Network*, which was set to open at London's arebyte Gallery in March, lies empty due to Covid-19 restrictions. This is presumably of little consequence to an artist whose oeuvre is primarily designed to be experienced online anyway.

Many happy hours can be spent clicking away in the pixelated playground of her works on the exhibition website. Almost all are in some way interactive. A new piece, "Hosted" (2020), expands on the flip-book concept in "Summer". A page instructs you to open a list of links in separate tabs which take you to static images on different hosting services, from Facebook to Tinder to Google Drive. Hitting "Control" and "Tab" skips through these, generating what looks like a video clip of Lialina in a pool, swimming from one side of the screen to the other. Such simple yet ingenious pieces allow you to appreciate the internet as an aesthetic form in its own right.

Net art radically reimagined how artists can present their works to the public, forgoing physical space long before it became the norm. In 1997 Lialina launched the first ever web gallery, Art Teleportica, itself a twinkling homage to her love of amateur web design. Here you'll find many early works which were some of the first to experiment with GIFs and HTML frames to forge an artistic language unique to the online sphere. As Lialina said in 1997, "If something is in the net it should speak in net language."

"My Boyfriend Came Back from the War" (1996), a "net film" that invites viewers to click on hyperlinks to unravel a story about a soldier returning from an unnamed conflict who confronts his unfaithful lover, was a seminal work which revealed how internet structures could be used to create cinematic narratives. There is something in the couple's fraught exchange that strikes a chord now; they make tenuous plans to reconcile, but who can tell what the future holds?

Such works might be pandemic-proof, but this hardly makes them invincible. Their vulnerability to "link rot" means that, like oil paintings, net art works too have to be "restored". This is what Rhizome, an organisation that champions born-digital art, set out to do in a two-year archival project. Net Art Anthology has collected a hundred net and pre-internet network works from 1984 to present day. More arcade than archive, this dazzling anthology is testament to the genre's heterogeneity; video

> Net art has often been relegated to a marginal position in the art world, but it has proved hardy in the face of a pandemic

games and satirical websites sit side by side with performance works and cyberfeminist manifestos, all in their own way presenting the internet as a fertile place to create new realities and identities.

These treasure troves of digital culture provide entry points to the vast art universe that already exists online. Despite the technical advances that have proliferated during lockdown, few seem to believe that they will ever be a substitute for being in the physical presence of art. Never has there been a more rewarding time, then, to discover art that is not anchored to the physical realm, art that has lived a humble existence in the quiet corners of cyber space, patiently waiting for some curious user to click and enter.

arebyte.com

Time to listen and to educate

PODCASTS

Fiona Sturges

The killing of the black American George Floyd by a white police officer, and the subsequent protests across America and beyond, has prompted many white people to face uncomfortable truths about race and racial injustice.

Over the past fortnight, mainstream broadcasting has given over many hours to unpicking the issues, though the format isn't always conducive to depth and clarity. But podcasters have it covered — and have done for some time.

This column isn't big enough to list all the brilliant series that examine racial inequality and black history and experience. Some, born out of frustration and anger, have been made at the homes of presenters and producers on a shoestring while others have been expansive, bigger-budget affairs; some involve people sitting around a table and sharing personal stories while others embark on wide-ranging investigations, in the process crossing continents, centuries and civilisations.

Now is the time to listen and be educated, and a good place to start when thinking about the situation in the UK is *About Race with Reni Eddo-Lodge*, which looks at Britain's recent political history and the narratives peddled by politicians and columnists that have provoked discontent about immigration among white communities.

Eddo-Lodge, who is the author of the book *Why I'm No Longer Talking to White People About Race*, also tackles themes of political blackness, feminism and intersectionality, and features guests including the rapper and author Akala, actor Riz Ahmed, Labour MP Diane Abbott and members of the direct action group, Sisters Uncut. For white listeners, a lot of these conversations are deeply uncomfortable, which is exactly as it should be.

To understand where we are today, we have to look backwards. *In Search of Black History with Bonnie Greer* is an eye-opening and hard-hitting exposé of the black stories that have been ignored and suppressed by northern European historians, starting with the prehistoric world, moving through Greek and Roman civilisations, on to the Middle Ages, the Tudor period and up to the 20th and 21st centuries. Similarly illuminating are *We Need To Talk About the British Empire*, in which the presenter Afua Hirsch looks at British imperialism and its legacy of structural inequality and economic exploitation, and *1619*, a graphic and affecting podcast about slavery that opens on the coast of Point Comfort, Virginia, where, just over 400 years ago, a ship arrived carrying chained Africans.

Scene on Radio, with John Biewen and Chenjerai Kumanyika, did an excellent mini-series in 2017 called "Seeing White", which looks at white defensiveness and discusses race as a construct. *Yo, Is This Racist?* is a funny podcast with serious intent as it takes situations and conversations and uncovers the coded attitudes and behaviours beneath. *The Stoop* is a chatty yet satisfyingly in-depth series looking at African-American identity. Finally, *Have You Heard George's Podcast?*, from George The Poet, is an absolute must-listen as it examines the myriad ways society has failed black people.

Protesters gather in solidarity with George Floyd outside the Houses of Parliament in London Pierre Alozie/ Eyevine

FT BIG READ. CORONAVIRUS

Derided early in the pandemic as 'floating Petri dishes', the cruise ship market is trying to repair its reputation and return to the open seas. Bookings for 2021 are good but the industry is badly wounded.
By Alice Hancock

End of the line?

It has survived norovirus, Sars and Mers, as well as regular outbreaks of gastroenteritis and legionnaires disease. But coronavirus has dealt the cruise ship industry what looks like a crippling blow.

The 338 ships that make up the industry's fleet are docked. Carnival, the world's largest cruise company, is haemorrhaging $1bn a month to maintain its fleet. Governments have issued "no sail" edicts and the majority of the 32m passengers that the Cruise Lines International Association projected would sail this year are stuck at home.

The halt on operations is due to last until at least August with ghostly ships marooned in harbours in what is known as "warm lay-up", where systems are kept running to make sure that none seize up.

The industry, which says bookings for 2021 are almost at the same level as they were this time last year, is looking to rebuild public trust with new health and sanitation measures. But Martin Luen, a banker specialising in travel at Baird, an investment bank, warns that it will be a slow return to growth: "Sectors at the scene of the car crash are rarely the first ones to recover."

Travel and tourism businesses are under immense pressure ahead of the crucial summer season in the northern hemisphere. And even though the cruise ship companies have an unusually loyal customer base, eager to travel again, the risks of catching coronavirus

'The industry is under an international spotlight. [And] people are looking at how it has been acting for decades'

and the added impact of social distancing rules at sea place a peculiar burden on operators.

In a stark example of the difficulties the industry faces, more than 60,000 crew members remain stranded aboard ships waiting to find out if they will be repatriated to their home countries. The US Centers for Disease Control and Prevention has ruled that it will only allow cruise liner employees to disembark if the companies guarantee to charter private flights to return them home and that executives sign assurances that all health protocols will be followed.

Of the three largest cruise companies, Carnival says it has 32,000 crew awaiting repatriation and Royal Caribbean says it has so far returned 26,000 of its 77,000 shipboard employees. Norwegian Cruise Line did not respond to a request for comment. Their efforts, say the operators, have been hampered by port closures and global travel restrictions that threaten to scupper this summer's holiday season.

One Royal Caribbean employee, who asked not to be identified, says that, until most of the crew from his ship were returned home in mid-April, 1,600 crew were at sea for three weeks without guests but under quarantine after several people tested positive for Covid-19. Although they were moved to the guest cabins, he says that if they left their rooms they feared being "fired".

Royal Caribbean says: "Our foremost priority is getting our crew members home safely and we are investing heavily in this massive endeavour."

Fighting an image problem

An outbreak on board Carnival's Diamond Princess ship in February was the first sign that the industry had a problem. Japanese authorities quarantined it off the coast of Yokohama. According to Johns Hopkins University data, 13 of the 712 people on board who were infected died. At the time it made up the single biggest cluster of cases outside China.

Its sister ship the Grand Princess was later held off Oakland, California, with 78 passengers testing positive for the virus, while other ships, such as the Holland America Line's Westerdam, were forced to bounce between ports as country after country refused to let potentially infected ships reach land.

The clear impression given by the media was that these liners — with thousands of people sharing relatively small amounts of common space — were like "floating Petri dishes".

Carnival, Royal Caribbean and Norwegian, whose vessels make up 70 per cent of the industry's ships, face multiple court cases from passengers who lost relatives and crew who became ill. Norwegian, which did not respond to a request for comment, is being sued separately by investors who claim that it lied about the severity of the disease in order to shore up bookings. Carnival is also facing investigations in the US and Australia for allowing infected passengers to disembark.

Officers in protective clothing enter the Continental-operated cruise ship Diamond Princess in February after it docked in Yokohama. More than 700 of those onboard tested positive for coronavirus and 13 died. Below: a woman gestures as others look on from the Grand Princess, sitting 25 miles off the coast of San Francisco, in March
Kim Kyung-Hoon/Reuters

Yet, according to data from the Miami Herald newspaper, which has been tracking the industry, just 82 people are thought to have died from coronavirus caught on cruise ships. As the total worldwide deaths from coronavirus near 400,000, cruise executives say the industry has been unfairly tarnished.

"This caught everyone by surprise and there was limited scientific data and guidelines to work off but yet you are made to be the 'scapegoat'," says a senior executive at one of the companies.

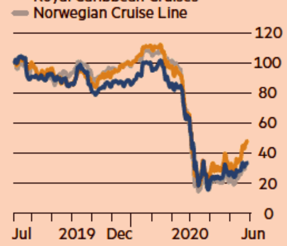
Ben Cordwell, a travel and tourism analyst at GlobalData, says announcements by health authorities such as the CDC that blame the cruise industry for the virus's spread have been "disastrous" for its future. "We will still see cruises, the whole industry is not going to disappear," he says. "[But] the amount of negative publicity it has received is going to be hard to shrug off."

Boom over before it even started

The 2020s were meant to be a boom decade for cruises. Nineteen new ships worth more than $9bn were due to launch this year alone. One, the Scarlet Lady, which cost €600m to build, was the first of a new line run by Virgin — Richard Branson's maiden foray into the cruise ship market.

Ships are also getting bigger and more exciting. The largest in the world currently is Royal Caribbean's 228,000-tonne Symphony of the Seas, five times the size of the Titanic. It has a glow in the dark adventure park on board as well as a 10-storey water slide. Carnival's Mardi Gras, whose maiden voyage had been due in August, has six themed entertainment areas and the world's first rollercoaster at sea.

Pandemic threatens future of cruise operators
Share prices, rebased
Carnival
Royal Caribbean Cruises
Norwegian Cruise Line



Source: Refinitiv

Ports around the world are being developed to accommodate cruise ships and the passengers that flood off them. Global Port Holdings, reported a 15 per cent increase in cruise port revenues in 2019, and is investing in two new Caribbean ports. In contrast Venice, which saw nearly 170,000 cruise passengers travel to the city last June, is looking to reduce visits from the biggest ships.

But despite adding an estimated $150bn to the global economy in 2018, according to the CLIA, only a relatively small number of travellers choose to cruise — under 3 per cent the world's 1.1bn tourists last year.

Instead of raking in record profits — the three main operators made almost $6bn in profits off revenues of $38bn in 2019 — the industry is now scrabbling for cash. In May, Norwegian used two of its cruise ships and two islands as collateral for part of a $2.4bn fundraising comprising equity, loans and private investments. It said that this could see it through 18 months without cruises.

Its much larger rival Carnival raised $6.4bn through equity and debt in April, including a $430m stake from Saudi Arabia's Public Investment Fund, but still plans to lay off staff and cut pay. Also in May, Royal Caribbean raised $3.3bn secured against 28 vessels and "material intellectual property", shortly after S&P and Moody's had downgraded the company's credit rating to junk.

The industry not only faces the maintenance costs of keeping ships in good shape for when holidays can restart but also significant cash outflows as customers claim refunds for cancelled trips. Norwegian said that as of May 11 just over half of the customers with cancelled trips had requested cash refunds instead of vouchers offering 125 per cent of their original holiday value. At the end of March it had $1.8bn of customer deposits on its books.

Unlike peers in the hotel and restaurant sectors, cruise lines — which are mostly registered in tax havens such as Panama and the Bahamas — are ineligible for the US government's $3tn aid programme. The CLIA has also approached the EU for help but Mr Cordwell says that authorities are unlikely to be sympathetic: "[Their registration in tax havens] gives the governments an excuse not to include them in stimulus and avoid risk of a backlash from the public."

Restoring public trust

The industry is no stranger to corporate controversy. Campaigners have long argued that cruise ships litter the environment with high levels of noxious discharge and damage habitats. Others condemn their labour practices and their use of so-called "flags of convenience" to register in domains with more lenient legal restrictions.

"Covid has thrust the industry under the international spotlight and people are looking very hard at how this industry has been acting for decades," says Kendra Ulrich, shipping campaigns director for the environmental group Stand.earth. "This is the latest example of a morally bankrupt business culture and one that they are going to have to make public and substantive changes to, to regain public trust."

In 2016, Carnival was found guilty by a Miami court on seven counts of environmental negligence including dumping oil, sewage and dirty water at sea. It was its third conviction for the same offence since 1998. Both Royal Caribbean and Norwegian have also been fined for their environmental records.

Ms Ulrich says that under the "flags of convenience" model, a term the industry views as pejorative, cruise companies can adopt less stringent labour standards as they do not come under US or European employment law.

An investigation by Columbia Journalism School in 2016 found that on some Carnival ships crew worked 70 hour weeks on nine-month contracts with no days off or paid leave. The International Transport Workers' Federation said that in the first two weeks of May, four cruise ship crew members had committed suicide on board.

Carnival says its "top priorities are [health and safety] compliance, environmental protection and the health and safety of our guests and crew".

Robert Kwortnik, associate professor at Cornell University's School of Hotel Administration, says tax havens help keep costs down: "The operational model is more efficient because you can save in terms of labour. Will we see a wholesale change in that model? I don't know if it will happen immediately, but it could be better for the industry."

To restore public trust, cruise lines have focused their attention on tighter health checks and increased sanitation.

"By February we had a completely enhanced medical protocol. Full medical screening, oxygen saturation checks, 28-day medical history [for passengers], and denied boarding to anyone with even mild flu symptoms," says Euan Sutherland, chief executive of the insurance company Saga, which runs two cruise ships. Other cruise companies have begun to announce similar measures. The industry is regulated by numerous supranational bodies including the International Maritime Organization but protocols and decisions over when to sail again are down to the companies themselves.

Genting, which operates three cruise lines out of Asia, was the first to officially announce new measures. It has promised that 100 per cent filtered air from outside the ship will be supplied to each cabin and that isolation wards will be added to on board medical centres.

But Annelies Wilder-Smith, professor of emerging infectious diseases at the London School of Hygiene and Tropical Medicine, says that in order to prevent

'The whole industry is not going to disappear. But the negative publicity is going to be hard to shrug off'

future outbreaks of coronavirus cruise liners would have to operate at 50 per cent capacity at most.

She also suggests pre-departure health screenings, limiting onshore day trips and splitting the timetable for activities so that only half the number of passengers would take part at a time. "Logistically it is a nightmare but it can be done," she says.

Cruise operators are quick to point out that the industry has one of the highest repurchase rates of any sector, with 85 per cent who take a cruise booking again. A reader survey from Cruise Addict magazine found that 88 per cent would not be deterred from cruising because of coronavirus and more than half had already booked a new cruise since the pandemic began. But newcomers will be harder to persuade.

"The industry needs to convince customers that they are safe, will not risk infection with Covid-19, or be quarantined on a ship," says Jamie Rollo, an analyst at Morgan Stanley. "When sailing resumes, it might take only a small outbreak on one ship to cause global operations to be suspended, so the industry has to get this right first time."

Additional reporting by Lauren Fedor in Washington

$150bn
Industry estimate of its contribution to the global economy in 2018

19
New cruise ships, worth $9bn, were to have been added to the fleet in 2020

32m
Passengers were due to sail this year, with almost half coming from North America

>60,000
Crew members remain stranded on cruise ships waiting to be repatriated

$1bn
Per month is being spent by Carnival to keep its ships seaworthy

~$6bn
In profits for the three main operators from revenues of $38bn in 2019

FINANCIAL TIMES

'Without fear and without favour'

MONDAY 8 JUNE 2020

Bolsonaro sparks fears for Brazil's democracy

Supreme Court judge has sounded alarm on threat to institutions

Brazil's president Jair Bolsonaro has often been described as a "tropical Trump" and it is easy to see why. The two leaders are nationalists who profess a love of God and guns. They share a penchant for government via Twitter tirade and a fondness for energising their base with divisive rhetoric. But in Brazil there is a more disturbing possibility: that an increasingly embattled Mr Bolsonaro is disillusioned with the democratic process by which he won office and wants to undermine the institutions that underpin the nation.

The longest-serving judge on Brazil's Supreme Court has sounded the alarm. Celso de Mello argued in a message to his fellow justices last weekend that his country was like Weimar Germany, with Bolsonaro supporters bent on destroying democracy and replacing it with an "abject dictatorship".

That might sound exaggerated. But few elected presidents would contemplate attending a rally at which demonstrators call for congress and the supreme court to be shut down and replaced with military rule. Yet that is what Mr Bolsonaro has done — not once, but several times. Last weekend he appeared at such a rally on horseback; on other occasions his supporters have carried flaming torches and worn paramilitary uniforms. His culture minister was forced to resign after quoting the Nazi Joseph Goebbels.

Mr Bolsonaro's fondness for military rule goes beyond words and symbols; a former army captain, he has packed his government with more than 100 serving and retired military officers, including several cabinet ministers and his vice-president.

Brazil's last military dictatorship lasted just over two decades and ended in 1985 amid economic chaos and spiralling foreign debt. It left deep scars from the persecution and killing of hundreds of political opponents, the exile of thousands more and widespread censorship.

Latin America's biggest nation has made great strides since. A new constitution in 1988 laid the foundations for a democratic order. The military withdrew from politics and won respect as a professional body serving elected presidents and carrying out peacekeeping missions abroad. Newly powerful civilian institutions — the supreme court, congress and vibrant, independent media — flexed their muscles to such an extent that they forced two presidents from office for misconduct.

These institutions have now attracted Mr Bolsonaro's ire. He is particularly angry about a Supreme Court probe into an alleged fake news operation involving his sons. The president has been incensed by an opposition request for his mobile phone to be searched for evidence in a separate inquiry. Ominously, one of the generals in his government, Augusto Heleno, warned of "unpredictable consequences for national stability" if the Supreme Court were to uphold the search request.

Brazilians are now concerned that Mr Bolsonaro may be attempting to provoke a crisis between the executive, the legislature and the judiciary to justify military intervention. His falling ratings and mounting problems with the pandemic — Brazil has the world's third-highest death toll — are hurting his chances of re-election. Hopes of economic reform have evaporated and investors are voting with their feet, with large outflows of capital.

So far, Brazil's institutions have withstood the onslaught, with strong public support. It is unlikely the army would back a military takeover to install Mr Bolsonaro as an autocrat. But other countries should take note: the risks to Latin America's largest democracy are real, and they are growing.

How Britain's chancellor can support the recovery

Rishi Sunak has an opportunity to change the economy for the better

When Rishi Sunak, Britain's chancellor, stood up to deliver his first budget in March he promised "change in our economy, change in our public services, change in the cost of living, change in our economic geography". The coronavirus that has since spread throughout the UK will, no doubt, alter all those facets of British life. As he formulates policy to support the recovery, Mr Sunak has a chance to ensure that the damage it does is kept to the minimum and the opportunities it presents for positive change are seized.

So far Mr Sunak has had a good crisis. The chancellor remains the most popular minister in a government that has lost public support over its handling of the coronavirus. While it is easy to be liked when you spend money, the chancellor deserves genuine credit for how quickly the Treasury has ditched previous orthodoxies and instituted grants for small businesses and, from a standing start, developed a system of wage subsidies to contain a rise in unemployment. The co-ordinated action between the Bank of England and the Treasury has also marked out the macroeconomic response to the pandemic from the disjointed response to the public health emergency.

Mr Sunak must use his forthcoming fiscal statement scheduled for late June or early July to spend even more. The decision to cautiously moderate the lockdown to get the economy going again is the right one and an active debate is taking place in Whitehall over how to kick-start this process. Boris Johnson, prime minister, is pushing for early spending and tax cuts to revive the economy while the Treasury wants a smaller package of infrastructure announcements before a full Budget in the autumn.

The chancellor's priority should still be to avoid long-term scarring from the crisis and a reduction in the UK economy's potential growth rate. It is too soon to assume the damage is permanent and austerity is needed to bring any "structural deficit" into balance. Forecasts of a permanent loss of output could become a self-fulfilling prophecy if they lead to cutbacks being imposed. The potential costs of doing too much — inflationary pressure and fiscal sustainability — are far smaller than the risks from doing too little.

Many households have spent the crisis building up buffers of savings: the British public has paid off debt at a record rate, according to Bank of England figures published last week. But there is no guarantee that nervous consumers will actually start spending. When it is safe to reopen, businesses need to be sure the demand will be there so that demand and supply grow in tandem. The timing of a package of tax cuts and spending will be essential.

Britain needs a fiscal policy that encourages economic restructuring, helps put people back to work and shifts them into new jobs where appropriate. Cutting the "tax wedge" on labour, by temporarily reducing national insurance contributions, and encouraging employment will help. Productivity improvements within companies can be encouraged by improving the tax treatment for capital spending. Spending on infrastructure should be accelerated. The fiscal statement is an opportunity to heed calls from almost 200 business leaders to support Britain's transition to net zero carbon emissions.

Overall, Mr Sunak needs to show flexibility. Depending on the progress in eliminating the virus, this may only be the first of a set of spending announcements he will need to make over the coming months. How he handles that challenge will determine whether Britain's government can change its economy for the better.

Letters

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UK should mimic Lloyd George's war machine

Martin Wolf ("Lifting lockdown prematurely is very risky", Opinion, June 5) is right — pandemics are like wars; they put governments to the test and shatter illusions of competence.

Mr Wolf might have gone on to ask why the British government has made "blunder after blunder" so far, and what might be done to avoid more such blunders as it seeks to unwind the present slackening lockdown.

If we look at the performance of governments around the world we can see that the ones that have coped well — like Japan, China, South Korea, Germany and Vietnam — have strong state machines that respond to clear direction from the top, while the ones that have coped badly — like the US, Britain, Brazil and Italy — all have weak states (to say nothing of the quality of leadership).

The British government has turned to the military (which has retained that executive capability lost by civil departments), or to the private sector outsourcing companies to which governments have devolved executive responsibilities over the decades.

If the government is to manage the process of unwinding the lockdown as citizens have a right to expect, then it is going to have to assume direct executive responsibility for managing the process in the way that governments have done in Germany, China or South Korea.

To that end it might set up a new Department of Deconfinement to manage this process, on the lines of the Ministry of Munitions set up in 1915 to manage the hitherto inadequate British war effort.

Famously David Lloyd George began with a couple of secretaries working out of a single office and proceeded within months to build a truly "world-beating" (or at least Germany-beating) war machine.

Michael Williams
Letchworth, Hertfordshire, UK

British buccaneering, that is what worries Brussels

Sir Malcolm Rifkind (Letters, June 1) makes the rather astonishing claim that "the British government continues to have no objection to a level playing field".

This is not how Brussels sees it. The European Union is told by David Frost, UK chief negotiator, that: "It is central to our vision that we must have the ability to set laws that suit us [...] So to think that we might accept EU supervision on so-called level playing field issues simply fails to see the point of what we are doing".

Mr Frost adds helpfully: "That isn't a simple negotiating position which might move under pressure — it is the point of the whole project."

No wonder Michel Barnier, Mr Frost's EU counterpart, is moved once again to emphasise that his mandate is based on the need to protect the EU's internal market from British buccaneering and assorted cherry-picking.

I hope that Sir Malcolm will desist from adopting the nationalist ideology of the Johnson government. He should also know that the EU is not seeking to impose the writ of the European Court of Justice over the post-Brexit agreement.

In fact, the UK is offered a joint, independent tribunal for the settling of disputes, with the role of the ECJ preserved for the interpretation of EU law.

Andrew Duff
Liberal Democrat MEP 1999-2014, Cambridge, UK

There is a logic behind the UK's quarantine measures

Your editorial makes clear the lack of scientific logic in imposing blanket quarantine on arrivals from the many countries less affected by the virus than the UK ("Britain is out of step with partners on quarantine", FT View, June 4).

There is, however, a definite political logic. For inattentive voters who have seen the headlines about Spain and Italy but who have not been shown comparative tables such as the FT's, the blanket quarantine sends a clear message: the British government has done just fine; it is foreigners in the EU and beyond who are the source of problems.

Michael Romberg
London W1, UK

Boris Johnson, the British prime minister, survived Covid-19

A note of optimism on Brazil's travails

About your recent article, "Brazil's top judges take stand against Bolsonaro" (June 5), I wish to add a small comment, perhaps a note of optimism.

One common ingredient in military coups, that was arguably a particularly important element in the 1964 coup in Brazil, is a generalised loss of faith by political leaders from both left and right in the democratic process and its institutions.

There is very little evidence that this is happening in Brazil right now.

On the contrary, recent developments like the Estamos Juntos movement, which explicitly defends Brazilian democratic institutions and has found true cross-party support (albeit seemingly more on the left than on the right), strikes a note of optimism.

This is further helped by the fact, as indicated in the article, there exists an explicit repudiation of coups by many top military officials.

Although Brazil is currently experiencing its worst crisis in decades, one without a clear resolution in sight, democracy itself seems likely, although far from guaranteed, to survive.

Professor Pedro Franco de Campos Pinto
Department of Economics, Musashi University, Tokyo, Japan

An apology is good, resignations better still

You report that Sweden is admitting that controls for coronavirus should have been tighter ("Swedish expert admits country should have had tighter coronavirus controls" June 4).

What a breath of fresh air! What would it take for the UK government or its advisers to begin to admit to early mistakes and failures? Better yet: what would it take for those with a high degree of responsibility and accountability to resign over the failures?

They know who they are. This is not simply a matter of integrity or "doing the right thing". Just as few people would seek treatment with the same doctor that misdiagnosed their condition in the first place, so are people understandably nervous when they see the same faces that appeared on our daily TV screens early on continue to do so, and continue to guide the country through the crisis?

For the sake of public confidence and future public co-operation, both of which are critical, it would be tremendously helpful to witness some *mea culpa* followed by letters of resignation.

Yuval Yashiv
Chief Executive, IRISS Medical Technologies, London NW1, UK

Beware the survivorship bias of politicians

The news that UK business secretary Alok Sharma has been tested for Covid-19 (Report, June 3) highlighted the issue of survivorship bias, that is the systematic overestimation of performance and underestimation of risk caused by ignoring non-survivors.

In the early stages of the epidemic, the risk perception of politicians broadly matched that of the general population. However, if the proportion of decision makers that have been infected by the virus and survived exceeds that of the population, the executive's risk appetite could surpass that of the people they represent.

Politicians need to ensure that they make decisions in such a way that survivorship bias does not affect their judgment.

Dr Duncan Robertson
School of Business and Economics, Loughborough University, Leics, UK

Europe's fiscal stimulus is pathetically small

Unfortunately the "fiscal stimulus" that is emerging in response to the collapse in economic activity in Europe ("German coalition agrees €130bn stimulus", June 4) is substantially lower than headlines imply and woefully short of that required, in sharp contrast to the US.

Government finances will automatically deteriorate as a result of a fall in gross domestic product so a better measure of the discretionary change in the fiscal stance is to use the cyclically adjusted or structural balance.

According to the European Central Bank's latest forecast, the headline fiscal deficit in the euro area rises to 8.5 per cent of GDP this year, from 0.6 per cent, but the change in the structural balance is much smaller, from -0.9 per cent to -2.5 per cent.

One might say pathetically small.

Daniel McLaughlin
Dublin, Ireland

Debt jubilees just transfer more power to the state

Merryn Somerset Webb in her article in praise of debt jubilees (Opinion, June 30) weakens her case perhaps in her first paragraph, by linking them to the power of kings.

The powerful are always more likely to cancel the debts of their friends and supporters. Debts cancelled may have been used to benefit the whole economy/population; they may equally have been used to crowd out productive investment.

At present it seems that only central governments can cancel their debt, grant themselves a debt jubilee, by parking them in their central banks.

Individuals, businesses and local government have to pay their debts. Central governments may never have to.

Surely this represents a huge transfer of power to the centre. In the guise of protecting the private sphere, are we seeing a huge transfer of power to the state?

Tim Shepherd
Oxford, UK

It's not protectionist to champion quality food

Regarding Judith Evans' Big Read (Coronavirus: UK farmers face brutal test ahead of Brexit", June 4) my family has farmed for 40 years at Low Sizergh, South Cumbria; a National Trust farm. Its land has sustained milk production since medieval times.

Ms Evans' piece says the pandemic has exposed tensions over food security that are now playing out in the UK-EU trade talks. But she doesn't mention the hidden cost of cheap food — from poor diets and the burden on the NHS to environmental damage.

We are a business that farms with nature and provides high quality organic milk. My organic co-operative (OMCSo) already sells high-value cheese and dairy products to Europe and the US so we don't want a protectionist policy. But, as a wealthy country, we have a moral obligation not to accept imports that don't meet our standards. This already applies to vehicles and other imports.

And as Henry Dimbleby, co-founder of the Leon Restaurants chain, says in the article, we shouldn't end up with a farming system that enhances and restores our environment and yet brings in lower-standard foods that undercut what we produce in the UK.

Richard Park
Kendal, Cumbria, UK

Going the extra mile for a good reason

After so long I went to Sol in Madrid to see if I could buy my Saturday FT. It's a kilometre and a half further than my lockdown exercise allowed. Yes! Thank you for still printing.

Pete Moody
Madrid, Spain

Bezos as heroic entrepreneur, never the villain

Book review
Andrew Edgecliffe-Johnson

Bezonomics: How Amazon Is Changing Our Lives
by Brian Dumaine
Scribner/Simon & Schuster $28/£20

Is Jeff Bezos our age's model entrepreneur, whose unwavering customer focus made Amazon so essential to the world's locked-down middle classes that it could thrive even in a pandemic? Or is he the billionaire villain who embodies the tax-skirting and people-squeezing kind of capitalism that has gone sour, as the crisis has focused attention on the costs of the convenience that Amazon epitomises?

His fans and foes will never agree, but one thing is clear to both: Amazon's growth, from selling its first book in 1995 to joining the elite club of trillion-dollar companies, is one of our era's most compelling business stories.

Remarkably few have so far told that tale well at book length. Brad Stone's *The Everything Store*, a winner of the FT/McKinsey Business Book of the Year award, still stands out among them. But it was published in 2013, when Amazon was worth just $150bn. In this book, Brian Dumaine sets out to capture all that the now $1.2tn company has since become, and to illuminate what he calls "the business model of the 21st century".

The Fortune contributor defines that model as "a potent cocktail of customer obsession, crazy innovation, and long-term thinking driven by a relentless AI flywheel".

The concept of the flywheel will be familiar to readers of Stone's book. In Dumaine's retelling, Amazon starts by understanding what customers want, which helps it lower costs, freeing up capital to enhance its offering, which in turn attracts more customers, and so on. The twist, he says, is that two decades of honing its artificial intelligence expertise has created "the first and most sophisticated AI-driven business model in history, one that gets smarter and bigger on its own".

If other businesses fail to master their own AI flywheels, he writes, a handful of global AI oligopolies may soon control everything from our purchases to our health and finances.

It is a rare note of warning in an otherwise overwhelmingly flattering account. Discussing Mr Bezos's recent philanthropy, for example, Dumaine says it would be easy to suspect PR motives, but Bezos should be given the benefit of the doubt. His book almost always gives its subject that benefit, without considering whether the doubts others harbour could undermine Amazon's economics.

A simple list of what Amazon now does, from small business lending to leasing its own ships, captures both its extraordinary record of innovation and why critics fear it is too powerful. Yet Dumaine seems to believe that only oddball privacy advocates and leftist "political theatre" practitioners find its expanding reach a problem.

The question of whether Amazon is good or bad is "a complex one", he says. He grants that jobs in Amazon warehouses are demeaning, but lauds the company for creating hundreds of thousands of them — before praising its investment in the robots that will soon provide a "humane" alternative to such drudgery.

Rising political antipathy to Amazon's low tax bills could "someday" change its bottom line, Dumaine concedes, but he does not see this happening soon. Besides, he asserts, any fault lies with the nature of capitalism — an odd claim given the strides other businesses have made in better balancing the interests of shareholders, employees and society.

This book does a valuable job of explaining how Amazon sees itself, but it struggles to examine the company from any other perspective. That makes it a frustratingly one-sided read. It also points to a blind spot within the company itself. It is worth contemplating how much more attractive Amazon's economics would be if it devoted a fraction of the attention it brings to understanding customers to the task of engaging with its less-enamoured stakeholders.

Amazon long believed that if it took care of its customers everything else would follow. Many of us have benefited from that belief. But Amazon's brand of capitalism also suggests that this obsessive focus on customers can be just as lopsided as the single-minded focus on shareholder returns that is now falling from fashion.

Dumaine's book contends that Bezos has created the defining model for other businesses. Yet few seem to be copying it. In that regard, the most compelling company of our time is also oddly out of step with it.

The writer is the FT's US business editor

Opinion

The risk of a most extreme Brexit

EUROPE

Wolfgang Münchau

Only a fool would put a probability on whether the EU and the UK will agree a trade deal.

What we do know is that there is, and has been for a while, a non-trivial possibility that the UK will not strike a trade deal before the end of this year. In that case, the UK's trading regime would default to that of the World Trade Organization.

Last week, the talks between the two negotiating teams reached an impasse. There is no obvious way forward unless both sides drop some of their red lines. By the end of this month, Prime Minister Boris Johnson has three options: ask for a one- or two-year extension of the December deadline; go for a deal by October; or prepare for no deal. Preparations for a no deal are already under way.

The UK government has recently published its schedule for the new external tariffs that will come into force next year. The bottom line is that the average most favoured nation tariff — the one that applies to WTO members without a special trade deal — will go down from an existing 7.2 per cent, the EU's average common external tariff, to 5.7 per cent. Effective average tariffs are always lower than MFN tariffs because of the effect of bilateral free trade agreements. According to the WTO, the trade-weighted average EU tariff on all goods, including agriculture, was 3 per cent in 2017.

With its new schedule, the UK did not go as far as some free trade supporters had hoped. The existing 10 per cent tariff on imported cars will stay. But many tariffs will be eliminated. Others will be simplified. According to calculations from the UK Trade Policy Observatory at the University of Sussex, 70.3 per cent of UK imports, in value, from MFN countries would face zero tariffs. That compares with 51.5 per cent under the EU regime.

In a no-deal scenario, EU imports would also come under this new schedule. In that case, only 44 per cent of imports from the EU would be free of tariffs, compared with 100 per cent right now. Since the EU is the UK's largest trading partner, average tariffs in the UK would go up if there were no deal.

Michael Gasiorek and Julia Magntorn Garrett, fellows at the Observatory, made one important point about the UK undercutting EU external MFN tariffs. It might contribute to a no-deal outcome because it raises issues over rules of origin, one of the most difficult technical points in international trade negotiations. By lowering tariffs, the UK is clearly signalling to the EU that it seeks to increase competitiveness, one of the reasons why the EU is so obsessed with the level playing field.

> Gains and losses from a deal are contingent on the details and on future policies

The economic difference between a minimal, zero-tariff, zero-quota trade agreement and a WTO Brexit will not be all that large. The direct impact of tariffs on the UK economy would, I presume, be overcompensated for by a fall in the pound. It would be different if the UK and the EU were able to strike an agreement on regulatory alignment and on services. But that would entail a much broader deal, one the two sides may not be able to negotiate in such a short amount of time.

The real benefit, even from a minimal trade deal, would be political: it keeps the pathway open for a future association agreement. As with all things Brexit, it is much harder to rely solely on economics because the gains and losses are contingent on the details of the deal and on future policies.

When the EU agreed its negotiating mandate, it did so on the assumption that the UK needs the deal more desperately than the EU, and that Mr Johnson would most likely fold. Some Remain advocates in the UK should ask themselves to what extent they played a role in cementing those expectations in Brussels and in other EU member states' national capitals.

It is one thing for a trade negotiator to try to seek an economic advantage. It is quite another to try to impose your own regulations on the other side, as the EU is seeking to do. I am not criticising the EU's negotiating mandate on moral grounds. Let the stronger side win. My problem is simply that it may be based on a misjudgment.

I am relieved to hear that the EU is showing signs of flexibility on state aid. The UK will, in turn, need to accept that the commitment to the level playing field in the political declaration is serious. The EU needs to accept that it can't determine the level unilaterally.

The job to find a compromise will fall to the EU German presidency, which starts in July. It is still all to play for.

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Facebook and the creation of a US oligarch

BUSINESS

Rana Foroohar

Oligarchs are immoral business leaders who, as Russia's Vladimir Putin defined them in the Financial Times, use their "proximity to the authorities to receive super profits". That makes me wonder: is there any better description of Facebook chief executive Mark Zuckerberg — a man who caters to US President Donald Trump by refusing to remove his inaccurate and inflammatory posts from the social media platform — than an American oligarch?

Over the past few days, a number of tech companies, Twitter and Snapchat most notably, have decided that it's a moral necessity to fact check and curb the power of Mr Trump to promote misinformation. The president has used social media for everything from making unsubstantiated charges of mail-in voter fraud, to claiming that the massive protests over the killing of George Floyd are "professionally organised" and have nothing to do with racial injustice.

These tech companies have taken such steps, even though it bolsters the case of those who have long sought the revocation of the internet platform liability carved out in section 230 of the Communications Decency Act. CDA 230 absolves platforms of legal responsibility for nearly everything that third party users say or do online, no matter how incendiary. It is also key to their business models, which rely on maximising user attention and monetising it. Mr Trump himself has now threatened to revoke CDA 230, although it is unlikely he will be able to.

However Facebook, which is where the largest chunk of Americans get their news, has not curbed the president. Why?

Certainly the company doesn't want to lose its CDA 230 protections. But this isn't only about such legal details. Numerous academics and policy experts believe there are ways to tweak liability rules that would combat misinformation and protect both platforms and users. These measures range from standards for policing of misuse, to offering companies trade-offs between making their algorithms transparent and safe haven status. In France, for example, there are laws requiring algorithmic transparency in the public sector. And in Germany, social networks must remove unlawful content within 24 hours.

Even if CDA 230 was revoked wholesale, that would only make it possible for particular individuals to sue platforms for particular cases of defamation. Would Hillary Clinton bother suing for election manipulation? I doubt it. Either way, modernising and amending CDA 230 — which should happen — is just one step towards fixing the cesspool of toxic content on so many social media platforms.

Rather, Mr Zuckerberg — presumably with the counsel of his chief operating officer Sheryl Sandberg — insists that Facebook's refusal to fact check Mr Trump is all about protecting free speech. But as Twitter CEO Jack Dorsey has pointed out, the right to free speech is not the same as the right to virality.

"Societies have always made judgments about which speech should be protected," says Anya Schiffrin, a senior lecturer at Columbia University specialising in policy solutions around disinformation. She points out that robust democracies throughout Europe have found ways to strike a balance between free speech and disinformation.

"In the US, hiding behind the First Amendment has become a way for Big Tech to shut down critics, hobble political opponents and protect profits."

> The group's stance is really about power. To stay this big and unregulated, it cannot upset rulers

That brings us to what Facebook's stance is really about — power. Like most large, ubiquitous and systemically important companies that operate globally, Facebook aligns itself with the powers that be. If it wants to stay this big and unregulated, Facebook cannot afford to upset the rulers of countries where it operates, no matter how abhorrent their actions. We saw that in Myanmar, where military personnel used Facebook to help incite the Rohingya massacres. Now we see it in the US, where Facebook refuses to run afoul of a president who just called in troops to tear gas citizens.

It is a kind of oligarchic symbiosis that we haven't really seen in the US since 1877. That was when then-president Rutherford B. Hayes, who had been helped into office by the railway barons, ordered 1,200 federal troops to Baltimore to put down what he called a labour "insurrection".

It was the first time that federal troops had been turned against American workers, and it transformed what might have remained a local conflict into the Great Railway Strike of 1877.

Mr Zuckerberg says he doesn't want to be an "arbiter of truth." But he already is — as nearly three dozen early Facebook employees put it in a recent open letter that called for the company to fact check the president as Twitter does. "Facebook's behaviour doesn't match the stated goal of avoiding any political censorship," they wrote. "It monitors speech all the time when it adds warnings to links, downranks content to reduce its spread, and fact checks political speech from non-politicians."

So why isn't Facebook warning its users about the untruths of a president who often seeks to embolden the hatemongers and racists that form a part of his base? Because its goals, to make Croesus-style profits and stay as big as possible, are aligned with Mr Trump's goal of winning a second term.

Facebook, perhaps more than any other company in the developed world today, defines dangerous oligarchy.

rana.foroohar@ft.com

We need to revisit Pigou's wealth tax

Ian Kumekawa

A hundred years ago, in the midst of an unprecedented crisis, the British economist AC Pigou endorsed a wealth tax. Writing during the first world war, Pigou called for a massive, one-time levy to pay for a skyrocketing wartime bill.

Today, in the face of trillions of dollars of government spending to confront Covid-19 — and urgent calls to address racial inequities — we would do well to revisit the idea of such a tax.

In Pigou's time, as today, governments were spending almost inconceivable amounts of money on a national disaster. Britain's budget more than tripled in the first three years of the first world war. Then, as now, a wealth tax was a favoured proposal of the left. Then, as now, such a tax, which was never implemented, would have departed sharply from the established wisdom and norms of public finance. For Pigou — the first economist to study environmental costs and one of the first to analyse inequality — the reasons for implementing a special levy were more than just economic. They were about fairness and equity.

Pigou saw the one-time tax as analogous to a draft. "Young men", he wrote in 1916, were being asked to sacrifice "not equal fractions of their wellbeing, but the whole of what they possess". If this were "the right principle to apply to the lives of men", Pigou contended, it would also be "the right principle to apply to their money".

This led Pigou to float radical measures: in one form, a 25 per cent levy on all wealth, exempting the poor.

Today, there is no draft, but many people have still been asked to risk their lives. "Essential" services in the US are largely staffed by often underpaid blue-collar workers. The 1.5m orderlies and nursing assistants employed by US hospitals take home a median salary of less than $30,000 per year. America's 3.2m personal care aides earn just over $24,000 annually.

Both the virus and its attendant economic dislocation have disproportionately affected already disadvantaged communities, particularly those of colour. Even before Covid-19, the median wealth of white US families was almost 10 times that of black families. A wealth tax would mitigate that disparity and begin to heed the urgent calls for racial equality in the wake of the brutal police killing of George Floyd.

> Economist was the first to study environmental costs and one of the first to analyse inequality

Meanwhile, the costs of Covid-19 are multiple, variegated and widespread. Some people, however, have had to sacrifice more than others. For millions living in precarious economic situations, the crisis will be — if it is not already — a life-changing disaster. Social distancing is a very different experience in affluent suburbs than in crowded cities, where many of the poor live.

Yet, at the same time, leaders have expected and even depended upon the idea that the poorest act with an ethic of public spiritedness. Doing so often means forgoing income and surrendering livelihoods. The personal sacrifices required to halt the spread of the coronavirus are not limited to risk of exposure and emotional duress. They are also economic.

A one-time levy, distinct from an continued wealth tax, takes the ideas of public spiritedness and communal solidarity seriously. It offers a way for the very affluent to share more equitably in the burden of an exceptional disaster.

Those who would pay the levy would not have been laid off from low-wage jobs. They would not have faced eviction. They would not have been forced to take public transit. They would not have been obliged through necessity to work without personal protective equipment. Yet as they receive healthcare, order groceries, takeout and receive mail, they continue to depend on the work of those who have.

As Pigou put it more than a century ago, "to impose such a levy is not merely not unfair, but considerations of fairness directly demand it".

Such logic resonates even more strongly today than in Pigou's time, when levies were debated but never adopted. Economic inequality in western democracies has rocketed over the past three decades. In the US, the wealthiest 1 per cent — families with assets of over $10m — own more than a third of total wealth.

Pigou proposed a 25 per cent levy on the holdings of the well off. Today, even a 5 per cent levy on the US's richest 1 per cent could raise $1tn. An additional 5 per cent levy on the wealthiest 0.1 per cent could furnish half a trillion more.

Such measures would cover half of the US's $2.8tn pandemic fiscal stimulus so far. They would help distribute the costs of the disaster more equitably. They might also help move the US to a more equitable future.

Crises — whether wars or the current pandemic — are transformative events. Their legacies cut deep and last long. Our response to Covid-19 should prioritise fairness as well as safety.

The writer is author of 'The First Serious Optimist: AC Pigou and the Birth of Welfare Economics'

Practical steps to ensure a truly green recovery

Richard Walker

Heavy-polluting industries are already trying to take advantage of the one-year delay to COP26, the global climate change summit, caused by coronavirus. Their siren calls demanding legislators pull back from environmental targets are growing louder. Governments have a duty to ignore them just as business leaders have a duty to demonstrate that there is a clear economic advantage, and appetite, in prioritising a green recovery.

Actions speak louder than words and that is why, at Iceland, we have cut our food waste by nearly a quarter in the past two years, on top of our commitment to removing single-use plastic and palm oil from our operations. I am also supporting the UK government's Council for Sustainable Business which is bringing together global industry leaders this month to agree tangible ways to tackle the two biggest environmental challenges of our time: climate change and biodiversity decline. We will focus on action, not talk.

The first item on the agenda is ensuring that the environment is prioritised in economic recovery plans. A poll last month showed that two-thirds of Britons consider climate change as serious an issue as Covid-19 and want tackling it to remain a priority. It always makes sound business sense to listen to the customer, and governments must not ignore the public either.

Requiring companies that receive state support during coronavirus to make a commitment to achieving net zero in their operations before 2050 would show that the government is serious. If airlines need funds, they should commit to cutting emissions and developing new technologies, such as hybrid planes and sustainable fuels.

> Ignore polluting industries' siren calls that demand legislators pull back from targets

The next item is tax. Over the past two months, the government has demonstrated it can make the tax system far more dynamic than previously believed. We know many taxes will need to end, and new ones may well be introduced to ensure economic recovery. It is vital that a fresh system rewards good environmental outcomes and penalises bad behaviour. Longstanding tax breaks for the fossil-fuel industry need to be removed. The government should prioritise the delivery of 100 per cent renewable energy generation while providing incentives for businesses to reduce carbon use and enhance nature.

Finally, the UK must highlight the many ways that business can power a green recovery. This requires a whole new way of looking at entire sectors.

Infrastructure projects should be reimagined: a nationwide rollout of superfast fibre broadband is now far more urgent than a third runway at Heathrow airport. As buildings and construction account for up to 40 per cent of all carbon emissions, we should free up the planning system to push ahead with building greener, more efficient homes. Reducing carbon "in use" with better insulation and air-source heating is a must; and lowering carbon "in build" is also a huge opportunity — timber-framed construction should be preferred over polluting steel and concrete.

Businesses of all kinds should be rewarded for improving and caring for their local environments, which can also help in the fight against climate change. Charities such as The Wildlife Trusts are working with businesses and local councils to help them protect and promote the latent biodiversity within office developments, industrial estates and land holdings.

In food production and retailing, we should push for mandatory commitments to halve food waste by 2030. Deforestation in supply chains should be eliminated by law. And all packaging — not just plastic — should be reduced.

Nothing could be more misguided than suspending environmental targets because of Covid-19. Now is the time for policymakers to work with industry to deliver a truly green, clean and resilient economic recovery.

The writer is managing director of Iceland Foods

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Pilita Clark
Business Life

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Farooq Khan/EPA

Last Friday was World Environment Day. Congratulations if you noticed. Even in an ordinary year, this UN-designated day can be overshadowed by events.

In this year of pandemic and protest it had little hope, which prompts a wider question: are the mushrooming efforts to stave off the great environmental threat of climate change about to be derailed?

When the coronavirus crisis first took hold, I was sure this would happen. The only figures that mattered were the ones that dropped into my inbox each day showing the latest Covid-19 death toll and how each country was faring in the fight against the virus.

They were closely followed by data charting the crushing number of job losses and economic collapse.

These are still vital signs to monitor. But as the months have passed, another set of data has begun to pile up that will in time form an important ranking. It will show which countries — and companies — are using this crisis to deepen the drive against fossil fuels and which are not.

With at least $10tn in stimulus measures announced so far, a few entries on the green side of the ledger already stand out. Predictably a lot are in Europe, home to Greta Thunberg and flight-shaming.

Electric cars should be cheaper and easier to charge under France's €8bn auto sector recovery plan. Air France is set to slash domestic flights and cut its overall emissions as a condition of its €7bn bailout. The EU says green policies will be central to its €750bn recovery plan.

But Europe is not alone. Canada's bailout money for big employers will only go to firms reporting climate risks to their business, using disclosure standards that have been largely voluntary until now. If this paves the way for those standards to become widespread and mandatory, it could help shift billions of investor dollars to greener ventures and firms.

Against this, the Trump administration is easing environmental safeguards and the picture is mixed in China and many other countries.

So will the world end up looking more like the US or Europe? At least one prominent chief executive thinks even Europe will be forced suspend climate action.

"I suspect an awful lot of the environmental agenda and targets will be put on the backburner for a number of years," says Ryanair's Michael O'Leary. People will still care about the environment, the airline boss told a recent FT conference. But they will care much more about "massive unemployment" and government indebtedness.

Mr O'Leary has history on his side. Ahead of the last global recession just over a decade ago, he predicted the downturn would shift attention from the environment to unemployment.

In the event, only $1 in $6 was spent on sustainable infrastructure, says former Bank of England governor, Mark Carney, now an adviser on the next round of UN climate talks.

Those talks themselves add weight to Mr O'Leary's view. They were due in Glasgow in November, making 2020 a year when countries stepped up pressure on each other to cut emissions. The pandemic forced a delay until November 2021.

> "Hundreds of companies now say governments should align recovery plans with net zero emissions targets"

For what it's worth though, I think Mr O'Leary will be wrong about this crisis. Too much has changed since the last one. Green technology costs have fallen. Green job numbers have grown. Renewable energy companies alone employed 11m people globally at the end of 2018, up from about 3.5m in 2010.

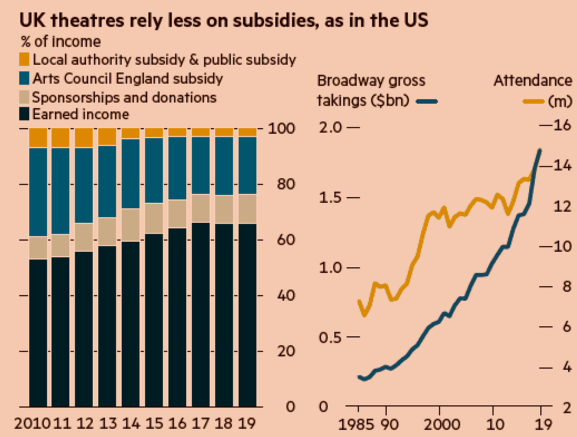
Countries have agreed to compensate coal workers and other losers in the green energy shift. All this makes it much harder to argue climate action automatically costs jobs.

And it shows why those who did notice World Environment Day last week saw something else that has shifted since the last crisis.

Hundreds of companies today either back the net zero emissions targets that have multiplied since 2018, or say governments should align recovery plans with those goals. That includes Rolls-Royce, BP, HSBC and Heathrow airport. Ryanair is not there yet and Mr O'Leary may speak for a silent majority. But the direction of travel is clear and it means this recovery will be shaped in a very different way to the last one.

Lex.

Theatre finances: praying for angels



Dates represent year of performance season end
Source: Arts Council England
Source: The Broadway League

A masked, socially isolated figure in an abandoned theatre is drawing crowds in Seoul. The themes are uncomfortably up-to-date, even if the show — *The Phantom of the Opera* — is evergreen.

The musical goes on eight times a week in South Korea thanks to protective gear, temperature checks and health tracking apps. That is rare good news for a beleaguered industry.

In many global cities, the arts are in crisis. Pandemic closures have few precedents. Even after the September 2001 terrorist attack, Broadway receipts recovered after a few weeks. This time, the industry fears it will be last to reopen. That is reasonable, given the dangers. London theatres sell more than a quarter of their tickets to the 64-74 age group, the Arts Council says.

There will be exceptions. In London, an immersive *The Great Gatsby* will open in October. The masked and gloved audience will move around at a safe distance. In more conventional shows, keeping patrons 2m apart would mean losing some three-quarters of ticket sales. That would make shows, particularly lavish ones, unviable. Musicals usually need to sell 55 per cent of tickets to cover running costs.

London's Royal Opera House has even less headroom. Break-even requires 95 per cent occupancy. Box office accounts for a third of income.

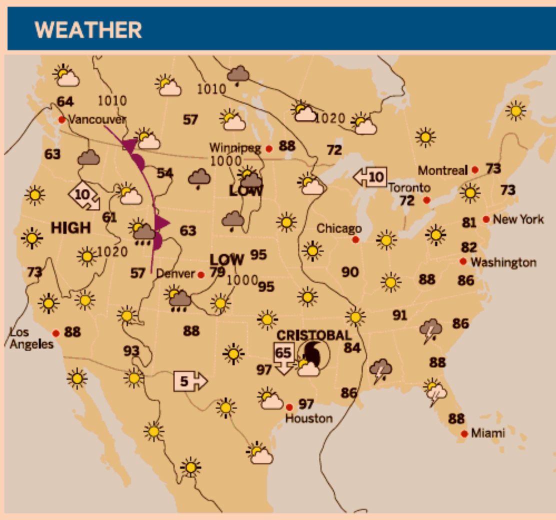
But much of the rest — catering, retail, memberships, some philanthropy — is also linked to performances.

Closing the Covent Garden venue has lost the ROH £3 in every £5 of income. It has reduced costs, furloughed staff and will this month stream some pay-per-view performances. Even so, reserves, £5m going into the crisis, will not last beyond the autumn.

It is not alone. Seventy per cent of UK venues expect to run out of cash by the end of the year. Some already have. The industry is relying on the government to step in. Some £300m is needed every three months to save the sector during lockdown, it says. Its outsized role in creating tourism bolsters its case.

The UK arts scene has shown resilience before. When grants were cut after the financial crisis, theatres increased fundraising as well as ticket sales. Once they reopen, they will work hard to trade their way back to financial health, probably by putting on safe bankable productions. But the pandemic's economic fallout will leave backers, so-called "angels", and audiences strapped for cash. Some venues are going to be plunged into the same darkness as the Phantom's lair.

WEATHER

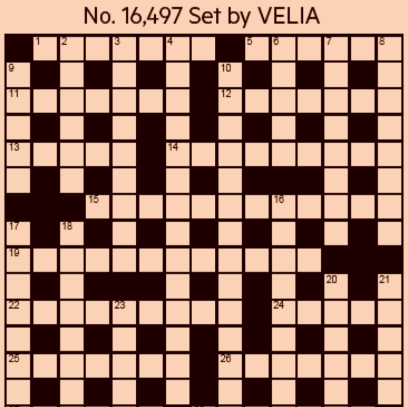


Forecasts by MeteoGroup — Warm front — Cold front — Occluded front — Wind speed in MPH

Today's temperatures Maximum for day °C & °F

Amsterdam	Fair	17	63	Madrid	Sun	24	75
Athens	Sun	29	84	Manila	Thunder	34	93
Atlanta	Cloudy	30	86	Melbourne	Cloudy	13	55
Beijing	Sun	37	99	Mexico City	Fair	28	82
Belgrade	Thunder	26	79	Miami	Thunder	31	88
Berlin	Fair	22	72	Montreal	Sun	23	73
Bermuda	Fair	24	75	Moscow	Fair	27	81
Bogota	Cloudy	19	66	Mumbai	Cloudy	31	88
Brussels	Shower	17	63	Nassau	Cloudy	32	90
Buenos Aires	Fair	19	66	New York	Sun	27	81
Caracas	Thunder	31	88	Nice	Fair	22	72
Chicago	Sun	32	90	Oslo	Cloudy	15	59
Copenhagen	Fair	18	64	Paris	Shower	19	66
Dallas	Fair	36	97	Prague	Cloudy	17	63
Delhi	Fair	38	100	Reykjavik	Rain	11	52
Doha	Sun	43	109	Rio	Fair	27	81
Dubai	Sun	40	104	Rome	Shower	24	75
Dublin	Fair	16	61	San Francisco	Sun	23	73
Edinburgh	Cloudy	14	57	Seoul	Sun	31	88
Frankfurt	Fair	22	72	Shanghai	Cloudy	28	82
Geneva	Fair	20	68	Singapore	Fair	32	90
Hamburg	Shower	18	64	Stockholm	Fair	21	70
Helsinki	Rain	18	64	Sydney	Shower	17	63
Hong Kong	Thunder	30	86	Taipei	Thunder	29	84
Honolulu	Drizzle	30	86	Tel Aviv	Sun	31	88
Jakarta	Fair	32	90	Tokyo	Fair	27	81
Karachi	Fair	36	97	Toronto	Sun	22	72
Lima	Cloudy	20	68	Vancouver	Fair	18	64
Lisbon	Sun	23	73	Vienna	Rain	19	66
London	Fair	17	63	Warsaw	Thunder	24	75
Los Angeles	Sun	31	88	Washington	Sun	28	82
Luxembourg	Fair	19	66	Zurich	Fair	19	66

CROSSWORD
No. 16,497 Set by VELIA



ACROSS
1 Bill's singing well (7)
5 Refrain from supporting self-admiration (6)
11, 14 Director's short time in quarantine not bad (7,9)
12 Bound to enter convenient old cinema (7)
13 Berserk UK mostly came apart (5)
14 See 11
15 Neutrois calling for broadcast (12)
19 Filthy rich "saint" fiddled with the tops of innocent teenagers – yes, that's religion! (12)
22 Pages in pioneer recipe for sausage (9)
24 Spiked, like some shoes (5)
25 First link with big man flu uncovered (7)
26 Contents of Illinois omelettes are nauseating (7)
27 Out of true fondness, Jack and Jane finally got married (6)
28 Notice lines likely to cause problems (7)

DOWN
2 Venus may be infiltrated by a mole (6)
3 Unfashionable clothing in the suburbs (9)
4 Old city displaced Pole chasing stable home (14)
6 Billy or Danny may be Indian (5)
7 Once pictures start to get legal, leaving little to the imagination (8)
8 Either retiring or extroverted (8)
9 One in four supporting Swedish top team (5)
10 On a diet, perhaps, including those in charge above (14)
16 Last 23 to go round moon (9)
17 They doubt coronavirus's origin in infected bats, ultimately (8)
18 Trigger for Spooner is someone experimenting with flagellation (4,4)
20 Cast parts but not the lead (6)
21 Kind of snake seen in summer (5)
23 Obscene literature includes the best! (5)

JOTTER PAD