

US TURMOIL

Moderates and hardline conspiracists take blame

Merging of different groups makes it hard to spot one organising influence

SIDDHARTH VENKATARAMAKRISHNAN AND KATRINA MANSON

William Holmes drove with his wife from Ohio to Washington so they could show their support on Wednesday for Donald Trump's claim that last year's presidential election was rigged. After a day of violence on Capitol Hill, Mr Holmes said they might have to do it again.

"If we got to pick up arms again, we will. We will take our country back," said Mr Holmes, a 56-year-old gunsmith. "We come peacefully. [But] if you don't want to listen . . . we won't be peaceful next time. We're tired of it."

Mr Holmes said he and his wife were not affiliated with any of the militias or extremist groups, such as the Proud Boys, that showed up in Washington for Wednesday's pro-Trump protests, which left four people dead and wreaked havoc in the Capitol building.

The couple left the fray after his wife suffered a head injury, and then returned to their car to drive home overnight to Ohio so she could go to work yesterday.

They formed part of the broad collective of people — from hardline conspira-

'My sense is that there'll be another demonstration on January 20 [at the Biden inauguration]'

cists to more moderate conservatives — whose actions in Washington DC marked a turning point for the pro-Trump movement. Experts say the spectacle could set a precedent for violence ahead of the inauguration of Joe Biden, the president-elect.

"[Wednesday] for them was a success," said Angelo Carusone, president and chief executive of the liberal-leaning non-profit Media Matters for America group. "What they saw was they were able to do something significant in storming Capitol Hill . . . my sense is that there'll be another demonstration on January 20."

While Mr Holmes said he and his wife chose to travel to Washington DC after watching television coverage of Mr Trump's allegations of election fraud, others had made more co-ordinated efforts to plan an assault on the capital.

"When you see the conversations that were taking place online, yesterday's actions are not surprising," said Aoife Gallagher, an analyst at the Institute for Strategic Dialogue. "This has been building for months, if not years."

Some were members of extremist

groups such as the Proud Boys, a far-right, male-only outfit that Mr Trump once commanded to "stand back and stand by" during a September presidential debate that flagged the risk of violence from white nationalists.

"They were the muscle," said Mr Carusone. "They were on this first, they were planning hotels four weeks ago." Some members had made efforts to disguise themselves, he said, with many avoiding their distinctive Fred Perry polo shirt.

Many of those involved in the protests were also adherents of the QAnon movement, which began on the imageboards 4chan and then 8kun but has since grown into the most pervasive online conspiracy theory, despite efforts by major platforms to crack down on it in 2020.

Among the most recognisable QAnon figures who took part in the riot was Jake Angeli, the "Q Shaman", widely pictured wearing a buffalo headdress, although Nick Backovic, contributing editor at counter-misinformation organisation Logically, said that he was not a main leader within the fractious movement.

The merging of many different groups at the Capitol makes it difficult to discern a single organising influence. However, according to Joe Ondrak, senior researcher at Logically, much of the incitement originated from tweets by popular conspiracists such as Ron Watkins, whose father runs 8kun, and L Lin Wood, a pro-Trump lawyer who was suspended from Twitter yesterday.

"In the subtexts [of tweets about electoral fraud and traitors] they're saying: this [violence] is what people need to do," he said.

Mr Ondrak added that the assault on Washington was an indicator of how successfully QAnon beliefs had seeped into the mainstream, with a growing number of people believing in the movement's overarching sentiments without engaging with its more specific claims.

Experts fear the riots could represent the beginning of an escalation of violence, rather than a last gasp attempt to save Mr Trump's presidency.

In the aftermath of Wednesday's riot, online far-right communities remain divided over how to interpret the events. Most are divided between a faction who believe the riot was simply an outpouring of righteous anger from scorned voters, and those who claim that the event was an elaborate ruse carried out by the far-left antifa movement to discredit conservatives.

However, these contradictions are unlikely to damage the movement in the long term, said Mr Carusone. "They're really presenting a buffet which allows them to keep together what would be a loose coalition . . . the glue is Trump or Trumpism, everything else is choose your own."



Thin blue line: police attempt to hold back Trump supporters protesting outside the rotunda part of the Capitol — Olivier Douliery/AFP/Getty

Seat of democracy. Protests

Storming of Capitol marks dangerous new low for norm-busting president

Scenes of Washington mob mayhem are unprecedented in country's modern history

JOSHUA CHAFFIN — NEW YORK

From the unrest of the Depression-era Bonus Army to the upheaval of the Vietnam protests and the exploits of armed extremists — historians struggled to identify any previous event in Washington DC's past to match the magnitude and severity of the pro-Trump mob that over-ran the US Capitol on Wednesday.

"Storming the Capitol on the direction of the president is something we have not seen before. There isn't a historical precedent," said Nicole Hemmer, a presidential scholar at Columbia University.

"It's almost beyond belief," Joanne Freeman, a Yale historian who has written about political violence in the revolutionary era, told WZON radio.

Much about the Trump presidency has defied historical precedent, from retaining ownership of a multinational corporation while in the White House to his attempts to politicise the military.

But even by the standards of his norm-busting tenure, Mr Trump's stoking of an angry protest and the subsequent taking of the Capitol by those same rioters left historians stunned.

Fredrik Logevall, a Harvard professor and expert on the Vietnam-era upheaval, called the scenes "astounding" and unprecedented in the nation's

capital since the British burnt the White House in 1814. That violence, he noted, was unleashed by a foreign military, not US citizens.

"Nothing during the anti-Vietnam war protests in Washington resembled this. Some of the confrontations over the war got raucous, and there were tense moments and skirmishing," Prof Logevall wrote in an email. "The scenes we're seeing today are of a wholly different order."

Many were emotional as they watched the scenes of mayhem and vandalism in the seat of American democracy unfolding on television and social media. An official at the US Capitol Historical Society sobbed on the telephone.

"In a just world, President Trump would be removed from office immediately for sedition and rebuked by history for betraying the very constitution he swore to defend," said Jeffrey Engel, the director of the centre for presidential history at Southern Methodist University.

Prof Engel added that he had been receiving texts throughout the day from fellow researchers around the world who were as shocked as he was. "Each of them has said in their own way: 'I can't believe this is happening in the United States!'"

Washington has always been a locus of protest and sometimes violence. At times, that violence has entered the Capitol itself. In 1856, amid the build-up to the Civil War, Senator Charles Sumner, an anti-slavery Republican, was beaten unconscious with a cane by a

South Carolina member of the House of Representatives, Preston Brooks. For many, the event presaged the nation's descent into war.

In 1954, Puerto Rican nationalists smuggled weapons into the House gallery and opened fire while the body was in session. No one was injured.

In 1971, the Weather Underground terror group set off a bomb in a Senate bathroom in the dead of night to protest against the US bombing in Laos. Again, no one was injured.

More often, the US capital has been roiled by mass protests. In 1932, tens of thousands of members of the so-called Bonus Army — veterans of the first world war and their families, who were left destitute by the Depression — encamped in the city. As Prof Engel observed, they were not seeking to overthrow the government or interrupt its functioning but petitioning for early payment of their military wages.



Police eject a Vietnam war protester from a Washington hearing in 1966

Vietnam-era protests were often large. The Moratorium March in November 1969 drew an estimated 500,000 protesters. Some 40,000 police and soldiers were deployed to protect a nervous city, although the protest ended up being mostly peaceful. In May 1970, the entire DC police force was mobilised and a ring of buses was set up around the White House to prevent protesters coming too close.

Legal scholars said the unprecedented nature of Wednesday's violence made establishing possible legal ramifications for those culpable of provoking the takeover difficult.

"Inciting riot for the purposes of overthrowing the government is sedition, which is criminal," said one former prosecutor, who asked not to be named. "The president has walked very close, and potentially stepped over the line in terms of what is proper political discourse and what is criminal."

In every generation, there are members of Congress who say things that are "bat-shit crazy," Prof Engel observed. "The problem is, they are usually only one or two, and they're not being rallied by the president." They have also, until the recent past, not been inflamed and organised by social media, he added.

Just as they struggled to fit Wednesday's events into an American historical context, scholars were also at pains to judge what its legacy might be. Still, Prof Hemmer drew one damning conclusion.

"This cannot be categorised as a peaceful transfer of power," she said.

Law enforcement

Politicians and mayor critical of security 'failure' at complex

KATRINA MANSON AND AIME WILLIAMS WASHINGTON

Members of Congress and the mayor of Washington have lambasted the police force responsible for defending the Capitol after it was easily overrun by a pro-Trump mob on Wednesday.

The chief of the US Capitol Police said the force was launching a "thorough review" after a day of turmoil that resulted in four deaths while forcing lawmakers to flee for cover as the rampage progressed.

"Obviously it was a failure or you would not have had police lines breached," Muriel Bowser, the mayor, said in a briefing yesterday, adding the day's events had made her worried about the security of Joe Biden's presidential inauguration later this month.

"There's going to have to be a real investigation into what happened," Ms Bowser said.

The 2,300-strong US Capitol Police force, a federal law enforcement agency overseen by Congress, crumbled as hundreds of rioters burst into the Capitol complex and invaded congressional offices and chambers.

Steven Sund, chief of the US Capitol Police, said in a statement that his force would conduct a "thorough review of this incident, security planning and policies and procedures".

Despite video footage showing hundreds of people engaged in criminal activity, just 26 people were arrested on the grounds of the complex.

Washington's metropolitan police department said it had arrested a total of 69 people in relation to the disorder

between Wednesday afternoon and yesterday morning.

Jeffrey Rosen, the acting US attorney-general, said the Department of Justice would ensure members of the mob faced "the full consequences of their actions under the law," adding that some charges would be brought as early as yesterday.

The FBI said it was seeking to "identify individuals instigating violence" and that it was "accepting tips and digital media depicting rioting or violence in and around the US Capitol".

Security in Washington has been beefed up since Wednesday, and officials said a seven-foot fence would be erected around Capitol grounds.

But members of Congress joined Ms Bowser in criticising the failure to prepare for a well-telegraphed gathering of

pro-Trump supporters, who were repeatedly encouraged to travel to the capital by the president.

"Big protest in D.C. on January 6," Donald Trump tweeted on December 19 in one of several posts advertising the event. "Be there, will be wild!"

Mitch McConnell, the Republican Senate majority leader, said the security response "represented a massive failure of institutions, protocols, and planning that are supposed to protect the first branch of our federal government" and demanded an investigation.

Chuck Schumer, the Senate Democratic leader, told Politico that if Senate Sergeant-at-Arms Michael Stenger did not resign, he would fire the highest-ranking federal law enforcement officer in the upper chamber when Democrats take the majority later this month.

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Published by
FT. Publications Inc.
330 Hudson St, New York,
NY 10013, USA.
Tel: +1 917 551 5000;
Editor: Roula Khalaf

Printed by
Blue Island Newspaper Printing, Harvey, IL
Evergreen Printing Company, Bellmawr, NJ
Bay Area Production Services, Fremont, CA

Published daily except Sundays, New Year's Day,

Good Friday, Independence Day, Thanksgiving, the day after Thanksgiving, Christmas Day and the day after Christmas Day.

US subscription rates, 1 year \$406. Periodicals postage paid at New York, NY and at additional mailing offices. Post-Master. Send address changes to FT. Publications Inc., PO Box 469, Newburgh, NY 12551; USPS number, 190640; ISSN# 09159460.

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US TURMOIL



Mike Pence reconvenes Congress after the disruption, watched by Nancy Pelosi, whose office is occupied by a protester, below, as crowds outside clamber on vehicles while surrounding the Capitol — AFP; EPA-EFE/Shutterstock; Getty



Politics. Fallout

Assault on Congress widens Republican split

Question of blaming Trump bedevils party that fears being outflanked on right

JAMES POLITI — WASHINGTON

As he sheltered in his office, Mike Gallagher, a Republican congressman from Wisconsin, fumed at members of his party who were disputing Joe Biden's win in the US presidential election.

Staring into his computer screen, he blamed them for fanning the anger that caused Wednesday afternoon's assault on the US Capitol by mobs of Donald Trump's supporters and the ensuing lockdown of Congress.

"This is banana republic crap that we're watching happen right now," the former Marine intelligence officer said in a video on Twitter. "This is the cost of countenancing an effort by Congress to overturn the election and telling thousands of people that there is a legitimate shot at overturning the election today."

He then directed his ire to Mr Trump. "Mr President, you have got to stop this. Call it off! The election is over. Call it off! This is bigger than you," he said.

Mr Gallagher was the face of a Republican party in meltdown, with internal divisions spilling out as the president's supporters stormed the Capitol.

A Republican reckoning with the anger of its Trumpian base has been long delayed, as party leadership successfully channelled it to elect many lawmakers over the past four years.

But by Wednesday, Republicans were in retreat. Defeats in two run-off races for the US Senate in Georgia the previous day meant Democrats would control both houses of Congress this year as well as the White House — opening the floodgates to recrimination and blame.

Shortly after 1pm on Wednesday, Mitch McConnell, the Republican Senate majority leader who often protected Mr Trump, drew a line in the sand when he said that he would not support lawmakers calling for Congress to block the certification of Mr Biden's victory.

"If this election were overturned by mere allegations from the losing side, our democracy would enter a death spiral," he said. "We'd never see the whole nation accept an election again."

"We cannot keep drifting apart into two separate tribes; with separate facts, and separate realities; with nothing in common except hostility toward each other and mistrust for the few national institutions that we still share."

But his call for reconciliation went unheeded. On the floor of the House and the Senate, supporters of the president's desperate effort to cling to power railed against the election result that will lead

25th amendment How constitution could be used to remove president

Even though there are less than two weeks left of Donald Trump's presidency, some in Washington are talking about invoking the 25th amendment to the constitution to remove him from office immediately.

The constitutional amendment was proposed in the wake of the assassination of John F Kennedy and was intended to provide a blueprint for what to do if a president was incapacitated.

Under this law, a president can be relieved of his power if they are unable to discharge their duties, or if they are deemed as being unable to do so by others in government.

It is not easy to invoke the 25th amendment without the president's assent. The vice-president has to sign a letter testifying that the president cannot fulfil his duties, alongside a majority of either

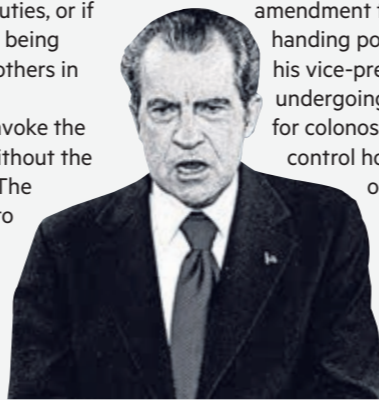
the cabinet or principal officers of another body, "such as Congress".

If enough support is secured, the vice-president automatically takes on the role of acting president. If the president contests the decision, Congress would vote on whether that person is able to continue functioning in the role. A two-thirds majority in both chambers of Congress is required to override the president's objections.

Parts of the 25th amendment have been used before. Richard Nixon, pictured, used the rule to appoint Gerald Ford as his vice-president after Spiro Agnew resigned. Ford then used it to take over as president following Nixon's own resignation.

George W Bush also used the amendment twice, temporarily handing power to Dick Cheney, his vice-president, while undergoing general anaesthetic for colonoscopies. He resumed control hours later on both occasions.

The amendment has never been used by others in government to remove a president. *Kiran Stacey, Washington*



to Mr Biden's January 20 inauguration.

"Madame Speaker, I have constituents outside this building right now — I promised to be their voice," said Lauren Boebert, a first-term Republican representative from western Colorado who has called Mr Biden's election a "travesty". Ms Boebert, who released a video of herself carrying a Glock pistol around Washington, added: "Are we not a government by and for the people? They know that this election is not right."

Later in the afternoon, the Senate then the House adjourned as the Capitol and other congressional buildings were locked down to cope with rioters brandishing Confederate flags and wearing Make America Great Again apparel.

Republican angst gathered pace. "This is what the president has caused today, this insurrection," Mitt Romney, the Republican senator from Utah and former presidential candidate, told The New York Times as he was rushed to a basement of the upper chamber.

In the evening, Liz Cheney, the third-highest ranking Republican in the House of Representatives, said: "We just had a violent mob assault the Capitol in an attempt to prevent us from carrying out our constitutional duty."

She added: "There is no question that the president formed the mob, the president incited the mob, the president addressed the mob. He lit the flame."

Lawmakers who had associated with the effort to oppose Mr Biden's win distanced themselves from the rioters. "I condemn this violent assault on the democratic process & will not be intimidated by a mob that confuses chaos & destruction with strength & wisdom," John Kennedy, a Republican senator from Louisiana, wrote on Twitter.

Alyssa Farah, Mr Trump's former communications director, called on the president to accept the election results. "I marched in the 2010 Tea Party rallies. I campaigned w/ Trump & voted for him. But I need you to hear me; the Election was NOT stolen. We lost," she said. "It's time to regroup, organise, & campaign for political leaders we believe in, and let our democracy work. It is NOT and NEVER will be a time for violence."

The question of whether to blame Mr Trump for the events continued to bedevil a party in which many still fear being outflanked on the right by primary challengers.

Chuck Grassley, the veteran Iowa senator, condemned the assault but did not blame Mr Trump. Ben Sasse, the Nebraska senator, made clear he believed the president was responsible for the turmoil. "Lies have consequences. This violence was the inevitable and ugly outcome of the president's addiction to constantly stoking division," Mr Sasse added.

Global reaction

Autocracies gloat at Washington's unease while dismayed allies hope US will re-engage

MICHAEL PEEL — BRUSSELS
TOM MITCHELL — SINGAPORE
HENRY FOY — MOSCOW

Scenes of a pro-Trump mob storming Congress were met with gloating in autocracies used to being lectured by Washington on democratic processes, and dismay in allied countries hoping Joe Biden's incoming presidency will restore America's rule-of-law standing.

A Chinese foreign ministry spokeswoman likened the US unrest to the 2019 pro-democracy protests in Hong Kong and the incident in July that year, when protesters broke into and vandalised the territory's Legislative Council. "When similar things happened in Hong Kong, some Americans and US media reacted differently," said Hua Chunying.

The social media account of the Chinese Communist party's Youth League posted a picture of the pro-Trump mob surrounding the Capitol and called it a "global masterpiece" — an apparent reference to House Speaker Nancy Pelosi's comment last year that a large pro-democracy candlelight vigil in Hong Kong had been a "beautiful sight".

Maria Zakharova, Russia's foreign ministry spokeswoman, weighed in on the matter of US democratic standards, urging the country to respond to the incident in Washington "with dignity".

"We draw attention to the fact that the electoral system in the United States is archaic, it does not meet modern democratic standards, creating opportunities for numerous violations, and the American media have become an instrument of political struggle," she told local news wires, according to Interfax. "We hope for the friendly American nation to experience this dramatic moment in their own history with dignity."

Turkey, which under President Recep Tayyip Erdogan has frequently found itself on the receiving end of calls for calm and expressions of concern from the US, made its point by echoing language so often used by Washington itself in relation to crises in other countries.

"We invite all parties in the US to act with restraint and common sense," its foreign ministry said. "We believe that the US will overcome this internal political crisis with maturity." Heather Grabbe, director of the Open

Society European Policy Institute think-tank, said: "It's the example effect: that the seemingly stable democracy of the US can fall apart to such a degree. It's the ultimate act of boosting authoritarians by allowing this to happen in the US."

For US allies, the crisis in Washington has clouded ambitions to rekindle a transatlantic partnership racked by tensions during the Trump years. The EU has touted the arrival of Mr Biden as a "once-in-a-generation" opportunity to

forge a new global alliance that can assert itself against authoritarian powers and deal with the "strategic challenge" of China.

While Mr Biden has promised to return the US to multilateral institutions and pacts rejected by Mr Trump, some European observers now expect the troubles at home to distract him from international issues.

"The real problem is that Biden will have to spend even more political capital on the 'healing part,'" said one European diplomat. "He's good at it, but it really sucks up oxygen. And that's precisely Trump's game."

Jens Stoltenberg, the normally discreet secretary-general of Nato, spoke of the "shocking scenes in Washington DC", an unusual intervention on the internal affairs of the member state of the transatlantic military alliance.

European leaders clung to hopes that come January 20, when Mr Biden is sworn in as president, they will find their most powerful ally unscathed and ready to engage.

US democracy would "prove to be much stronger than the attackers and

rioters", Angela Merkel, German chancellor, insisted.

"I deeply regret that President Trump has not conceded defeat since November, and again refused to do so yesterday. Doubts about the outcome of the election have been stoked, and that set

'We invite all parties in the US to act with restraint and common sense'

Turkey foreign ministry

the atmosphere which made the events of the night possible."

President Emmanuel Macron said France was "standing by the American people with strength, fervour and determination", expressing its "faith in the strength of American democracy".

Augusto Santos Silva, Portugal's foreign minister, said: "Believe me, from January 20 America will be back on the world stage. And the alliance between Europe and America, including the United Kingdom, will again be in place."

But the impact of the riots may be felt



How French newspaper Le Monde reported the chaos in Washington

on geopolitical issues the president-elect has vowed to tackle. Iran, with which Mr Biden has committed to re-summing talks on its nuclear programme, was among regimes queuing up to crow over US domestic vulnerabilities.

"What we witnessed . . . in the US shows how western democracy is frail without strong foundations," said President Hassan Rouhani. "We have also seen how populism is welcomed in these countries despite all industrial and scientific advances and how destructive a populist [Trump] has been to his own country . . . and what huge damages he incurred to our region."

Wednesday's events were a "visible reminder" for Europeans the US would not be able to return to its past role in the world, said Susi Dennison, senior policy fellow at the European Council on Foreign Relations. "Domestic divisions are so strong, that is where [Biden's] attention is going to have to be."

Additional reporting by Najmeh Bozorgmehr in Tehran, Laura Pitel in Ankara, Qianer Liu in Shenzhen, Xinning Liu and Christian Shepherd in Beijing, and Sam Fleming in Brussels

US TURMOIL

Social media

Facebook blocks Trump account until term ends

Zuckerberg says president is using platform 'to incite violent insurrection'

HANNAH MURPHY — SAN FRANCISCO

Facebook will suspend Donald Trump's account for the remainder of his term in office, as social media platforms were accused of helping foment the violence in the Capitol on Wednesday.

Mark Zuckerberg, chief executive of the world's largest social media platform, said yesterday the US president would be locked out of posting on his Facebook and Instagram accounts "indefinitely and for at least the next two weeks until the peaceful transition of power is complete".

The statement is Facebook's most drastic rebuke of a global leader to date.

Mr Zuckerberg said Mr Trump was wielding the platform "to incite violent insurrection against a democratically elected government", adding: "We believe the risks of allowing the president to continue to use our service during this period are simply too great."

The extension to the 24-hour ban announced on Wednesday amounts to a volte-face for Mr Zuckerberg, who has long argued that companies should not be the "arbiter of speech" and has often allowed rule-breaching posts by politicians "in the public interest".

The president posted a video on Wednesday in which he told the protesters to "go home" — but offered them

sympathy, declaring his "love" for them and reiterating claims the election was "stolen" and "fraudulent".

In a separate post, he described the unprecedented storming of the Capitol, in which four people died, as the result of an "election victory" being "viciously stripped away from great patriots".

Both Facebook and Twitter faced a torrent of criticism over the past 24 hours for failing to stem the spread of pro-Trump conspiracy theories, hate speech and domestic extremism online.

The indefinite ban denies Mr Trump a vital mouthpiece in the run-up to the inauguration of Joe Biden, the Democratic president-elect, on January 20.

A 12-hour suspension of Mr Trump's Twitter account was lifted early yesterday, although the president did not immediately resume tweeting.

The company was the first to block his account on Wednesday for "repeated and severe violations" of its civic integrity policies, which ban misleading posts designed to interfere in the election process. It had added that future violations by the account would result in "permanent suspension".

Twitter said it was "continuing to evaluate the situation in real time, including examining activity on the ground and statements made off Twitter". YouTube also took down Mr Trump's video, citing policies banning claims of widespread election fraud.

Facebook said it was taking other emergency measures in response to Wednesday's events, such as automati-



No platform: Donald Trump, addressing his supporters before the assault on the Capitol, has been denied a vital online mouthpiece

Jim Bourg/Reuters

cally disabling comments on posts in groups that "start to have a high rate of hate speech of content that incites violence", and removing photos and videos posted by the protesters as they "represent promotion of criminal activity".

Trump supporters took to Twitter to complain the president was being "censored", with one declaring: "Big Tech MUST BE STOPPED!!!"

But many experts and activists argued that the actions did not atone for a perceived failure to act sooner, while others called for a complete social media ban on Mr Trump.

Senator Mark Warner, the incoming Democratic chairman of the Senate committee on intelligence, said "these isolated actions are both too late and not nearly enough". He added: "These plat-

'We believe the risks of allowing the president to continue to use our service during this period are simply too great'

Mark Zuckerberg

forms have served as core organising infrastructure for violent, far-right groups and militia movements . . . helping them recruit, organise, co-ordinate and in many cases (particularly with respect to YouTube) generate profits from their violent, extremist content."

The Real Facebook Oversight Board, a collective of Facebook critics from academia, business and politics, said the mob assault on the Capitol "showed that Facebook is not fit to police itself".

Other businesses moved to limit their services to the president. Shopify, the ecommerce platform, said it had deactivated two stores affiliated with Mr Trump — cutting off merchandise sales on the president's official website.

Additional reporting by Dave Lee in San Francisco

Attorney-general role

Garland to head justice department

KIRAN STACEY — WASHINGTON

Joe Biden has chosen Merrick Garland, the federal appeals court judge whose nomination to the US Supreme Court was blocked by Republicans in 2016, to be attorney-general in his incoming administration.

If confirmed, Mr Garland, who sits on the US Court of Appeals in Washington DC, will head up the justice department, in what has become one of the most politically charged government roles under the Trump administration.

Mr Garland was nominated by former president Barack Obama as a Supreme Court justice in 2016 after the death of the conservative judge, Antonin Scalia. Even though Mr Garland was considered a centrist choice likely to win bipartisan support, his nomination was blocked by the Republican-controlled Senate, leaving the position open for Donald Trump to replace Mr Scalia with another conservative, Neil Gorsuch, instead.

Mr Biden is likely to find it far easier to secure Mr Garland's nomination as attorney-general, however, following Democratic victories in both Georgia Senate races this week, which will in effect give the party control of the upper chamber.

Lindsey Graham, the Republican head of the Senate judiciary committee, has also said he would support Mr Garland's nomination as attorney-general.

Mr Biden also announced three other nominations to lead the justice department alongside Mr Garland. He has chosen Lisa Monaco as deputy attorney-general and Vanita Gupta and Kristen Clarke as associate attorneys-general. All three have previously worked in the justice department.

Legal Notices

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GOVERNMENTAL BAR DATE IS APRIL 12, 2021 AT 5:00 P.M. EASTERN TIME

PLEASE TAKE NOTICE OF THE FOLLOWING:

On November 30, 2020, the United States Bankruptcy Court for the District of Delaware (the "Court") entered an order (Docket No. 667) (the "Bar Date Order") establishing certain deadlines for the filing of proofs of claim in the chapter 11 cases of the following debtors and debtors-in-possession (collectively, the "Debtors"): Debtor, Case Number, Federal Tax ID: Mallinckrodt plc, 20-12522 (JTD), 98-1088325; Acthar IP Unlimited Company, 20-12524 (JTD), 98-1219747; IMC Exploration Company, 20-12526 (JTD), 74-1856768; Inlacare Pharmaceutical Corporation, 20-12528 (JTD), 11-304828; INO Therapeutics LLC, 20-12530 (JTD), 47-0931456; Ludlow LLC, 20-12533 (JTD), 04-2614539; MAX LLC, 20-12536 (JTD), 82-3297479; Mallinckrodt APAC LLC, 20-12537 (JTD), 47-2085115; Mallinckrodt ARD Finance LLC, 20-12541 (JTD), 82-2638933; Mallinckrodt ARD Holdings Inc., 20-12543 (JTD), 47-2402803; Mallinckrodt ARD Holdings, 20-12548 (JTD), 98-1190942; Mallinckrodt ARD IP Unlimited Company, 20-12549 (JTD), 98-1273238; Mallinckrodt ARD LLC, 20-12551 (JTD), 33-0476164; Mallinckrodt Brand Pharmaceuticals LLC, 20-12554 (JTD), 90-0136080; Mallinckrodt Buckingham Unlimited Company, 20-12558 (JTD), UK Tax ID: 201912324; Mallinckrodt Canada, LLC, 20-12561 (JTD), 98-1065149; Mallinckrodt CB, LLC, 20-12564 (JTD), 83-1878651; Mallinckrodt Critical Care Finance LLC, 20-12568 (JTD), 47-5172425; Mallinckrodt Enterprises Holdings, Inc., 20-12568 (JTD), 94-3160456; Mallinckrodt Enterprises LLC, 20-12572 (JTD), 36-4629061; Mallinckrodt Enterprises UK Limited, 20-12574 (JTD), 98-1190911; Mallinckrodt Equinox Finance LLC, 20-12523 (JTD), 32-0542730; Mallinckrodt Group S.A. r.l., 20-12527 (JTD), 98-1094611; Mallinckrodt Holdings GmbH, 20-12531 (JTD), 98-1162957; Mallinckrodt Hospital Products Inc., 20-12534 (JTD), 41-2142317; Mallinckrodt Hospital Products IP Unlimited Company, 20-12538 (JTD), 98-2733000; Mallinckrodt International Finance SA, 20-12540 (JTD), 98-1094609; Mallinckrodt International Holdings S.A. r.l., 20-12544 (JTD), 98-1272243; Mallinckrodt IP Unlimited Company, 20-12548 (JTD), 98-1190770; Mallinckrodt LLC, 20-12521 (JTD), 43-1479662; Mallinckrodt Lux IP S.A. r.l., 20-12535 (JTD), 98-1274222; Mallinckrodt Manufacturing LLC, 20-12556 (JTD), 98-1272335; Mallinckrodt Pharma IP Trading Unlimited Company, 20-12559 (JTD), 98-1272335; Mallinckrodt Pharmaceuticals Ireland Limited, 20-12562 (JTD), 98-1217693; Mallinckrodt Pharmaceuticals Limited, 20-12565 (JTD), 98-1274482; Mallinckrodt Pharmaceuticals LLC, 20-12569 (JTD), 98-1191295; Mallinckrodt UK Finance LLP, 20-12573 (JTD), 98-1274193; Mallinckrodt UK Ltd., 20-12576 (JTD), 98-1240542; Mallinckrodt US Holdings LLC, 20-12578 (JTD), 32-0408865; Mallinckrodt US Pool LLC, 20-12580 (JTD), 98-10937192; Mallinckrodt Veterinary, Inc., 20-12582 (JTD), 36-3480465; Mallinckrodt Windsor Ireland Finance Unlimited Company, 20-12583 (JTD), Tax ID: 33479220H; Mallinckrodt Windsor S.A. r.l., 20-12584 (JTD), 98-1286736; MCHC LLC, 20-12525 (JTD), 32-0541022; MEH, Inc., 20-12529 (JTD), 65-0952696; MHP Finance LLC, 20-12532 (JTD), 47-5176059; MHC Medical UK Ltd, 20-12535 (JTD), 98-1247888; MNK, 2011, LLC, 20-12539 (JTD), 80-0739865; MUSH Holdings Limited, 20-12542 (JTD), 98-1190248; Ocea Therapeutics, Inc., 20-12545 (JTD), 63-1192270; Petten Holdings, Inc., 20-12547 (JTD), 83-3441641; SpecGx Holdings LLC, 20-12550 (JTD), 94-3594520; SpecGx LLC, 20-12552 (JTD), 81-4463153; Operations LLC, 20-12553 (JTD), 84-4597138; 51 Shared Services LLC, 20-12557 (JTD), 94-2925517; SCS, 20-12559 (JTD), 20-12560 (JTD), 20-5950462; US US Pool LLC, 20-12563 (JTD), 94-4591199; Stratatech Corporation, 20-12566 (JTD), 39-2025292; Sucampo Holdings Inc., 20-12570 (JTD), 85-2745451; Sucampo Pharma Americas LLC, 20-12571 (JTD), 11-3529237; Sucampo Pharmaceuticals, Inc., 20-12575 (JTD), 20-520478; Theracos, Inc., 20-12577 (JTD), 22-2521911; UCB, 20-12579 (JTD), 47-1075396; WebsterGx Holdco LLC, 20-12581 (JTD), 83-0505835.

Electronic copies of all documents filed in the Debtors' chapter 11 cases, including the Bar Date Order, may be obtained free of charge at the website of the Debtors' claims agent, Prime Clerk LLC (the "Claims and Noticing Agent"), at <http://restructuring.primerclear.com> or for a fee at the Court's website, www.deb.uscourts.gov.

By the Bar Date Order, the Court established February 16, 2021 at 5:00 p.m., prevailing Eastern Time (the "General Bar Date") as the general deadline for all Governmental Units (as defined below) to file proofs of claim in the Debtors' chapter 11 cases for all claims other than Opioid Claims and VI Opioid Claims (each as defined below) against the Debtors that arose or are deemed to have arisen prior to the Petition Date, except as otherwise provided in the Bar Date Order. As described below, the Bar Date Order also establishes different bar dates for certain categories of claims.

Except as provided herein, the General Bar Date applies to all General Claims (as defined below) against the Debtors. Please review the Bar Date Order for instructions on how to file a proof of claim in the Debtors' chapter 11 cases. All proofs of claim must be received by the General Bar Date in order to be accepted as timely.

KEY DEFINITIONS. As used in this Notice, the term "General Claim" shall mean any claim that arises or is deemed to have arisen, prior to the Petition Date other than an Opioid Claim or VI Opioid Claim, including, but not limited to, secured claims, priority claims, asbestos-related claims, and claims arising under section 503(b)(9) of the Bankruptcy Code. General Claims also include claims held by foreign creditors (other than Opioid Claims or VI Opioid Claims). As used herein, "Opioid Claim" means claims and causes of action, whether existing now or arising in the future, including Future Claims, against any Debtor in any way arising out of or relating to opioid products manufactured or sold by any Debtor or any of their predecessors prior to the effective date of any plan of reorganization for the Debtors, including for the avoidance of doubt, this definition equally applies to foreign creditors.

As used herein, "Future Claim" means a claim represented by the Future Claims Representative ("Future Claims Representative") appointed in these cases.

As used in this Notice, "VI Opioid Claim" means any claims in any way arising, in whole or in part, from a violation of the Voluntary Injunction attached as Appendix 1 to the Motion filed at Docket No. 2 in Adv. Pro. No. 20-50850.

As used in this Notice, the terms "Entity," "Governmental Unit," "affiliate" and "Claim" or "claim" have the meanings given to them under section 101 of the Bankruptcy Code.

WHO MUST FILE A PROOF OF CLAIM. Except as otherwise provided in the Bar Date Order, the following Entities must file a proof of claim in these chapter 11 cases on or before the applicable Bar Date:

(a) any Entity (i) whose prepetition General Claim against a Debtor is listed in the Debtors' Schedules or is listed as disputed, contingent or

unliquidated and (ii) that desires to participate in these chapter 11 cases or share in any distribution in these chapter 11 cases; provided, that consent to any person wishing to assert a claim based on unmanifested, asbestos-related injury may file a single Proof of Claim for all such claims so long as such Proof of Claim includes a scheduling of a name and address for each claimant.

(b) any Entity that (i) believes that its prepetition General Claim is improperly classified in the Schedules or is listed in an incorrect amount and (ii) desires to have its prepetition General Claim allowed in a classification or amount different from the classification or amount identified in the Schedules; and

(c) any Entity that believes that its prepetition General Claim as listed in the Schedules is not an obligation of the specific Debtor against which such claim is listed and that desires to have its prepetition General Claim allowed against a Debtor other than the Debtor or Debtors identified in the Schedules.

If it is unclear from the Schedules whether your prepetition claim is disputed, contingent or unliquidated as to amount or is otherwise properly listed and classified, you must file a proof of claim on or before the applicable Bar Date. Any Entity that relies on the information in the Schedules bears responsibility for determining that its prepetition claim is accurately listed therein.

PROOFS OF CLAIM NOT REQUIRED TO BE FILED BY THE APPLICABLE BAR DATE. The Bar Date Order further provides that parties, including holders of future claims and the future claimants' Representatives, shall not be required to file proofs of claim in these chapter 11 cases on or before the applicable Bar Date, solely with respect to the following categories of claims:

(a) Opioid Claims and VI Opioid Claims (the holder of such claim, an "Opioid Claimant"), provided, however, that an Opioid Claimant that wishes to assert claims against the Debtors that are not Opioid Claims or VI Opioid Claims must file a proof of claim with respect to such claim or claims which are not Opioid Claims or VI Opioid Claims on or before the applicable Bar Date;

(b) equity securities (as defined in section 101(16) of the Bankruptcy Code and including, without limitation, common stock, preferred stock, warrants or stock options) and other ownership interests in the Debtors (the holder of such interest, an "Interest Holder"), provided, however, that an Interest Holder that wishes to assert claims against the Debtors that arise out of or relate to the ownership or purchase of an equity security or other ownership interest, including, but not limited to, a claim for damages or rescission based on the purchase or sale of such equity security or other ownership interest, must file a proof of claim on or before the applicable Bar Date;

(c) claims against the Debtors for which a signed proof of claim has already been properly filed with the Clerk of the Bankruptcy Court for the District of Delaware or the Claims and Noticing Agent in a form substantially similar to Official Bankruptcy Form No. 410;

(d) General Claims against the Debtors (i) that are not listed as disputed, contingent, or unliquidated in the Schedules and (ii) where the holder of such claim agrees with the nature, classification, and amount of its General Claim as identified in the Schedules;

(e) claims against the Debtors that have previously been allowed by, or paid pursuant to, an order of the Court;

(f) claims allowable under sections 503(b) and 507(a)(2) of the Bankruptcy Code as an administrative expense of the chapter 11 cases other than any claim allowable under section 503(b)(9) of the Bankruptcy Code;

(g) administrative expense claims for postpetition fees and expenses incurred by any professional allowable under sections 328, 330, 331, and 503(b) of the Bankruptcy Code, 28 U.S.C. § 156(c);

(h) claims for which specific deadlines have been fixed by an order of this Court entered on or before the applicable Bar Date;

(i) claims by any current officers and directors of the Debtors for indemnification, contribution, or reimbursement arising as a result of such officers' or directors' prepetition or postpetition services to the Debtors;

(j) claims that are payable to the Court or to the United States Trustee Program pursuant to 28 U.S.C. § 1930 and;

(k) claims of any Debtor against another Debtor or any claims of a direct or indirect subsidiary or affiliate of Mallinckrodt plc against a Debtor; and

(l) any holder of a claim limited exclusively to the repayment of principal, interest, fees, expenses, and any other amounts owing under any agreements, governing any revolving credit facility, term loans, notes, bonds, debentures, or other debt securities issued by any of the Debtors (a "Debt Claim") pursuant to an indenture or credit instrument, as applicable (together, the "Debt Instruments"); provided, that the relevant indenture trustee, administrative agent, registrar, paying agent, loan or collateral agent, or any other entity serving in a similar capacity however designated (each, a "Debt Agent") under the applicable Debt Instrument is authorized, but not required, to file a single master Proof of Claim on behalf of all holders of such Debt Claims on or before the applicable Bar Date, which shall be deemed to constitute the filing of such Proof of Claim against all Debtors under the applicable Debt Instrument on account of all Debt Claims; provided, however, that any holder of a Debt Claim wishing to assert a claim arising out of or relating to a Debt Instrument, other than a Debt Claim, must file a Proof of Claim with respect to such claim on or before the applicable Bar Date, unless another expert identified herein applies; provided, further, that in lieu of attaching voluminous documentation, including documentation for compliance with Bankruptcy Rule 3001(f), the Debt Agent under the Debt Instrument may include a summary of the operative documents with respect to the Debt Claims, with regard to all of the claims thereunder. For the avoidance of doubt, the failure of any Debt Agent to file a master Proof of Claim shall not affect the validity, priority, or enforceability of any Debt Instrument or any Debt Claim arising thereunder.

CONSEQUENCES OF FAILURE TO FILE A PROOF OF CLAIM BY THE APPLICABLE BAR DATE. Unless the Court orders otherwise, pursuant to Bankruptcy Rule 3003(c)(2), any Entity that is required to file a proof of claim in these chapter 11 cases pursuant to the Bankruptcy Code, the Bankruptcy Rules, or the Bar Date Order with respect to a particular claim against the Debtors, but that fails to do so by the applicable Bar Date, shall not be treated as a creditor for purposes of voting on, or receiving distributions under, any chapter 11 plan in the chapter 11 cases.

RESERVATION OF RIGHTS. The Debtors reserve the right to: (a) dispute, or assert offsets or defenses against, any filed claim or any claim listed or reflected in the Schedules as to nature, amount, liability, priority, classification or otherwise; (b) subsequently designate any scheduled claim as disputed, contingent or unliquidated; and (c) otherwise amend, modify or supplement the Schedules. Nothing contained in this Notice or the Bar Date Order shall preclude the Debtors from objecting to any claim, whether scheduled or filed, on any grounds.

ADDITIONAL INFORMATION. A copy of the Bar Date Order, Bar Date Notice, proof of claim form and the Debtors' Schedules may be obtained free of charge by contacting the Claims and Noticing Agent, in writing, at Mallinckrodt plc Claims Processing Center, c/o Prime Clerk LLC, Grand Central Station, PO Box 4850, New York, NY 10163-4850, or online at <http://restructuring.primerclear.com>; or by clicking in the "Information Center" under the tab marked "Submit a Claim." The Bar Date Order can also be viewed on the Court's website at www.deb.uscourts.gov, for a fee. If you have questions concerning the filing or processing of claims, you may contact the Debtors' Claims and Noticing Agent, at (847) 467-1570 (toll free), (347) 817-4093 (local/international), or Mallinckrodt@deb.uscourts.com.

YOU ARE ENCOURAGED TO CAREFULLY REVIEW THE BAR DATE ORDER AND RELATED MATERIALS ON THE CLAIMS AND NOTICING AGENT'S WEBSITE. YOU MAY WISH TO CONSULT AN ATTORNEY REGARDING THIS MATTER.

Dated: December 31, 2020 BY ORDER OF THE COURT
A complete list of all the Debtors in the Debtors' chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <http://restructuring.primerclear.com>; Mallinckrodt. The Debtors' mailing address is 675 McDonnell Blvd., Hazelwood, Missouri 63042.

A claim arising under section 503(b)(9) of the Bankruptcy Code is a claim arising from the value of any goods provided by the Debtors within 20 days before the Petition Date, if and only if the goods were sold to the Debtors in the ordinary course of business.

Gulf. Regional tension

Qatar sticks to Iran-Turkey policy

Doha refused to back down, it emerges, despite end of crisis with Saudi Arabia and allies

ANDREW ENGLAND
MIDDLE EAST EDITOR

Qatar will not alter its relations with Iran and Turkey in a sign it has made few concessions after securing a deal with Saudi Arabia and its allies to end a bitter dispute between the Gulf rivals.

Sheikh Mohammed bin Abdulrahman al-Thani, the Qatari foreign minister, said Doha had agreed to co-operate on counter-terrorism and "transnational security" with Saudi Arabia and three other states that had imposed a regional embargo on Qatar.

But "bilateral relationships are mainly driven by a sovereign decision of the country . . . [and] the national interest", he said. "So there is no effect on our relationship with any other country."

Saudi Arabia, the United Arab Emirates, Bahrain and Egypt cited Doha's ties to Iran and Turkey, as well as its support for Islamist movements, as core reasons for their decision in 2017 to cut diplomatic and transport links with Qatar.

The so-called quartet then submitted 13 demands to Doha that included shutting down Al Jazeera, the Qatar-funded satellite TV network, curbing ties with Iran, closing a Turkish base and halting all military co-operation with Ankara.

But after the rival states reached an agreement this week to resolve the crisis, Sheikh Mohammed also said there would be no changes to Al Jazeera.

Doha's foes have long accused the gas-rich nation of using the station's Arabic-language channel to criticise neighbours and stoke tensions in the region.

Qatar, which hosts the US's biggest military base in the Middle East, repeatedly denied the allegations against it and refused to make any concessions.

The dispute was deadlocked until Saudi Arabia opened its land, sea and air border with its neighbour this week, amid the perception that Crown Prince Mohammed bin Salman, the kingdom's day-to-day leader, wanted to resolve the rift to gain credibility with the incoming

Sheikh Mohammed bin Abdulrahman al-Thani: 'No effect on our relationship with any other country'



Biden administration in the US.

The other states are expected to follow suit after Gulf leaders, including Sheikh Tamim bin Hamad al-Thani, Qatar's emir, signed a declaration intended to end the crisis at a summit in Saudi Arabia on Tuesday.

"Hopefully within a week from the signing things should take the steps to come back to normal," Sheikh Mohammed said. All the states were "winners" in the wake of this week's agreement, but he acknowledged that it could take time for a full reconciliation.

Analysts believe the UAE in particular has been reluctant about the rapprochement, partly because of Abu Dhabi's concerns about Qatar's ties to Turkey.

The UAE accuses Turkish president Recep Tayyip Erdogan of meddling in

Arab affairs and the power struggle between the two intensified last year.

Sheikh Mohammed said he hoped the other nations involved in the Gulf dispute "will have the same political will as the Saudis, and they will find Qatar has political will to engage".

Anwar Gargash, UAE minister of state for foreign affairs, said his country was "extremely supportive" of the agreement, but added that "any crisis will leave issues of trust" and some issues would take longer to fix than others.

"One of the big things will be the geo-strategic dimensions, how do we see regional threats, how do we see the Turkish presence?" Mr Gargash said. "The issue comes to the same fundamental questions . . . how is Qatar going to deal [with] vis-à-vis interfering in our affairs through support of political Islam? Is Turkey's presence in the Gulf going to be permanent?"

Sheikh Mohammed, who is also chairman of the Qatar Investment Authority, hinted at the possibility of the sovereign wealth fund investing in Saudi Arabia and other Gulf states if the crisis ends.

"If there are opportunities that we see in the future, and we see a continuation of the political will of the countries to engage, we are very open," he said.

Saudi Arabia has been keen to attract foreign investment to back Prince Mohammed's grandiose plans to modernise the kingdom and overhaul the oil-dependent economy.

Sheikh Mohammed added that Doha had agreed to suspend legal cases against Saudi Arabia and its allies, including lawsuits filed at the World Trade Organization and the International Court of Justice.

Wirecard scandal

BaFin focused on 'cultural background' of short sellers

OLAF STORBECK — FRANKFURT

Germany's financial regulator discussed the "cultural background" of Wirecard short sellers and told the finance ministry it was "striking" that most of those betting against the now-defunct payments group were British and Israeli, documents seen by the Financial Times show.

The BaFin watchdog submitted a memo to Germany's finance ministry in May 2016, two-and-a-half months after anonymous short sellers published the highly critical Zatarra report accusing Wirecard of criminal misconduct, which sent its shares down more than 20 per cent in a day.

The six-page document highlighted a "plethora of suspicious market participants" that were trading Wirecard shares in a "strikingly profitable way".

It continued: "It is striking that the suspect individuals (which besides natural persons also include Anglo-American 'hedge funds'), all appear to share a rather homogeneous cultural background — mainly Israeli and British citizens."

The regulator appears to have seen this as an indication that these investors may have acted in concert in an attempt to conspire against Wirecard. "It cannot be ruled out that this is a matter of a network-like structure ('insider ring')," the memo said.

BaFin's focus on the cultural background and nationality of Wirecard sceptics raises new questions over its handling of allegations against the company.

"BaFin's statement is evidence of a deeply rooted siege mentality and a repulsion of Anglo American capital market structures," said Danyal Bayaz, a member of parliament for the Greens.

Confirming the memo was genuine, BaFin insisted that neither cultural background nor nationality was relevant to its Wirecard investigations.

"The wording chosen [in the memo to the finance ministry] was certainly unfortunate and can easily be misread," it said in a statement to the FT.

Wirecard, which at its peak was worth €24bn, collapsed last summer in one of Europe's biggest postwar accounting frauds, causing billions of euros of losses to investors and creditors.

The scandal continues to send shockwaves through Germany's political and financial establishment, with a parliamentary commission investigating regulatory and political failures before the collapse.

VALENTINA ROMEO — LONDON

Eurozone retail sales contracted more than expected in November and inflation was negative for the fifth consecutive month in December, adding to the pressure on policymakers to support the economy, although business expectations improved markedly on the news of vaccine approvals.

The flash eurozone annual inflation rate came in at minus 0.3 per cent in December, unchanged



FINANCIAL
TIMES

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CORONAVIRUS

Pandemic

Medics' vaccine scepticism raises alarm

Staff in parts of Europe and US unwilling to have jab despite rise in cases

ERIKA SOLOMON — BERLIN
KIRAN STACEY — WASHINGTON
LEILA ABOUD — PARIS

Signs that a relatively high number of healthcare workers are unwilling to receive a coronavirus vaccine in parts of Europe and the US have alarmed politicians and health experts, as countries struggle to contain a surge in infections and carry out mass vaccination.

A poll released in mid-December caused surprise in Germany — the country that has been at the forefront of the race for a vaccine with biotech company BioNTech — by showing that half of surveyed nurses did not want to be vaccinated, along with a quarter of doctors.

Those worries came back to the fore this week when the head of one German state said only a third of healthcare workers in his state were willing to get the jab.

A high degree of reluctance among medical staff has also been observed in other parts of Europe and in the US. In France, 76 per cent of senior care home staff said they did not want to get vaccinated, according to a poll of 2,000 such workers carried out last month.

In Austria, only half of the staff of care facilities in the region of Vorarlberg said they were willing to be inoculated, according to Austria's public broadcaster. The Italian Federation of Medical Professional Associations said about 100 doctors were unwilling to receive the immunisation across the country.

In the US, a survey released last month by the Kaiser Family Foundation

health think-tank found 29 per cent of US healthcare workers would probably or definitely not get a vaccine, a slightly higher proportion than in the overall population (27 per cent).

Anecdotal evidence from the first weeks of rollout in the US suggests staff at care homes are particularly hesitant. Mike DeWine, Ohio governor, said he was "troubled" by the relatively low numbers of nursing home workers taking the vaccine, with around 60 per cent of staff having declined the shot.

Asked about vaccine hesitancy among health workers, German health minister Jens Spahn said his ministry had only anecdotal data, with starkly divergent results. In some nursing homes, he said, only 20 per cent of medics received a jab, while in others it was as high as 80 per cent.

"Promoting vaccination of healthcare

workers is very important. We work in an environment full of vulnerable people, it is our responsibility to get it," said Uwe Janssens, author of a German survey released last month. "If people see healthcare workers are unconvinced, how will that affect our society?"

Dr Janssens, general secretary of the German Society for Internal Intensive Care and Emergency Medicine, decided to conduct his survey after being shocked to hear several nurses express concerns over the new mRNA technology, used by the two EU-approved vaccines BioNTech/Pfizer and Moderna.

Among 2,305 respondents, many feared long-term side effects while female nurses expressed concerns over their ability to get pregnant. Many interviewed, he said, appeared to have seen anti-vaccination videos spread online.

In Italy, authorities are investigating

13 doctors accused of anti-vaccine propaganda or playing down the severity of the virus. "I am perplexed when I hear of fellow doctors or nurses reluctant to get the vaccine," said Pierpaolo Sileri, Italy's deputy health minister. "If they still have doubts after seeing everything that's happened, [they] are probably in the wrong job."

In France, amid a slow rollout of the vaccination campaign, only 40 per cent of French people polled by Ipsos last week planned to be vaccinated, down from 59 per cent in August.

Despite the wariness, Dr Janssens said he believed the tide would turn among medics after the first round. "I am hopeful then others will follow," he said. "But it's a very important signal that we need to give these people information now."

Additional reporting by Davide Ghiglione in Rome and Guy Chazan in Berlin

Policy reversal

European nations perform U-turn and close schools

BEN HALL AND BETHAN STATON
LONDON
JOSHUA CHAFFIN — NEW YORK
GUY CHAZAN — BERLIN

Fears of an uncontrollable winter wave of coronavirus infections have prompted a growing number of European governments to close schools, breaking with a previous consensus that face-to-face teaching must be maintained.

The UK, Ireland, Germany, Denmark and some northern Italian regions have all ordered schools to shut for several weeks to try to contain infections, in some cases on the back of extended Christmas holidays.

The shifting European consensus has been driven in part by concern over new, more transmissible coronavirus strains, which have been linked to soaring infection rates in some countries.

"We know how important it is for parents to have to look after children and how important learning is for children... and how important educational qualifications are in our country," said Markus Söder, prime minister of Bavaria, after Germany said its schools would remain closed until at least the end of January. It was a "difficult decision", Mr Söder said.

European countries largely kept schools open last autumn even as they imposed a second lockdown, shutting bars, restaurants, leisure venues and non-essential shops.

It was a stark contrast with the first lockdown in the spring when many switched to remote learning despite warnings from teachers and experts that it would exacerbate educational inequalities and cause psychological and even nutritional harm.

The comparatively consistent European commitment to keeping schools open had also stood in contrast to the US, where a debate about whether to reopen or keep schools closed raged all year in school districts across the country.

This week's shift was particularly abrupt in England, where as recently as Sunday Boris Johnson, prime minister, had doggedly insisted schools were safe, appearing on television to urge parents to send their children to class. A day later, after some primary school pupils had returned for the first day of term, Mr Johnson closed all schools in England until at least mid-February.

Mr Johnson took the decision following findings from the UK government's scientific advisers on December 22 that a new, more transmissible coronavirus variant meant it was "highly unlikely" the so-called reproduction rate of the virus could remain below one without closing primary and secondary schools.

Data gathered worldwide last year suggested schools had not become infection hotspots, although older children were more likely to spread the virus than younger pupils.

However, anecdotal evidence from teachers, teacher unions and parents suggested a rapid spread in British schools at the end of last year.

An Imperial College London paper published last month found the new variant of coronavirus, B.1.1.7, was most prevalent among the under-20s but was spreading quickly to other age groups.

But scientists have said there is no evidence the new variant spreads more easily among children than other age cohorts. B.1.1.7 is more contagious in every setting where people meet, and during late autumn English schools were open.

Middle East. Occupation

Palestinians exposed while Israel hails jab drive

Euphoria over rapid rollout is not shared by 5m people who are still awaiting inoculation

MEHUL SRIVASTAVA — TEL AVIV

When coronavirus came to the Holy Land last spring, Israelis and Palestinians suffered alike as dysfunctional governments imposed harsh lockdowns that crippled their economies and hospitals on both sides filled with patients.

Then last month, Israel began the world's speediest coronavirus vaccination campaign, handing out first jabs of a two-shot BioNTech/Pfizer vaccine to more than 1m citizens. Millions more are planned.

Next door, in the West Bank, occupied by the Israeli military, and in Gaza, blockaded by the same forces, millions of Palestinians waited for their turn. They are still waiting.

The stark disparity is not just an illustration of the inequities that await the global rollout of Covid-19 vaccines, with wealthy nations racing ahead of poorer ones to immunise their citizens.

It is, Palestinians said, an inevitable outcome of a half century of occupation, leaving nearly 5m people dependent on Israel and the international community for the aid, logistics and co-ordination that a large-scale immunisation programme requires.

For Israeli officials, it is symptomatic of the failures of the Palestinian Authority, the civilian administration created by the Oslo Accords of the 1990s, which only this week informally approached the Israeli government to procure and distribute vaccine on its behalf.

Until now, Palestinian officials had been counting on the World Health Organization's Covax initiative and a possible shipment of Russia's Sputnik V vaccine for the bulk of their requirements. It was unclear when any would arrive, said a senior Palestinian official, but certainly not for at least another month.

The inequity has triggered an acrimonious debate within Israel and the international community, with the influential Rabbis for Human Rights this week calling on the Israeli government to share its supplies with the Palestinians, especially the elderly and most at risk.

The group's appeal, unacknowledged by Israeli officials, came as Hebrew and Arab language media carried images of Israelis celebrating after their jabs.

So rapidly has Israel distributed the



Health divide: a mural in Gaza, where Palestinians have yet to be vaccinated. Below, Israelis register for the jab at the Rabin Square mass vaccination centre, Tel Aviv

Mohammed Abed/AFP/Getty; Kobi Wolf/Bloomberg



vaccine — officially only for the over-60s, healthcare and essential workers and those with grave underlying conditions — that tens of thousands of young people have managed to procure one, while thousands of shots have gone to waste, according to the health ministry.

As the vaccine has to be used within days of being taken out of cold-storage, young Israelis have taken to waiting at vaccination centres for shots allocated to those who fail to show up. Others have gamed the system by navigating the bureaucracy, calling in favours and bluffing their way into queues.

"It's painful to watch this," said Umm

Khatib, 73, in the West Bank city of Nablus, who said she had been isolating in her son's home since the pandemic began. "When I heard they were throwing away injections at night, I thought of having my grandson drive me to Jerusalem to beg for just one chance."

Under the 1949 Geneva Convention, Israel, as the occupier, is ultimately responsible for the health of the Palestinians living in the areas it controls, including "to combat the spread of contagious diseases and epidemics". There are no functioning airports in the Palestinian territories and Israel operates the only mass-storage facility for vaccines requiring refrigeration and all the borders, except for one between the Gaza Strip and Egypt. (A smaller facility exists in Jericho, a Palestinian enclave in the Israeli-controlled Jordan Valley.)

It also controls imports, especially in Gaza, where the healthcare system has withered under an 11-year blockade. That electricity is available for only a few hours a day in Gaza also makes vaccine distribution especially difficult.

"Israel should have been procuring enough for the nearly 5m Palestinians that live under its control, and it specifically didn't," said Diana Buttu, a Palestinian lawyer. "It's healthcare apartheid." Palestinians living in East Jerusa-

'When I heard they were throwing away injections at night, I thought of having my grandson drive me to Jerusalem to beg for just one chance'

lem, which is separated from the West Bank by a wall, are eligible for the Israeli vaccination programme. Israel's foreign ministry directed queries to the defence ministry, which declined to comment.

In signing the Oslo Accords, Israel agreed to hand certain aspects of civilian life in Palestinian urban areas to the PA and to bilateral co-operation on issues involving healthcare and epidemics. Israeli officials said that resulted in a transfer of both authority and responsibility to the authority.

This has created an unwieldy patchwork for ill Palestinians. Even before the pandemic, WHO and human rights observers pointed to problems importing medical equipment and the opaque security permit regime the gravely sick must endure to seek treatment in Israel or abroad.

Israeli officials blame the PA for not seeking their co-operation to procure and distribute vaccines. Alan Baker, a retired Israeli diplomat who negotiated the Oslo articles relating to healthcare, said such collaboration was built into the treaty. "The Oslo agreements are still legally binding and, with respect to health, it is simply that — to co-operate," he said. "There is no requirement or obligation on either side to do this, or to do that — it's simply to co-operate."

Restrictions

Japan announces 'soft' emergency in Tokyo

ROBIN HARDING AND KANA INAGAKI
TOKYO

Japan has declared a "soft" state of emergency in Tokyo and three surrounding prefectures after a steady rise in coronavirus cases raised fears of a breakdown in the capital's medical system.

Under the declaration, which begins today, Yoshihide Suga, prime minister, called for teleworking to reduce commuting by 70 per cent, and the voluntary closure of restaurants by 8pm.

Mr Suga asked the public to avoid going out unnecessarily in the evening and said there would be restrictions on sporting and cultural events. However, shops and schools will remain open.

The limited restrictions mark a bet that Japan can maintain its record of controlling coronavirus using targeted local measures.

Making his declaration from the

prime minister's residence yesterday evening, Mr Suga warned cases had risen sharply over the new year holidays and appealed for public co-operation.

"Since the end of the year, the number of new infections has been very high, exceeding 2,400 in Tokyo [yesterday]," said Mr Suga. "I feel a strong sense of crisis about further deterioration of conditions across the country."

The prime minister rejected any suggestion that the restrictions were too little, too late.

He said most untraced infections in Tokyo were linked to people dining out and hence it was the right target for restrictions.

The state of emergency would last for a month, he said. New cases nationwide exceeded 7,000 for the first time yesterday, according to initial reports by local media.

Throughout the coronavirus pandemic, Japan has sought to control

infections without shutting down its economy, and the number of cases had risen more slowly than in Europe.

A constitutional right to free movement means Japan cannot impose compulsory lockdowns. The state of emergency allows the government to request voluntary restrictions and business closures, which the public complied with closely last year.

Analysts said the economic impact this year would be much smaller than in the spring last year. Economists at Goldman Sachs in Tokyo cut their growth forecast for the first quarter to almost zero but forecast "a robust pick-up from spring onwards as Covid-19 vaccines begin to be administered".

Mr Suga has insisted that the Olympics will go ahead as a symbol of humanity's triumph over the virus. However, the fate of the games remains in doubt, with Japan's border closed to non-residents.

Inoculation plans

Australia speeds up rollout to fight variants

JAMIE SMYTH — SYDNEY

Australia is accelerating its Covid-19 vaccine rollout amid growing concerns about the threat posed by new virus strains that are emerging from the UK and South Africa.

However, the government said yesterday it was not seeking emergency authorisation of vaccines or "cutting corners" in distribution, a strategy pursued by some countries facing a third wave of cases.

Scott Morrison, Australia's prime minister, said vaccinations of vulnerable groups would begin in mid-to-late February, rather than in late March as initially planned.

Health workers, border security personnel and aged care residents will be at the front of the queue, with a target of 4m people by the end of March and half the adult population by the middle of the year, he said.

"Australians want a swiftly developed and administered vaccine but more importantly they want a safe one and they don't want any corners cut," said Mr Morrison.

"Doing that is critical to public confi-

'Australians want a swiftly developed vaccine but more importantly they want a safe one'

dence in the vaccine... So we haven't gone to emergency vaccination arrangements."

Mr Morrison said Australian regulators expected to approve the BioNTech/Pfizer vaccine for use this month while the Oxford/AstraZeneca vaccine was forecast to be approved in February.

The vaccination programme could not begin sooner because of a two-week

delivery waiting time from BioNTech/Pfizer that follows regulatory approval, he said.

Canberra had initially decided its successful suppression of the virus would allow it to take a "wait and see" approach to vaccinations and learn from experiences abroad.

The new vaccination strategy follows criticism from the opposition Labor party and health experts, who fear fast-spreading variants of the virus could undo the country's previous achievements in limiting the spread of the virus.

The Australian states of New South Wales and Victoria are meanwhile battling renewed outbreaks of Covid-19. Yesterday, a worker in hotel quarantine in Queensland tested positive, the first locally transmitted case in that state for several months.

Australia's cabinet will meet today to discuss whether to ban new arrivals from the UK.

Early birds Initial supporters of US software group Snowflake have notched up returns of almost 1,600 times → ANALYSIS

Companies & Markets

Activists circle vulnerable corporate targets in UK

- Market weak amid Brexit and virus
- ESG underperformers stand out

PEGGY HOLLINGER, LAURENCE FLETCHER AND KAYE WIGGINS — LONDON

Corporate Britain is a top target for activist investors this year, with funds looking for opportunities in the relatively weak stock market and pandemic-ravaged economy.

Harlan Zimmerman, senior partner at Cevian, Europe's biggest activist investor, said most countries in the region should see more campaigns to drive value this year. But "the UK in particular . . . is likely to see a pick-up in activism especially when we know more about some of the big uncertainties affecting the country, including Brexit as well as how the pandemic plays out".

In an annual forecast of activism in Europe, corporate restructuring spe-

This is a 'golden age' for UK activism, with supportive institutional investors

Liad Meidar, Gatemore Capital

cialists Alvarez & Marsal predicted UK groups and those with relatively weak environmental, social and governance records would figure prominently among target companies in 2021.

The A&M study, which benchmarks the performance of 1,601 companies in European markets against measures to gauge their vulnerability to activists over the next 18 months, found the key driver for the shift back to the UK was the deeper impact of Covid-19 on the economy, compounded by the uncertainty of Brexit.

"Brexit concerns and a challenging macro environment are putting pressure on listed UK companies and weighing on their valuations," said Adam Epstein, co-founder of Switzerland-based Teleios Capital, which recently opened a UK office.

Liad Meidar, chief investment officer of Gatemore Capital Management, which focuses on UK small and mid-caps, said Brexit risks had already been priced into most stocks so "even a 'thin' deal [as struck with the EU before Christmas] presents some upside," he said. This was a "golden age" for investment activists in the UK, he added, with institutional shareholders accepting and even supportive of their campaigns.

Investors also stressed environment and social concerns would increasingly drive both activists and institutional shareholders to target underperformers. Anne-Sophie d'Andlau, managing partner at hedge fund CIAM, added: "We expect ESG to become much more prominent in the activism space in 2021, in line with institutions' increasing interest in these matters and driven by a need to future-proof businesses."

Malcolm McKenzie, head of European corporate transformation at A&M, said companies whose ESG performance was lagging behind rivals suffered a valuation discount. "That is an opportunity for activists," he said.

UK companies cited by investors and analysts as potential targets include Travis Perkins, the builders' merchant, and outsourcing company Serco.

Travis Perkins was not available for comment, but a person close to the company rejected the suggestion that its performance made it vulnerable. Serco declined to comment. However, one insider pointed out that its shares had been trading at a premium to peers.

The FTSE 100 has fallen 13 per cent in the past 12 months, more than other leading markets, while the FTSE 250 is down 5 per cent, more than other significant European indices apart from the French Cac 40.

Additional reporting by George Hammond and Gill Plimmer

Trouble brewing Kirin under fire as probe into Myanmar unit fails to determine military ties



Kirin is the biggest corporate target for activists seeking to bring Myanmar's military to heel — Tomohiro Ohsumi/Bloomberg

KANA INAGAKI — TOKYO
JOHN REED — BANGKOK

Japan's Kirin is under intense criticism by activists after an investigation failed to uncover whether proceeds from its beer venture in Myanmar went to the country's military, which has been accused of crimes against humanity.

The brewer is the largest corporate target for activists seeking to bring the south-east Asian country's powerful military to account for atrocities committed during its crackdown on minority Rohingya Muslims in 2017-18 and other human rights abuses.

Kirin's investment in two breweries that have shareholders linked to Myanmar's army has embarrassed the company and highlighted the potential reputational risks for companies operating in one of the world's riskiest emerging markets. It asked

Deloitte Tohmatsu Financial Advisory to conduct a strategic review of its business in the country last year.

Yesterday Kirin said Deloitte had concluded its six-month investigation and it had not been able to determine the destination of dividends from its two brewing joint ventures (JVs) with Myanma Economic Holdings Public Company (MEHL).

"Unfortunately, the assessment was inconclusive as a result of Deloitte being unable to assess sufficient information required to make a definitive determination," the company said.

Kirin said it would continue to suspend dividend payments from the two joint ventures to the Japanese group and MEHL. It added that it would provide another update on the matter by the end of April. The Japanese group is exploring a range of options including changing the ownership of its Myanmar JVs to remove any links with the military.

But the feasibility of such options remains unclear and analysts have said Kirin may have to sell its stake in the JVs to foreign brewers in the wake of pressure from human rights groups. Kirin declined to comment on the possibility of a sale, but added it was in discussions with MEHL "to urgently find a solution that is consistent with our approach so far".

William Nee, a business and human rights adviser for Amnesty International, said Kirin's statement yesterday was concerning.

According to Amnesty, MEHL is directed and owned by serving and retired military personnel. Military units own about a third of its shares. The human rights group said MEHL shareholders included high-ranking officials implicated in war crimes.

Myanmar Brewery, the larger of its two beer JVs, accounted for less than 2 per cent of Kirin's revenue between January and September last year.

CureVac and Bayer team up to accelerate Covid vaccine

JOE MILLER AND OLAF STORBECK
FRANKFURT

Germany's CureVac has teamed up with the country's largest pharmaceuticals company Bayer to accelerate the development and production of its Covid-19 vaccine.

The Tübingen-based company, whose vaccine uses a similar technology to the ones developed by BioNTech and Moderna, said yesterday that it had entered into a collaboration and services agreement that would help it deliver several hundred million doses.

CureVac, the oldest of the trio of companies working on messenger RNA technology to develop vaccines, was among the first to announce it was working on a product to deal with Sars-Cov-2, the virus that causes Covid-19.

But it has since lagged far behind its competitors, both of which have already won authorisations in the US and EU.

Until now, CureVac has said it would have the capacity to produce up to 300m doses in 2021, and a further 600m doses in 2022 — far fewer than BioNTech/Pfizer, which expects to produce 1.3bn doses next year.

The company has already signed a deal with the EU to supply up to 405m doses of its two-course product but has abandoned plans to supply its vaccine to the US, citing market saturation, despite reports that it was pursued by the Trump administration last March.

CureVac said that it would remain the market authorisation holder for its Covid-19 vaccine in the EU, while Bayer would have the option to become the holder elsewhere.

While no financial details of the deal were disclosed, CureVac said Bayer would assist with its expertise in "clinical operations, regulatory affairs, pharmacovigilance, medical information, supply chain performance as well as support in selected countries".

CureVac began its large-scale phase 3 trial last month, which includes more than 35,000 participants. Its vaccine has some advantages over those of its mRNA rivals. The company says its product can remain stable for three months at normal fridge temperatures, making it easier to transport to countries without comprehensive cold-chain infrastructure. Additionally, CureVac is testing a dose of 12 micrograms, less than half the size of the BioNTech/Pfizer vaccine. The smaller dose could make it easier to ship larger amounts of the shot.

Tech bubbles in a time of pandemic have echoes of the dotcom era

INSIDE BUSINESS

TECHNOLOGY

Richard Waters



ventures, making this the first time since the start of the century that a channel has opened up to take a larger number of revenue-less companies to the public markets. "Auto-tech" start-ups are a particular favourite.

Nikola, which came to market after an acquisition by a Spac, has been the starkest example. The hydrogen-powered truck company had losses of \$117m in the latest quarter and no revenues. Yet it rose to a market value of \$25bn in the middle of last year. And despite the resignation of its chief executive and General Motors' decision to scrap a planned \$2bn partnership, it is still valued at more than \$6bn.

The race to raise cash last year has left Spacs with \$70bn of firepower, according to Goldman Sachs. Given the way they structure their deals, that equates to acquisitions

worth \$300bn. If the deals are not all crammed into the next two years, then that money has to be handed back to investors, creating classic incentives for a bubble.

There are other parallels with the dotcom period. In promising new tech markets, it is common for a winner-take-all mentality to take hold, points out Charles Giancarlo, a veteran Silicon Valley executive. Investors fail to imagine how competition will develop. The cloud software industry — where companies like Zoom have thrived — is full of supposed "category killers", companies with a specialised service expected to dominate a global niche. The index of "emerging" cloud software companies on Nasdaq has risen around 150 per cent from its low point at the start of the pandemic, valuing the companies at \$1.8tn.

Behind all this is the sheer weight of money looking for a home. The public markets offer few growth opportunities. The traditional venture capital industry cannot handle the weight of money, leading to a rash of experimentation in recent years. This included sales of digital tokens, or ICOs, made by cryptocurrency projects. These crowd-fundings by classic revenue-less software start-ups pulled in \$20bn.

IPO investors have also made a belated bid to join the party. Going public fell out of fashion for an entire generation of tech start-ups. But the initial share price spikes at DoorDash and Airbnb last month show that the IPO speculators are back out in force.

To avoid the mania, gaming company Roblox scrapped its IPO for a backdoor route to the market through a direct listing. But it still raised some extra cash in a deal that valued it at \$29.5bn, or seven times what it was judged to be worth in a fundraising less than a year ago.

Much like squeezing a balloon full of water, the excess cash in the system is causing bulges that are becoming impossible to suppress. Consider two that have transfixed speculators.

The market value of all outstanding bitcoin has risen \$580bn since the start of last year, hitting a new record this week of more than \$700bn. That closely matches the trajectory of Tesla — the electric-car maker has added \$670bn in market cap in the same period, and is now valued at \$750bn.

Tesla may one day dominate a global electric-car market, and bitcoin may become a permanent fixture in the world of digital money. But as each soars towards \$1tn, they look like the clearest examples of the pandemic era's spreading financial bubbles.

richard.waters@ft.com

It is not hard to find common denominators — the hunt for growth in a world awash with cash and the fear of missing out

RYANAIR HOLDINGS PLC
(a company incorporated in Ireland with company number 249885)

RYANAIR RESTRICTS NON-EU VOTING RIGHTS TO PROTECT ITS EU AIRLINE LICENCES POST-BREXIT

NOTICE IS HEREBY GIVEN pursuant to Article 41(R) of the Articles of Association of Ryanair Holdings PLC (the "Company") that, as previously advised (<https://investor.ryanair.com/brexit/>) and announced by the Company on 11 March 2019, the Company must take steps to ensure that it (and therefore its subsidiary EU airlines) will remain majority EU owned and controlled following Brexit. This is necessary to ensure continued compliance with the airline ownership and control requirements of EU Regulation 1008/2008.

Accordingly, and as announced by the Company on 29 December 2020, in accordance with the resolutions passed by the Board of the Company on 8 March 2019, with effect from the date on which UK nationals ceased to qualify as nationals of Member States for the purposes of Article 4 of EU Regulation 1008/2008, being 1 January 2021 (the "Effective Date"), all Ordinary Shares and Depositary Shares held by or on behalf of non-EU nationals (including UK nationals) are treated as "Restricted Shares" (within the meaning of the Articles of Association).

Restricted Share Notices will be issued to the registered holder(s) of each Restricted Share in due course, specifying that the holder(s) of such shares shall not be entitled to attend, speak or vote at any general meeting of the Company for so long as those shares are treated as Restricted Shares pursuant to Article 41(J)(i) of the Articles of Association. Notwithstanding the powers vested in the chairman of general meetings of the Company pursuant to Article 41(J)(i) of the Articles of Association, the chairman will not vote any Restricted Shares at any meeting of the Company.

These resolutions will remain in place until the Board of the Company determines that the ownership and control of the Company is no longer such that there is any risk to the airline licences held by the Company's subsidiaries pursuant to EU Regulation 1008/2008.

For the avoidance of doubt:

- the prohibition on non-EU nationals acquiring Ordinary Shares in the Company, as announced by the Company on 5 February 2020, continues to apply. Consequently, with effect from the Effective Date, UK nationals (like all other non-EU nationals) are not permitted to acquire Ordinary Shares in the Company;
- UK nationals will not be required to sell any Ordinary Shares which they owned prior to the Effective Date but such shareholders will lose the right to attend, speak or vote at any general meeting of the Company in respect of those Ordinary Shares pursuant to Article 41(J)(i) of the Company's Articles of Association; and
- for these purposes, a non-EU national means a national of any jurisdiction which is not considered to be a "Member State" for the purposes of Article 4 of EU Regulation 1008/2008 (as amended from time to time), including the member states of the European Union, Switzerland, Norway, Iceland and Liechtenstein.

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In the matter of Humarito Limited and in the matter of the Cyprus Companies Law Cap 113

Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 8th day of February 2021 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Constantinos Constantinou, of PricewaterhouseCoopers Limited, Julia House, 3 Th. Dervis Street, C1-1066 Nicosia, P.O. Box 21612, C1-1591 Nicosia, Cyprus, the joint liquidator of the said company, and if so required by notice in writing from the said joint liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 8th day of January 2021

Constantinos Constantinou
PricewaterhouseCoopers Limited
Joint Liquidator of Humarito Limited

COMPANIES & MARKETS

European probe

Denmark charges two over \$1.6bn fraud

British citizens accused of unlawfully claiming dividend tax refunds

RICHARD MILNE — NORDIC AND BALTIC CORRESPONDENT

Denmark has charged two UK nationals with fraudulently reclaiming \$1.6bn in dividend tax as part of a sprawling European investigation.

Sanjay Shah, who now lives in Dubai, has been charged by Danish prosecutors over his alleged involvement in one of the country's biggest ever frauds for unlawfully claiming Dkr9.6bn (\$1.6bn) in tax refunds from Denmark's tax

authorities together with another British national.

"This is a case of extremely serious and extraordinarily extensive crime committed against the Danish state, and we believe that the two defendants committed cynical and meticulously planned fraud in a scheme where they defrauded the Danish state of Dkr9bn," said Per Fiig, acting state prosecutor for serious economic and international crime.

Denmark, Germany, Italy and France are among the European countries hardest hit by the "cum-ex" scandal, in which governments were duped into refunding billions of euros of dividend taxes that had never been paid. The

schemes involved trading shares repeatedly around dividend payment days to give the appearance of multiple owners, each of whom could claim a tax refund.

Danish prosecutors declined to give the names of the two people charged other than to say one was resident in Dubai, but Mr Shah's spokesperson confirmed to the Financial Times that he had been indicted.

"I have spoken to Mr Shah and he and his lawyers have no more information than the media has. Mr Shah continues to deny any wrongdoing and stresses that he took professional advice before carrying out the trades," the spokesperson added.

A £15m property belonging to Mr Shah in central London was seized by Danish prosecutors last year.

Prosecutors believe that the two UK nationals submitted more than 3,000 separate applications to claim Dkr9.6bn in tax refunds.

The scheme allegedly involved setting up 24 Malaysian companies, 224 US pension plans and the participation of more than 70 companies from countries including the British Virgin Islands, Cayman Islands, the United Arab Emirates and the UK.

Prosecutors have charged the two with fraud of an aggravated nature and attempted fraud, crimes that normally have a maximum sentence of eight

years in jail. They said in this case they would seek an increase to 12 years.

Denmark claims it suffered losses of about Dkr12.7bn in total from the alleged fraud.

Prosecutors are investigating other suspects in the case involving Mr Shah and expect to make a decision on whether to charge them in the next few months.

They are also looking into other networks of people for the remaining Dkr3.1bn. So far they have seized assets worth about Dkr3bn as part of the probe.

Two London bankers were found guilty of tax evasion in March in the first cum-ex scandal trial in Germany.

Construction

LafargeHolcim agrees \$3.4bn Firestone Building Products deal

GEORGE STEER

LafargeHolcim, the world's biggest cement company, has agreed to buy Firestone Building Products from Japan's Bridgestone Corporation for \$3.4bn as it seeks to strengthen its position in the US.

The Swiss group said the acquisition, which it financed with cash and debt, would allow it to break into the lucrative flat roof market, valued at about \$50bn globally. The US is already LafargeHolcim's largest market, responsible for \$4.5bn in sales last year.

The acquisition of Firestone, which specialises in roofs that can be equipped with solar panels, thicker insulation and greenery, would add a further \$1.5bn in value, said chief executive Jan Jenisch.

"The future of the roof is flat, green and insulated," he said.

Firestone generated 90 per cent of its \$1.8bn in sales last year in the US but "we want to make it global by pushing into Latin America and Europe", said Mr Jenisch.

The market for flat roofs, which tend to be used in warmer climates and are more easily adapted with solar panels to reduce emissions, is fragmented. The top 10 groups control 35 per cent of the market, Mr Jenisch added. "It's a chance for us to become a leader."

'Climate change . . . is an amazing new business for us and I think we have a solid market ahead'

It is also a market that Mr Jenisch expects to grow. "Climate change is unfortunately an amazing new business for us and I think we have a solid market ahead."

The building materials group, which operates 120 cement plants across the world, promised last year to slash its carbon emissions by 20 per cent by the end of the decade — a task that will be made harder as the company expands. Cement is responsible for about 8 per cent of global CO2 emissions.

The deal also represents a vote of confidence by LafargeHolcim in the recovering construction industry, which Mr Jenisch said would be boosted by "government stimulus packages around the world".

The pandemic had encouraged people to reassess "where and how they live", he added.

Dismissing fears of an economic contraction this year, Mr Jenisch said the health of his company depended on other factors, including "population growth and rapid urbanisation".

LafargeHolcim has reduced its debt by about \$6bn in the four years since Mr Jenisch took charge, and it had a relatively strong 2020 despite the pandemic, with order volumes recovering in the second half.

"The big Covid impact was in April when construction sites in Europe and the UK were locked down," he said.

The company is now in a strong position to make further "bolt on acquisitions later this year", he added, "but this is the big one, the transformational buy".

Taylor Cole, Firestone Building Products president, said the company was in a "prime position to accelerate our growth" and could now "look forward to becoming part of the global leader in building materials and solutions".

Shares in LafargeHolcim rose 1 per cent following the announcement. **Lex** page 18

Technology. Venture capitalism

Snowflake backers set for 'spectacular' returns

Easing of trading curbs allows early investors in US software group to tap exceptional gains

MILES KRUPPA — SAN FRANCISCO

Snowflake has yet to make \$1bn in annual revenues, but it is already set to deliver a historic payout for Silicon Valley venture capitalists.

Private investors in the software company, which allows businesses to remotely store and analyse large data sets, are collectively sitting on more than \$48bn worth of shares, according to a Financial Times analysis, in what would represent one of the largest hauls ever for early tech investors.

Yesterday, some early backers were able to begin selling a portion of their holdings, though the company's largest investors could still be prevented from immediately cashing out.

Sutter Hill Ventures, a closely held Silicon Valley group with origins dating back to the semiconductor boom of the 1960s, is set to be the biggest winner from Snowflake's listing, holding a stake worth \$13.3bn when counting shares held by the fund, its individual partners and affiliates.

Compared with similar venture capital partnerships, Sutter Hill's partners hold an outside chunk of the fund, according to people familiar with its operations, meaning Snowflake could produce larger than usual gains for the individual venture capitalists.

Sutter Hill is structured as an "evergreen" vehicle, a set-up that allows it to recycle proceeds into new bets and potentially hold on to winning investments for longer than traditional venture funds. It has also become known for its hands-on approach, helping form companies such as Snowflake as their first investor.

"What they really are is a collective of angels," said the tech investor Naval Ravikant, using a term for individual investors in early tech companies. "It's hard for us to wrap our heads around the fact these angels are managing billions of dollars."

Mr Ravikant, whose investment fund Hit Forge is backed by Sutter Hill, said the group's investment in Snowflake could result in one of the biggest venture "exits" in history.

Snowflake's software product has proved wildly popular in public markets as investors clamour for businesses benefiting from the shift to remote working.

The company's share gains are an example of the huge proceeds venture capitalists are expected to reap from a series of blockbuster tech listings, after



Michael Speiser, who led the Sutter Hill investment in Snowflake, controls shares worth almost \$1.4bn through trusts and his personal holdings **FT** Montage/Getty

the coronavirus pandemic initially led to a pause in exits such as sales or initial public offerings.

Early investors in companies such as the travel app Airbnb and meal delivery company DoorDash will largely have to wait until well into this year to convert their stakes into cash, due to restrictions that usually prevent insiders from selling shares up to six months after an IPO.

But Snowflake's 123 per cent stock appreciation since its September listing has already triggered a premature easing of restrictions, allowing some of its early backers to sell up to 25 per cent of their holdings. The company said in a securities filing that as many as 37.9m shares could be sold.

Board members, employees and close affiliates of the company will be restricted from selling, probably preventing large shareholders such as Sutter Hill from immediately cashing out. Snowflake declined to comment, and Sutter Hill did not respond to a request for comment on the lock-up period.

Alan Denenberg, a California-based partner at law firm Davis Polk, said Snowflake's approach could solve some of the problems with traditional "lock-up" periods, which often result in a lot of selling. "This way, you kind of ease the burden" on investors waiting to realise gains, he said.

While other large tech companies such as Facebook and Uber have fal-

tered after going public, Snowflake has already made its \$12.4bn valuation in private markets look relatively cheap.

In the 12 months to October, Snowflake made revenues of less than \$490m, meaning investors are valuing it at more than 150 times that metric.

Sequoia Capital, which passed on Snowflake's early funding rounds, is still sitting on gains of more than 20 times its roughly \$270m investment in the group's final rounds of private financing, according to FT analysis.

Meanwhile, Sutter Hill's investment in Snowflake has reaped unusually large rewards for the group's individual partners. Michael Speiser, who led Sutter Hill's investment in Snowflake, controls shares worth almost \$1.4bn through trusts and his personal holdings. At least three other Sutter Hill partners also control personal stakes that would be worth hundreds of millions of dollars, according to securities filings.

In 2012, Mr Speiser began as Snowflake's first chief executive and brought on former Oracle executive Benoit Dageville and two other founders, Thierry Cruanes and Marcin Zukowski, to develop its technology.

The so-called incubation process allowed Sutter Hill to build a large initial stake in Snowflake that it maintained through the company's later rounds of financing, though it also required more work than a typical venture investment.

Investors in the seed financing paid 17 cents for their shares, producing returns of almost 1,600 times

"It's a lot less scalable," said Peter Wagner, a founding partner at Wing Venture Capital, one of the company's earliest investors. "But as you can see in Snowflake, the returns can be spectacular when it works."

Sutter Hill, Wing and other investors in Snowflake's seed financing paid 17 cents for their shares when adjusted for splits, according to the company's incorporation documents, producing returns of almost 1,600 times on their initial investment.

The gains from Snowflake and other tech IPOs could provide some relief to investors in venture funds, who faced a cash squeeze last year as acquisitions and public listings slowed down during the depths of the pandemic.

Sequoia's private investments in four of last year's largest IPOs — Airbnb, DoorDash, Unity and Snowflake — have grown to \$32.4bn in size, representing a huge haul for the group. It had previously warned companies that coronavirus would be the "black swan" event of 2020.

"If you have a long in the tooth venture fund that has a big pop in a DoorDash or an Airbnb, I would be inclined to be a patient [investor] and not put pressure on you if I know it's building to this high point," said Kathy Wanner, a founding partner of Fairway Capital Management, which invests in venture funds.

Support services

Sullivan & Cromwell picks joint successors

KATE BEIOLEY

Elite New York law firm Sullivan & Cromwell has unveiled two vice-chairmen to take over from boss Joseph Shenker in a rare reshuffle at the top of the 142-year-old practice.

S&C, one of the world's most profitable law firms, chose litigator Robert Giuffra and corporate partner Scott Miller as its first co-vice chairmen. Mr Shenker, who turns 65 this year, will hand over "after a smooth transition".

It is a key moment for a firm that rarely changes leaders — Mr Shenker has been chairman since 2010 — and is viewed as one of the most powerful corporate advisers in the world. Former attorneys at the firm include Jay Clayton, head of the US Securities and Exchange Commission until December. Its equity partners took home \$4.7m on average in 2019 and it is among a

group of top-tier US firms to have disrupted the London legal market with blockbuster salaries.

The vice-chairmen appointments come as S&C navigates the fallout from Covid-19, civil unrest in the US and a political paradigm shift following the election of Joe Biden as president.

Mr Shenker, who became the firm's youngest ever partner at 29, told the Financial Times that it had been "a year of 10 plagues . . . If anyone had said a year ago today we would be navigating a pandemic, and that we'd have survived as well as we have, I would have said they were crazy."

"This has been the most stressful year of my life. But it's also been the most uplifting year of my life to see people pull together, pivot to work from home and keep going through a pandemic, and in justice and a stressful election."

S&C appointed co-vice-chairmen due

to the increasingly complex nature of the legal market and the fact its bosses are expected to continue serving clients while managing the firm.

Mr Giuffra is known for representing carmaker Volkswagen in class actions stemming from the emissions scandal, while Mr Miller acts for Fiat Chrysler, including working on its \$50bn merger with Peugeot last year.

S&C is secretive about pay and financials. But the firm, which has more than 875 lawyers, generated \$1.5bn revenue in 2019 and is ranked as the fourth most profitable firm in the world, according to data compiled by American Lawyer magazine. Mr Shenker said he was "satisfied" with the firm's performance over the year.

Like rivals, it has faced an environment of slowing growth and has "carefully managed" its number of equity partners to retain profitability.

Travel & leisure

Ladbrokes Coral owner buys Swedish gamer

ALICE HANCOCK

Entain, the owner of Ladbrokes Coral bookmakers, has agreed a £250m deal to buy Swedish online sports betting and gaming company Enlabs amid a rush of consolidation across the gambling sector.

The group, which also operates the Partypoker and Bwin brands, said yesterday that it had made an all-cash offer of SKr40 per Enlabs share, valuing the Riga-based company at about £250m — a 15.6 per cent premium compared with the volume weighted average price of Enlabs stock over the past 90 days.

The deal by Entain, previously known as GVC, comes just days after it announced it had rebuffed a proposed £8bn takeover by the US casino group MGM Resorts, saying it "significantly undervalued" the company.

The move on Enlabs is a first concrete

step by Entain's new chief executive Shay Segev to broaden the group's reach into locally regulated markets.

Enlabs, which was founded in 2005, is listed in Sweden but has headquarters in Latvia, where it is the market leader for online gaming and sports betting. It is also among the five largest gambling companies in Estonia and Lithuania — both fast-growing gaming markets.

Entain said it expected the acquisition of Enlabs to be accretive to earnings in the first full year of ownership and that the Swedish group was expected to generate revenues of about £80m this year.

Mr Segev said that buying Enlabs was "perfectly aligned" with Entain's strategy of expanding into new regulated markets and that the Swedish group was "already a strong and rapidly growing business in its own right". Entain launched Bwin and Partypoker in the country in 2019.

The Enlabs offer comes amid of spate of dealmaking among gambling companies seeking to diversify away from mature markets, such as the UK and Germany, where lawmakers have begun to clamp down on betting.

Most have concentrated their efforts on the US, where there has been a surge in sports betting since a federal ban on the practice was overturned in 2018. At the same time, land-based US operators are looking to buy or seek partnerships with European companies that have online betting expertise.

MGM is expected to make a formal offer for Entain in the coming weeks, although no official disclosure has been made.

Analysts at the investment bank Jefferies considered a reasonable takeover valuation for Entain to be about £16.50 per share — roughly 20 per cent higher than the MGM proposal.

COMPANIES & MARKETS

Miners face mounting pressure to widen targets on climate change

Only Glencore and Vale have goals that include 'Scope 3' emissions generated by customers

NEIL HUME
NATURAL RESOURCES EDITOR

The world's biggest exporter of thermal coal makes for an unlikely eco-champion. Yet that is how Glencore is seeking to position itself.

The London-listed company stole a march on its rivals in December with new targets that will make it the first miner to be fully aligned with the goals of the Paris agreement on climate change.

By 2050 Glencore is aiming to be carbon neutral – including the carbon dioxide generated when customers burn or process its raw materials.

These "Scope 3" emissions are emerging as a huge challenge for the industry, particularly miners that produce commodities for hard-to-abate sectors such as steelmaking, which accounts alone for about 7 per cent of global greenhouse gas emissions.

Accounting for 95 per cent of the mining sector's overall emissions, according to Barclays, a clear strategy to tackle Scope 3 emissions will be crucial if the industry wants to attract investment from fund managers who are themselves facing pressure from regulators



'Companies that continue to sidestep the issue can expect to face increasing scrutiny from investors'

and clients to make sure the assets they hold are aligned with the Paris deal.

Without a credible path to carbon neutrality, big miners will struggle to present themselves as vital in the shift to a green economy through their production of energy transition metals – copper, cobalt, nickel and zinc.

"Scope 3 emissions often account for the largest portion of a company's overall greenhouse gas footprint. They simply cannot be ignored or written off as too difficult," said Stephanie Pfeifer, chief executive of the Institutional Investors Group on Climate Change and a steering committee member of Climate Action 100+, an influential investor group that has more than \$52tn of assets under management.

"Those companies that continue to sidestep the issue can expect to face increasing scrutiny from investors."

All of the big miners have set targets for carbon neutrality. Anglo American intends to reach net zero emissions by 2040, while BHP and Rio Tinto are aiming at 2050.

But those targets do not include Scope 3 emissions. Rio and Anglo have not even disclosed end-use emissions for 2019, while BHP publishes a range to reflect the potential double-counting of coking coal and iron ore, the two ingredients needed to make steel in blast furnaces.

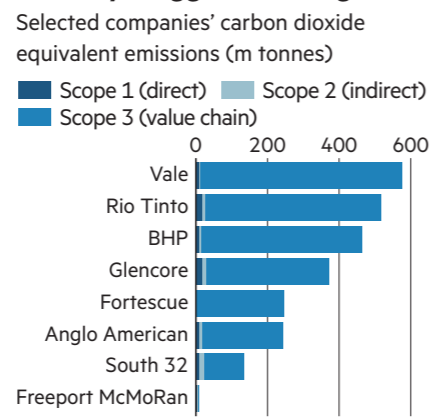
Only Glencore and to a lesser extent Vale, the world's biggest iron ore producer, have set Scope 3 goals. Vale is targeting a 15 per cent reduction in Scope 3 emissions by 2035 through the use of carbon offsets, eco-friendly shipping and partnering with its customers on low-carbon steelmaking technology.

"If you really want to lead . . . on climate change you really have to set bold goals on Scope 3," said Vale chief executive Eduardo Bartolomeo.

Glencore is aiming to cut its total emissions by 40 per cent over the next 15 years with the ambition of reaching carbon neutrality by 2050. Glencore does not count the third-party commodities bought and sold by its powerful trading arm in its target.

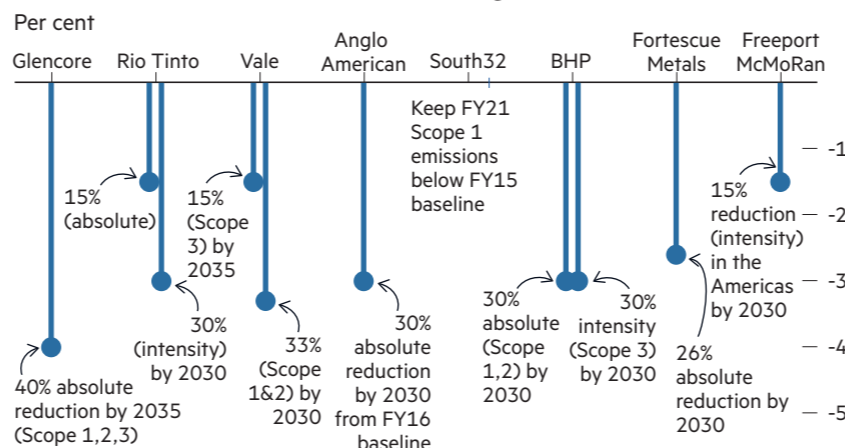
It plans to make the cuts primarily by

Scope 3 emissions are the mining industry's biggest challenge

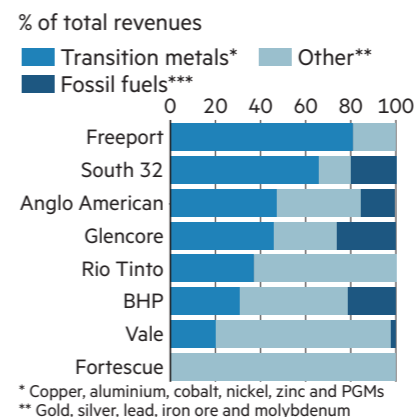


Sources: company filings; Jefferies estimates; Jefferies Equity Research

Global miners emissions reduction targets



Miners' exposure to transition commodities



* Copper, aluminium, cobalt, nickel, zinc and PGMs
** Gold, silver, lead, iron ore and molybdenum
*** Coal, oil and gas

ESG aims

Trafigura makes its first CO2 reduction pledge

Trafigura has announced its first emissions reduction target in a sign that even the mostly privately owned commodity trading industry is under pressure to act on global warming.

The Geneva-based trader aims to cut carbon dioxide emissions produced by its own operations by at least 30 per cent over the next three years, according to its annual sustainability report published this week.

Although public companies are subject to growing calls from shareholders to help tackle climate change, Trafigura's decision shows how even those that are privately owned face pressure from banks and other stakeholders to reduce their carbon footprint and prove their environmental credentials. "Achieving our target will result in a sustainable reduction of over 1m tonnes of CO2e (carbon dioxide equivalent) from our operations," said Trafigura chief executive Jeremy Weir.

Trafigura is setting Scope 1 and 2 targets, which cover emissions from its own operations, including mines. These are seen by the energy and mining industries as easier to manage as they are under their control.

Trafigura said it intended to set a "meaningful" target for indirect, or so-called Scope 3 emissions, by the end of its 2023 financial year.

The targets from Trafigura come as the company is set to become a larger oil producer. Last month it surprised some by announcing it was buying a stake in a giant Arctic oil project run by Russia's state-backed oil company, Rosneft. Neil Hume and David Sheppard

running down its Colombian and South African coal assets so that by 2050 most of its reserves will be depleted with only some of its Australian mines – utilising carbon capture and storage technology – still in operation. The cash harvested from these operations will be reinvested in energy transitions metals.

The company, which faces a number of other environmental, social and governance challenges, is hoping its targets will make it more investable for funds with absolute coal exclusion thresholds, although if the pressure gets too much its outgoing chief executive Ivan Glasenberg says it would be prepared to spin off the business.

As for Anglo American, BHP and Rio, analysts say their reluctance to commit to Scope 3 targets is understandable if increasingly difficult to justify to the investment community. Unlike Glencore they are all big producers of iron ore, the key ingredient needed to make steel. As such, most of their Scope 3 emissions are generated by customers such as Chinese state-owned steel mills, over which they have little control.

Analysts at Jefferies put Rio Tinto's annual Scope 3 emissions at 491m tonnes of CO2 equivalent and BHP's at 448m. This compares with their operational emissions of 26.8m and 15.8m tonnes respectively.

Rio and BHP are seeking to address Scope 3 emissions by working with big steelmakers on new low-emission technologies that are not yet viable at scale, mainly because of the costs involved.

BHP has set aside \$400m for climate projects and is seeking to help develop technologies and approaches to make

Glencore plans to run down its coal assets and reach carbon neutrality by 2050, but it does not count third-party commodities bought and sold by its trading arm in its target

Brendan Thorne/Bloomberg

steelmaking 30 per cent less carbon intensive and shipping 40 per cent less carbon intensive by 2030.

Rio recently announced plans to invest \$10m with China Baowu, the world's largest steel producer, over the next two years on low-carbon steelmaking projects and research. Critics point out that \$10m is a tiny fraction of the more than \$10bn Rio generated in underlying earnings last year.

Anglo American, which has a big footprint in South Africa and South America, says it needs to do more work before it can set Scope 3 targets. That is because many of its customers and host governments "can't give answers yet" on their net-zero pathways, according to its chief executive Mark Cutifani.

"I am not being critical of Vale or Glencore . . . I applaud them for taking a view," he said. "But from our point of view there is more work to be done. For us to come out with targets that are credible, it has to involve both our stakeholders and customers."

But while investors are sympathetic to that argument, the moment is fast approaching when big miners will have to acknowledge Scope 3 emissions and set targets that are sufficiently ambitious, said Adam Matthews, director of ethics and engagement at the Church of England Pensions Board and co-chair of the Transition Pathway Initiative.

"We absolutely recognise that Scope 3 emissions are challenging and miners are not in control of their customers," he said. "But they must still devise strategies to mitigate and reduce those emissions. I think companies that do that will carry the confidence of investors."

Luxury goods

LVMH picks new team to run Tiffany after takeover

LEILA ABOUD — PARIS

Luxury goods group LVMH appointed two top executives from its Louis Vuitton brand and one of billionaire founder Bernard Arnault's sons to run US jeweller Tiffany after its \$15.8bn takeover was completed yesterday.

Anthony Ledru, an experienced jewellery executive who previously worked at Tiffany before joining Louis Vuitton in 2014, will take over as chief executive.

Alexandre Arnault will in effect be his number two as executive vice-president for product and communications. The 28-year-old had been running LVMH's luggage brand Rimowa since 2016, when he convinced his father to acquire the German suitcase maker for €640m. He helped attract younger customers to the brand through collaborations with star designers such as Louis Vuitton's Virgil Abloh and Dior's Kim Jones.

Michael Burke, the longtime CEO of Louis Vuitton, will also serve as Tiffany chairman.

The three executives will be tasked with improving the performance of the 183-year-old icon of American retail, known for its diamond wedding rings, crystal glasses, and other high-end gifts.

Tiffany's robin's egg blue boxes and shopping bags have long been a symbol of luxury, not only in New York where the brand was founded, but globally. Almost two-thirds of its 320 stores are outside the US, and expanding in Asia is likely to be a priority under LVMH ownership.

But analysts have said Tiffany needs to invest more in updating its stores and selling more online if it is to remain relevant to luxury consumers. LVMH is expected to seek to take the brand further upmarket so as to improve margins, similar to the turnaround it carried out at Bulgari after acquiring the Italian brand in 2011.

Luca Solca, an analyst at Bernstein Research, welcomed the appointment of "a heavyweight team to lead Tiffany" and said that pairing "experienced managers with up and coming family members and possible future leaders" was a sound strategy.

In addition to Alexandre, three of Bernard Arnault's other children also hold executive positions in the family-controlled empire that spans 70 brands, including Christian Dior and Moët & Chandon champagne.

LVMH's sales contracted 21 per cent on a comparable basis to €30.3bn in the first nine months of the year, while Tiffany's fell 24 per cent to \$2.3bn. Despite the pandemic, LVMH's shares rose 22 per cent last year, making it Europe's second-biggest company with a market value of €259bn.

The closing of the deal after more than a year ends an at-times rocky road towards the luxury sector's biggest ever acquisition. LVMH had threatened to walk away from the deal arguing that the price it had agreed to pay just before the pandemic was no longer fair.

LVMH later secured a small price cut, paving the way for the deal's ratification by shareholders last week.



The \$15.8bn Tiffany deal is the luxury sector's biggest ever acquisition

Financials

SoFi to go public after blank-cheque merger

ORTENCA ALIAJ AND MILES KRUPPA

Fintech company SoFi is to go public in a \$8.7bn deal with a blank-cheque company set up by Chamath Palihapitiya, extending a frenzied run of dealmaking by the former Facebook executive.

Social Capital Hedosophia V, the fifth special purpose acquisition company (Spac) set up by Mr Palihapitiya and his partner Ian Osborne, will merge with SoFi, allowing the San Francisco-based company to list on the New York Stock Exchange.

As part of the deal, SoFi will receive \$805m raised by Social Capital at its initial public offering in October, as well as \$1.2bn of commitments from investors such as BlackRock, hedge fund Coatue Management, Fidelity and Mr Palihapitiya himself.

SoFi grew quickly in the aftermath of the financial crisis, tapping into a growing market of college graduates seeking

to refinance their student loans before expanding into other financial products. But the company later became a flashpoint in the #MeToo movement after former employees accused co-founder Mike Cagney of tolerating a culture of sexual harassment.

Mr Cagney resigned as chief executive in 2017 and was replaced by former Twitter chief operating officer Anthony Noto, who has expanded into new lines of business, such as mortgages and exchange traded funds.

SoFi will use \$150m of the proceeds on transactions that will help the company obtain a national bank charter, now a popular move among fintech groups that once set out to disrupt the traditional banking system.

SoFi said in October it had received preliminary approval from the Office of the Comptroller of the Currency for a national banking charter, which would allow it to lend

and directly accept customer deposits.

Spacs have become increasingly popular among companies looking to go public, with executives touting the structure as a faster route than traditional initial public offerings.

Vehicles set up by Mr Palihapitiya and Mr Osborne, a British investor, have so far taken three companies public, including Richard Branson's Virgin Galactic in 2019 and property group Opendoor last year.

The companies have performed well, with Virgin Galactic shares trading at almost \$25 and Opendoor shares at \$28, a significant premium on the \$10 at which investors typically buy into a Spac. Clover Health, a medical technology company that went public via a merger with Social Capital Hedosophia III, will start trading today.

Private investors led by the Qatar Investment Authority previously valued SoFi at \$4.8bn in May 2019.

Property

Lone Star awaits 'brighter day' for £3bn sale

GEORGE HAMMOND — LONDON

US private equity group Lone Star has shelved the £3bn sale of its UK residential property company Quintain, blaming the worsening pandemic.

Formal bids for Quintain, which owns the Wembley Park development site, were due to be submitted this month with the company expected to fetch about £3bn, said a person briefed on the deal.

That price would make the deal the largest ever in the UK's rented housing sector. But the process was aborted after a dramatic jump in coronavirus cases prompted a third national lockdown.

"Lone Star has decided to terminate discussions because it's crazy trying to do this deal now with the backdrop of Covid. It's a huge asset, with a lot of financing involved," said the person briefed on the deal.

The end of the sales process was first reported by React news.

The 85-acre Wembley Park site in north-west London has planning permission for 8,000 rental homes, with 1,500 already built. As well as paying for these properties and the land, prospective buyers of Quintain would need to fund any further development on the site.

'It's crazy trying to do this deal now with the backdrop of Covid. [Quintain] is a huge asset'

The company had attracted interest from three bidders: German fund manager Patrizia, Li Ka-shing-backed investment manager Long Harbour and a consortium of investors behind Get Living, another major rental housing developer which owns the former Olympic Village in east London, said two people with knowledge of the process.

But Lone Star pulled the deal after deciding it might complete a smoother transaction and for a better price once the pandemic had eased, said a banker advising one of the prospective bidders.

The banker said: "January 2021 is not the ideal time to execute a £3bn transaction in London which is based on a bunch of assumptions about [who will rent] homes, the future of retail and when Wembley Stadium might reopen. There are a raft of things which it would be difficult for a lender or an investor to take a view on . . . I can completely see why they would wait for a brighter day."

It is the second time in a little over two years that the private equity firm has had a potential sale fade as it neared the finish line. In 2018, Lone Star came close to a sale to Get Living's backers but the parties could not agree on a price. Lone Star, which took Quintain private in 2015 for £1bn including debt, will now develop the remainder of the apartments.

COMPANIES & MARKETS

Currencies. Political shift

Blue sweep of Congress adds to dollar gloom



Losing streak set to continue given outlook for inflation and ultra-loose monetary policy

EVA SZALAY — LONDON
COLBY SMITH — NEW YORK

The Democratic party's victory in this week's Senate run-offs will add to the long-term pressure on the US dollar, which was already expected to continue its slide this year, analysts say.

The dollar has kicked off 2021 on a subdued note after notching up losses of 7 per cent last year against a basket of its peers.

This week, it touched its weakest levels since April 2018, helping to push the euro and the Chinese renminbi to multiyear highs.

The US currency has been on a losing streak since the unprecedented actions taken by the Federal Reserve last year to limit the turmoil caused by the coronavirus crisis.

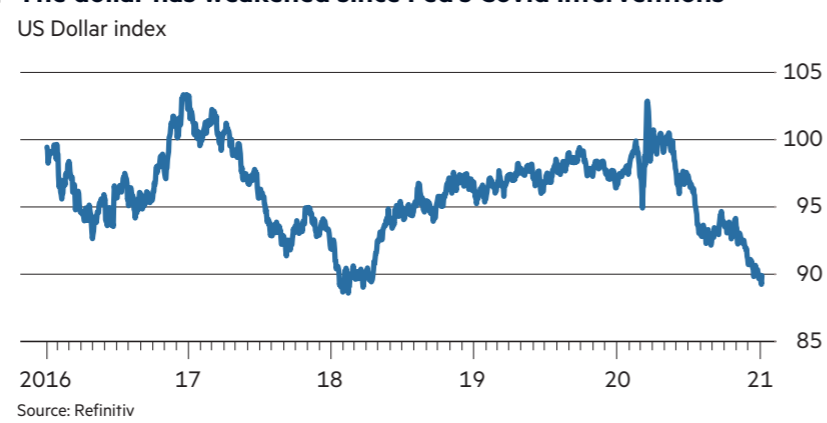
Expectations that it would keep rates low for years have emboldened investors to look beyond typical havens like the dollar and seek out riskier corners of the market.

This week's Senate wins for Joe Biden's party have left analysts wondering whether their already-downbeat projections are gloomy enough.

The political shift is "a clear negative for the dollar and reinforces our view of a further depreciation in 2021", said Derek Halpenny, head of research for EMEA global markets at MUFG Bank, adding that it could lead to more depreciation in the currency than previously expected.

Mr Biden has pledged to expand the \$900bn stimulus boost agreed in

The dollar has weakened since Fed's Covid interventions



Congress, feeding expectations that more government spending will push up inflation. That could erode the value of dollar assets — unless the Fed raises rates.

The central bank committed last year to allow for overshoots to its 2 per cent inflation target, cementing expectations that it would keep ultra-low rates for years to come.

The Fed's assurance at its most recent policy meeting in December that it would keep its \$120bn-per-month asset-purchase programme in place until "substantial further progress has been made" in the recovery has heaped additional downward pressure on the currency, according to Steven Englander, global head of G10 FX research at Standard Chartered.

Other countries will be quicker to tighten monetary policy, he predicted. "The rest of the world is going to say we are not in a position to keep on printing paper and doing fiscal policy without there being a constraint. The US will be slower to get there."

The dollar was poised for a downbeat

year already as confidence returns to the global economy with the rollout of Covid-19 vaccines.

Goldman Sachs analysts expect a 5 per cent depreciation this year in the trade-weighted currency from its current level while Bank of America expects the dollar to fall a further 2 per cent against the euro over the same period.

"The dollar remains close to its cycle high with ample room for a multiyear downward trend," said Gurpreet Gill, a strategist at Goldman Sachs Asset Management.

Dominic Bunning, head of European currency research at HSBC, expects the dollar to clock up the biggest losses against currencies that are linked to commodity markets and tend to rise when the global economy is booming, such as the Australian and New Zealand dollars, and the Norwegian krone.

"The euro and the yen may see slightly smaller gains against the greenback because they are less likely to benefit from elevated global risk appetite," he said.

Unprecedented action by the Federal Reserve last year triggered the dollar slide — Ting Shen/Xinhua

One thing that could derail the dollar's slide is a rush for safety that encourages investors to buy up the world's reserve currency.

For now, investors have largely shrugged off the resurgence in coronavirus cases and the new round of lockdowns in major economies as well as the political turmoil that gripped the US this week.

The relatively strong recovery in Asia, particularly in China, has buoyed riskier assets and investor sentiment about the global recovery — adding fuel to the dollar's depreciation.

Strategists also have more clarity about the path of the virus now that multiple vaccines have emerged, further diminishing the appeal of safe harbours.

Some analysts say any unexpected roadblocks — either in the ability of governments to contain the current surge in Covid-19 cases or to effectively distribute vaccines — could upset the consensus view of a robust global recovery this year and spark a rush for the buck.

"We have a bunch of risks right now that the market is potentially not paying a great deal of attention to," said Ben Randol, a currency strategist at Bank of America. "I just don't think you can take your eye off the ball in terms of the short-term risks of the virus."

But the general mood among analysts is that — failing a major escalation in the crisis — the Fed's commitment to rock-bottom rates will weigh down the dollar.

"The fundamentals are still very conducive to dollar weakness," said Daniel Katzive, head of FX strategy for North America at BNP Paribas. "That has been the case since March."

'We have a bunch of risks right now that the market is not paying attention to'

Commodities

LNG prices hit record high as cargo shortage amplifies cold weather effect

DAVID SHEPPARD — LONDON
SONG JUNG-A — SEOUL

Liquefied natural gas prices have jumped to their highest level on record as a severe cold snap in Asia boosts demand at a time when cargoes of the super-chilled fuel are hard to come by.

Spot prices in Asia reached a record level of \$20.705 per million British thermal units (mmbtu) yesterday, according to an assessment of daily trading by S&P Global Platts, as traders and buyers in South Korea, Japan and China scrambled to secure supplies.

That is more than a fourfold increase on where prices were trading in September. The market is generally stronger in winter as demand rises but the size of the leap has still caught out some market participants.

"What has triggered the rally is colder than normal weather in Asia and Europe and a complete lack of availability of LNG tankers while supply outages have really tightened up the market," said Samer Mosis at S&P Global Platts.

An unusually large number of cargoes is heading to Asia from the US, tightening the availability of LNG tankers.

Delays at the Panama Canal have also added at least two weeks to the round trip from the US Gulf Coast while supplies from Qatar and Malaysia have been lower.

Electricity and heating demand in Japan, one of the world's largest importers of LNG, is even higher than during a normal cold spell due to a campaign to open windows to help combat spreading coronavirus indoors.

"These spot prices may not last beyond March," Mr Mosis added. "But it's been a reminder that securing an additional spot cargo in the dead of



Cargoes of LNG have been hard to obtain at a time of strong demand

winter can quickly become very expensive and is not always straightforward, especially if freight is not available."

LNG is one of the world's fastest growing fuel sources as large Asian economies see it as a route to cutting their reliance on more highly polluting coal at a time when climate change has risen up the political agenda.

South Korea's state-run utility Kogas said that, while it buys 70 per cent of its LNG supply through long-term contracts, it needs to access the remainder in the spot market regardless of price.

"We still have enough inventories," Kogas said. "But demand for LNG is bound to increase further, given the government policy to reduce coal power. If we face supply shortages due to the cold winter, we will have to buy more on the spot market to match demand, even if prices are high."

The rally in prices has provided some short-term relief for US LNG suppliers. But the market is still forecast to be in surplus around the middle of this decade as LNG projects commissioned before the pandemic come on stream.

Additional reporting by Nathalie Thomas in Edinburgh and Gregory Meyer in New York

Equities

Trump's latest call for China blacklist weighs on Alibaba and Tencent stock

THOMAS HALE — HONG KONG
RYAN MCMORROW — BEIJING

Shares in Alibaba and Tencent sank after a report that the Trump administration could prevent US investment into the Chinese tech groups, risking a severe escalation in tension between Washington and Beijing.

The Chinese companies' Hong Kong-listed stocks both fell about 4 per cent yesterday after the Wall Street Journal reported that officials were considering the measures against China's largest listed companies in the US. Hong Kong's Hang Seng index slipped 0.5 per cent.

Such a move would fall under an existing blacklist of companies announced in November last year by executive order, which blocked investments in 31 Chinese companies Washington suspects of having ties to China's military.

Both Alibaba and Tencent's stocks also fell on Wednesday in New York, where the companies have a combined market capitalisation of over \$1.3tn.

Alibaba's US listing in 2014 was, at the time, the largest in history.

An expansion of the existing execu-

tive order to include Alibaba and Tencent risks a dramatic escalation in tension between the world's two biggest economies, which have worsened markedly over the past year.

If the Pentagon does add the tech groups to its list of companies with alleged Chinese military links, the executive order by President Donald Trump would prevent US investors

Alibaba has challenges of its own in China, where it faces an antitrust investigation

from trading their stocks from January 11. Existing shareholders would have until November to dispose of holdings.

The executive order, which was Mr Trump's first big policy response after losing the 2020 presidential election to Joe Biden, has already had an impact on Chinese companies listed in the US.

On Wednesday, the New York Stock Exchange confirmed that it would delist three state-run Chinese telecoms companies next week, China Mobile, China

Asset management

Hedge fund Element to return \$2bn after profiting in pandemic

LAURENCE FLETCHER

Element Capital, one of the world's biggest macro hedge funds, plans to return about \$2bn of cash to clients, in the latest sign that some top-performing funds are limiting their size after a year of strong gains during the Covid-19 crisis.

New York-based Element, which was set up by billionaire Jeffrey Talpins and manages \$18bn in assets, wrote to investors this week to say it plans to return the money early this year because it wants to focus on performance rather than gathering assets.

It will be the second time the firm has returned money in little more than a year after returning about \$3.6bn at the end of 2019.

The fund, which made a prescient bet on the efficacy of the coronavirus vaccine late last year, has emerged as one of the hedge fund winners from the pandemic, gaining 18.8 per cent during a wild 2020 for markets, according to a person who had seen the numbers.

Hedge funds have become wary in recent years of growing their assets too much after seeing the performance of a number of large funds suffer. Extra assets can mean higher management fees for the fund's managers.

But becoming too large is increasingly

It wrote to clients on October 26 to predict the BioNTech/Pfizer vaccine would stun investors

seen as hindering performance because it can make it harder for managers to sell out of positions quickly and easier for rivals to identify their trades.

Some in the industry point to Brevan Howard, once seen as the gold standard of macro investing for its record of making money every year, as suffering from excess size after reaching about \$40bn in 2013. It subsequently lost money in three out of the following four years and assets plunged as low as \$6bn.

A number of top-performing funds are limiting investor access or slimming down.

Izzy Englander's Millennium Management has returned cash to investors while in December Caxton Associates told investors that it would shut its Global fund, which gained 42 per cent last year, to new money.

Element, which has been shut to new money since 2018, profited last year from the sharp rebound in markets, writing to clients on March 23, the same day the S&P 500 bottomed, to say equities looked attractive given the large amount of stimulus.

The fund made money from bets against European stocks as markets sold off in September.

It then wrote to clients on October 26 to predict that the BioNTech/Pfizer vaccine would stun investors with a 75-to-90 per cent efficacy, and to say it had become more bullish, according to an investor letter seen by the Financial Times.

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COMPANIES & MARKETS

The day in the markets

What you need to know

- Global stocks rise as investors shrug off chaos in Washington
- Wall Street's leading benchmarks hit fresh records
- Treasury yields climb as government bond sell-off continues

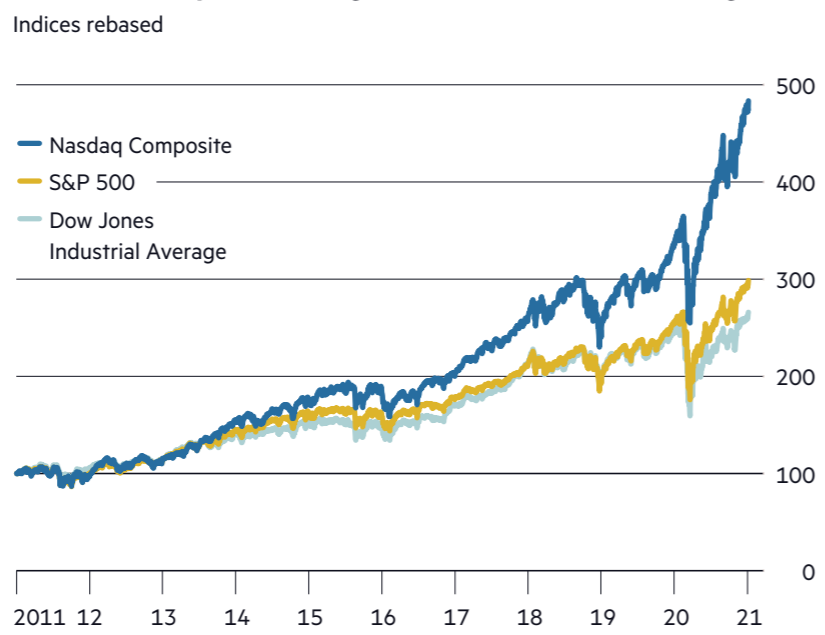
US stocks rallied for the second consecutive day as investors looked past the violent clashes in Washington and focused instead on the prospect of government spending being ramped up. On Wall Street, all three leading gauges had hit records by lunchtime in New York with the S&P 500 up 1.5 per cent, the tech-focused Nasdaq Composite climbing 2.3 per cent and the Dow Jones Industrial Average 0.7 per cent higher.

On Wednesday, angry mobs of Donald Trump supporters interrupted the certification of Joe Biden's election victory in Congress. "I don't know what was more astonishing, the scenes on my TV or the fact that equities weren't heading south," said Dickie Hodges, a bond fund manager at Nomura Asset Management. "But it just shows you the sheer weight of money coming into markets, and the fact that everyone is focused on this optimistic narrative," he added. "No one was actually willing to press the panic button."

Investors remained focused on the spending plans of Mr Biden after Democratic victories in Georgia's run-off elections gave the party control of both houses of Congress.

The sweep of the legislature "has really increased the appetite for risk", said Natasha Ebtehadi, portfolio manager at

Investors look past Washington turmoil to send shares higher



Source: Refinitiv

Columbia Threadneedle. Equity markets were pricing in better corporate earnings due to the expected economic boost from further fiscal measures, she added.

Mr Biden is expected to expand a \$900bn economic stimulus agreed by US lawmakers to help the economy through the pandemic and push for extra spending on infrastructure, clean energy and education.

The prospect of more stimulus has prompted investors to bet on the Biden administration generating not only economic growth but also inflation.

The yields on US 10-year government

bonds — which this week breached 1 per cent for the first time since March — climbed 4 basis points to 1.08 per cent.

In another sign that investors were looking beyond the political upheaval, gold — a commonly used haven asset — fell 0.4 per cent to \$1,910 an ounce.

The dollar, as measured against a basket of currencies, rose 0.4 per cent but remained near its lowest level since April 2018.

Brent crude, the international oil benchmark, gained 0.2 per cent to \$54.39 a barrel. **Naomi Rovnick, Leke Oso Alabi and Tommy Stubbington**

Biden stimulus will not end the bond bull run

Steven Major

Markets Insight



New year market optimism on the economy has been spurred by the Democrats gaining control of the US Senate along with the House of Representatives.

The benchmark 10-year Treasury yield has moved above 1 per cent for the first time since March 2020. This has been driven by expectations that the Senate elections in Georgia will pave the way for even greater fiscal stimulus under Joe Biden, which will ultimately have to be financed by bond issuance.

Once again it appears that the market consensus is projecting bond yields will move still higher, ending the multi-decade bull run in bonds. By contrast, we believe 2021 will see a continuation of the lower-for-longer theme for rates.

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Third, central banks know excess debt can be a constraint on future growth. In 2016, the US Federal Reserve responded to the optimism brought by expected fiscal loosening of the incoming administration with rate hikes and promises of more to come. Now the Fed and other central banks understand the economy can cope less well with higher rates because of the debt overhang.

To put it simply, a 1 percentage point rate hike today may have the impact of a 3 to 4 point increase 20 years ago.

Fourth, the Fed has changed its strategy to focus on forward guidance on policy rates and average inflation targeting.

The view that more supply means higher yields may be intuitively appealing but it is factually unsound

This suggests we will not get a 2016 redux. The Fed says they will be on hold through to 2023 and we think it might be longer. It will take some major shock, in terms of significantly stronger growth, for the Fed to backtrack.

Some in the market are concerned about a possible 2013-like tapering — a reduced pace in bond purchases by the Fed. That misses the point that the pace of purchases has already been dramatically reduced since its peak last March.

Fifth, a focus on the recent rise in inflation expectations could be misleading. Even if US inflation were to go above 2 per cent for a while, this would still be in line with the Fed's new targeting policy. What also really matters for rate-setting is the rate of unemployment.

From all of the above, we can see that

historical deflation precedents have only limited use in today's bond market.

What really matters to bond yields is the expected path and destination of nominal short-term rates. We know that the Fed expects to keep rates close to zero for three years or longer. And we know the equilibrium for short-term rates — when the economy is running not too hot, not too cold — is likely to be lower than the previous cycle. This is because the trend for the real natural rate of interest is for it to keep falling.

To understand falling real rates we must not lose sight of the longer term secular backdrop. In addition to the overhang of debt weighing on future growth, there are a number of trends that will not suddenly disappear. For example, ageing populations require greater savings. This will push more money into bond markets, depressing yields. Greater savings also means less of a consumption boost for the economy. And technological change will continue to have a deflationary impact.

Our lower-for-longer view will be wrong if the new US administration manages to deliver the right policy mix.

If fiscal stimulus led to a rapid return to full employment, then the Fed may be faced with the useful "problem" of rising wages and some good inflation.

However, we believe yields in the year ahead will be lower than the current deflation trend and consensus forecasts are anticipating. Ultimately, policies like quantitative easing and fiscal stimulus are responses to a lack of demand in the economy. Yields will only rise if we find a permanent solution to this — rather than a short-term anaesthetic.

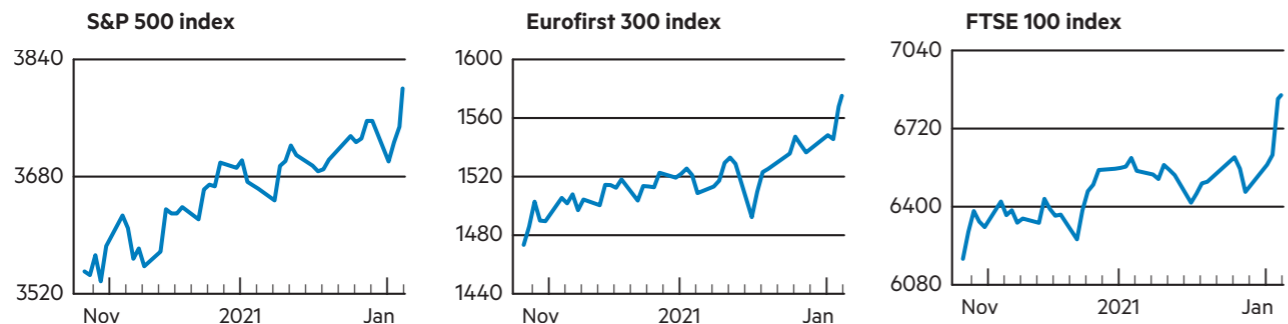
Steven Major is global head of fixed income research at HSBC

Markets update

| | US | Eurozone | Japan | UK | China | Brazil |
|-----------------------------|-------------------------|----------------------|--------------------|---------------------|----------------------|----------------------|
| Stocks | S&P 500 | Eurofirst 300 | Nikkei 225 | FTSE100 | Shanghai Comp | Bovespa |
| Level | 3800.33 | 1575.17 | 27490.13 | 6856.96 | 3576.20 | 121379.78 |
| % change on day | 1.39 | 0.47 | 1.60 | 0.22 | 0.71 | 1.91 |
| Currency | \$ index (DXY) | \$ per € | Yen per \$ | \$ per £ | Rmb per \$ | Real per \$ |
| Level | 89.751 | 1.226 | 103.935 | 1.354 | 6.458 | 5.376 |
| % change on day | 0.247 | -0.163 | 0.527 | -0.074 | -0.062 | 0.750 |
| Govt. bonds | 10-year Treasury | 10-year Bund | 10-year JGB | 10-year Gilt | 10-year bond | 10-year bond |
| Yield | 1.072 | -0.557 | 0.035 | 0.283 | 3.173 | 7.053 |
| Basis point change on day | 2.790 | -0.200 | 2.030 | 4.000 | -1.000 | 33.000 |
| World index, Commods | FTSE All-World | Oil - Brent | Oil - WTI | Gold | Silver | Metals (LMEX) |
| Level | 432.39 | 54.37 | 50.76 | 1931.95 | 27.53 | 3540.90 |
| % change on day | 0.97 | 0.41 | 0.42 | -0.43 | 0.05 | 0.35 |

Yesterday's close apart from Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets



Biggest movers

| | US | Eurozone | UK |
|--------------|--------------------------------------|------------------------------|---------------------------|
| Ups | Walgreens Boots Alliance 7.45 | B. Sabadell 6.31 | Sainsbury (J) 6.88 |
| | Dxc Technology 7.03 | Saint Gobain 6.20 | Bt 4.11 |
| | M&T Bank 5.84 | Ornv 4.64 | Crh 3.61 |
| | L Brands 5.69 | Danske Bank 4.27 | Mondi 3.40 |
| | Fifth Third Ban 5.62 | Renault 4.16 | Ferguson 3.28 |
| Downs | Alliance Data Systems -5.08 | Amadeus It -4.67 | British Land -4.48 |
| | Healthpeak Properties -3.32 | Deutsche Boerse -2.32 | Auto Trader -4.33 |
| | Welltower -3.13 | Alstom -2.16 | Rightmove -2.76 |
| | 3m -3.01 | Reed Elsevier -1.95 | Pearson -2.23 |
| | Ventas -2.79 | Enel -1.70 | Experian -1.95 |

Prices taken at 17:00 GMT. Based on the constituents of the FTSE Eurofirst 300 Eurozone. All data provided by Morningstar unless otherwise noted.

Wall Street

Bed Bath & Beyond, the home improvement retailer, sank after reporting a 5 per cent decline in third-quarter net sales in 2020 compared with the same period the year before.

However, comparable digital quarterly sales rose 77 per cent as "Covid-related headwinds reflected broadly across [the] retail landscape in lower foot traffic trends", said the group.

A bid to buy **DXC Technology** sent the Virginia-based IT services group higher. DXC confirmed that it had received an unsolicited proposal from French rival Atos on Wednesday night to acquire all its shares. The DXC board is now evaluating the bid.

The US-listed shares of **CureVac** rallied on news that the German biopharmaceutical group had teamed up with Bayer to accelerate the development and production of its Covid-19 vaccine.

CureVac said it had entered into a collaboration and services agreement that would help it deliver several hundred million doses.

Chemicals company **Albemarle** rose after announcing that it planned to invest \$30m-\$50m to double the lithium production at its Nevada site by 2025.

The move is aimed at exploiting the growth in the production of electric vehicles, which use the metal in their batteries. *Ray Douglas*

Eurozone

Robust revenues drove **Volvo** higher after the Sweden-based carmaker highlighted the "strongest second-half sales numbers in the company's history in 2020, as fast-growing demand for electrified cars boosted [its] recovery from the Covid-19 pandemic impact".

Sales rose by 7.4 per cent to 391,751 cars in the second half of last year compared with the same period in 2019.

"We aim to build on this positive trend in 2021 as we continue to roll out new electrified Volvos and expand our online business," said Lex Kerssemakers, head of global commercial operations, reiterating the group's focus on electric cars.

Saint-Gobain rallied after the French building materials supplier said fourth-quarter results for 2020 "significantly outperform expectations".

The period's sales were forecast to reach about €10.2bn, representing a "huge top-line and results beat", said Deutsche Bank analyst Matthias Pfeifenberger.

Operating income for the second half of 2020 would exceed €2bn, said the Paris-based group, representing like-for-like growth of more than 20 per cent compared with the same period in 2019.

Enlabs, the Swedish online sports betting and gaming company, climbed after agreeing to be bought by Entain for SKr40 per share, valuing the company at about SKr2.8bn (£250m). *Ray Douglas*

London

J Sainsbury rallied after the UK's second-largest supermarket chain increased its guidance for full-year underlying pre-tax profit to £330m from £270m.

"More customers bought their food online than ever before and we delivered 11m orders in 10 days to Christmas, double the number of last year," said Simon Roberts, chief executive officer.

Shore Capital described the announcement as "a quite fabulous trading update".

Reiterating its "buy" rating, the broker added: "Sainsbury's has a firmer market share base than it would have expected a year ago, a much more profitable online capability [and] volume boosted working capital."

News that **Mitchells & Butlers** was considering raising fresh funds sent the pub group lower. "The directors believe it is prudent to explore an equity capital raise, to give the group increased financial and operational flexibility," revealed M&B, which has been hit hard by coronavirus-link lockdowns.

M&B said trading in the three months to January 2 was 67 per cent below 2019 levels.

Ryanair dipped after the low-cost carrier revised down its passenger forecast for the year to March from below 35m to between 26m to 30m passengers. *Ray Douglas*



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FT Weekend

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

| Stock | 52 Week | | | | | | Stock | 52 Week | | | | | | | | | | |
|-----------------------|---------|-------|--------|--------|-------|----------------|------------------------|---------------|---------|---------|---------|----------|---------------|----------|----------|-----|------|---|
| | Price | Day | Chg | High | Low | Yld | | P/E | MCap | Price | Day | Chg | High | Low | Yld | P/E | MCap | |
| Australia (AS) | | | | | | | Finland (E) | | | | | | | | | | | |
| ANZ | 23.64 | 0.86 | 27.29 | 24.10 | 24.21 | 52123.18 | Nokia | 3.23 | 0.03 | 4.35 | 2.08 | - | - | - | - | - | | |
| BHPBillitn | 49.26 | 2.69 | 47.04 | 44.05 | 4.26 | 21171053.8 | SampoA | 35.20 | 1.27 | 42.46 | 21.34 | - | - | - | - | - | | |
| CmwBk | 84.58 | 1.88 | 91.09 | 53.44 | 4.96 | 2145116588.3 | France (E) | | | | | | | | | | | |
| CSL | 275.00 | -3.38 | 342.75 | 242.67 | 1.04 | 4119936947.32 | AirbusGrp | 89.62 | -0.55 | 139.40 | 48.12 | - | - | - | - | - | | |
| NasAusXk | 23.04 | 0.63 | 27.49 | 13.20 | 1.475 | 21158282.25 | Aktia | 20.39 | 0.13 | 25.62 | 11.84 | - | - | - | - | - | | |
| Telstra | 3.01 | - | 3.94 | 2.66 | 3.24 | 20207.74 | BNP Parib | 46.31 | 1.02 | 54.22 | 21.51 | - | - | - | - | - | | |
| Westfarmers | 50.95 | 0.46 | 51.91 | 29.75 | 2.92 | 36514472.52 | ChristianDior | 460.00 | 12.00 | 479.80 | 52.40 | - | - | - | - | - | | |
| Woolworths | 19.99 | 0.62 | 25.36 | 13.47 | 2.50 | 34473356.83 | Dr Agr | 10.75 | 0.08 | 13.80 | 7.50 | - | - | - | - | - | | |
| Belgium (E) | | | | | | | Danone | 54.22 | -0.86 | 73.16 | 46.23 | - | - | - | - | - | - | |
| ArbHnBrk | 58.40 | -0.37 | 75.26 | 29.43 | - | - | EDF | 13.28 | 0.15 | 13.61 | 5.88 | - | - | - | - | - | | |
| KBC Grp | 60.46 | 1.48 | 73.56 | 33.00 | - | - | Eng SA | 13.07 | -0.06 | 18.60 | 9.63 | - | - | - | - | - | | |
| Brazil (SI) | | | | | | | EssilorLuxott | 128.65 | 0.15 | 145.00 | 66.76 | - | - | - | - | - | - | |
| Ambev | 16.09 | -0.04 | 19.58 | 10.36 | 3.05 | 294247096.78 | Imvot | 675.40 | 7.40 | 291.00 | 515.00 | - | - | - | - | - | | |
| Bradesco | 24.42 | 0.36 | 31.00 | 14.60 | 1.02 | 730210417.39 | Lindorff | 307.60 | -1.20 | 321.40 | 196.00 | - | - | - | - | - | | |
| Cielo | 3.75 | 0.03 | 8.31 | 3.23 | 0.80 | 22.86 | LMVM | 515.30 | 13.00 | 518.30 | 278.70 | - | - | - | - | - | | |
| ItaUnifin | 28.55 | 0.56 | 32.16 | 19.40 | 1.12 | 26333.18 | Orange | 10.31 | 0.22 | 13.55 | 8.63 | - | - | - | - | - | | |
| Petrobras | 31.37 | 0.62 | 33.03 | 15.00 | 1.68 | 87043340.59 | PernodRicq | 155.70 | 2.55 | 171.10 | 112.25 | - | - | - | - | - | | |
| Vale | 99.09 | 3.04 | 104.14 | 32.45 | 4.43 | 319794748.46 | Renault | 38.17 | 0.22 | 43.37 | 16.72 | - | - | - | - | - | | |
| Canada (CS) | | | | | | | Safar | 115.80 | 5.00 | 152.30 | 51.10 | - | - | - | - | - | - | |
| BCE | 55.15 | -0.64 | 65.29 | 46.03 | 5.95 | 2149433026.77 | Sanoft | 77.72 | -0.79 | 95.62 | 67.65 | - | - | - | - | - | | |
| BMOInt | 99.00 | 0.80 | 104.75 | 55.76 | 4.26 | 13125303187.87 | Sant Gbn | 42.48 | 2.48 | 43.99 | 18.41 | - | - | - | - | - | | |
| BkVca | 68.96 | 0.46 | 74.92 | 46.58 | 1.92 | 1032265670.15 | Schneider | 126.50 | 2.55 | 127.45 | 81.72 | - | - | - | - | - | | |
| Brockfield | 49.34 | -0.33 | 60.48 | 31.35 | 1.26 | 1009316106.11 | SocGen | 34.50 | - | 34.56 | 21.87 | - | - | - | - | - | | |
| Brofield | 467.42 | 10.84 | 469.72 | 252.07 | 0.13 | 2179493387.41 | SocInc | 18.14 | 0.19 | 22.23 | 10.77 | - | - | - | - | - | | |
| CanWest | 111.89 | 0.67 | 112.43 | 87.52 | 5.20 | 1562233099.73 | Total | 37.46 | 0.41 | 50.75 | 12.12 | - | - | - | - | - | | |
| CanNatrs | 34.30 | 0.49 | 42.19 | 8.00 | 1.470 | 11631843.97 | Unibail | 190.00 | 0.35 | 236.45 | 177.35 | - | - | - | - | - | | |
| CanNatly | 143.68 | 0.64 | 149.11 | 92.01 | 1.57 | 3011940386.75 | Vinci | 84.58 | 0.14 | 107.35 | 54.75 | - | - | - | - | - | | |
| Enbridge | 42.19 | 0.42 | 57.32 | 33.65 | 7.49 | 4445616715.03 | Vivendi | 26.17 | -0.20 | 26.95 | 16.76 | - | - | - | - | - | | |
| WestInt | 30.74 | 0.15 | 36.60 | 18.88 | 5.11 | 22312317.42 | Germany (E) | | | | | | | | | | | |
| ImpCl | 27.86 | 0.44 | 35.80 | 10.27 | 1.15 | 4655416076.23 | Allianz | 205.10 | -1.70 | 232.60 | 117.10 | - | - | - | - | - | | |
| Manulife | 23.96 | 0.42 | 27.78 | 12.58 | 4.54 | 90636535.24 | BASF | 68.41 | 1.04 | 68.51 | 37.36 | 4.83 | - | - | - | - | | |
| Nurien | 66.04 | 0.49 | 66.92 | 34.80 | 3.63 | 2914929545.57 | Bayer | 52.32 | 0.89 | 74.34 | 39.91 | 3.56 | - | - | - | - | | |
| Orion | 33.58 | -0.09 | 42.40 | 32.71 | 7.96 | 11232196.28 | Bentley | 78.85 | 0.40 | 87.75 | 54.85 | 2.30 | - | - | - | - | | |
| HydRk | 108.15 | 1.27 | 104.42 | 72.00 | 3.96 | 1384121047.52 | Continental | 117.40 | 1.70 | 126.50 | 51.45 | 2.56 | - | - | - | - | | |
| Chubb | 23.86 | 0.42 | 25.12 | 14.50 | 5.21 | 692327.89 | Daimler | 57.79 | 1.36 | 59.93 | 21.02 | - | - | - | - | - | | |
| TntReut | 102.07 | 0.74 | 115.56 | 65.91 | 1.96 | 204233967.72 | Deu Bank | 9.58 | 0.20 | 10.37 | 4.45 | - | - | - | - | - | | |
| TntDnt | 74.29 | -0.07 | 76.10 | 49.01 | 4.18 | 1165106059.64 | Deut Tlm | 15.35 | 0.25 | 16.75 | 10.41 | 3.32 | - | - | - | - | | |
| TntCan | 53.89 | 1.06 | 76.58 | 47.05 | 5.89 | 11423382.39 | Dow | 71.02 | 0.82 | 73.16 | 33.18 | 14.15 | - | - | - | | | |
| VimCom | 30.80 | -1.06 | 36.02 | 14.01 | - | 4.20 | 9188.48 | ELN | 9.06 | 0.03 | 11.56 | 7.00 | 5.09 | - | - | - | | |
| China (HK) | | | | | | | Freemius Md | 69.30 | -0.82 | 81.10 | 53.50 | 17.44 | 15.40 | 25684.58 | - | - | - | |
| AgriBk | 2.86 | - | 3.41 | 2.38 | 7.60 | 45311338.63 | Freemius SE | 39.78 | -0.32 | 51.54 | 24.25 | 12.22 | 22047.82 | - | - | - | | |
| BK China | 2.66 | -0.01 | 3.35 | 2.33 | 8.59 | 40626888.29 | HongKngA | 78.85 | 0.40 | 87.75 | 54.85 | 2.30 | 19.54 | 25422.08 | - | - | - | |
| BKCom | 4.20 | 0.03 | 5.55 | 3.66 | 8.96 | 40018965.98 | Linda | 24.20 | 2.80 | 29.40 | 14.10 | 6.25 | 143039.2 | - | - | - | | |
| BCE Tech | 0.66 | 0.04 | 0.80 | 0.47 | - | 4.36 | 11.96 | 0.10 | 0.20 | 0.45 | 0.24 | 141633.4 | - | - | - | | | |
| Chubb | 23.86 | 0.42 | 25.12 | 14.50 | 5.21 | 692327.89 | MuenchBkr | 22.40 | 0.60 | 29.40 | 14.10 | 4.05 | 4714363.44 | - | - | - | | |
| ChEvtbrg | 2.97 | 0.37 | 3.97 | 2.40 | 8.57 | 42924856.59 | SAP | 104.52 | -0.96 | 143.32 | 82.13 | 1.51 | 255015416.74 | - | - | - | | |
| Ch Rail Cons | 4.54 | -0.11 | 9.99 | 4.07 | 5.47 | 29112.15 | Siemens | 22.40 | 0.24 | 124.30 | 53.02 | 3.14 | 2552129528.37 | - | - | - | | |
| Ch Rail Grp | 3.63 | -0.08 | 4.94 | 3.33 | 5.50 | 2961969.82 | VolvoCar | 171.00 | 2.00 | 183.90 | 99.15 | 2.81 | 211216182.18 | - | - | - | | |
| ChIronStk | 5.88 | 0.12 | 6.84 | 4.33 | 6.49 | 180225.00 | Hong Kong (HKS) | | | | | | | | | | | |
| China Vanke | 26.30 | 0.42 | 33.12 | 21.45 | 5.42 | 29723.99 | AIA | 97.15 | 2.00 | 98.80 | 60.05 | 1.42 | 2536151541.38 | - | - | - | | |
| ChinaCitic | 3.36 | 0.04 | 4.64 | 2.93 | 8.54 | 3484491.19 | BOC Hold | 24.80 | 0.70 | 29.80 | 20.05 | 6.80 | 7.93 | 3317.83 | - | - | - | |
| ChinaLife | 17.10 | - | 22.90 | 11.64 | 5.14 | 79116411.21 | CS OnShnInk | 15.38 | 0.18 | 30.35 | 14.92 | 7.27 | 34421728.74 | - | - | - | | |
| ChinaMnBnk | 52.20 | 3.00 | 53.25 | 29.80 | 27.14 | 121933097.97 | ChnYngK | 39.80 | -0.15 | 57.20 | 34.45 | 5.77 | 6.60 | 19005.46 | - | - | - | |
| ChinaMnBnk | 43.30 | -3.35 | 70.00 | 42.42 | 8.26 | 59120397.40 | CS OnShnInk | 5.70 | - | 10.30 | 5.20 | 8.95 | 3.19 | 21385.71 | - | - | - | |
| ChinaSec | 33.00 | 0.33 | 33.25 | 17.40 | 4.98 | 1044411812.07 | Citic Secs | 17.96 | -0.14 | 21.40 | 12.60 | 3.32 | 133327.57 | - | - | - | | |
| ChMnShng | 4.46 | -0.01 | 6.06 | 3.85 | 9.91 | 3.86 | 4786 | ChK Hutchison | 57.00 | 0.90 | 76.00 | 45.05 | 6.10 | 8.81 | 28349.23 | - | - | - |
| ChMnSecs | 24.29 | 0.03 | 26.04 | 13.10 | - | 22142978.02 | CNOOC | 7.25 | -0.11 | 14.04 | 6.24 | 11.84 | 6.56 | 14478.05 | - | - | - | |
| Dna Ut Cons | 4.28 | -0.11 | 6.24 | 3.23 | 1.40 | 24482024.01 | CS OnShnInk | 110.80 | 0.60 | 123.80 | 62.86 | 1.28 | 13.86 | 35704.5 | - | - | - | |
| HydRk | 14.88 | 0.08 | 16.59 | 3.77 | 6.96 | 145629.62 | HK ExChGr | 443.00 | 0.60 | 460.00 | 206.00 | 1.66 | 51447438.49 | - | - | - | | |
| ChShngBk | 4.33 | -0.01 | 6.20 | 3.98 | 11.66 | 122601.92 | MTR | 44.85 | -0.10 | 47.80 | 36.20 | 3.01 | 3423751.28 | - | - | - | | |
| ChShnConFng | 4.92 | 0.03 | 6.07 | 4.76 | 3.73 | 44031431.12 | SandsCh | 33.60 | 0.15 | 45.45 | 25.15 | 3.22 | 12794350.78 | - | - | - | | |
| ChShnConFng | 4.45 | -0.57 | 7.37 | 3.84 | 4.00 | 92711561.18 | Shk Progs | 106.60 | 124.00 | 97.60 | 59.00 | 1.97 | 39840.51 | - | - | - | | |
| CNNC Int'l | 5.02 | 0.01 | 5.15 | 4.02 | 2.14 | 150412100.44 | Tata Cons | 556.50 | -28.00 | 633.00 | 325.20 | 0.23 | 441470327.87 | - | - | - | | |
| PhnAnls | 94.75 | 1.15 | 101.00 | 69.00 | 2.64 | 115019115.55 | India (BSE) | | | | | | | | | | | |
| Dajin | 6.51 | -0.03 | 8.14 | 6.32 | 7.32 | 14987.66 | Bhartiartl | 548.25 | 10.00 | 612.00 | 361.75 | - | - | - | - | - | | |
| Gre Elec Apl | 0.10 | - | 0.21 | 0.07 | - | -0.04 | 5.47 | HDFC Bk | 1416.25 | -0.30 | 1464.4 | 738.75 | - | - | - | - | - | |
| GuanSecSec | 13.76 | -0.01 | 16.14 | 10.38 | 1.44 | 187217473.05 | Hind Unlndr | 2388.85 | -48.45 | 2614.3 | 1757.3 | - | - | - | - | - | | |
| HongKngSecs | 7.05 | -0.06 | 8.51 | 5.79 | 6.43 | 316740.22 | HongKngSecs | 2661.35 | -25.00 | 2709.35 | 1473.45 | - | - | - | - | - | | |
| HongKngSecs | 56.29 | 2.87 | 65.05 | 41.79 | 4.26 | 11618429.18 | KOIC Bk | 541.10 | -5.40 | 544.10 | 318.50 | - | - | - | - | - | | |
| Hung Pwr | 2.89 | -0.02 | 4.15 | 2.24 | 5.53 | 21881751.97 | Infosys | 126.15 | -19.95 | 130.2 | 509.25 | - | - | - | - | - | | |
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ARTS

A Dream from another era

A lost jazz-age version of 'A Midsummer Night's Dream' has inspired the RSC's Gregory Doran. He talks to Sarah Hemming

It should have been a sure-fire hit. In 1939, a jazz-infused musical of Shakespeare's glorious *A Midsummer Night's Dream* opened on Broadway, packed with popular jazz tunes and star performers – Count Basie, Benny Goodman, Maxine Sullivan and even the great Louis Armstrong among them – and set in New Orleans. It launched the mellow “Darn that Dream”, which was later covered by artists such as Billie Holiday, Miles Davis and Petula Clark.

And yet. *Swingin' the Dream* ran for just 13 days. It lost its investors an eye-watering \$100,000 (nearly \$2m in today's money) and then vanished, so comprehensively that even the artistic director of the Royal Shakespeare Company, Gregory Doran, had never heard of it. To say he was startled when he discovered its existence would be an understatement.

“I came across this reference: *Midsummer Night's Dream*, 1939, Broadway, with Louis Armstrong as Bottom,” says Doran. “And I went, ‘What? I never heard of that!’”

Doran was hooked and began digging to find out more. “We couldn't find any recordings, any script anywhere,” he says. “There was no record of it.”

Eventually, they turned up three pages: the comical *Pyramus and Thisbe* section of the play, annotated with the names of jazz standards such as “Ain't Misbehavin'” and “Melancholy Baby”. That discovery, he says, was “gold dust”: “They did *Pyramus and Thisbe* as a jazz opera medley. And that made me realise we could reconstruct it.”

The RSC has joined forces with New York's Theatre for a New Audience and London's Young Vic as co-producers, with a view to staging a new version.

That project is very much in its infancy, but this Saturday you can see a taster concert of the music, performed by eight actors and a jazz band at the Royal Shakespeare Theatre in Stratford-upon-Avon and presented by Kwame Kwei-Armah, artistic director of the Young Vic. The hour-long concert will tell the story of this ambitious musical, share some of that foot-tapping music and be streamed live, globally, as a work in progress, says Doran.

Exactly why the original failed to catch on remains a mystery. The show seemed, as Doran says, “to have everything going for it”. It featured scenery based on Walt Disney cartoons, signed up Agnes de Mille as choreographer and boasted a raft of great African American performers. And it came in the wake of several productions that updated classical work or fielded integrated casts.

“The Gershwins had had a huge hit with *Porgy and Bess* in 1935,” says Doran. “A year later, up in Harlem, Orson Welles had produced his all-black *Macbeth* which was a great box office sensation. Then in 1938 Rodgers and Hart did *The Boys from Syracuse*, based on *The Comedy of Errors*: it ran for 235 performances and was a huge hit.”

Swingin' the Dream also featured an integrated cast. So what went wrong?

“I read some of the reviews, which basically said: ‘Too much Shakespeare not enough jitterbug,’” says Doran. “There were 100 people in the cast – maybe it didn't have enough rehearsal. It may have been the wrong theatre: [the Center Theatre] was a huge theatre that was later turned into an ice rink. It could have been that somehow the thing just didn't gel properly.”

There's also the uneasy fact that the show's creators, Erik Charell and Gilbert



Top: Louis Armstrong in a swing version of 'A Midsummer Night's Dream' in 1939. Above: Gregory Doran — Bridgeman, Leon Puppelt/Young Vic.

Seldes, were white and that white actors played the governing class while the parts of the fairies and “rude mechanicals” were taken by black performers. Might an African American co-author have found a deeper, more eloquent fusion between jazz and Shakespeare? The new project will have an African American writer and be directed by Kwame Kwei-Armah. It is likely, too, to weave in that historical context and to address the contemporary resonances of the issues raised, such as representation and cultural ownership.

“It feels like it has found its moment,” says Doran. “It is speaking to who has the right to tell this story? Whose story is it? How do we tell it? Who is Shakespeare for? We can't just do a period piece: it has to be about now.”

Quite what final form the show might take has yet to be decided and alongside the streaming of the concert will be an invitation to audiences to offer their opinions. Doran is relaxed about the possibility of any negative feedback.

“What's important is that it's a conversation,” he says. “And what I don't want

to lose is the joy of that music. When I listen to it, it just lifts my heart. I'm hoping it will lift everybody's spirits.”

Like all theatre companies, the RSC has been severely impacted by the pandemic. It hasn't been able to welcome audiences into its theatres, has had to cancel several tours, postpone a West End transfer and is currently assessing its spring 2021 season. The impact on Stratford-upon-Avon, a town synonymous worldwide with Shakespeare, has been bleak, says Doran: “Every £1 spent in the theatre is £3 in the hotels, restaurants and bars in the rest of Stratford. So it's affected the whole ecology of the place. It's a tragedy.”

The company has been active, however, performing outdoors during the summer, working with partner companies and supporting schools and young people. Saturday's concert is one of a range of online offerings and the RSC is a lead partner in the government-funded Audience of the Future programme, exploring how live performance can use emerging technologies.

Doran suggests that one glimmer of



Director Kwame Kwei-Armah

optimism during the pandemic has been the take-up of new forms and ideas and the forging of new links with communities: “We've been able to redefine what our relationship with our audience is and how we think of ourselves as a multi-platform company.”

The experience has also shed fresh light for the director on the way plague impacted on Shakespeare's thinking (he explores this in a BBC Radio 4 programme on January 17). “It changed the course of his writing,” he says. “I can see how from the sunny uplands of *As You Like It* in 1599 you slide down through *Hamlet*, *Troilus and Cressida* and *Measure for Measure* and then his attitude plunges into the abyss of *Macbeth*

‘Who has the right to tell this story? How do we tell it? It has to be about now’

and *King Lear* and those tragedies.” But it's also important to note, he adds, that Shakespeare then moved on to his final great works of hope and reconciliation. A key moment in *Lear* is the scene where Edgar encourages his blind father to keep going.

“It's a bit like the tramps in *Waiting for Godot*,” says Doran. “The fact that they continue to wait validates their existence. It may be bleak, but somehow the fact that Shakespeare is articulating that experience is hopeful in itself.”

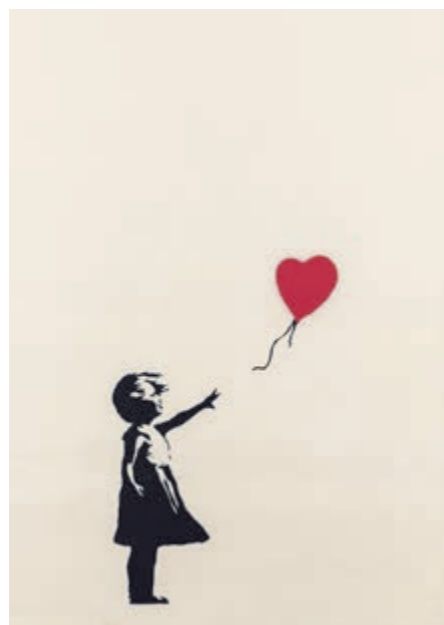
Keeping going, trying to lift our spirits: that's something all too familiar now. For those in theatre, the going looks extremely tough for the next few months. The RSC, says Doran, is looking at “recalibration not restoration”.

“The need for the arts – the need for connection, congregation, communion – is testament to how much we need and want them back. However we get there, I'm sure we'll get there.”

'Swingin' the Dream', January 9, 7pm UK time, available on demand for 7 days rsc.org.uk

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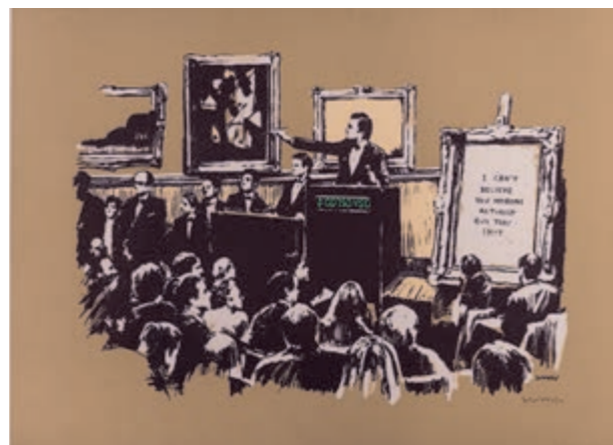
Banksy (b.1974)
Girl with Balloon
Screenprint in colours, 2004, numbered from the edition of 600 in pencil.
Est. £140,000-200,000



Banksy (b.1974)
Pulp Fiction
Screenprint in colours, 2004, numbered from the edition of 600 in pencil.
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Banksy (b.1974)
Choose Your Weapon (Bright Purple)
Screenprint in colours, 2010, signed and numbered from the edition of 25 in purple pencil.
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Banksy (b.1974)
Morans
Screenprint in colours, 2007, signed and numbered from the edition of 150 in pencil.
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Return of Bowie's sozzled alien

The singer's musical 'Lazarus', available as a streamed film, honours his memory.
By Ludovic Hunter-Tilney

Lazarus rises again, five years after its co-creator's death. The musical was being staged in New York when Bowie died at the start of 2016 in the same city. Now it returns in digital form, as a streamed film of one of the stagings. It is being shown for three nights, starting from what would have been the singer's 74th birthday and ending on the anniversary of his death.

The timing is a reminder of the strange, powerful punctuality that Bowie seemed to observe when he died on January 10 2016. Two days previously, on his 69th birthday, he had released the album *Blackstar*, which was recorded in secret while he was ill with cancer – two hidden activities, as though the album were twinned with the malignant disease inside him.

Blackstar both alluded to and blotted out the evil star sign of cancer under which he laboured. It was imbued with imagery of death, but the expiatory vigour and boldness of its songs made it impossible to imagine that its maker was the one who was about to die. It gave Bowie's end the appearance of a noble Roman death, a self-willed exit. No doubt a different, more human scene unfolded behind the curtain, a private place of pain and grief and regret. But to his public, Bowie seemed to live his death, to stage-manage it: the final act of a great showman.

Lazarus was the other project that he was working on at the end of his life. The idea for the musical was his, to resurrect the character he played in the 1976 film *The Man Who Fell to Earth*. Irish playwright Enda Walsh was recruited to turn his four-page synopsis into a full-fledged piece of theatre. Belgian director Ivo van Hove directed it.

The filmed production that is being streamed comes from its London run, which followed almost a year after its New York premiere. Several members of the cast reprised their roles, including Michael C. Hall as the main



From left, Amy Lennox, Michael C. Hall and Sophia Anne Caruso in 'Lazarus'
Johan Persson

protagonist, the marooned alien Thomas Jerome Newton.

We last met troubled Newton in *The Man Who Fell to Earth*, Nicolas Roeg's film adaptation of the sci-fi novel by Walter Tevis (also author of *The Queen's Gambit*). Back then, in 1976, the fictional alien was played by Bowie as a version of himself, an otherworldly English rock star who has crash-landed in America. The film, made with hallucinatory intensity by Roeg, treats American society as the truly alien element in Newton's misadventures, a bad-trip wonderland of money, sex, intoxication and power.

Lazarus is set after the events of the film. Newton is secluded in his New York apartment knocking back bottles of gin. He is desperate to return to his own planet and haunted by memories of his human lover, Mary-Lou. A curious constellation of characters revolves around him.

His assistant Elly (played by Amy Lennox) is stuck in a stagnant marriage and develops an erotic obsession with Mary-Lou. An angelic young woman (Sophia Anne Caruso) promises to get Newton home: she is apparently the product of his imagination.

Meanwhile, a serial killer by the name of Valentine (Michael Esper) runs amok like the loose thread in a rapidly unravelling yarn.

Eighteen Bowie songs are interspersed throughout the action, sung by the actors and played by a live band visible behind a transparent screen at the

back of the stage. Starting with “Lazarus”, they are drawn from across his career, including several written for the musical. These musical numbers almost redeem the muddled plot.

“The Man Who Sold the World” is rearranged as jazz-inflected synth-rock, while “Changes” becomes cheery doo-wop. “Dirty Boys” sounds like Brecht and Weill doing 1970s rock. The cast sing them well, with a hint of a Broadway belt. Hall, woodenly Bowie-esque in manner when acting the role of Newton, sounds authentically Bowie-esque when singing.

The filming of the theatrical production is well done. But the show itself is flawed. The staging is visually dashing, but the contrast between the actors' naturalistic acting and the stylised mise-en-scène is tonally jarring. There is a lot of shouting, the infallible sign of a staging that has lost control of itself. A streak of sentimentality winds through the bloodshed and breakdowns.

Lazarus is *Blackstar*'s wayward other half. The album is brilliant, the musical is not. But in its own fashion it also honours Bowie's memory. He was a dauntless artist, unafraid of the failures that stacked up alongside the glittering successes in his life's work. With *Lazarus*, he and his collaborators took a wild swing and missed. There was honour in the attempt, and some fine music in the execution.

'Lazarus' is available for streaming on Dice.fm from September 8-10

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FT BIG READ. INVESTING

Nicolai Tangen, the former hedge fund manager now chief executive of Norway's \$1.3tn oil fund, has indicated he might take a more active approach to investing. But this risks greater political interference.

By Richard Milne



Norway's investment chief eyes active approach

Nicolai Tangen is used to turning heads in his native Norway. Several years ago, when he was a successful hedge fund manager in London, he arrived at the weekly regatta in a millionaires' playground in the south of the country in a shiny modernised vessel that put the other shabby chic boats in the shade.

"Everybody else turns up in fairly ordinary boats but Nicolai's looked like he'd spent a lot of money on it," said one onlooker in Blindleia, perhaps Norway's most exclusive area for summer cabins. Asked about it today, Mr Tangen laughs: "I have to admit: I did buy an old boat, and we did tune it up quite a lot. We may have over-tuned it a bit."

It is an attitude the 54-year-old is taking to the gargantuan \$1.3tn Norwegian oil fund where he took the helm last September after a bruising and controversial appointment process. "There are always a lot of things to fine-tune. It's like a sailing boat: you tighten a bit here, and loosen a bit there, and the thing ends up sailing a bit faster. That's the goal," Mr Tangen says.

His appointment as only the third head of the investor in its 25-year history comes at a crucial juncture for one of the few sovereign wealth funds to be based in a democracy. Its success has been built on it converting Norway's oil revenues into financial assets by essentially emulating a huge index fund, owning large swaths of stocks and bonds in line with the markets rather than taking big bold bets on their direction or on individual companies.

But its enormous size — it now owns, on average, 1.4 per cent of every listed company in the world and 2.5 per cent of every European stock after its assets increased almost 30-fold this century — brings new dilemmas about exactly what sort of fund it should be: an active investor or a more passive one merely tracking markets. It is a debate Mr Tangen is keen to have.

It also spills over into the fund's increasing focus on environmental, social and governance issues at the companies it owns, raising fears of whether it could be viewed more as a foreign policy tool than a financial investor. And the contested appointment of Mr Tangen has sparked a debate about the fund's own complex governance and the role of the politicians who oversee it.

Underpinning all this is Mr Tangen himself. Appointing the founder of London-based hedge fund AKO Capital with personal investments of almost \$1bn as head of the fund sparked a huge political and media storm in egalitarian Norway. Mr Tangen notes that his predecessor Yngve Slyngstad told him that the fund generated more headlines from March, when his appointment was made public, until September, when he took charge, than in the previous 25 years combined.

"It's still puzzling," says Espen Henriksen, associate professor of finance at BI business school in Oslo, of the selection of Mr Tangen. He questions whether the skills learned running an actively managed hedge fund are transferable to an oil fund. "Is a hedge fund manager the right person for the fund?"

Increasing returns

Norway put its first krone into the fund in 1996 as an attempt both to preserve

Nicolai Tangen, only the third person to run the Norwegian oil fund, wants a debate over whether it should be more actively picking stocks or continue to operate as a de facto index fund

— FT montage

its oil wealth for future generations and avoid Dutch disease, where the discovery of natural resources by a country ends up harming its economy. It has been remarkably successful, becoming the world's largest sovereign wealth fund and providing Norway with about a quarter of its annual government budget through its contributions.

Over time, the bureaucrats at Oslo's finance ministry in charge of its investment strategy have moved it from only owning bonds at the outset to today having 70 per cent of its assets in stocks, 28 per cent in fixed income and the rest in property. Its first investments in a new asset class of renewable energy infrastructure could come later this year but are unlikely to make up a sizeable chunk of the fund any time soon.

Mr Tangen has little influence over asset allocation, merely accepting the investment mandate and the equities-bonds split given to him by the finance ministry via parliament. Instead, as chief executive of Norges Bank Investment Management, the manager of the fund, Mr Tangen focuses on its internal machinery. In his office inside the country's central bank, he outlines how his five-year tenure will focus on three areas: performance; communications; and talent management.

Performance is where he will be judged. The fund has delivered, on average, 0.25 percentage points of excess return each year over its benchmark index of global equities and bonds. "If we can continue that, or perhaps even tweak it up — that's the goal — then that's phenomenal. The pool is so big, you need relatively small excess returns to make a big difference," he adds.

Mr Tangen says his role is to create a "safe area" where people in the fund can take risks. He turned again to sailing for help, saying he consulted psychologists with the UK team to talk about "bounce-backability" — the ability to respond to mistakes. "What I like with sailing is that you can be in the lead, and then the wind changes direction and it's not your fault — it's completely external — and then suddenly you're last. But that mustn't impact the way you take risks in the next race," he adds.

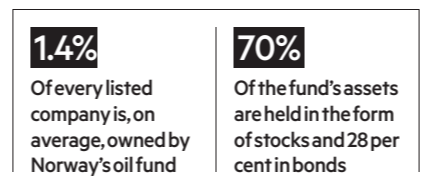
A big fan of learning from other disciplines, Mr Tangen then invokes ski jumping, where professional athletes spend on average just five-and-a-half minutes in the air a year. He argues it is similar with investment, where fund managers might experience just three big crises in their career. Both scenarios require a simulator in which to practise dealing with stressful periods, he says.

The oil fund has set up an investment simulator to show fund managers how they have traded, whether they perform worse when stressed, whether they tend to trade too early or too late. "You try to make a trade and it reads your history back to you — are you sure you are not making this too early?" he adds.

Mr Tangen says learning from mistakes is crucial to success in asset management. "We screw up all the time. We screw up 48-49 per cent of the cases. You have to put that learning into a system. That's what the simulator does. That's why this is such a humbling industry. It's just impossible to get an inflated view of yourself because you make mistakes all the time."

Active moments

A critical question for the fund is whether its assets should be passively or actively managed. The fund is only allowed to deviate slightly from its reference index of stocks and bonds. That makes it a de facto index fund like those of the leading providers such as Van-



guard, according to Mr Henriksen, one where almost all its risk comes from the broader movements of markets rather than individual stockpicking.

Its small attempts at active management have produced negligible risk-adjusted returns in recent years, according to several experts. Mr Henriksen argues that running it as an index fund makes good sense in a democracy such as Norway, where a more active strategy could give politicians an excuse to meddle more in the fund's management. "It disciplines random ideas from both fund managers and politicians alike. If asset managers could follow their strong beliefs, why couldn't politicians follow their strong beliefs?" he asks.

Mr Tangen is convinced that the fund is "much more" than a simple index fund, however. He argues that, instead of passive investing, the fund is involved in "enhanced indexing", where portfolio managers have some latitude to deviate from the reference index. For instance, in 2019 it went underweight on Wirecard, the German payments company that was revealed by the FT last year to have run fraudulent operations, boosting its returns. But Mr Tangen adds that the fund is active in other ways.

"There are so many active decisions going into nearly everything in the fund... One of the very important parts of the mandate is to have the active ownership strategy on the ESG side. The only way you can do that is to also have active management. "In my mind, it goes together," he says.

In an example of its growing activism, the fund, from this year, will publicise how it intends to vote at annual shareholder meetings five days in advance, a move that could boost its influence among other investors. An adviser to a senior Norwegian politician frets that the fund could be seen as an activist investor if the policy is mishandled: "The big worry has always been that the fund could be perceived as a tool of the Norwegian government rather than just an investor. More focus [on ESG] may increase [that] risk."

Karin Thorburn, a professor of finance at the Norwegian School of Economics in Bergen, says it could backfire on the fund: "If you claim you take more responsibility for governance, and companies do bad things, then how responsible are you?"

Mr Tangen, who dismisses fears of the oil fund being viewed as a foreign policy tool, has already suggested the fund could improve its performance by doing more of the things that today boost its returns. That includes selling out of companies that behave poorly on ESG matters, as well as giving more money to external fund managers to invest in emerging markets or smaller stocks. He says the fund does not need "to take more risks" but that it could potentially "reallocate" its risk budget, which is largely tied up in owning real estate.

Prof Thorburn says there are two potential dangers to such a strategy: costs and risks. One of the oil fund's biggest successes is delivering its returns at a very low cost with just 530 workers: its management costs last year were 0.05 per cent of its assets under management. Using more external managers could push up the fund's costs; active funds typically charge 1-2 per cent of their AUM for their services.

A more active strategy could also increase both financial and political risk, Prof Thorburn argues.

"If you start making lots of bets, it's great if it goes well but what happens if it doesn't go well? It's one of the success factors of the fund that nobody questions the investment strategy. That's because they've had this index tracker," she says. But she adds that much depends on just how active Mr Tangen wants the fund to be.

It's still puzzling... Is a hedge fund manager the right person for the [oil] fund?

Espen Henriksen, BI business school

The big worry has always been that the fund could be perceived as a tool of the government rather than just an investor. More focus [on ESG] may increase that risk'

Political adviser, Oslo

If you start making lots of [activist] bets, it's great if it goes well but what happens if it doesn't go well?

Karin Thorburn, Norwegian School of Economics

Some Norwegian politicians point to the controversy around Mr Tangen's appointment. He was initially allowed by Norway's central bank to keep his controlling stake in AKO Capital, which has \$22bn in assets under management, as well as his private investments in a blind trust. Politicians from all parties decried the potential conflicts of interest — as well as the problems of holding some assets in tax havens — and forced him to divest his AKO stake to a charitable foundation and liquidate his private investments.

"Parliament showed that, if it really comes down to it, it is in charge of the fund," says one opposition politician in Oslo. A political adviser adds: "A lot of politicians would love to have more control of the fund and how it invests. This was a warning."

Burnishing the fund

Mr Tangen insists he bears no scars from the ordeal. "I never spend any time on conflicts, I put them straight behind me," he says. But he has tried to harness the focus on the fund last year to boost recruitment, saying applications have increased 10-fold in recent months.

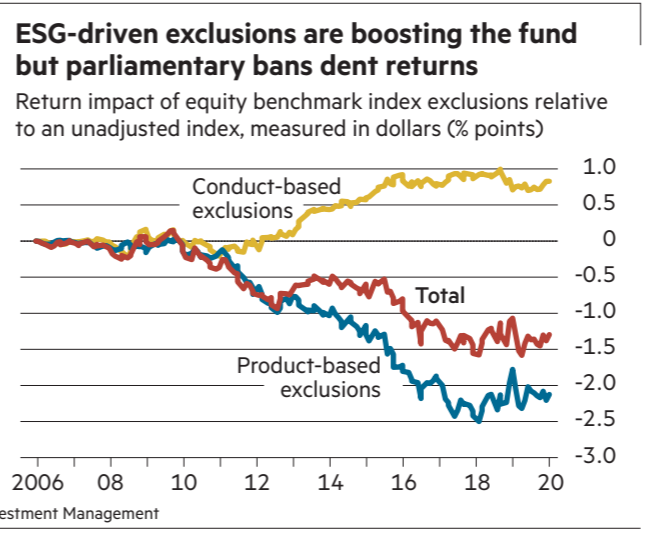
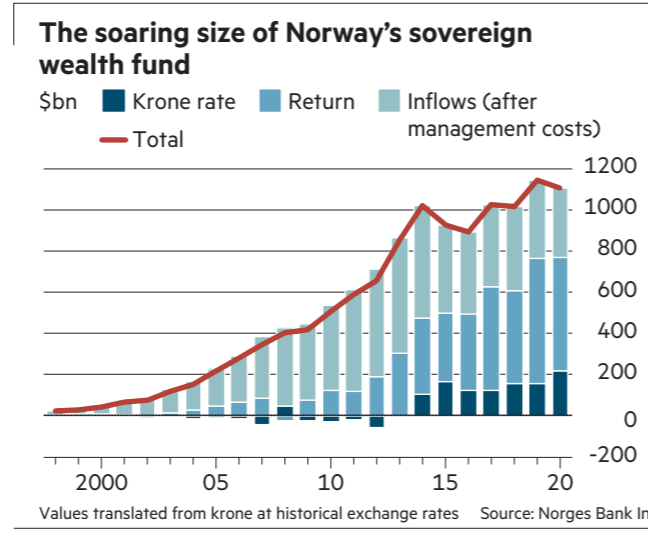
His focus on talent management goes well beyond recruitment. As befits somebody with a masters degree in social psychology, Mr Tangen says: "People are important for me: how do you make them tick, how can they thrive? You can always do things a tiny bit better."

He has brought a desire for cross-disciplinary learning from AKO. He has brought in architects from Snohetta, the practice behind Oslo's spectacular opera house, to talk about creativity; the Norwegian public health officials tackling Covid-19 to discuss making "something complicated easier to communicate"; and former downhill skier Aksel Lund Svindal to learn about risk-taking. Portfolio managers at the fund learned how to interview companies from the police officers who grilled the terrorist Anders Behring Breivik.

To those who argue that a hedge fund manager might be a strange fit for a cautious sovereign wealth fund, he claims his skills are "100 per cent transferable". He adds that the key is having a "systematic approach" to tasks such as finding and motivating the right people and creating a framework "so people are not afraid of taking risks".

Mr Tangen is also working at improving communication from the fund, both internally and externally. He retains Mr Slyngstad's caution of talking about the markets — merely noting that "after periods of great fear, you have euphoria", while refusing to speculate on how it could pan out. Instead, he says he wants to lift the profiles of many of the others who work in the fund rather than a singular focus on the chief executive. He also talks of the thousands of messages he has already received from ordinary Norwegians "who care deeply about the amount of money they have in the fund". He has increased the number of meetings, informal communication and information shared with the finance ministry, which sets the mandate for the fund.

"If you think about it, I've got one client," he says, before quickly adding: "Well, basically, I've got 5m clients. That's just great fun."





FINANCIAL TIMES

'Without fear and without favour'

FRIDAY 8 JANUARY 2021

Trump is the real threat to American democracy

Options that seemed unthinkable a few days ago are now merited

The world's foremost power and oldest democracy lost control of its own capital on Wednesday. The storming of the US legislature by a rightwing mob suspended its business, forced elected politicians into hiding, and left four people dead and several injured. American institutions have come under attack before. Never, though, at the instigation of its own president.

As mayhem spread, Donald Trump did not categorically deplore the violence he helped to unleash from his own supporters. Some of his lawmakers then challenged the certification of Joe Biden as his successor, on the same spurious grounds that incited the riot.

An event can be shocking and entirely predictable all at once. To suggest that this one has been coming since November, when Mr Trump contested his election defeat, is to understate the case. Even before polling day, he implied that any loss would be down to electoral fraud. And for years before that, he had encouraged the wildest elements of the right through gesture and insinuation. It is tempting to regard Wednesday as the culmination of his incendiary political career. Despite Mr Trump's belated pledge early yesterday of an "orderly transition", with two weeks still to run of his presidency things may yet deteriorate.

It is up to Congress, other members of his administration and above all the Republican party to avert that fate. Options that were exotic at the start of the week are now common currency in Washington discourse. One is to exercise the 25th amendment of the constitution, which allows for the removal of an "unable" president. Mike Pence, the vice-president, would then see out the remainder of the Trump term.

Another course is to complete the unfinished business of a year ago. Mr Trump was impeached for allegedly soliciting foreign interference in the

2020 election, but then acquitted in the Senate. Many Democratic lawmakers now suggest another attempt over his part in Wednesday's turmoil. The hope is that enough Republican senators will find their conscience to form a supermajority for conviction. Impeachment has the advantage of barring Mr Trump from another run at the presidency.

Neither approach guarantees order. Each would increase the far-right's baseless sense of dispossession. Mr Trump does not even need a formal office from which to inflame them. Ideally, public outrage at the assault on Capitol Hill would cause agitators to calm down or even rethink. This would allow the nation to make it through to Mr Biden's inauguration on January 20.

It is no longer prudent, however, to count on such luck. Unfit for office in the first place, Mr Trump is becoming more dangerous, not less, with time. And there is too much of it left to simply wait him out. Of the flawed options available, the least bad is to commence impeachment proceedings. Even if it fails, it would send a moral signal.

The raid on the seat of US democracy confirmed what should have been obvious years ago. America has a national security problem in the form of the far-right. This closed world of misinformation, paranoia and grievance receives succour from mainstream conservatives: public office-holders, cable news anchors. The costs are increasingly unmistakable.

Overlaying this is the geopolitical ignominy. China will never find it easier to mock democracy as a charter for chaos. Even Turkey tweeted its concern for America's civic peace. Shoring up its democracy and good name in the world will take years. It can start with formal action against a rogue president. A man who despaired of "American carnage" has incited another kind. He cannot be allowed to cause more.

The gradual crushing of Hong Kong's opposition

US and EU need joint strategy on China and to avoid double standards

Chinese officials and media wasted little time in comparing the storming of the US Capitol with the July 2019 occupation of Hong Kong's legislative council building, or de facto parliament. But beyond any superficial visual similarities, the parallels end. Whatever one thinks of the tactics, protesters in Hong Kong were defending democratic freedoms that are being progressively snuffed out on Beijing's orders. The latest step, the arrest of 53 pro-democracy politicians in the city, came just hours before events in Washington. The pressures on democracy in the US should not distract, nor detract, from what is happening 8,000 miles away.

The arrests ought by now to be no surprise, but are shocking nonetheless. The 53 were not rabble-rousers but moderates. They were detained for involvement in a primary run-off last year to determine which opposition figures would run in Legco elections that were later postponed due to Covid-19. That this is now said to constitute "subversion" highlights the draconian nature of the national security law China imposed last year.

Like the barring of four pro-democracy lawmakers from the Hong Kong body last November — prompting 15 others to resign — the purge betrays nervousness in China's central government. Though Legco election rules are skewed in favour of pro-Beijing candidates, there was at least a path for the democratic opposition to win. Such a victory could have paralysed lawmaking, pitting an opposition-controlled legislature against a regional government led by a Beijing appointee.

The clampdown undermines the Basic Law, supposed to guarantee Hong Kong's rights and freedoms after British rule ended in 1997. That mini-constitution said the city should enact laws prohibiting treason, sedition or subversion against the central government.

The law also set the "ultimate aim" of selecting the region's chief executive by universal suffrage. An offer by Beijing to move towards that goal in 2014 was deemed too limited, and triggered protests. Now China's central government has imposed a national security law by diktat, while any prospect of universal suffrage appears crushed.

The clampdown is further proof of the extent to which the confrontation between Beijing and the west is one of values. Xi Jinping's China sees itself as engaged in an ideological struggle with what the president has called the "extremely malicious" ideas of liberalism and democracy. While Beijing no longer talks of exporting revolution as in the Mao era, it presents its own one-party system as a superior model.

This poses a dilemma for western democracies. They rely as a source of global growth and a market for their companies — in a way never true with the Soviet Union during the cold war — on a country that sees their system as inimical. This reliance, and China's sheer size and dynamism, limits their real powers of influence.

That makes it all the more important for the US and EU to join forces on a China strategy. Using what leverage they do possess judiciously — and avoiding appearances of hypocrisy or double standards — is also key. In both respects, the investment accord the EU agreed last week with Beijing looks ill-timed. The European Parliament, which must ratify the deal, cannot ignore China's rights record.

The US and EU should also make use of their powers to impose "Magnitsky" sanctions on western-held assets and travel of senior Chinese and Hong Kong officials guilty of rights abuses. With thousands of offspring of China's ruling class attending western universities, for example, that is one area where sanctions could have a real impact.

Letters

Your editorial ("Bridging east-west differences in the EU", FT View, FT.com, January 3) tries hard to be objective, but what it gains in nuance and complication it loses in clarity.

The majority of Poles do want an independent judiciary, unfettered media and a successful market economy, not a renationalised quasi-communist one. They do not feel they are at the receiving end of high-minded lectures from the west. On the contrary, they look to the west to support their struggle to protect their values against arbitrary action by a xenophobic ruling party determined to take control under the guise of

"repolonisation". It is the ruling party that objects to the "high-minded lectures".

The EU's biggest contribution is not regional and structural funds, important as they are, but the creation and protection of an environment in which people feel free and businesses can invest. Foreign direct investment, so important in the world's richest countries such as Germany, the UK and the US, as well as China, has been the biggest driver of Poland's growth.

For this to continue, investors need to know that in the event of any dispute with the government they will be protected by EU law and an

independent judiciary. That their lawyers will not be arrested and that they will not be pressured into selling out on disadvantageous terms by a government whose "repolonisation" programme has so far resulted in the sale of most of the regional press and most large banks to entities controlled by the state, and therefore the ruling party, which then continue to acquire other banks and businesses. Poles wait to find out whether — having taken control of the state media, and rumoured to be trying to take control of the main financial newspaper Rzeczpospolita, and being allegedly behind 57 different legal actions

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Crackdown highlights territory's new normal

Police in Hong Kong have instigated yet another mass crackdown on the pro-democracy camp, with 53 people, who held or participated in unofficial primaries ahead of the aborted legislative council elections last year, arrested under the charge of "subverting state power" ("Hong Kong police round up opposition politicians and activists", Report, January 7).

The police cited the protesters' pledge to oust chief executive Carrie Lam, by vetoing government budgets after entering the legislature, as evidence of a crime under the territory's national security law.

The right for lawmakers to unseat the territory's leader, however, is enshrined in Article 52 of the Basic Law.

This states that the chief executive must resign "when, after the legislative council is dissolved because it refuses to pass a budget or any other important bill, the new legislative council still refuses to pass the original bill in dispute".

This was drafted as a check-and-balance between the legislative and executive powers. But under the authoritarian new normal of Hong Kong, this constitutional right becomes a threat to China's national security.

Benjamin L Tsang
New Territories, Hong Kong

Recalling a general who cared for his conscripts

It was a pleasure to hear from Lieutenant General Chun In-Bum who, in retirement, is still widely respected for not only having strengthened the South Korea-US alliance, but also for his active interest in the service conditions of the conscripted soldier ("South Korea aims for military independence as Asia threats rise", Report, January 6).

When I was serving in the army in the mountainous Gangwon province, I indeed realised that while high tech weapons can win battles, wars are won by people. Previous governments were slow to recognise this fact and only in recent years have the conscripts such as myself begun to see noticeable improvements in their gear and general welfare.

During my time of service, my pay was raised (although still not even close to the national minimum wage). I received new gear to replace age-old equipment, and the ban on mobile phone usage on base for conscripts was lifted. Previously conscripts could not



use phones on base for security reasons.

The military is on the right path, but as the general mentioned, basic shortcomings, especially for conscripts, must be addressed. The country is still at war, and a robust fighting army is one that cares for all its soldiers and their morale.

Inho Park
Second Year Student, King's College
London, Seoul, South Korea

What links Covid and the pick for next Dalai Lama?

One of the laws included in the package of legislation providing \$900bn in Covid-19 relief to Americans is the Tibetan Policy and Support Act ("Trump averts government shutdown by signing Covid relief bill", Report, FT.com, December 28).

Among other things, it states that the selection of the next Dalai Lama and other Tibetan religious leaders should be made by the Tibetan Buddhist community not by Chinese government officials, as China has suggested.

As someone who spent most of his career as a civil servant I think there are limits to what government officials should be expected to do.

I understand there was a time when even the highly respected British public service had difficulty assessing the intelligence and potential of those who were not graduates of Oxford or Cambridge.

Expecting government officials to select an incarnation of a Bodhisattva of Compassion may be stretching things a bit too far.

Bruce Couchman
Ottawa, ON, Canada

Cardin's gay partner deserved a mention, too

While reading your obituary of Pierre Cardin ("Pioneer who was celebrated and also reviled in fashion world", December 30) I was wondering if we were back in the '80s when reading the following sentence: "He never married (but did have an affair with Jeanne Moreau in the '60s) and had no children".

Although he indeed had an affair with Moreau he also had a long lasting relationship with his assistant André Oliver for over 40 years — a fact completely ignored.

Why does your obituary writer think it worth mentioning that he was not married? What does this add to the description of a fashion pioneer?

If you want to point out the fact he had an affair with Moreau one could simply refer to the contradictions in everything he did, whether marrying haute couture and *prêt-à-porter*, or working for the rich and people in the street. His love life was also full of contradictions. Having a relationship with a man, he also had an affair with a woman.

Including this aspect of his life would have made the obituary a real recognition of this pioneer who was as you say "celebrated and reviled" in the fashion world.

Alain Dewael
Nijlen, Belgium

Sustainable investing still works in an ageing Japan

Regarding Jim McCafferty's article about the lessons for the world of environmental, social and governance investing under Japan's model of "ethical capitalism" (Opinion, FT.com, November 5), it's worth recalling that the distinguishing features of the Japanese economy and the country's success in the 1960s and '70s were its system of life-long employment and company promotion based on the seniority principle. This contrasts with western corporate practice of short-termism caused by shareholder pressure.

Despite different demographics compared to the era of high economic growth and the challenges associated with today's ageing society in Japan, the values of sustainability and stability are alive still, and provide fertile soil for the growth of ethical, or in other words, more sustainable capitalism focused on human wellbeing.

Saori Sugeno
Guildford, Surrey, UK

An MBA in lockdown can be a journey of discovery

I read with interest Tim Harford's piece on the great working from home experiment (FT Weekend, January 2).

When people hear I am doing an MBA from home in the middle of this pandemic, their usual reaction is: "I have no idea how you are managing it." I have no idea, either. However, my experience is the pandemic has brought me the gift of time and has also spurred my personal growth.

I have wanted to do an MBA since I was six, inspired by attending my father's MBA lectures as a child. Years later, after spending most of my career in the same finance department, I yearned for a change. I had two children and disagreed with the notion that I should stay in a job because it was "handy".

Soon after starting my own MBA, I embarked on a career change. Gone were the days of working on autopilot and watching the clock; I was now full throttle on a ginormous learning curve. Balancing a slew of Webex meetings with the kids' home schooling is no joke. Throwing an MBA into the mix probably sounds like complete lunacy. I won't lie; 18-hour days are required to keep everything ticking over.

However, nowadays my only commute is from upstairs to downstairs and therefore my schedule has shifted from traumatic to flexible.

There are other silver linings. With the world now online I have discovered that virtual meetings are a safe playground to develop assertiveness skills. It is easier for me to speak up through my laptop screen rather than in person. I feel more authentic and am now noticing that I am included in more diverse conversations.

Siobhan Blackwell
Dublin, Ireland

Mob attack on Capitol has echoes of '30s Germany

Is this America's Reichstag moment ("Rioters storm Congress after Pence defies Trump on election", Report, January 7)? Whether democracy, and the peaceful transition of power, lives or dies in America will be determined by the Republican party on the night of January 6/7 2021. The leadership of the Republican party must unanimously repudiate Donald Trump and his lies about the "stolen" election. If the American republic is to survive, the time for the Republican party to humour Mr Trump is over.

Guy Wroble
Denver, CO, US

Macron's France is a post-imperial power in search of a role

GLOBAL POLITICS

Philip Stephens



Wanted: a global role for a serious European power with a colonial past and the political will and military means to venture beyond its own borders.

No one will ever accuse France's Emmanuel Macron of lack of resolve. The first instinct of many European leaders in response to geopolitical upheavals is to hide under the bed covers. The president of France's Fifth Republic is more likely to dispatch a warship.

Mr Macron's grand project is to create a "sovereign" or "autonomous" Europe. At its heart, this means that Europeans should not sign up to a bipolar world shaped by Sino-American rivalry. Nor should they limit their options to the choices promulgated by Washington and Beijing. Europe should have a mind of its own, not least in securing its interests in the Mediterranean and Africa.

Among the keys to this European sovereignty, Mr Macron says, are a common intervention force, a common

defence budget and a common doctrine for action.

For anyone concerned about the US retreat from international leadership and the assertive authoritarianism of Xi Jinping's regime in China, the French president's strategic judgment sounds eminently sensible. US president-elect Joe Biden is patently sincere about restoring American Atlanticism. But, as time passes, Washington can be expected to wind down its contribution to the west's collective security. As for China, its approach to Europe is now well-established — pick off the weakest nations in order to divide and rule.

So there is much in the French proposition that even an ultra-cautious Germany should agree with. And, sure enough, the need for the EU to take on more responsibility has also become one of Chancellor Angela Merkel's mantras. It will loom large in her first meeting with Mr Biden. If, as expected, Ms Merkel stands down this year, her successor is likely to be more rather than less willing to widen the boundaries of German engagement.

The troubles arise because Ms Merkel departs from two of the French president's assumptions. The first is rooted in temperament. Mr Macron believes that in an age of great power competition and might-is-right regional autocrats, Europe must be ready to deploy "hard" power. The days when Europeans could hope the world would sign up to

post-nationalist liberal democracy have passed.

So when Greece clashed with Turkey last year over the two nations' disputed maritime boundaries in the eastern Mediterranean, Mr Macron dispatched a frigate and fighter aircraft in a show of support for Greece. But if Mr Macron's first instinct is to act, Ms Merkel is a conciliator. In place of missiles, she asked her foreign minister Heiko Maas to mediate between Ankara and Athens.

The second divide is more fundamental. Mr Macron sees the world through

His fear is that Biden's arrival will rekindle the complacency the EU can rely on the US for its safety

Gaullist eyes. The EU is as much a counterpoint to, as an ally of, the US. Strategic autonomy means the freedom to defy Washington as well as Beijing and Moscow. That's why France sustains a national nuclear deterrent that, unlike Britain's, is genuinely independent.

Outgoing US President Donald Trump's threat to dissolve Nato and disengage from Europe was a spur to France's long-term ambitions. Mr Macron's fear now is that Mr Biden's arrival will rekindle the complacency that long said Europe could put itself

safely in the hands of the Americans.

For Germany, a bigger European contribution to defence and security is viewed not as a substitute for the US defence umbrella but a means to persuade Washington to stay. Ms Merkel's defence minister Annegret Kramp-Karrenbauer says the aim is to demonstrate Europe is a "giver" as well as a "taker". Mr Macron's strategic autonomy is an illusion.

Somewhere between the French and German positions — a touch closer to Mr Macron than Ms Merkel — there is a sensible balance: a Europe with the capacity and strategic resolve to put out fires, to deter aggressors and promote neighbourhood security, but still be a partner of the US.

Mr Macron can fairly argue that this was not the deal struck at the outset of European integration. In return for political legitimacy and economic access, then West Germany offered France Europe's political leadership. "Europe will be your revenge" then chancellor Konrad Adenauer promised French prime minister Guy Mollet when the British scuttled back to Washington after the 1956 Suez debacle.

The role is no longer vacant. Berlin now calls the shots. Mr Macron deserves to succeed in his ambition for an internationally credible Europe, but it will still need the US.

philip.stephens@ft.com

Opinion

The nightmarish end to Trump's term

POLITICS

Edward Luce



Ninety minutes before rioters stormed Capitol Hill, US president Donald Trump addressed many of the same people using unequivocally inciteful language. "You'll never take back our country with weakness," he said. "You have to show strength." His lawyer, Rudy Giuliani, also called on the crowd to conduct "trial by combat".

A mob made up of "Make America Great Again" protesters, Proud Boys and other far-right groups took them at their word. Desecration followed. Four years after Mr Trump warned of "American carnage" in his inaugural address, he got what he wanted. The scenes of insurrectionists, some of them armed, ransacking Congress will go down in infamy in American democracy.

Nobody should feign surprise. Mr Trump has been vowing to "take back control" since before he took office. During the build-up to last year's presidential election, Mr Trump repeatedly predicted it would be the most corrupt in US history. Since losing, he has broadcast that falsehood ever more loudly.

He said it again yesterday afternoon in the video he released urging his supporters to go home. (Twitter later locked the president out of his account and insisted he delete the post.) On Twitter and elsewhere, Mr Trump has fuelled the QAnon conspiracy theory that Washington is controlled by a deep state of paedophiles. A large minority of Americans now believe the US election was fraudulent. No wonder some were ready to storm Congress as it met to certify Joe Biden's victory. The only surprise is that there were not more.

The most pressing question now is what Mr Trump might try to do in his remaining nearly two weeks in office. Senior military in the Pentagon have discussed at length how they would respond if he tried to declare martial law, using the 1807 Insurrection Act.

Some around Mr Trump, including Michael Flynn, his former national security adviser, have urged him to invoke it. After supporters stormed the Capitol, Ivanka Trump, the president's daughter, called them "patriots" in a tweet she later deleted.

The concern about what Mr Trump can still attempt to do is not academic. In spite of what happened yesterday, he

Four years after he warned of 'American carnage' in his inaugural address, he got what he wanted

still commands the personal loyalty of many people in uniform.

One reason why the mob so easily breached Congress is because many of the Capitol Hill police officers were clearly in sympathy. Some even took selfies with the insurrectionists inside the Capitol building. The contrast with how Black Lives Matter protesters were treated last June, when law enforcement

violently cleared Lafayette Square to make way for Mr Trump's photo-op, was glaring. Had African-American protesters tried to storm Capitol Hill, or the White House, there can be little doubt that bullets would have been used.

The next question is how many Republicans will continue to support Mr Trump's "stolen election" narrative.

Shortly before Congress was invaded, Mitch McConnell, the outgoing Senate majority leader, repudiated Mr Trump's attempts to declare the election a fraud. Critics will say Mr McConnell's surprisingly forceful address was a day late and a dollar short. But he was able to state reality forcefully when it mattered. The same cannot be said of Ted Cruz, the Texas senator, Josh Hawley, the Missouri senator, and more than 100 of their colleagues in both houses. Their theatrical protest against the election certification was interrupted by a real-life assault on the building in which they were speaking.

In his speech, Mr Cruz said the fact that so many Americans believed the election was a fraud posed "a profound threat to our country". Here was a clas-

sic case of the arsonist posing as a firefighter. Fifteen minutes later, the session was abruptly halted.

As senators were hurried to safety, Mitt Romney, the Utah senator, who has been a rare Republican voice warning of Mr Trump's authoritarianism, yelled to GOP colleagues: "This is what you've gotten." He was right.

Agree with him or not, Mr Romney speaks for the party that used to care about the constitution, law and order, US standing in the world, and civility in politics. There may also be a silver lining to what happened. The ambiguous "see no evil" Republicans are having to make a choice: are they patriots or insurrectionists? Some have changed tack and endorsed the election result. Others, who continue to throw in their lot with Mr Trump, are now tied to his mob. They may not have expected events to turn quite so dark. But that was the gamble they took. As John F Kennedy said in his inaugural address: "Those who foolishly sought power by riding the back of the tiger ended up inside."

edward.luce@ft.com

Republican party must break president's stranglehold

Bruce Bartlett

The Republican party has suffered three massive blows to its power and image this week. First, President Donald Trump was

recorded putting illegal pressure on the Georgia secretary of state (who controls elections) to reverse his state's support for Joe Biden by "finding" enough votes to alter the November 3 election result.

Second, two Democrats won US Senate seats in a special election in Georgia, flipping control of the chamber from the GOP to the Democrats. And third was Wednesday's appalling attack on the Capitol in Washington as rightwing terrorists egged on by Mr Trump stormed Congress, forcing it to halt its official certification of Mr Biden's victory.

These are three of the most extraordinary back-to-back days in generations. One has to go back to the civil war era to find anything similar. Indeed, Mr Trump's supporters in Congress compared their actions to those in 1876, when Republican Rutherford B Hayes essentially stole the election from Democrat Samuel Tilden — southern electors were induced to support Hayes in return for the withdrawal of federal troops from the south. It's perhaps the most shameful episode in US political history and not one that any responsible person would cite as a positive precedent.

Yet a rerun of 1876, however, is precisely what Mr Trump has been trying to accomplish since election day — he has asserted that the election results were simply wrong, and that he had in fact won by a landslide, when he clearly lost by 7m votes. His legal team, led by the

He can make or break any GOP politician with a tweet and everyone lives in fear of incurring his wrath

increasingly clownish former New York City mayor Rudolph Giuliani has brought dozens of court cases asserting election fraud and other irregularities; all were rejected by judges appointed by both parties. There is no shred of evidence except in the fevered imaginations of Mr Trump and his most extreme supporters.

I think many Republican politicians were genuinely shocked that so many of their voters believed the crazy conspiracy theories and other nonsense that circulates on the internet, aided and abetted by rightwing cable channels.

Yet Mr Trump had cultivated extremism among his followers, at rallies that often featured unhinged attacks on the media simply for reporting exactly what Mr Trump has said and done. Truth, it seems, was every bit as much of a threat to his power as Democrats. In the wake of that phone call on Sunday, for example, pro-Trump forces on social media insisted that the real crime was the release of the recording to the media, not its content.

Mr Trump's departure from office on January 20 will not change the underlying dynamics of the Republican party. He and his gang of malcontents will still have a stranglehold on the Republican nominating process for every election in the country.

This is the true source of his power — he can make or break any Republican politician with a tweet, and everyone lives in fear of incurring his wrath. That's why so many top Republicans such as Mitch McConnell, Republican leader in the Senate, indulged Mr Trump's fantasies. Only when they saw a mob descending on Capitol Hill did some of them finally find the courage to say "no" to the president for the first time. Even after the mob was removed from the Capitol, eight Republican senators and 139 representatives refused to certify at least part of the election results.

The Bible says that those who sow the wind reap the whirlwind. The events of recent days have proved the truth of that proverb. What's left of the US establishment will do its best in coming days to restore order and keep Mr Trump under control, hoping he will just go away and let everyone get back to business. Whether that is possible depends on forces and institutions that may now be beyond even Mr Trump's ability to control.

The writer worked in the White House for Ronald Reagan and on Capitol Hill for many years

Chances are rising for a US economic reset

FINANCE

Gillian Tett



Deloitte notes, the proportion of wealth held by the richest 10 per cent of Americans has jumped from 60.8 per cent to 70 per cent, and for the richest one per cent it has swelled from 17.2 to 26 per cent.

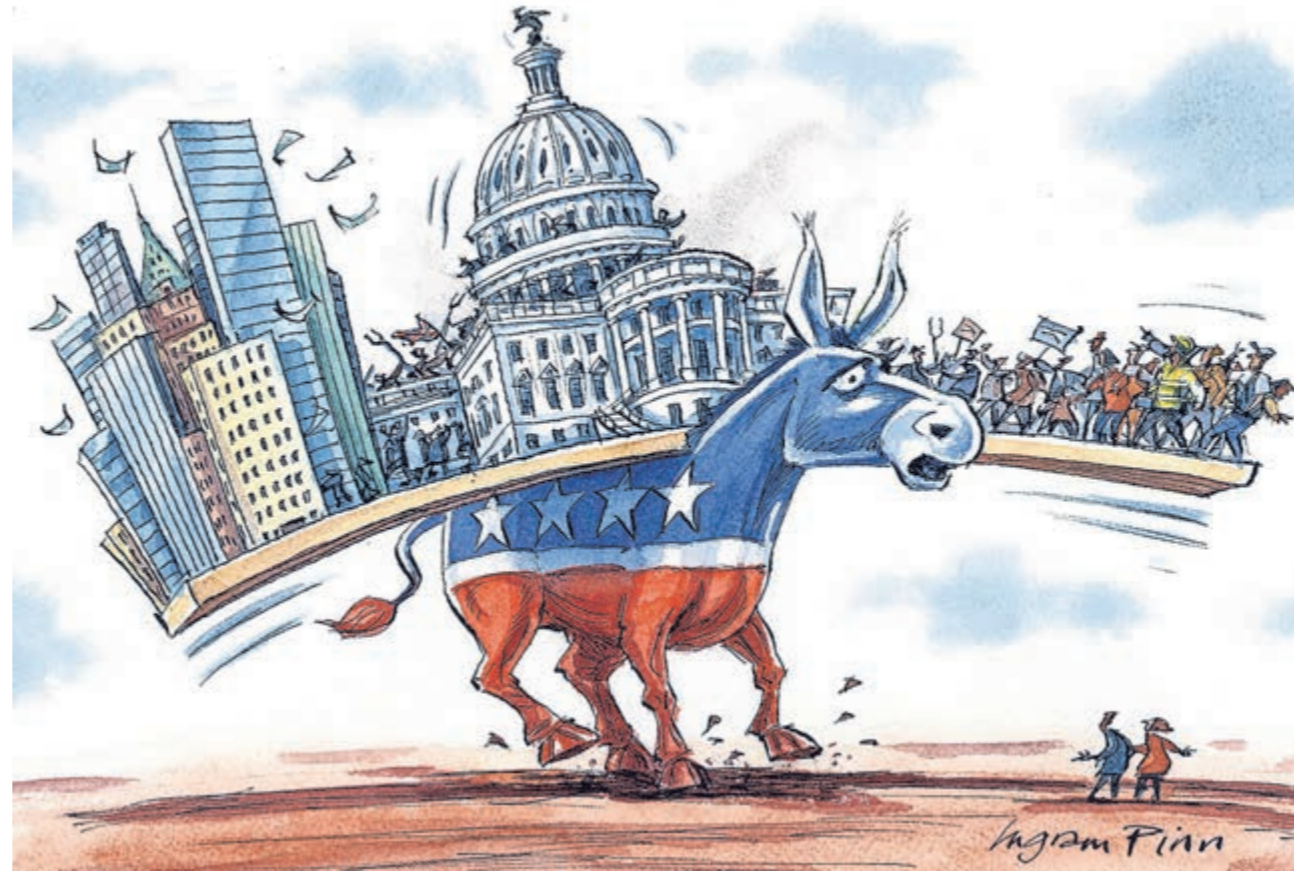
More alarming still, "Covid-19's impact on US income inequality [is that] it's going to get worse before it gets better," Deloitte adds.

Until recently, it seemed unlikely that a Biden administration would be able to do anything to tackle this grim trend. After all, most factors that foster inequality are outside the control of the White House, irrespective of who sits in it.

The president, after all, cannot easily conjure up millions of stable middle-class jobs to replace those lost to digitisation. Nor can he or she halt the Federal Reserve's programme of quantitative easing, which keeps inflating the value of assets held by the rich even as the household wealth of the poor has shrivelled in relative terms.

But now there might — possibly — be a chance for change. That is partly because the sheer shock of the pandemic and the recent political drama have reshaped popular assumptions about what is or is not normal.

Indeed, investors would do well to acquaint themselves with a lesson sketched out by the Stanford historian Walter Scheidel in a powerful 2017 book *The Great Leveler*. Although human societies have often tended to become more unequal over time, such trends have occasionally been reversed in



major reset moments sparked by plagues, state collapse or war.

The second world war was the US's last big anti-inequality reset. During and after the conflict the richest 1 per cent of Americans saw their share of national income fall from 16 to 8 per cent. The current pandemic may be another reset moment. With more than 360,000 US deaths so far, it offers a political excuse to think once-unthinkable thoughts.

Another more practical issue is that the Georgia election, where Democrats won two US Senate seats, gives Mr Biden's party majority control of both houses of Congress and thus the legislative tools to start to tackle inequality. Without that control, the Democrats could only have advanced their agenda

With more than 360,000 deaths, the pandemic offers a political excuse to think once-unthinkable thoughts

via arcane regulatory tweaks or cutting deals with Republicans.

Although the Democrats remain constrained in some areas by potential Senate filibusters, their control of Congress means they can contemplate measures to distribute fiscal support, overhaul the tax code and push for other structural reforms. It is a game-changer.

As a result, investors should expect more stimulus packages soon, particularly for households and small companies. As Mr Biden emailed supporters this week: "The bipartisan Covid-19 relief bill passed in December was just a down payment." Goldman Sachs analysts now expect another \$600bn on top of the \$900bn agreed late last year.

Investors should also expect the infrastructure investment plans that Biden's team believes will help create blue-collar jobs. Chuck Schumer, the incoming Senate majority leader, is a longtime infrastructure enthusiast.

There may well also be moves to embrace healthcare reform and student loan aid, although on more modest scale than progressives want. There will be

measures to expand unemployment benefits, encourage more states and companies to adopt a \$15 an hour minimum wage, and moves to reverse the shrinking proportion of national income won by labour versus capital.

Some tax cuts that Donald Trump ushered in for wealthy individuals and corporations will also be rolled back, and there will probably be other moves to create a more progressive tax code.

Will markets accept this smoothly, given that debt to gross domestic product is heading above 100 per cent? And will the Democrats' measures reverse the 30-year trend towards increased US inequality?

This remains unknown. Even so, the key point is that a long view of history shows that pendulum swings in policy-making tend to occur during abnormal times. Due to Covid-19 and the startling unrest, the US is now again at such a moment. Let us pray that Mr Biden can seize it to build a healthier political economy. If not, brace for more trouble.

gillian.tett@ft.com

Tech platforms are not entirely to blame for the unrest

TECHNOLOGY

John Thornhill



The two eternal questions of Russia's pre-1917 revolutionary movements were: who is to blame? what is to be done? Astonishingly, those same questions were reverberating around Washington on Wednesday night as shocked Americans struggled to explain the causes and consequences of the mob's storming of Capitol Hill.

Fingers were quickly pointed at the tech platforms, such as Twitter and Facebook, which have served as President Donald Trump's digital megaphones. Social media has been widely blamed for polarising political opinion, normalising extremism and mobilising violent protest.

Chris Sacca, a prominent tech investor, even accused Jack Dorsey and Mark

Zuckerberg, the chief executives of Twitter and Facebook respectively, of having blood on their hands. "For four years you've rationalised this terror. Inciting violent treason is not a free speech exercise," he tweeted.

In response to the violence, Facebook, Twitter, Instagram and YouTube locked Mr Trump's accounts and removed or qualified some of his posts. Many would argue that they have been four years too late given that Mr Trump has continually flouted their user rules throughout his presidency.

Renewed calls to tame the platforms' influence will doubtless intensify and pressure will build to revoke Section 230 of the Communications Decency Act of 1996, which gives internet companies blanket immunity for user-generated content posted on their sites. President-elect Joe Biden has already declared his support for such a move.

But we should not rush to judgment and execution. There is a lot of blame to hand around, and the knee-jerk solutions may not be as straightforward as they seem.

For sure, Mr Trump has weaponised

the social media platforms. With 89m followers on Twitter and 35m on Facebook, he has been able to speak directly to his supporters, framing issues in his own way.

But a study by the Harvard Berkman Klein Center has challenged the idea that social media is the primary vehicle for disinformation. In analysing allegations of voter mail-in fraud ahead of the presidential election, researchers stud-

Researchers have found that Fox News is far more influential in spreading false beliefs than Facebook

ied 55,000 online media stories, 5m tweets and 75,000 Facebook posts.

They concluded that this controversy was part of a systematic disinformation campaign drummed up by Mr Trump and Republican party leaders, amplified by many traditional media outlets. Fox News, the rightwing network run by Rupert Murdoch, was far more influen-

tial in spreading false beliefs than Russian trolls or Facebook clickbait artists.

"Our findings suggest that this highly effective disinformation campaign, with potentially profound effects for both participation in, and the legitimacy of, the 2020 election, was an elite-driven, mass-media led process. Social media played only a secondary role," the report concluded.

In this sense, Mr Murdoch is more to blame for the latest disorder than Mr Dorsey or Mr Zuckerberg. There is also evidence to suggest that the insurgents in Washington had largely moved off Facebook and Twitter to alternative platforms and sites, such as Parler, Gab, Telegram and TheDonald.win.

The Coalition for a Safer Web, a Washington-based advocacy group, has for weeks been warning of the dangers posed by these sites. It has explicitly called for the repeal of Section 230 to help defang them.

But it is worth thinking about the law of unintended consequences. Perversely, removing the immunity from liability might only reinforce the dominance of Facebook and Twitter. All

online sites would, in effect, have to assume responsibility for filtering information. But many challengers could not afford the moderation or legal exposure, and would fold.

Repeal of Section 230 might also kill off valuable user-generated services. Jimmy Wales, Wikipedia's founder, has argued that the online encyclopedia could not survive without such liability protections.

Jeff Kosseff, a legal scholar and author of Section 230's "biography", argues that reform would be better than repeal. He told me that a congressional commission should investigate how best to amend the measure. Exemptions already exist for copyright, terrorist propaganda and sex trafficking. In what ways can these exceptions be broadened to counter extremism?

In answer to the eternal questions, there is one clear and one highly contested answer. Who is to blame? Mr Trump and his political and media enablers. What is to be done? Rethink the limits of free speech.

john.thornhill@ft.com

Lex.

Twitter: @FTLex

Wall Street/Trump: the quieter riot

At least the Federal Reserve was not stormed by a violent mob. The most shocking day in recent American history was punctuated by lawless miscreants smashing their way into the Capitol, delaying legislators from formally certifying Joe Biden as the next US president.

The following day the S&P 500 hit yet another all-time high and spreads on junk bonds approached record lows. America's orderly financial markets never seemed more indifferent to a crisis in a previously consensual civil society. The obvious implication was that the former are simply not dependent on the latter.

Mr Trump is set to leave office in under two weeks, when Democrats will hold the White House and all of Congress. A full-strength fiscal stimulus should follow in tandem with victory over the pandemic. Those factors should continue to propel valuations upward.

Mr Trump repeatedly staked his presidency on rising financial markets, tacitly inciting Wall Street to ignore his creeping illiberalism because they were getting rich in the process. Business grew weary of his capriciousness on tariffs and trade with China. But Mr Trump largely gave Corporate America what it wanted. Emerging markets have typically had the same flavour: a political state that is untidy or corrupt but where commerce and capitalism still flourish.

As the Capitol mayhem ended, the National Association of Manufacturers broached the idea of removing Mr Trump. Many companies have been significant backers of a Republican Party which, via Mr Trump, has sown mistrust in the electoral system while passing legislation supportive of their bottom lines. It seemed as if these businesses were finally ready to cut Mr Trump loose.

Mr Trump's presidency has coincided with the paradox of a runaway bull market – the S&P 500 is up 65 per cent according to its compiler – combined with heart-searching over the role of business in society. The next great institutional investment category is comprised of funds demanding that business pursues so-called ESG imperatives. Investors increasingly

believe that doing well and doing good are not just related, but mutually dependent. The Trump years stand as uncomfortable evidence against that thesis. A reset of corporate values is now required.

Swaps/Brexit: fickle flows

Some of the City of London's auld acquaintances staged a swift flit in the early days of the new year: €6bn of trading in euro-denominated shares switched to European venues.

The scale of the shift took many aback. Sure, December's UK/EU trade deal had provided few guarantees of continuity in financial services. But London's much-touted charms as a financial centre were supposed to grant it an immunity of sorts. If the City cannot keep trading in EU shares, what of the far bigger, notionally speaking, market for derivatives?

Forget billions and trillions, SwapClear, which dominates the market for OTC interest rate swaps, cleared trades with a total underlying value of \$1.2 quadrillion in 2019.

The Bank of England has flagged disruption to \$200bn worth of interest rate swaps as a result of requiring EU and UK banks to trade in their own jurisdictions or in the US. The London Stock Exchange, which boasts a majority stake in LCH, owner of SwapClear, has calculated EU investors would have to cough up \$25bn extra a year to cover higher prices.

There would be a cost to the UK from lost business too. SwapClear last year reported revenues of €291m on a notional \$1,230tn (€989tn) cleared. Apply LCH's margins and tax rate to SwapClear and you get a corporate tax cheque of less than €30m.

EU institutions make up just 14 per cent of SwapClear's volumes, only half of which is euro denominated.

But theorists are ignoring the lure of liquidity. This is the reason many non-EU investors opted to trade euro-denominated shares in the EU on Monday. Continental regulators now know they have a good chance of onshoring trading in whole classes of securities by insisting EU funds buy and sell them locally.

Swaps contracts, which would have to be closed out on one platform and

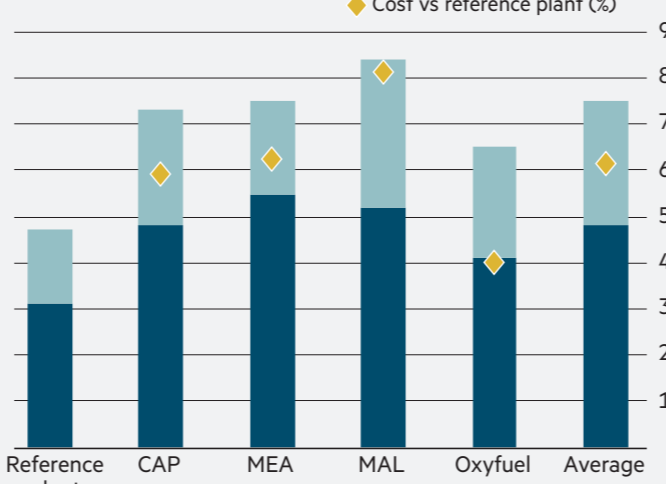
Cement/climate change: hard questions

The world's cement giants have to cut hefty emissions from making their product. After reducing fossil fuel use and the clinker content of cement, they will hit a barrier. Carbon capture and storage technology will be needed for further reductions. But this is currently prohibitively expensive.

Carbon capture cost of cement by method

€ per ton

■ Cash costs using 70% clinker
■ Capital costs (10-year payback)
◆ Cost vs reference plant (%)



FT graphic Source: Horizon Europe

Diversification makes sense for LafargeHolcim. The Swiss giant said yesterday that it would buy roofing materials specialist Firestone Building Products for \$3.4bn. The deal will help reduce the group's reliance on cement, a commodity with hefty environmental costs. Rivals HeidelbergCement and CRH both source a larger share of income from other products.

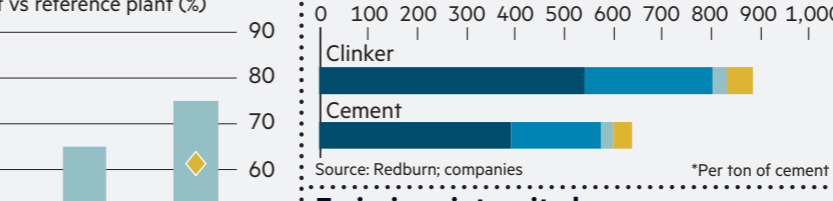
The cement sector accounts for as much as a tenth of global carbon emissions. Concern over its impact is set to deepen amid infrastructure spending splurges. Cement groups can expect the same uncomfortable scrutiny as the oil and gas sector.

Some 80 per cent of cement emissions arise from manufacturing.

Emissions intensity by production stage

Kg of Co2 per ton

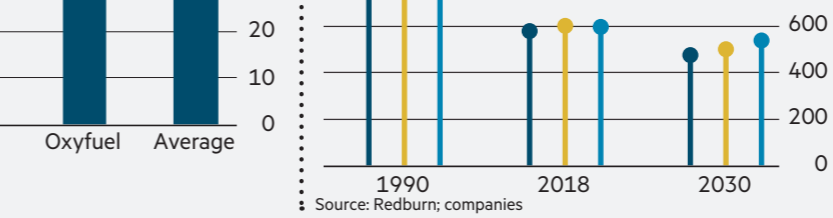
■ Calcination ■ Alternative fuel burning
■ Fossil fuel burning ■ Electrical energy



Emissions intensity by company

Kg Co2 per ton

● LafargeHolcim ● HeidelbergCement ● CRH



Source: Redburn; companies

The process of heating limestone and clay to create "clinker" has changed little since its 19th-century expansion. Large producers plan to cut emissions. LafargeHolcim is promising to produce a variety of "net-zero" cement. But reducing the group's total emissions will be expensive and take time.

The industry has cut its carbon footprint by almost 30 per cent since the 1990s. Pulling on the same levers should allow it to trim carbon intensity by another 20 per cent over the next decade. Of that total, about a third would come from tinkering with the energy required to heat raw materials.

Shifting from fossil fuels to "greener" alternatives such as household waste and biofuels is one strategy.

The unavoidable chemical process

that creates clinker produces a further chunk of emissions. LafargeHolcim hopes to reduce the clinker content of its cement modestly, from an average of 71 per cent to 68 per cent by 2030.

The big test will come when all such conventional avenues have been explored. After that, cement groups may have to pin their hopes on carbon capture and storage.

Emerging technologies here are prohibitively costly. Deploying them would lift the price of cement by 61 per cent on average, think analysts at Redburn. Using less cement to make buildings that are less permanent may turn out to be a better solution.

No wonder LafargeHolcim wants to hedge its bets.

reopened on another, are a lot stickier than equities. Even so, the City has little room for complacency.

US fintech: earning their Stripe

Fear is a powerful motivator. When the pandemic made cash seem unhygienic, US shoppers swapped notes and coins for contactless cards and online payments. Fintech middlemen such as Stripe, which takes a cut from digital payments, reaped the benefits. The San Francisco-based group's next funding round could make it the most valuable VC-backed company in the US.

A boom in online shopping plus Stripe's roster of big customers warrant

the jump. The company's fortunes are linked directly to the growth in e-commerce. Before the pandemic, these made up just 11 per cent of total spending in the US, according to Federal Reserve economic data.

That figure rose to 15 per cent in the second quarter of 2020. Morgan Stanley estimates US e-commerce sales last year will add up to \$746bn, up 25 per cent from 2019.

The shift is reflected in the share price moves of listed payment companies. PayPal shares are up 107 per cent in the past 12 months, Dutch company Adyen's 133 per cent and Square's 251 per cent. Stripe was valued at \$35bn in an April funding round. If its valuation doubles or more, it would not look out of line with listed peers. It is difficult to judge a potential

valuation of over \$70bn when Stripe offers no sales or profit figures and will only say that it processes hundreds of billions of dollars a year. If that worth was comparable to the trailing sales multiple at which Dutch fintech star Adyen trades, then sales in 2019 might be estimated at more than \$3.5bn.

Such details may remain under wraps for some time. Founded in 2010 by brothers Patrick and John Collison, Stripe is under the same pressure to go public as other late-stage start-ups, with early backers keen to exercise stock options. Hiring General Motors' chief financial officer Dhivya Suryadevara raised expectations of a listing. But if Stripe raises another large sum in private markets as it easily could, expect it to steer clear of markets for now.

HSBC/StanChart: democracy dividend

This year, Asian investors are seeking to avoid losers – especially companies out of favour with China – rather than pick winners. The latest idea has been to invest in the stock of HSBC and Standard Chartered, Asia-focused banks with headquarters in London. The shares are up about a tenth.

It is quite a rebound. HSBC and StanChart perennially underperform. They were caught in crossfire between Beijing and Washington, exacerbated by pro-democracy protests in Hong Kong. During the Hang Seng index's 27 per cent gain from its lows last March, HSBC shares fell 3 per cent.

The rally was led by fast-growing mainland companies listed in Hong Kong. These included tech giants such as Alibaba and Tencent. Beijing's crackdown has changed the script. Alibaba founder Jack Ma figures as the proverbial protruding nail whose fate is to be hammered flat. His criticism of regulators preceded the shelving of a flotation from subsidiary Ant Group and his absence from public events.

Risks facing HSBC and StanChart look modest in comparison. Their domicile in a democratic country with an independent judiciary reduces scope for political interference.

Bulls hope both banks have passed the worst phase for political risk. Beijing's scrutiny of disruptive rivals may even help them.

In HSBC's key Asian markets, fast-growing fintech companies such as Ant have been chasing the same deposits. Stricter controls on capital adequacy could curb competition.

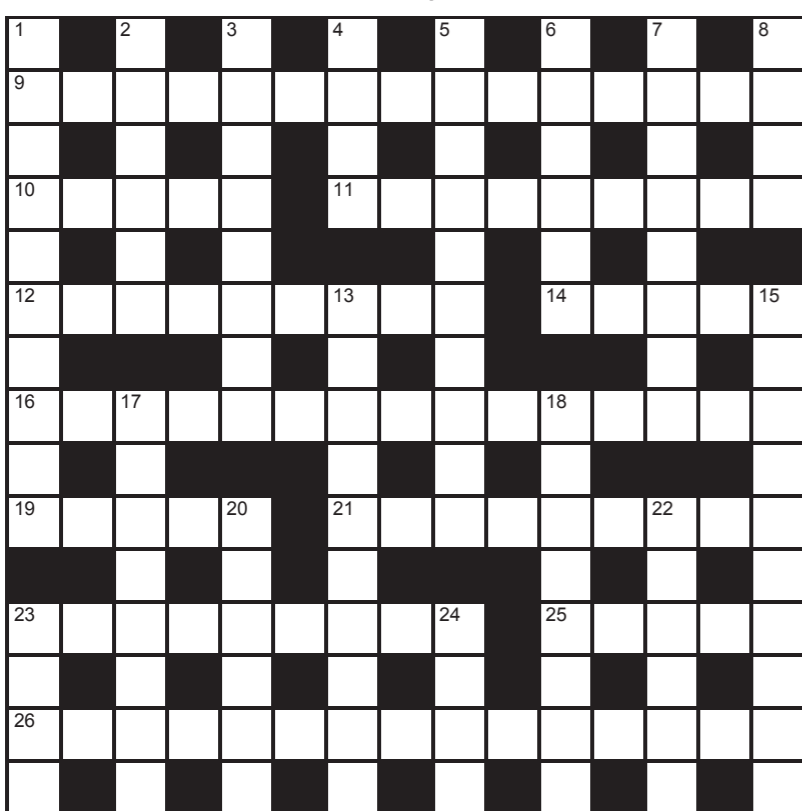
There are other reasons to stick to HSBC and StanChart. Trading volumes and fees from Asia have grown. China has recovered quickly from the pandemic fallout. A return of payouts is on the cards as regulators soften their stance. Both banks face hefty long-term challenges. Pressure on net interest income will persist and impairments will rise. But while the Chinese Communist party is cutting local tech giants down to size, foreign-based banks remain the safer bet.

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No 16,678 Set by BRADMAN



ACROSS

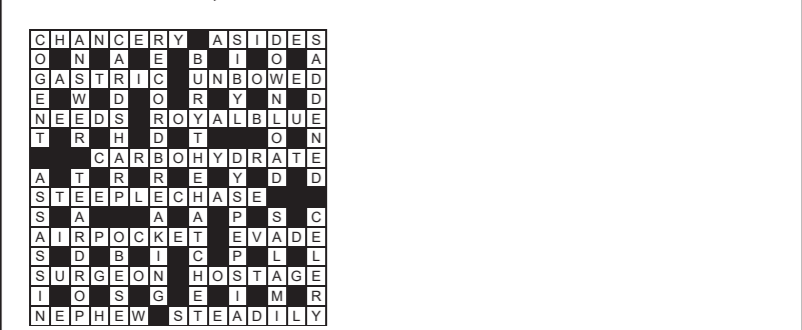
- Do I need it, read it, ultimately averse to change? (4-4,7)
- Page in directory (5)
- User of ship going by sea (9)
- Europeans in south with awful rain penetrating homes? (9)
- Graduate female's suffering setback – restorative treatment needed (5)
- They deal with medical problems sorting out oldies with impetigos (15)
- Gets rid of jazz instrument's sound (5)
- Plan supporting Greek character with others given backing (9)
- New deal on street – fellow deceived (3,6)
- Chinese wickedness – something very cold putting English off – (5)
- Music-makers come first with awful noise, play badly – gents no good! (4,11)

DOWN

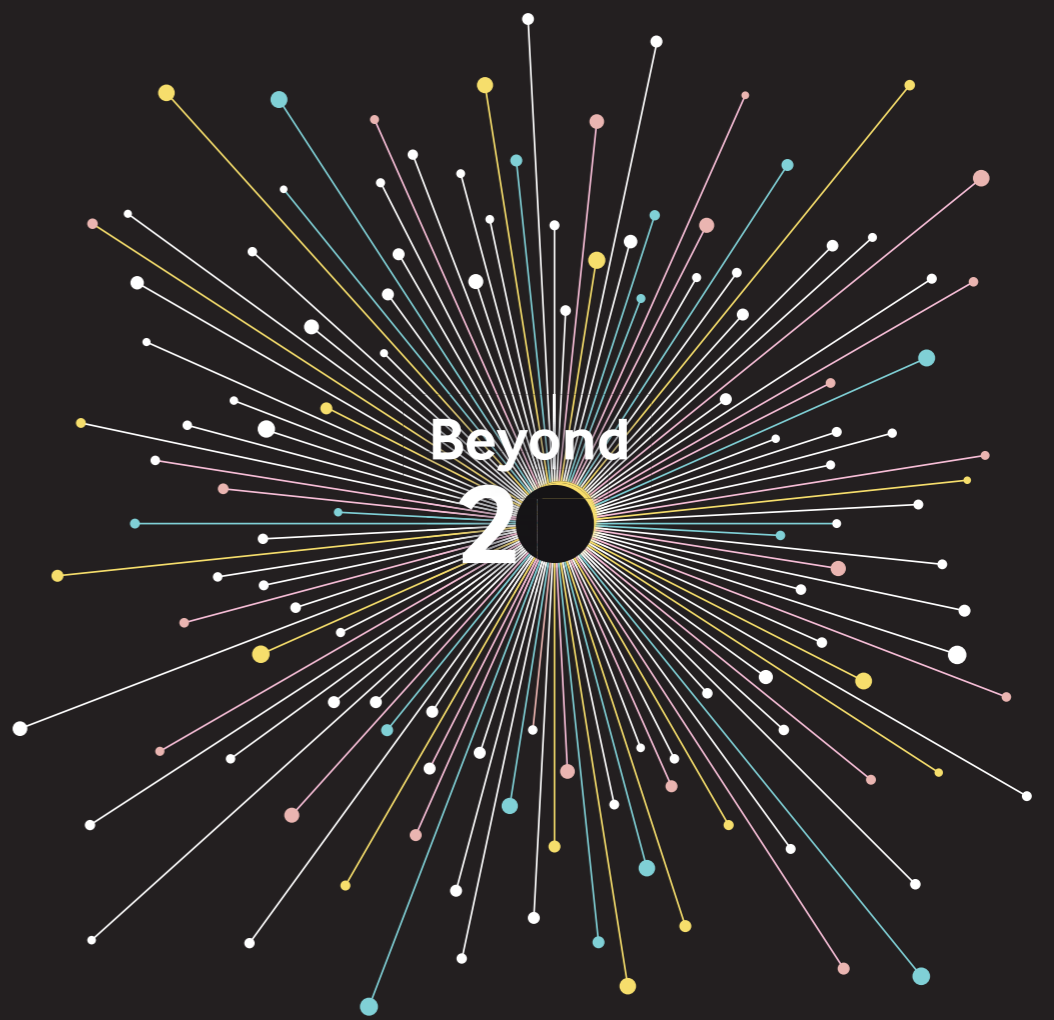
- Getting sadder, possibly notices people getting the message? (10)
- Is a cafe almost falling apart? Look at this above its window (6)
- Poison can make you a bit upset before long (8)
- Hairstyle of supermodel (4)
- Writer having restricted outlook from Iberia? (10)
- What you expect to find written round bad monument? (6)
- Sunhat I'd chucked, something flowery (8)
- Guerrilla can also appear with this remarkable person (4)
- One may be losing too many trees as frontier is shifted (10)
- Having two things to carry makes one unbalanced (6,4)
- Violent event? As one of the detectives, gets dispatched first off (8)
- Being nasty increased a great deal, we hear (8)
- One's in hide to see bird (6)
- A number in camp getting shelter (6)
- Legislation has finally taken what should be green (4)
- Royal house delivery when Queen is out (4)

JOTTER PAD

Solution 16,677



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