

# The Economist

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Cook's new recipe for Apple

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Biden and the special relationship

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Keep Powell at the Fed

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String theory tied up in knots

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AUGUST 28TH-SEPTEMBER 3RD 2021

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## Where next for global jihad?





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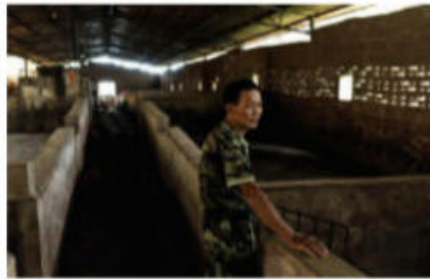
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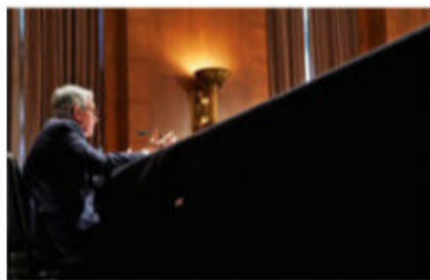
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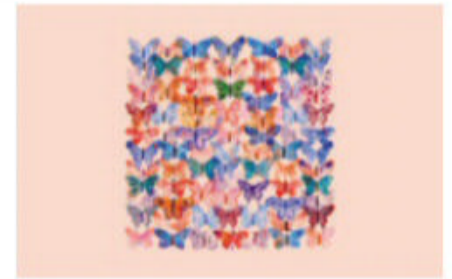
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Having seized control of **Afghanistan**, the Taliban told women to stay at home, supposedly for their own safety. America and other countries advised their citizens not to go to Kabul airport because of the imminent threat of a terrorist attack. The Taliban warned that there would be “consequences” if American troops remained beyond the evacuation deadline of August 31st. Ashraf Ghani, Afghanistan’s former president, turned up in the United Arab Emirates. A group of fighters in the Panjshir Valley continued to resist the new regime.

The World Bank suspended funding to Afghanistan, in part over concerns that the Taliban would interfere with development projects aimed at **women**. The IMF has already halted payments to the country. America and other countries froze almost all of Afghanistan’s \$9bn in foreign reserves. Experts warned of a looming economic crash.

Ismail Sabri Yaakob was sworn in as **Malaysia’s** prime minister following the resignation of the unpopular Muhyiddin Yassin. Mr Ismail Sabri comes from the same circle of politicians who backed the previous government, which mishandled the pandemic. He was picked by Malaysia’s king, who wants him to face a vote of confidence in parliament.

The ruling parties of **Japan** and **Taiwan** prepared to hold their first-ever security talks on August 27th to discuss the military threat from China. The talks are between parties and not governments because Japan and Taiwan do not have diplomatic relations.

In an unexpected move, **China’s** parliament delayed imposing a requirement that Hong Kong uphold an anti-sanctions law. The bill, passed in June, mandates the punishment of firms that comply with sanctions against Chinese companies or officials.

Joe Biden nominated Nicholas Burns to be his **ambassador to China**. Mr Burns was appointed to a role in the State Department during the presidency of George W. Bush and is a former American ambassador to NATO. Mr Biden also nominated Rahm Emanuel, a chief of staff under Barack Obama, as ambassador to Japan.

America’s Supreme Court overruled Mr Biden’s decision to allow **asylum-seekers** at the Mexican border into the United States while their cases are heard. Mr Biden had suspended an order from Donald Trump that directed the asylum-seekers to wait in Mexico. The court said the order must be reinstated, because Mr Biden’s action was probably “arbitrary and capricious”.

Kathy Hochul was sworn in as the governor of **New York state**, following the resignation of Andrew Cuomo amid claims of sexual harassment.

The House of Representatives passed a \$3.5trn **budget** with a provision that avoids a filibuster when the spending plan is debated in the Senate. Before the vote the Democratic leadership in the House faced a mini-revolt from party moderates, who were placated with assurances that an infrastructure measure that has bipartisan support will come up for a vote before September 27th.

At least 20 people died when floods swept through rural areas in west **Tennessee**. Flooding also killed at least 20 people in **Venezuela**.

The left-wing government in **Bolivia** charged Jeanine Áñez, a former interim president, with “genocide”. The far-fetched charge refers to the

deaths of 20 protesters, some of whom were supporters of the current government, during clashes with police in 2019. She has been in jail since April on charges of planning a coup against Evo Morales, her predecessor as president, and has been hospitalised recently for hypertension and trying to harm herself.

After calling a snap election Justin Trudeau, **Canada’s** prime minister, faced a double whammy of tightening polls and a barrage of criticism over a slow response to evacuating Canadian interpreters from Afghanistan. Polls suggest that Mr Trudeau’s Liberal Party will narrowly win the election on September 20th. But some are within the margin of error, and the Conservatives have criticised him for holding the vote while the country faces a fourth wave of covid-19. Inflation may also hurt his party.

An appeals court in **Kenya** upheld a decision by the High Court blocking a constitutional overhaul supported by President Uhuru Kenyatta. The scheme would have created dozens of new constituencies and several new posts, such as a prime minister. Many saw it as an effort by Mr Kenyatta to make it harder for his estranged deputy, William Ruto, to succeed him next year.

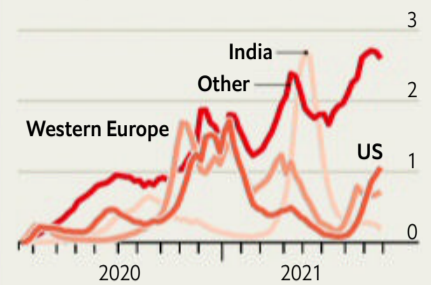
Hissène Habré, who ruled **Chad** from 1982 to 1990, died after contracting covid-19. He was serving a life sentence in Senegal for crimes against humanity. Thousands of people were executed, tortured or jailed under his regime.

**Tunisia’s** president, Kais Saied, extended his suspension of parliament until further notice, raising concerns about the future of the Arab world’s only real democracy. Last month Mr Saied dismissed the prime minister and assumed executive authority, actions that his opponents called a coup. But the president, who was elected on a promise to clean up corruption, has widespread support.

## Coronavirus briefs

To 6am GMT Aug 26th 2021

### Weekly confirmed cases by area, m



### Vaccination doses

	Total '000	% of over-11s with	
		1st dose	2nd
Malta	792	>99	>99
UAE	17,777	96	84
Iceland	477	95	88
Seychelles	143	93	88
Mongolia	4,299	92	85
Uruguay	5,382	91	85
Portugal	14,268	91	75
Bhutan	1,036	91	77
Qatar	4,288	89	78
Israel	13,051	89	82

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

America’s Food and Drug Administration gave its full approval for the **Pfizer vaccine**, which hitherto has been used under an emergency authorisation. The decision will embolden public and private bodies thinking of mandating the jab.

The Department of Defence was one of the first to respond and said it would enforce **vaccine mandates** on its troops. New York City decided that all staff who work in schools must have a least one shot by September 27th.

**Taiwan** began inoculating people using a vaccine developed by Medigen, a Taiwanese drug company. Critics say the emergency authorisation of the vaccine has been rushed.

Facing another wave of covid-19 despite its high vaccination rate, **Israel** expanded its booster-shot programme to over-30s. There are signs that the extra dose may be working to curb infections.

→ For our latest coverage of the virus please visit [economist.com/coronavirus](https://economist.com/coronavirus) or download the *Economist* app.



Joe Biden held a summit at the White House with the chief executives of America's biggest tech, financial and infrastructure companies to discuss **cyber-security**. Those attending included Tim Cook of Apple (pictured), Satya Nadella of Microsoft and Jamie Dimon of JPMorgan Chase. Criminal hackers have attacked several critical infrastructure- and software-systems this year. Mr Biden urged companies to help fill the half a million job vacancies in cyber-security.

**Chinese tech stocks** had a good few days, in part because robust quarterly earnings from JD.com, one of China's biggest e-commerce companies, suggested that it was coping well with the government's regulatory crackdown on the tech industry. China's internet giants are making sure they are seen to respond to the latest edicts. Pinduoduo and Tencent, two online platforms, said they would donate billions to worthy causes, after President Xi Jinping pressed high-income enterprises to "return more to society".

The share prices of Uber, Lyft and other **gig-economy companies** wobbled after a judge in California struck down Proposition 22, a voter-approved measure that allows the firms to continue classifying their drivers as independent contractors rather than workers. The judge found that the measure was unconstitutional and unenforceable, but stayed his decision until appeals can be heard.

Providing a contrast to the image of tech companies as fiendish reprobates, **Airbnb** offered free temporary hous-

ing to 20,000 Afghan refugees around the world. The home-rental platform and its charity have housed 25,000 refugees over the past four years.

**South Africa's** official unemployment rate rose to 34.4%, the highest level since the current method of counting joblessness began in 2008. Including those in the labour force who are discouraged from looking for work, the rate rose to 44.4%.

**South Korea's** central bank raised its benchmark interest rate by a quarter of a percentage point, to 0.75%. It was the first rate increase in almost three years, and comes amid growing consumer debt in the surging economy.

**Lengthening the odds**

Britain's Competition and Markets Authority published its report into the proposed takeover of **Arm**, a British chip designer, by **Nvidia**, America's most valuable semiconductor manufacturer. The CMA concluded that the deal would result in less competition and called for an official investigation. The government has already voiced separate concerns about the takeover on national-security grounds.

**Virgin Orbit** said it would list on the Nasdaq stockmarket by merging with a special-purpose acquisition company (SPAC) in a deal that includes an investment by Boeing. An offshoot of Virgin Galactic, Virgin Orbit is expanding its satellite-launch business and developing a constellation for internet-of-things services.

**Maersk**, the world's biggest container-shipping firm, ordered eight vessels with dual-fuel engines that will be powered mostly by "green" methanol. Maersk is busily decarbonising as freight customers look to reduce their own emissions in supply chains. But it may encounter problems securing stock of the methanol, which is made from renewable sources such as biomass and solar energy.

The British government rejected a plea by the retail and transport industries to fill an acute shortage of **lorry drivers** by giving temporary work visas to lorry drivers from the EU. The shortage of drivers has been caused by covid-19 measures and the departure of EU nationals after Brexit. Delayed deliveries are causing goods shortages. McDonald's ran out of milkshakes this week because of "supply-chain issues".

Goldman Sachs became the latest big bank in America to insist that employees and visitors to its offices produce proof of **vaccination** against covid-19. **Delta Air Lines** became the first big company to impose a health-insurance surcharge, of \$200 a month, on unvaccinated staff, though it is not requiring its workers to have the job.

Matt Mendelsohn was appointed as **Yale University's** chief investment officer after the death of David Swensen in May. Mr Mendelsohn worked closely with Swensen and now takes on full responsibility for Yale's influential \$31bn endowment fund.

**The latest porn hub**

Perhaps confirming the adage that sex sells, **OnlyFans** reversed its ban on explicit acts by adult performers on its platform, after a backlash from the porn stars who have driven the site's success (they say it gives them a safe space to earn money). OnlyFans had introduced the ban on rumpy pumpy after coming under pressure from creditors worried about reputational risks, but it has now found alternative ways "to support our diverse creator community".



# At Facebook, we're collaborating with UK partners to reduce COVID-19 misinformation.

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# Where next for global jihad?

**Other Islamist insurgents are inspired by the Taliban's triumph. The biggest danger will be in poor, unstable states**

**I**N YEMEN THEY set off fireworks; in Somalia they handed out sweets; in Syria they praised the Taliban for providing a “living example” of how to “bring down a criminal regime” through jihad. Around the world, jihadists were elated by the fall of Kabul. Through willpower, patience and cunning, a low-budget band of holy warriors has vanquished America and taken charge of a medium-size country. To Muslims who yearn to expel infidels and overthrow secular states, it was evidence that God approves (see Briefing). The ripple effects could be felt far and wide.

In the next few days President Joe Biden will have to sort out the mess he has created at Kabul airport, where throngs are clamouring to flee. It is a dangerous moment for his presidency (see Asia section). In the longer term the world must deal with the boost to jihadism from America's humiliation. The chief risk is not that terrorists will use Afghanistan as a base from which to strike the West, as they did on September 11th 2001. Such attacks are harder now, since rich countries have better security. Besides, the Taliban are unlikely to tolerate big training camps for global-minded terrorists, as they crave recognition and aid.

Granted, some feel a duty of hospitality to foreign Sunni jihadists, and some will aid their militant cousins in Pakistan, making that nuclear-armed state even less stable. But outside Afghanistan, the main ripple effects will be psychological. The Taliban's triumph will fire up jihadists in other countries, and spur recruits to join them. Some who live in rich countries will be inspired to commit acts of terrorism there. It does not take many such attacks to sow a sense of fear or roil domestic politics.

Even worse will be the effect in poorer, weaker states, where jihadists aspire not merely to kill but to control territory, or at least prevent the government from doing so. In places like Pakistan, Yemen, Syria, Nigeria, Mali, Somalia and Mozambique, they already do. In several other parts of Asia, Africa and the Middle East, they threaten to. Many are asking: if our Afghan brothers can beat a superpower, surely we can beat our own wretched rulers?

Jihadists are not all the same. Many disagree about doctrine. Many hate and fight each other. Supporters of Islamic State deride the Taliban, absurdly, as American stooges. One of the first things the Taliban did in Kabul last week was to pull the leader of Islamic State in South Asia out of jail and kill him.

Most jihadist groups are motivated primarily by local grievances: a predatory government, an ethnic or sectarian divide, infidel intruders. Yet they also tap into a global narrative. On their phones they see daily evidence that the oppression they face at home is part of wider pattern of persecution of Muslims, from the gulag of Xinjiang to the hellscape of Gaza. When jihadists anywhere succeed, they feel pride—and a call to action.

Bad government creates an opening for jihadism. When a state is unjust, its citizens may imagine that one run by jihadists might be better. Even if they do not take up arms, they may quietly support those who do. Many rural Afghans decided that Taliban justice, though harsh, was quicker and less corrupt than government courts, and that Taliban checkpoints were less

plunderous. This is one reason the Taliban's final march to power met so little resistance. The other was psychological: they won because when America pulled out Afghans did not want to die fighting for a lost cause. Similar principles apply elsewhere. Jihadists in north-eastern Nigeria are hard to beat because locals detest the central government and army officers sell their own men's weapons to the guerrillas and pocket the cash.

Once jihadists win power, however, they find that their ideology makes governing hard (see our Special report on the Arab world). Their desire to create a perfectly pious society, and ruthless intolerance of deviation from that ideal, make pragmatic compromise tricky. Islamic State's rule over a big chunk of Iraq and Syria lasted only three years. Its habit of drowning people in cages alienated a potentially sympathetic Sunni population. So did its failure to foster economic activities other than looting and kidnapping. It scared outside powers and Shia Iraqis so much that they clubbed together to crush it.

The Taliban were also dreadful rulers when they last ran Afghanistan. Much depends on whether they have learned from their mistakes. If a group of jihadists could not only seize a country but also run it tolerably well, jihadists everywhere would see it as a beacon. Senior Taliban are at pains to seem pragmatic and insist they will respect human rights. But rocky

times lie ahead. Taliban footsoldiers are already committing atrocities. Many urban Afghans, who have tasted the freedom to dress, work and study as they please, even if they are female, despise the new regime. Because reserves are frozen in America, it is short of cash. The Afghan economy has seized up; prices are soaring. The Taliban have yet to unveil good ideas for reviving it. Instead they bluster that skilled Afghans

must not emigrate. Skilled Afghans may have other ideas.

One lesson of the Afghan fiasco is that what happens in far-off failing states matters not only to the people who live there, but also to the rest of the world. Calamity in Kabul today means bigger refugee flows, more jihadist attacks and a greater chance that other Islamist insurgencies will prevail. That could destabilise a large number of countries, endangering both locals and the foreigners who visit or do business there.

Another lesson is that a purely military approach to fighting jihadism does little to make the ground less fertile for it. The long-term solution is to build less awful, less exclusive states. If the old Afghan government had been less corrupt and less inept in dealing with tribal power-brokers, it might have proved more resilient. Likewise, if northern Mozambique, southern Thailand, Kashmir or the vast expanses of the Sahel were more benignly ruled, they might not be havens for jihadists.

Improving governance is hard, not least since many countries vulnerable to jihad are also racked by climate change. More frequent droughts add to discontent and stir conflicts over water and pasture. Donors can offer advice and cash, but ultimately it is up to locals to build institutions that work. Unless existing states provide basic services and something resembling justice, the jihadists' siren song will always sound seductive. ■



## Britain's foreign policy

## A rock in a hard place

The mess in Afghanistan has shown up the shallowness of Britain's security policy

**D**URING DEBATE in Parliament and in unattributed briefings, British MPs, ministers and officials have used language to describe America's withdrawal from Afghanistan, and America's leader, rarely heard from such mouths. The withdrawal was "shameful", "dishonourable" and "catastrophic". President Joe Biden was "gaga" and "doolally". Tony Blair, the prime minister who sent British forces into Afghanistan at America's behest in 2001, wrote an article calling the withdrawal "imbecilic". Other reports, soon denied, claimed that the current prime minister, Boris Johnson, had referred to Mr Biden by the pejorative coined by his predecessor, Donald Trump: "Sleepy Joe".

The "special relationship" between Britain and America has been through many a rough patch over the years—and Britain was hardly the only American ally to complain (see Britain section). However, today's venting suggests the strain is as severe now as it has ever been. In part that reflects the chaos of the withdrawal, and America's failure to keep its allies informed. It also hints at problems with British statecraft that are more serious than a transatlantic tiff. To solve them, Britain needs to repair a relationship that has become frayed because of its own neglect: the one with its European neighbours.

The withdrawal from Afghanistan was part of a shift in America's plans to project its might towards a rising China. That means focusing on the Indo-Pacific region, where Britain, too, expects to be active—a recent review of foreign policy and security said as much. Even as politicians fulminated against Mr Biden, a British aircraft-carrier laden with American jets was sailing around Asia, soon perhaps to make the sort of "freedom of navigation" manoeuvre that American warships have used to counter Chinese influence.

But America's focus also means asking Europeans to take

more of the security burden in their own neighbourhood. One threat is Russian expansionism on Europe's eastern flank. Others include civil wars in north Africa that bring refugees across the Mediterranean and a Middle East further destabilised by Afghanistan's fall to the Taliban. These burdens are Britain's, too.

After decades sheltering behind American might, Europeans will have to spend more on defence, as well as build up military capacity and improve planning and co-operation. But even as they take halting steps in that direction, Britain is holding itself aloof. A European Union strategy for improving military mobilisation across borders has signed up America, Canada and Norway—but Britain has not asked to join. As NATO's European

members start to discuss taking more initiative within the alliance on matters where America's interests are not engaged, and the fall of Kabul revives calls for an EU army, Britain is silent.

This is foolish. Without Britain's heft as a nuclear power, permanent member of the UN Security Council and relatively big spender on defence, European security will be weakened. It is also petty. Britain's disengagement is driven

by Brexiteers within government, including Mr Johnson, who bank on rows with Europe as sure vote-winners. But Conservative Party interests run counter to the national interest. Britain cannot be safe if Europe is imperilled, and a Europe-shaped hole in Britain's foreign and defence policy will complicate negotiations with the EU on other issues.

For all that the Brexiteers see Britain's future outside the EU as being closer to America, this endanger-thy-neighbour approach is not even to America's liking. It wants its transatlantic allies to work together to defend their own interests, freeing it up to do more elsewhere. Reviving the special relationship will first require continental co-operation. ■



## The Federal Reserve

## The Powell punt

Despite his shortcomings, Jerome Powell should be reappointed as Fed chairman

**W**HEN NOMINATING the chairman of the Federal Reserve, America's president picks the person who wields the greatest immediate power over the global economy. Fed leadership brings with it control over American interest rates, responsibility for an \$8.3trn balance-sheet and the obligation to regulate the world's most important banks. A mistake in the Eccles building can throw millions out of work, roil global markets or unleash inflation. The Fed even props up offshore financial markets by offering foreign central banks a ready supply of dollars.

The fate of Jerome Powell, the incumbent chairman whose term expires in February, lies in President Joe Biden's hands (see Finance section). It is unclear how history will view Mr Powell's first term. Before the pandemic, his loose monetary policy

helped unemployment reach historic lows without provoking inflation. When the economy locked down in the spring of 2020, the Fed prevented a collapse of financial markets with enormous and swift interventions, some of which, such as the implicit underwriting of the corporate-bond market, were unprecedented. In August 2020 the central bank fine-tuned its 2% inflation target, which it had hitherto mostly undershot, by making it apply on average over the economic cycle, meaning that the Fed would have to compensate for its past misses.

Recently, though, Mr Powell's hand has looked less steady. By the measure the Fed targets, inflation has surged to 4% on a year earlier, or 6.4% if you annualise quarter-to-quarter price increases. The central bank's failure to foresee rising prices has ▶▶

► made its promises that inflation will subside less reassuring. The Fed could yet be forced into an abrupt reversal of stimulus.

In addition, the new inflation target, though desirable in theory, remains vague and poorly understood in practice. And the central bank is persisting with \$120bn per month of quantitative easing (QE), the buying of bonds with newly created money. Today's QE is unlikely to benefit the economy directly, but it creates hidden financial risks for taxpayers, because it involves the Fed, which they underwrite, issuing short-term reserves to buy long-term bonds. If short-term rates rise, the interest bill the Fed must pay on those reserves will soar.

Despite this mixed record, Mr Biden should reappoint Mr Powell. That is partly because any replacement the White House is likely to consider would probably be even keener on prolonging QE, and may also be sceptical of the welcome tidy-up of bank regulations that Mr Powell has also presided over. (The leading such candidate is Lael Brainard, a Fed governor.) But the most important reason to keep Mr Powell in his job is that this would be a terrible moment to give the impression that the White House wants to influence the Fed.

In the short term, the danger is that high inflation proves stubbornly persistent. With Mr Powell in charge, that would look like an honest mistake, one that his record suggests he would try to correct quickly. In 2018 the Fed raised rates as the economy heated up; in June it signalled that it would respond to higher inflation with tighter monetary policy, a plan markets

took to be credible. However, with a Biden appointee at the helm, chosen primarily for his or her fondness for stimulus, the Fed might look insufficiently independent and thus have to raise rates more—and thus slow the economy more—to convince investors that it was determined to contain inflation.

In the long term, the economic environment threatens central banks' independence. As interest rates have fallen close to zero, they have been left short of ammunition. QE, central banks' main alternative to cutting rates, is easily mistaken for the monetary financing of government deficits. Their armoury needs restocking and the division of responsibilities between central banks and government fiscal policy needs rethinking. Politicians and wonks must also co-operate to study central-bank digital currencies (CBDCs), which have the potential to transform how money and banking work. Decisions about CBDCs should be taken by elected leaders, but independent advice from technocrats will be crucial. A new appointment risks fuelling suspicions that all these reforms will politicise central banking.

### Church and state

Mr Powell got his job four years ago because Donald Trump threw out a precedent, intact since the 1970s, that presidents should reappoint Fed bosses chosen by their predecessors, even those from opposing parties. Mr Biden would do well to reassert that principle, and thereby send the message that the executive branch respects the Fed's independence. ■

Tim Cook's Apple

## The future of Capletalism

Apple has been the beneficiary of a freewheeling economic era that is drawing to a close. Watch how it adapts

WHEN TALKING about Apple, it is hard to avoid superlatives. It is the world's most valuable firm, with a market value of \$2.5trn. Over 80% of that has been amassed during the tenure of Tim Cook. No other chief executive has created more absolute value for shareholders. As he celebrates his tenth anniversary at the helm this week, he can look back with satisfaction. Instead of trying to imitate Apple's co-founder, he took Steve Jobs's creation and made it better and bigger. Much of that success has come from maintaining Apple's record of innovation and its brand. But Mr Cook has also made the most of an era of open, globalised capitalism that is fading away. He plans to stay in charge for five years or more (see Business section). How he deals with the new environment will form the next epic chapter in Apple's story.

Even by the standards of other tech giants, Apple is unusual. It is older (established in 1977); it mainly sells hardware; it is controlled by investors not founders; and it is more global, with a higher share of sales outside its home market than Alphabet, Amazon, Facebook, Microsoft, Alibaba or Tencent. Under Mr Cook's supervision, it has exploited four trends. One is global supply chains: it has built an immense production network with China at the centre and components coming from around the world. This machine is being cranked up ahead of the launch of the new iPhone 13 next month, with unit sales of some 90m expected. As well as employing Chinese workers, Apple has made a killing

from Chinese consumers, the second big trend. Its annual sales from China have roughly quintupled from a decade ago, to \$60bn, more than those of any other Western firm.

Apple has also thrived in an era when governments were relaxed about firms with high market shares. While the handset sector used to be brutal (think of the rise and fall of BlackBerry), and is still very competitive for cheaper phones, at the high end Apple is ascendant, with a revenue market share of over 60% in America and a dominant position in operating systems. Rather than compete with rival tech giants, it has been a beneficiary of a cartellish cosiness, receiving vast payments from Google in return for making it the iPhone's search engine. The last trend is tax avoidance. Thanks in part to legal structures using tax havens, Apple has made average cash-income tax payments of just 17% of pre-tax profits over the past decade.

However, those four trends are becoming less favourable. Geopolitical tensions threaten global supply chains. President Xi Jinping's authoritarian policies have dulled the attractions of relying on Chinese consumers for 18% of sales. His new slogan of "common prosperity" may signal a desire to cut corporate profits (see Free exchange). Western trustbusters are targeting tech, including those Google payments and Apple's App Store, which Epic Games, the maker of "Fortnite", accuses of levying excessive fees. And a deal this year brokered by the OECD may gradually force multinationals to pay more tax. ►



► So what, exactly, is Mr Cook's plan? One of his achievements has been to maintain Apple's cult of secrecy. Wall Street survives on a diet of generous share buybacks and meagre information about the firm's strategy. Still, some things are clear.

Apple will find ways to sidestep tax bills, but the rate it pays will probably rise. It will continue to shift towards being a subscriber-based firm with over 1bn users who enjoy an array of services (which already generate 21% of sales). Apple is still about beautiful design and flawless manufacturing, but it also wants to be a trusted intermediary in a toxic and unruly digital sphere, able to charge handsome fees. And it will continue to try to invent a new generation of hardware—iGlasses or iCars, say—that can supplement the iPhone as the gateway to Apple's world.

Yet on the two thorniest problems Mr Cook has not made up

his mind. On supply chains, although Apple has shifted the mix of its own long-term assets to America—the share has risen from 38% in 2012 to 70% now—key suppliers including TSMC, a chip firm, are lukewarm about putting production there. If the Sino-American rift deepens, or Apple's relations with Beijing sour, Mr Cook will need to pivot away from China, with momentous consequences for its margins and for world trade.

Meanwhile heat from trustbusters and Apple's shift into services may catalyse competition with other tech firms. Apple has skirmished with Facebook over privacy this year; it could yet push deeper into search, e-commerce or entertainment, breaking apart tech's cosy club. The rest of Mr Cook's tenure is unlikely to be as successful as the first decade was, but his decisions will be just as momentous. ■

In praise of physics

## To see a world in a grain of sand

**Fundamental physics is one of humanity's most extraordinary achievements**

IN THE PAST few centuries physics has transformed both daily life and world history with novelties ranging from electricity to nuclear bombs. Physicists have also broadened humanity's horizons, literally and metaphorically. Time and again, they have overturned notions of reality previously held—often by the self same physicists—to be fundamental. They could be about to do so once more.

On a cosmic scale, a universe that was once thought to be a few thousand years old, and to consist of a handful of orbs circling Earth against a fixed backdrop of stars, has been shown to have an age of 13.77bn years—a value believed to be known to within a precision of three parts in a thousand. That universe may also be infinite in size. Certainly it stretches at least as far as the distance that light can have travelled in the period since its birth, for what can be seen of it with telescopes has no boundary.

Physics has also revealed what everything is made of, up to a point. It has turned the atom, once a figment of philosophy, into a quotidian object to be trapped, observed, put to work and split—sometimes to produce energy, sometimes to produce knowledge. It has now assembled a plausible catalogue of the components of these atoms and of the components of some of those components, together with a list of the forces that hold everything together. But progress in this area has come to an unexpected halt.

Physicists have got used to the idea that mathematical theories can be turned into reliable representations of reality, thus producing understanding. And one discovery based on maths that physicists were pretty confident of making was of a phenomenon called Supersymmetry, which gives coherence to the current, rather ad hoc explanation of the menagerie of fundamental particles that has been collected since the 1890s. Supersymmetry is a stalking horse for a yet-deeper idea, string theory, which posits that everything is ultimately made of infinitesimally small objects that are most easily conceptualised by those without the maths to understand them properly as taut, vibrating strings.

So sure were most physicists that these ideas would turn out

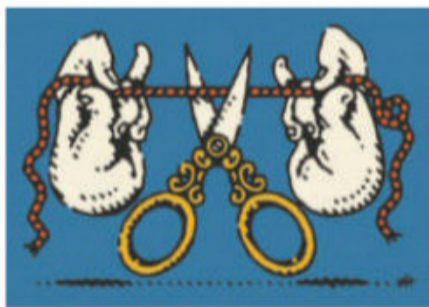
to be true that they were prepared to move hubristically forward with their theorising without experimental backup—because, for the first decades of Supersymmetry's existence, no machine powerful enough to test its predictions existed. But now, in the form of the Large Hadron Collider, near Geneva, one does. And hubris is turning rapidly to nemesis, for of the particles predicted by Supersymmetry there is no sign.

Suddenly, the subject looks wide open again. The Supersymmetrarians have their tails between their legs as new theories of everything to fill the vacuum left by string theory's implosion are coming in left, right and centre (see Science and technology section). All of these are mind-bending. One modestly seeks to overturn the principle of causality. Another suggests that everything in the universe really is connected to everything else, and that it is from this simultaneous connection of all with all that the fabric of reality emerges. Time and space are, on this view, not fundamentals of nature, but merely the effects of deeper processes.

Such ideas are in the grand tradition of physics upsetting what seems, to the limited outlook of the human intellect, to be common sense. The theories of relativity promulgated a century ago by Albert Einstein, with their trade-offs between space and time, and their warping

of both of these by the presence of massive objects to produce the effect dubbed “gravity” by Sir Isaac Newton, are not common sense. As for quantum theory, coeval with relativity, which claims that impossibly distant happenings can be related to one another and knowing some things precludes you from knowing others, the less said about common sense, the better.

That the human intellect struggles with all this should not be surprising. It evolved so that a social primate could find food and mates and keep safe by interpreting a world halfway between the submicroscopic realm of the quantum and the cosmic vastness of relativity. It has become a commonplace that human brains are lumbered with these limitations—cognitively, socially and politically. How surprising and gratifying, then, that humanity occasionally manages to use mathematics, observation and experiment to transcend its own limits so spectacularly. ■



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**Counting refugees**

Your even-handed report on the 70th year of the global convention on refugees captured the complexity of an often contentious subject (“Well-founded fears”, August 7th). However, I challenge the European commissioner’s assertion that in Europe, “the huge majority applying for asylum are not refugees”. The EU’s own statistics suggest otherwise.

It is indeed a fact that across Europe the majority of asylum claims are rejected on first instance. But legal processes are not complete until all appeals have been heard. In asylum processes, for many years the trend has been that a significant number of cases that are rejected are overturned when higher courts and other responsible bodies review the decisions. Appeals are a normal part of any legal process and must be taken into account when talking about a refugee’s protection status. Partly because of the convention’s limitations that you described, people fleeing conflict, for example, may be granted different types of protection, such as humanitarian protection or “subsidiary” protection under EU law, rather than “refugee” status, but most of them are still refugees in need of shelter.

It should also be noted that the use and misuse of inadmissibility rules means that some people receive a rejection without the merits of their case ever having been heard. This happens to many of the Syrians arriving in Greece from Turkey, who *prima facie* are refugees but receive rejections because of the terms of the EU-Turkey deal.

Yes, it is true that there are people arriving who do not need protection, but this is probably a minority. Recognising the true balance between those in need of protection and those who do not is a step towards more rational policy options, such as increasing legal migration routes for non-asylum cases so that people are not in the asylum

“channel” (or the English Channel) when they have economic or family reasons for moving.

CATHERINE WOOLLARD  
Director  
European Council on Refugees and Exiles  
*Brussels*

**Two sides to Bolivia**

There is no doubt that Evo Morales stepped over the line in trying to secure an unconstitutional fourth term as Bolivia’s president in the elections of 2019 (“Fraud, coup or prologue?”, August 7th). But as well as the “pro-Morales mobs” that torched police stations, you should also have mentioned the abhorrent violence of opposition protesters.

Among other heinous acts, they burned the Wiphala flag (a national symbol of Bolivia’s indigenous majority), torched the houses of two regional governors as well as that of Mr Morales’s sister, and dragged a mayoress through the streets barefoot, doused her in red paint and forcibly cut her hair.  
WARREN QUINTON  
*Anyós, Andorra*

**Primrose Hill**

Regarding “Parks and recriminations” (August 14th), when pubs and clubs were closed last year because of covid-19, Primrose Hill park in London became an all-night party venue. Fireworks were let off and sound systems blared a short distance away from blocks of flats and houses, preventing people from sleeping. Drug-dealers congregated on the perimeter, supplying the party-goers. Many residents reported feeling or being threatened.

Since the spring Primrose Hill has been closed from 10pm to 5am on Friday, Saturday and Sunday nights. This does not constitute an undue infringement of anyone’s liberty. Residents have been able to sleep, a relief to almost everyone in the area, including those who live in nearby supported housing and council accommodation.

Your article ends by quoting two local campaigners who want to keep the park open all night. You could instead have spoken to any of the several hundred locals who think that a temporary closure at the weekends is a sensible solution. The quote from a local psychotherapist, which clearly implies that impacted residents are racist, is particularly troubling. In fact, the many hundreds of us who support temporary closure at the weekends, a group that includes all three local Labour councillors, are not motivated by racism or snobbery. They simply want a good night’s sleep and to feel safe in their neighbourhood.

LUCY COTTRELL  
*London*

**Relocating countries**

In recent years Palau, like many other small island Pacific nations, has faced threats to its survival that can be traced to climate change: saltwater intrusion, hurricanes, coral-reef bleaching, and even crippling droughts (“Moving story”, August 7th). Palau’s civilisation, perhaps 3,000 years old, has enjoyed seemingly limitless seafood plus protection from the violent seas beyond by an ancient barrier reef (Palauans chuckled when their islands were chosen for a season of “Survivor”).

As well as attracting foreign aid and investment, there is another story to these countries’ responses. Many of them have banded together in a successful regime to govern their most valuable economic resource—tuna—collectively. They have also forced the issue of climate change as a threat to international peace onto the UN Security Council’s agenda. And they continue to argue a straightforward legal theory in the courts, based on classic nuisance principles, that polluting countries bear responsibility for the damage they cause to others.

PETER PROWS  
Special adviser to Palau’s permanent mission to the UN,  
2005-13  
*San Francisco*

Reading about the prospect of Pacific islanders having to move their nations brought to mind the Sovereign Military Order of Malta. Recognised by 110 countries as a sovereign entity, it is located at Via Condotti 68 in Rome, where it has extraterritorial status. It has moved several times. Founded in Jerusalem in 1048, the Order subsequently relocated to Acre, Cyprus, Rhodes and Malta, which it ruled until 1798, when Malta was conquered by Napoleon. It subsequently relocated to various places in Italy before establishing its headquarters in Rome in 1834.

The Order’s sovereignty was made clear when, after the second world war, the number of transport aircraft that Italy could operate was limited by its peace treaty with the Allied countries. It transferred all aircraft in excess of that limit to the Order, though they were flown by Italian air-force personnel until they were returned to Italy in the 1950s.

MICHAEL TICKTIN  
*Roosevelt, New Jersey*

**They think it’s all over**

I wonder what the level of popular support for the latest UN climate-change analysis will be, in a world where a disturbing number of voters need to be bribed with doughnuts to get a simple covid-19 vaccine (“It is not all about the carbon”, August 14th).

I recall a Monty Python sketch, when a stone-faced radio presenter played by John Cleese read the news. It went something like, “Good evening. This is the BBC reporting from London. It was announced today from the UN that the world has officially come to an end. And now, here are the football results.”

MIKE COLLING  
*Albany, Oregon*

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Spittelauer Lände 3, 1090 Wien; Austria; or via email: [rectorsearch@iwm.at](mailto:rectorsearch@iwm.at).  
Questions may be directed to the Acting Rector Ivan Vejvoda: [vejvoda@iwm.at](mailto:vejvoda@iwm.at).

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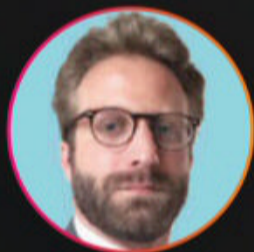
**Jim Scurlock**  
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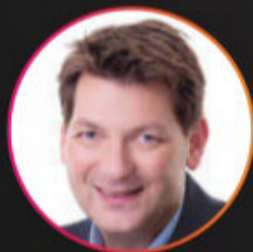
**Wendy Chan**  
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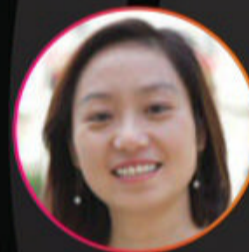
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## A new model for the armies

DAKAR, ISLAMABAD AND PARIS

### How the Taliban's takeover in Afghanistan could boost other jihadist insurgencies worldwide

WHEN A NEW American president takes office, the leaders of other countries compete to be the first to speak to him. When the Taliban took over Kabul, there was a similar rush to speak to Abdul Ghani Baradar, the public face of the Afghan militant group's leadership. The winner was Ismail Haniyeh, the leader of Hamas, the Islamist group which controls the Gaza Strip. The read-out of the call posted on Hamas's website has Mr Haniyeh congratulating Mr Baradar on his victory against the "American occupation" of Afghanistan. It would, he said, be "a prelude to the demise of all occupation forces, foremost of which is the Israeli occupation of Palestine". Mr Baradar responded in kind, wishing Hamas "victory and empowerment as a result of their resistance".

Such diplomatic niceties were matched with an outpouring of celebration from other jihadists. In the Idlib province of Syria, occupied by Hayat Tahrir al-Sham, a group thought to have ties to al-Qaeda, the

organisation which launched the attacks of September 11th 2001, fighters held a parade and handed out baklava on street corners. Three days of celebration were announced in the districts of southern Somalia controlled by al-Shabab, another al-Qaeda affiliate (pictured, training, above). On social media jihadists from all over the world shared memes celebrating the Taliban's victory, notably a pastiche of Joe Rosenthal's famous picture of American marines raising the flag on Iwo Jima.



#### The future of American power

Our series of guest columns on Economist.com continues with **Henry Kissinger** on why America failed in Afghanistan and **Robert D. Kaplan** on how geography saves America from the consequences of its mistakes. Other contributors will include **Kori Schake** on strengthening the rules-based order and **Radoslaw Sikorski** on what America's focus on China means for Europe. [Economist.com/by-invitation](https://www.economist.com/by-invitation)

America and its allies invaded Afghanistan on October 7th 2001. Osama bin Laden, the mastermind of the September 11th attacks, was living there under the protection of the Taliban, who were also providing his al-Qaeda followers with training facilities. America demanded that the Taliban hand him over; they refused. Within weeks anti-Taliban forces had driven them from Kabul with the help of American air power and ground forces.

Since then America has not suffered a terrorist attack on anywhere near the same scale. And as an organised, and organising, force, al-Qaeda is a shadow of what it was. Osama bin Laden is dead, killed in Pakistan, to which he had retreated, in 2011. The fear of a similar end, delivered by drone or special forces, forces his successors to live in hiding, thus hugely complicating their operations. Ayman al-Zawahiri, the Egyptian who became al-Qaeda's leader after bin Laden's death, has not been seen in almost a year—either through fear of death or because he has actually died. Though affiliates like al-Shabab have celebrated the Taliban's victory, al-Qaeda's central organisation has not said a word.

But the violent jihadist Islamism it pioneered has not been defeated. Al-Qaeda affiliates and other jihadist groups are active in conflicts not just in Pakistan and the Middle East but across the African Sahel and in India, Indonesia, Malaysia, Thai-▶

land and the Philippines. Not all those who embrace the label truly see themselves as part of a global struggle; many are more focused on their “near enemies” than the “far enemy” of America and its Western allies. But struggles with near enemies still bring about suffering, destroy livelihoods and force people to leave their lands, becoming refugees. They breed instability.

The ability to mount outrages like that of September 11th has apparently been curtailed by better intelligence, pressure on finances and a drumbeat of raids and drone strikes. But jihadist doctrines continue to inspire attacks by loner jihadists in America and Europe, though currently not at the rate seen in the mid-2010s. And the fight against jihadism entails, or acts as a pretext for, all manner of human-rights abuses—most notably in western China, where it is used as justification for the systematic oppression of the Uyghur and other largely Muslim groups.

As jihadist ideology has been espoused ever more widely, Western countries have sent troops, advisers and money to more and more places. Counter-terrorism and “countering violent extremism” have become worldwide industries. In 2020 America had 7,000 active troops stationed in a dozen or so African countries, plus training missions in 40 more, with militant Islamism the predominant focus.

The Taliban’s return to power is undoubtedly the most trumpetable moment for jihadists since Islamic State (IS) took advantage of Sunni disaffection to create a “caliphate” in western Iraq and eastern Syria in 2014. That inspired terror attacks in Europe and Indonesia. This victory is in some ways a greater one. For the first time since the defeat of the Soviet Union in Af-

ghanistan in 1989, Islamists have taken a country from a superpower. “Everyone else is saying, wow, if those guys can do it, so can we,” says David Kilcullen, a former soldier and counter-terrorism expert at UNSW Canberra, the military academy of the Australian Defence Force. “They’re dazzled, amazed and impressed by what the Taliban have achieved,” says Mina Al-Lami, who follows media used by violent and non-violent Islamists alike for BBC Monitoring.

What that means in practice will depend on how things play out in Afghanistan, how well the morale boost is transformed into victory on the ground, and how the countries the jihadists are targeting respond.

### It’s cold outside

Militant Islamism did not start with the Taliban and al-Qaeda. Its intellectual origins go back to the 1950s and 1960s, when radicals in Egypt began to develop a new ideology based on the rejection of socialism and capitalism and the secular, nationalist regimes in thrall to them. Sayyid Qutb, a leader of Egypt’s Muslim Brotherhood, became the movement’s great theorist. In America, to which he had fled to escape the attention of the Egyptian secret police, he was radicalised by his disgust at the natives’ morals and sexual mores, which represented “the nadir of primitiveness”. His driving motivation was the idea that Muslims were being brutalised by the regimes in their own countries which aped the materialism of such irreligious others.

Qutb was executed by the Egyptian authorities in 1966; the Muslim Brotherhood which he had reshaped continued in various countries, often underground. But in the Soviet-occupied Afghanistan of the

1980s his ideas took on a new form, going beyond resistance to individual regimes to become a worldwide armed struggle sometimes known as Salafi jihadism.

The Soviet Union’s invasion in 1979 had prompted hundreds of fighters from across the Muslim world to head to Afghanistan to join the *mujahideen*, or “holy warriors”. Bin Laden, a young Saudi who had inherited a fortune from his father’s construction firm and who studied under Qutb’s younger brother Mohammed, was one. So was Aden Hashi Farah Aero, one of the founders of al-Shabab. Abdelmalek Droukdel, one of the founders of al-Qaeda in the Islamic Maghreb, a group that fights in Niger and Mali, was there too, as was Abu Musab al-Zarqawi, one of the founders of what became IS. In Afghanistan they saw the beginnings of a jihad that would eventually lead to a truer, purer existence in submission to God.

Their common origin and faith, and their shared espousal of a lofty goal and barbarous tactics, does not make the world’s jihadis a united front. The fighters in Iraq who founded IS did so because they thought al-Qaeda too soft: the Afghan branch of IS has been in a bitter war with the Taliban in eastern Afghanistan for years. It was one of the few Islamist groups not to express admiration after the fall of Kabul, instead denouncing the Taliban as, in effect, American lackeys. The group’s newsletter, *al-Naba*, sneered that “Supporting Islam does not pass through the hotels of Qatar nor the embassies of Russia, China and Iran”, referring to the Taliban’s political offices in Doha and its relations with infidel states. As *The Economist* went to press, there were warnings that an IS-affiliated group was planning an attack on Kabul airport (see Asia section).

The animosity is reciprocated. The only execution the Taliban have admitted to since taking over was of Abu Omar Khorsani, IS’s leader in South Asia. But IS is an outlier. Mr Kilcullen is not alone in fearing that the Taliban may again allow Afghanistan to become a base for other jihadis. In the deal negotiated with America in Doha in 2020 the Taliban promised to disavow al-Qaeda and its international mission. They never did so. According to a UN estimate there may be between 400 and 600 members of al-Qaeda in the country, many sheltered by the Taliban.

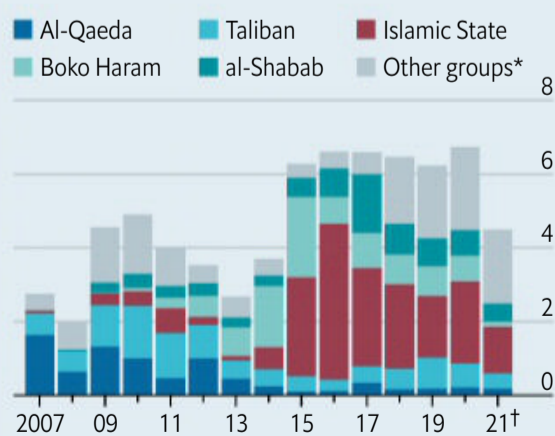
Sirajuddin Haqqani, the Taliban’s deputy leader, runs a particularly brutal semi-autonomous outfit called the Haqqani network which, among other things, used to serve as Mr al-Zawahiri’s connection to the Taliban. (If the al-Qaeda leader is still alive it may well still do so.) Members of the Haqqani branch of the Taliban have been prominent in patrolling Kabul since it fell to the militants.

Such connections do not mean that al-

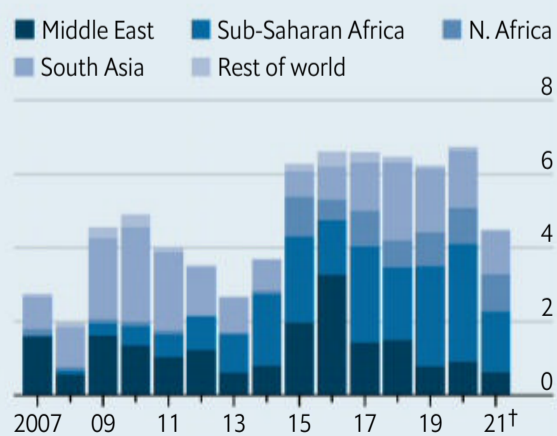
## 71,000 and counting

Islamist terrorist attacks, number of fatalities, '000

### By Islamist group involved



### By region



### By country, 2007-21†, % of total

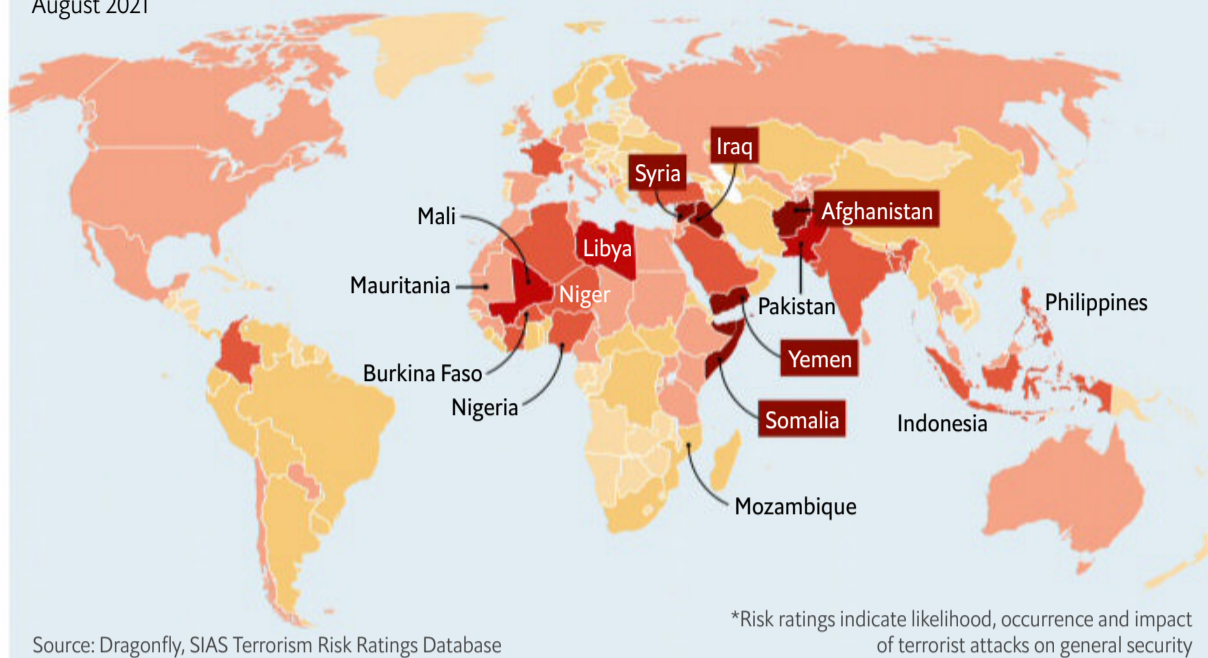


\*Includes unidentified groups †To August 2021  
Source: Dragonfly, Terrorism Tracker database

## Where things look worst

Terrorism risk index\*  
August 2021

Negligible Low Moderate Substantial Severe Extreme



► Qaeda will be able to swank about with impunity rebuilding its operations. The Taliban are unlikely to want anyone to start planning attacks on America or Europe, certainly not straight away. “For now al-Qaeda is lying low due to instructions from the Afghan Taliban,” says Asfandiyar Mir of Stanford University. But the Afghan regime change could nonetheless spread jihad to targets closer by.

A particular concern is Pakistan. The Tehreek-e-Taliban Pakistan (TTP), a jihadist group commonly called the Pakistani Taliban, waged a savage war there from 2007 until around 2014, when they were for the most part pushed back into Afghanistan. Having licked its wounds and regrouped, the TTP, many members of which are affiliated to al-Qaeda, has recently been stepping up its activities, with 120 attacks in Pakistan last year and 26 last month. The return of the Taliban to power in Afghanistan has already emboldened the TTP, and could well see it better supplied.

The Pakistani government has long backed the Taliban in various ways. It will welcome the weakening of Indian influence in Afghanistan heralded by their return to power. Militants it supports in Indian-administered Kashmir may well get a boost from Afghan fighters flowing back over the Hindu Kush. On Pakistani television on August 23rd the chairman of the party of Imran Khan, Pakistan’s prime minister, said that “the Taliban say they’re with us and they will come and liberate Kashmir for us.” Though a renewed TTP poses a problem, Pakistan probably thinks it can be kept in check by diplomatic and economic pressure. Afghanistan depends on Pakistan for a lot of imported goods. That said, now that the Taliban are back in power, they may feel they need Pakistan less.

A direct flow of materiel or soldiers from Afghanistan to conflicts beyond

South Asia seems less likely. The al-Qaeda affiliates in Africa and the Middle East may have been founded by men who fought in Afghanistan, but they have fewer direct links to the country today. Travelling to and from Afghanistan is harder than it was in the 1990s, says Aaron Zelin of the Washington Institute, an American think-tank, and harder than it was to travel to Syria when IS was in its pomp.

### Dunes and dooms

Even if it does not lead to direct support from the Taliban, though, America’s departure from Afghanistan will be a huge morale boost to jihadis. This may be especially true in conflicts where outsiders are involved on the government’s side. Keep on fighting, the lesson runs, and eventually the foreigners will give up and leave—even if they have been there for decades. And then you will win.

That may be right. In June Emmanuel Macron, the president of France, promised that French forces in the Sahel, the region defined by the southern edge of the Sahara desert, would not remain there “eternally”.

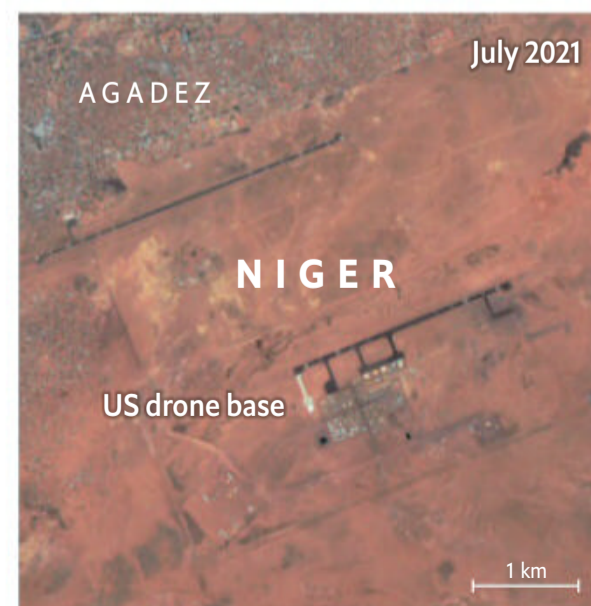
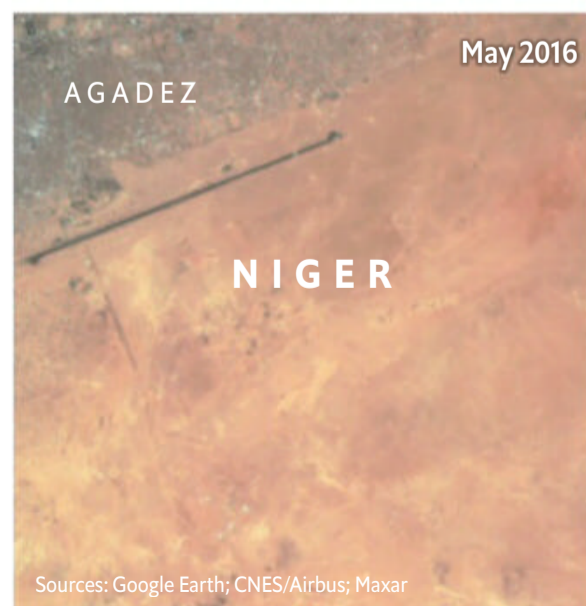
The deployment of the country’s force there, a mission known as Operation Barkhane, began in 2013 after jihadists seized the northern half of Mali. The Sahel’s jihadis have kept the force, which now numbers 5,100, busy ever since.

America has been part of the same fight. It built a huge military base in Agadez in Niger, another of the “G5” countries in the Sahel facing jihadist insurgents. (The other three are Burkina Faso, Chad and Mauritania.) It also deployed around 800 fighters in its special forces to Somalia, where they carried out raids on al-Shabab and co-ordinated more than 200 drone strikes.

Last December Donald Trump announced the withdrawal of most American troops from Somalia. Drone strikes were also stopped, though in July they started up again, under tightened rules of engagement. European funding for African troops in Somalia has been cut; Ethiopia, which has occupied parts of Somalia since 2009, is pulling its soldiers out to fight its own civil war in Tigray. France has begun a process by which Barkhane will have been halved in size and focusing more on killing terrorists than on protecting towns and cities. “As Africans, we face our day of reckoning just as some sense the West is losing its will for the fight,” wrote Muhammadu Buhari, the president of Nigeria, in the *Financial Times* on August 15th.

The Western withdrawal is not from a position of success. What happened in Kabul could be re-enacted in Mogadishu. Al-Shabab has been using Taliban-like tactics for some time, says Samira Gaid, the director of the Hiraal Institute, a security think-tank in Mogadishu. They undermine the government and international forces with terrorist attacks, while running a shadow government, even in government-controlled areas, to pay their fighters.

Much like the Taliban, they thrive on providing residents with a modicum of security beyond the gift of a failing state. Their violence is not popular, says Hussein Sheikh Ali, also of Hiraal, but their efficiency is admired. “If there is a man with a ►►



▶ checkpoint and he gives you his word, you get it; if there's a judge in their court and he says something, it will be enforced." By contrast, the internationally recognised Somali state is repeatedly ranked as the world's most corrupt.

In the Sahel over 700 people have been massacred by al-Qaeda and is so far this year. The latest attack, in a Malian village near the border with Niger on August 8th, killed 51. This somewhat undercuts the opinion of Marc Conruyt, the French general who commanded Barkhane until July, that "the Sahelian forces are [today] able to cope with the armed terrorist groups."

### Worse than the old boss

Since the militants tend to recruit among the Tuareg and Fulani minorities from the north of Mali, men from those groups are often crudely profiled by soldiers from the south of the country, where the militants are less pervasive. Ethnicity is not the only thing which can lead to an attack. So can wearing underpants (most Malians do not, so this is seen as evidence of having been in Libya). "People I know who have had fathers, brothers and sons killed then joined the militants," says Corinne Dufka, a researcher for Human Rights Watch, a charity based in New York.

The response to Islamist terrorism promoted by the West has often focused far too tightly on training security forces, says Michael Keating, a former British diplomat who has worked in both Somalia and Afghanistan and is now the director of the European Institute of Peace, a think-tank. It would be better to provide political space for them to operate in. "There's this tremendous focus on training, comms, all of the technical stuff," he says. But "actually if you're going to build a sustainable institution, you've got to make sure that the insti-

tutions are extremely well grounded."

In Somalia, where British and Turkish troops have been training the security forces, getting them to fight is not only a question of their technical abilities. It is a matter of building up local institutions worth fighting for. The same is true of the defence forces fighting in the G5 countries.

So what happens if the jihadists succeed? Few Islamist militants anywhere in the world have got as far as being able to govern much more than villages and rural districts. When they spread more widely, popular support is often vital. When IS took over the Iraqi city of Mosul they were initially welcomed by mostly-Sunni residents, who saw them as an alternative to the violence and corruption of the Shia-dominated Iraqi security services. Governments supported by America or Europe tend towards corruption as their officials look to make money from the spending being pumped in long-distance.

The new bosses provided services long neglected by the government, such as streamlined electricity bills and rubbish collection. And their installation saw a welcome fall in terrorist violence, since they had been responsible for much of that which had been going on before.

Nevertheless, they were also committed to a caliphate run along what they took to be the lines of the earliest Muslim civilisation. They quickly banned women from travelling outside alone, cracked down on vices such as smoking and drinking and started persecuting religious minorities. The level of popular dissatisfaction with those in power soon surpassed that which had originally seen them welcomed.

Money matters, too. While fighting, jihadists are able to extort revenue by taxing traffic on the roads and illicit industries; the Taliban have done well from opium

production. In power they typically need more revenue and cannot raise it in the same ways without delegitimising themselves. In Syria and Iraq IS developed a lucrative taste for ransoming foreigners. In Mozambique the jihadists who took over Cabo Delgado in early August have subsequently relied on looting banks and running extortion rackets on businesses. This means that they can pay their fighters, procure arms and continue the struggle. But the money gathered by looting or hostage-taking dries up. Foreign currency ceases to flow. Things get desperate.

Some of the same fate may await the Taliban. Before Kabul fell, the teachers who worked in schools and the doctors in clinics in Taliban-occupied territories were still paid by the central government in Kabul—and in turn by foreign donors. Taxing the transport of, say, fuel only works if there is foreign currency to pay for it. Afghanistan's reserves, which are largely held with the Federal Reserve in New York, are now frozen; it is not clear whether bilateral aid to the government will continue. There will still be ways to bleed the economy. But those giving the blood are liable to resent doing so.

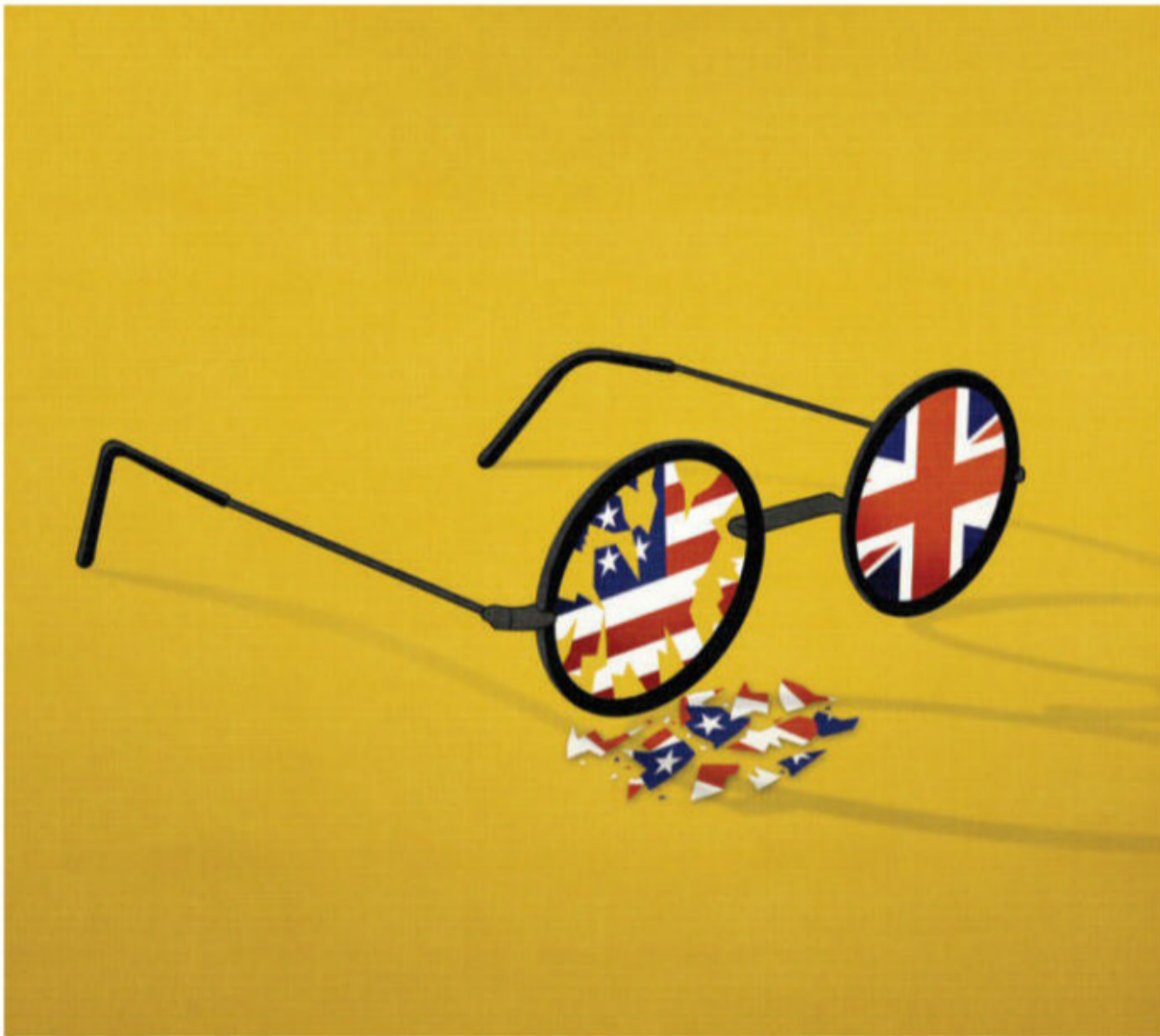
### Pen and sword

Jihad is not, in principle, the only way to get the strict Islamist states its followers desire. They could in theory be voted for. Governments with significant Islamist representation have had success in parts of Asia. But attempts to institute fully Islamist governments in the Arab world have proved strongly susceptible to backlash when their initial popularity wanes. The Muslim Brotherhood ruled Egypt for less than two years before a coup returned them to powerlessness, jail and worse. Last month, Tunisia's president sounded the death-knell on Islamism's participation in politics by dissolving the parliament in which an Islamist leader was speaker.

Tempting, then, to see the sword as mightier than the pen. Islamists who recall Egypt's former Muslim Brotherhood leader, Muhammad Badie, appealing to his followers to face down tanks with peaceful activism say such ideas are now mocked and denounced online. "The Taliban is capturing the popular imagination. When you express your thoughts against this violence, many attack you. It's a bit worrying," says Osama Gaweesh, an Egyptian journalist exiled in London. With poverty soaring and politics constrained in many Middle Eastern states, frustrations crave an outlet. Some speak of a renewed faith in mass action, this time carrying guns modelled on the Taliban. "They've given up trusting bankrupt and elite Islamist parties and organisations," says Naim Tilawi, a Jordanian Islamist who fought in Syria. "They want mass jihadism instead." ■



An inspiration across the nations



### The special relationship

## Yet another squabble

**By weakening transatlantic ties, the Afghanistan debacle has strengthened the case for Britain to work more closely with the European Union**

EVER SINCE Winston Churchill, British prime ministers have boasted of their special relationship with American presidents. Yet this supposedly sunny partnership has experienced its fair share of clouds. The past few weeks have seen a big one, after Joe Biden unilaterally announced that all American troops would leave Afghanistan by August 31st, opening the way to a lightning conquest of most of the country by the Taliban. The chaos that followed at Kabul airport as thousands of frightened Afghans tried desperately to escape has shocked the world—and led even the British to ask if the transatlantic relationship is still working.

This is certainly another unsettled moment. But it is worth remembering that the relationship has survived storms before, from the Suez crisis in 1956, through Harold Wilson's refusal to enter the Vietnam war, to Richard Nixon's decision to abandon the gold standard in 1971. Even when relations were warm, there were rows. Margaret Thatcher was infuriated by Ronald Reagan's unilateral invasion in 1983 of

Grenada, a member of the British Commonwealth. Tony Blair was angered by George Bush's refusal to sign up to climate-change targets. More recently the relationship between Donald Trump and Theresa May was icy, especially when he criticised her Brexit plans. America's habit of failing to consult even close allies before big decisions dates back decades, not weeks.

Although some Tories privately wanted a Trump re-election last year, Mrs May's successor, Boris Johnson, must have hoped for better things with Mr Biden. He received the new president's first phone call to a foreign leader, and in June welcomed him on his first overseas trip. Yet there were signs that the two are not soulmates. When a BBC man asked Mr Biden for comment on the campaign trail, his instant response was "I'm Irish!" He plainly disapproves of Brexit. He has little interest in a trade deal with the British (or anyone else). And his priorities as president are overwhelmingly domestic, not international.

All this helps explain some of the vitriol hurled at Mr Biden over the past couple of

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weeks for his hasty and shambolic withdrawal from Afghanistan. Unnamed government sources were quoted calling him gaga, or worse, and comparing him unfavourably with Mr Trump. On August 24th, when Mr Johnson as G7 president called an emergency meeting of the group's leaders, Mr Biden flatly rejected his allies' request for an extension of the August 31st deadline to pull out all troops. The race is now on to evacuate as many people as possible, even while accepting that thousands with strong claims to protection from America and its allies will be left to face the Taliban's vengeance (see Asia section).

Behind the headlines, diplomats on both sides insist that relations are still close. Mr Biden is said to have spoken to Mr Johnson more than to any other world leader. Sir Simon Fraser, a former head of the Foreign Office now at Flint Global, says structural co-operation in intelligence, security and military matters remains as deep as ever. Britain spends more on defence than any of America's other European allies and has dispatched its new aircraft-carrier, *Queen Elizabeth*, to the South China Sea, where America now spies its most important strategic interests. And Mr Biden should be far more helpful than his predecessor at the climate-change summit in Glasgow in November.

Yet changes in America over the past 20 years have inevitably downgraded the transatlantic link. It is over a decade since Barack Obama ostentatiously "pivoted" ▶▶

▶ from Europe to Asia. Mr Biden may have proclaimed that “America is back” after the Trump years, but he shares his predecessor’s preoccupation with Asia and the rise of China. America’s appetite for military engagement abroad has been reduced by experience not just in Afghanistan, but in Iraq. Its interest in places of most concern to its European allies, such as the Balkans or north Africa, has hugely diminished.

The real concern for Britain is that more clouds may lie ahead. The biggest may be Northern Ireland, which provoked tension in June. The Biden administration supports the Northern Ireland protocol struck between Britain and the European Union, which avoids a hard border in Ireland that might threaten the peace process by, in effect, keeping the province in the single market. Averse to the border controls between Great Britain and Northern Ireland that this necessitates, Mr Johnson’s government is demanding a wholesale rewrite and threatening to suspend the protocol if the EU refuses. Ian Bond of the Centre for European Reform, a think-tank, notes that support for the peace process is unusually bipartisan in America. If Mr Johnson is seen as threatening it, the reaction in Washington will be fierce.

The American administration has accepted the reality of Brexit, but still wants Britain to repair its battered relationship with its nearest neighbours. As Sophia Gaston of the British Foreign Policy Group, another think-tank, puts it, geography matters in foreign and security policy just as much as in trade. And that strengthens the case for the Johnson government to do more to engage with the EU.

The EU has offered just such a close relationship in foreign and security policy, only to be spurned. A recent British government review of foreign and security policy talked up relations with France and Germany, but largely left out the EU. Yet it is not really possible to forge closer bilateral relations only with individual EU members, because they are building a common policy in Brussels. A more adept British government would seek closer links with both America and the EU; as Karin von Hippel, director of the RUSI think-tank, suggests, it is always possible to dance with several different partners.

Peter Ricketts, another former head of the Foreign Office, notes in his recent book, “Hard Choices”, that Britain has fallen a long way from the early 1940s, when one of his predecessors drafted the Atlantic Charter that became the basis for the American-sponsored post-war international order. He is now a keen advocate of closer co-operation with the EU, not least because the Afghanistan debacle underscores the case for it. Sadly, the government’s ideological opposition probably means it will not happen. ■

OnlyFans

## No sex please, we’re skittish

**Under pressure from banks, a porn platform wobbles on x-rated content**

MARIE WORKED as a nanny for 14 years, until last October, when health problems made her switch to work she could do from home: selling amateur pornography. Today she makes \$12,000 a month on OnlyFans, an online subscription platform where she updates a feed of “BBW” (Big, Beautiful Woman) photos and videos, and sells extras including knickers-by-mail.

Perhaps not for much longer. On August 19th OnlyFans said that, from October, it would ban the explicit content that dominates the site. Contributors, some of whom had been reassured that it would “always” allow x-rated material, were outraged. Amid an exodus, on August 25th it suspended the ban. Performers like Marie, who thinks nannying is no longer an option after her spell in porn, are shaken. “OnlyFans was a godsend,” she says. “Now it’s kind of a nightmare.”

The site, founded in 2016 by 33-year-old Tim Stokely, tends not to feature in official promotions of Britain’s startup scene. Yet with projected revenues of \$1.2bn this year, it is one of the country’s most successful internet firms. After three slow years, during which a majority stake was sold to Leo Radvinsky, an American porn mogul, it boomed in 2020 as youngsters sought to make a living under lockdown. It now claims 130m users and 2m contributors, who earn more than \$300m a month after OnlyFans takes its 20% cut.

The botched pivot, likened by some to a strip club focusing on chicken wings, was

attributed to “the requests of our banking partners and payout providers”. Mr Stokely told the *Financial Times* that banks including BNY Mellon, Metro Bank and JPMorgan Chase had made life difficult (the banks declined to comment). The u-turn was credited to “banking partners’ assurances”.

Payment handlers have been tightening their rules on porn. From October Mastercard will require banks to certify that sites complete checks including reviewing content before publication. OnlyFans says it does this; in July it deleted 655 accounts, 15 for publishing child-sex images. But a BBC investigation found the site gave second chances to accounts that broke its rules.

This has spooked investors. The “creator economy” is all the rage among venture capitalists, who have piled into firms like Cameo, which sells celebrity videos. Yet despite its growth and fame (Beyoncé has namechecked it in a song), investors have passed on OnlyFans. Some see reputational risk. Others probably hesitated “while the threat of being shut down by payment processors hung over its head”, says Josh Constine of SignalFire, a venture fund.

Following its flip-flop, OnlyFans risks losing contributors, too. “What they’re trying to say is, ‘We’ve gone soft-core from hard-core,’ but their messaging has been so poor that they have gone to no-core,” says Myles Jackman, a lawyer who represents sex workers. Contributors have been circulating spreadsheets comparing other platforms’ payout rates. The Adult Performance Artists Guild (APAG), a union, has offered advice on how to switch to other sites, such as Fansly and PocketStars.

There is “a continuous migration of sex workers around the digital domain”, says Mr Jackman. Mira, a 23-year-old who has sold selfies since her teens, says her main worry about the OnlyFans fiasco is that “it may become a trend with any future site”. Payment firms like PayPal and Square have ditched porn. Cryptocurrencies may offer an alternative. Pornhub, which was dropped last year by Mastercard and Visa after being found to have hosted videos of minors, accepts Bitcoin and the like.

Without sex, OnlyFans’ purpose would be unclear. A few celebrities use it for non-x-rated purposes, including Floyd Mayweather, a boxer, but none has been a hit. Bella Thorne, an actress, made a fortune last year selling a “nude” photo for \$200, but had to issue refunds after buyers complained that she was still in her smalls. OFTV, a new venture that is clean enough for app stores, is full of bland “influencers”. Meanwhile, according to court documents OnlyFans’ parent company is being pursued by British tax authorities for more than £10m (\$13.6m) in unpaid VAT (the firm disputes it), and APAG is considering legal action. A quietly successful startup suddenly looks all too short of fans. ■



## Gamekeeping

## Pheasants revolt

**Britain has lots of pheasants—to the distress of some**

FOR SOME readers, “Lady Chatterley’s Lover” was a disappointment. “[T]his fictional account of the day-by-day life of an English gamekeeper is still of considerable interest to outdoor-minded readers, as it contains many passages on pheasant raising,” wrote a reviewer in *Field & Stream*, a hunting periodical, in 1959. Unfortunately, “one is obliged to wade through many pages of extraneous material” to get to the passages “on the management of a Midlands shooting estate”.

Pheasants rarely command attention—and yet there are oodles of them. The most recent estimate puts their number in early August (before shooting season begins) at 31.5m, and their share of the nation’s wild-bird biomass (together with the less numerous partridge) at around half. The number released into the wild each year after rearing has risen by around 900% since the 1960s. Yet, as in *Lady Chatterley*, they seem peripheral to the narrative.

One reason is that official figures held on them are so poor. The government knows how many pigs there are in England (4m), cattle and calves (5.2m) and llamas (1,000). There is a Sheep and Goat Inventory (in England, unlike the End Times, the species are bracketed together). And it tallies deaths caused by various animals, including dogs (two in 2019), rats (one) and crocodiles (zero).

But there are no good data on pheasants. Anyone who holds 50 or more captive birds should fill in a form for the poultry register, but many do not. Estimates differ wildly: another commonly cited one puts the total far higher: at 47m.

Opinions differ on whether this abundance is a good thing. Animal-lovers say that shooting pheasants is cruel. Saboteurs sometimes try to stop shoots. Environmentalists say pheasants’ droppings damage the soil, and that they boost the number of predators such as foxes. But they also bring benefits, says Joah Madden of Exeter University, who produced the most recent estimate of their number. They have shaped the countryside for the better: 28% of British woodland is managed for game, and if you spy an isolated copse or strip of trees on a hill, there is a fair chance it is there to provide cover and good sport.

Gamekeepers also like to point out that, despite its image as the preserve of toffs, pheasant-shooting attracts a diverse clientele. “I’ve been on a day’s shooting and



**What goes up must come down**

there’s been a duke there, and there’s been somebody who worked at Argos,” says Glynn Evans, the head of game and gun-dogs at the British Association for Shooting and Conservation. It’s a far cry from 1928 and the publication of *Lady Chatterley*, when the sport, like the novel, was hardly the sort of thing a gentleman would care to see his wife or servant indulge in. ■

## Trade unions

## Bosses beware

**A new general secretary at Unite plots a radical overhaul**

AGED 17 AND working as a silver-service waitress in London, Sharon Graham led an unofficial walkout in support of colleagues on casual contracts, which won them equal pay. It gave her a taste for facing off against employers. Now 52, she will soon have plenty of opportunity to satisfy it. On August 25th Unite, Britain’s second-largest—and by far its loudest—trade union, elected her as its new general secretary. She is expected to move the union away from Westminster and back into workplaces. The impact will be felt not just on the political left, but in boardrooms.

Unite officials had expected an easy win for an insider, Steve Turner, an assistant general secretary and, in the words of one observer, “the anointed one”. He has been a loyal deputy to Len McCluskey, the retiring general secretary, and he played a big part in shaping the government’s covid-19 furlough scheme. During the campaign Ms Graham faced abuse from activists who ac-

cused her of splitting the left, thus supposedly providing a route to victory for Gerard Coyne, the least radical candidate.

But union elections are seldom only about points on the political spectrum. Candidates generally split between insiders with institutional experience and reformers popular with members. Ms Graham dubbed herself the “insurgency candidate” and highlighted her success in winning disputes. Many who voted for her will have known her from her former role as head of Unite’s organising and leverage department. Turnout was low, as is usual in such votes: less than 10%.

The fact that Unite members found her appealing is an indictment of Mr McCluskey’s tenure, during which the effort to propel Labour’s former, far-left leader, Jeremy Corbyn, towards Downing Street trumped everything else. Unite sank millions in members’ dues into this failed enterprise. It has cut the amount that will go to Mr Corbyn’s successor, the more centrist Sir Keir Starmer. Who leads Labour, and whether the party wins elections, matter little to many Unite members. Four in ten voted for the Tories in 2019, says YouGov, a pollster. Ms Graham plans to refocus on shop-floor battles. “For too long now, it seems to me that the political tail has been wagging the industrial dog,” she says. She argues that if unions are properly supported, politics will naturally shift to the left.

Supporters hope her victory will further energise organised labour. According to research by the Resolution Foundation, a left-leaning think-tank, trade union membership has started rising again after decades in which it fell. The share of employees who are in a trade union edged up from 23.3% in 2017 to 23.7% in 2020, bringing total membership to 6.6m.

Membership continues to tilt away from the private sector towards the public sector, however. Last year 227,000 public-sector employees joined a union, and 110,000 private-sector ones left. This shift has caused something of an identity crisis. The highest-paid fifth of employees in the public sector are nearly seven times as likely to be in a union as the lowest-paid fifth in the private sector, says the Resolution Foundation. “Nobody wants to see us become a purely public-sector trade-union movement, important though those members are,” says Frances O’Grady, the general secretary of the Trades Union Congress, an umbrella group. But organising in the private sector is much harder, a fact she attributes, at least in part, to the workforce being “Balkanised” by outsourcing.

Another long-term trend in labour activism may help lure them in: a shift away from strikes and towards legal action. GMB, a union that draws members from many sectors, spent years in court seeking greater employment rights for Uber driv- ▶▶

# I-PACE LEADS THE CHARGE



## JAGUAR'S LUXURY ELECTRIC SUV IS DRIVING TRANSFORMATION

The Jaguar I-PACE is no workhorse. Its elegant body, well-appointed interior and pioneering technology have established the luxury electric SUV as among the most desirable on the road since its launch in 2018. But despite such refinement, the I-PACE has recently shown that it has a more utilitarian side. First it teamed up with Google to measure air quality in Dublin — a car equipped with a sensor cruised around town to get a real-time reading of pollution. Then Jaguar sent an I-PACE to Cumbria to take part in an "Everesting" challenge to prove the car's endurance in withstanding tough climbs and heavy weather. The SUV completed 16.2 ascents of Britain's highest road — Great Dun Fell — equalling the height of Mount Everest. More recently, the I-PACE has been used as a towing and support vehicle for the

*Spirit of Innovation*, a plane intended to break records for electric flight by reaching 300 mph.

Jaguar is recognised for marrying aerodynamic shapes with brawny engines to create cars that deliver rousing (and roaring) driving experiences. The name itself stems from the cat-like nimbleness of the first car to bear the moniker, the 1935 SS Jaguar 2.5l Saloon. But lately, Jaguar is garnering praise for another set of characteristics. While most would expect the British brand to produce cars that quicken the pulse, now they are being hailed for practicality and sustainability too. The new Jaguar I-PACE epitomises these qualities. And with all the tech, sustainable credentials and enhanced business finance offers available — the I-PACE is a convincing choice for corporate customers.

### STARTING FROM SCRATCH

In the past, many car manufacturers have tried to create electric vehicles (EVs) by taking an existing petrol or diesel model and inserting a battery in place of an internal combustion engine. When drawing up plans for the I-PACE, Jaguar's designers and engineers recognised the importance of starting anew to create a unique, revolutionary vehicle. The team built more than 200 prototypes that undertook 1.5 million miles of testing before production of the I-PACE began.

Usually in car production, there is a marked difference between the concept vehicle and the model that ends up on the road. But not here. The I-PACE is so pioneering in its architecture that Jaguar was able to take the design from



## ADVERTISEMENT

concept to production without watering down the principles of the car. The only updates between test track and road were side impact airbags and one inch off the wheel diameter. These improved safety and performance, respectively.

### CLEAN MACHINE

And it certainly performs. Drawing on knowhow from its forays into Formula E, Jaguar has got this car to accelerate from nought to 60 mph in 4.5 seconds. A brand new one will last for up to 292 miles on a single battery charge (driven sensibly on a standardised route). It also runs with zero exhaust emissions. Meanwhile, the cost of electricity is lower per mile than petrol or diesel, making EVs cheaper to run — Jaguar estimates that motorists could save up to £3,600 on fuel in three years after switching from a traditionally powered car (for anyone driving over 30,000 miles). As all-electric powertrains have fewer moving parts than a petrol or diesel engine, there are fewer things to go wrong. This means EVs have lower servicing costs.

The benefits associated with battery power don't end there. Combustion engines take up more room than electric ones, and so the designers were able to increase the size of the cabin in the I-PACE. Five adults in the car can be comfortable even on a long journey — and there's room for their luggage too. The boot has a loadspace of 656 litres, with an extra 27 under the hood.

### UNDER THE DASH

The I-PACE is equipped with a user-centric digital interface designed

to make journeys easier and more enjoyable. The Pivi Pro\* infotainment system is as intuitive to use as a smartphone and features real-time information on charging stations nearby — whether they are available to use, what kind of connector they have, how much they cost and how long it takes to charge there. For long journeys, Pivi Pro\* can also predict how much charge you'll have at future stages of your trip. Crucially, in-car features should be used by drivers only when it's safe to do so. Motorists must ensure they are in full control of the vehicle at all times.

There is also an embedded SIM and 4G data plan for unlimited streaming, as well as other digital accoutrements, such as Apple CarPlay\* and Android Auto™. A software-over-the-air\* (SOTA) update means that infotainment and vehicle systems can be updated remotely and seamlessly. An optional wireless device charging pad beneath the "floating" centre console features a signal booster to improve network reception and Wi-Fi.

EVs might be pivotal to reducing smog in cities, but Jaguar puts as much emphasis on air quality inside its cabins as outside. The I-PACE features a system that filters the air, capturing ultrafine airborne particles and allergens such as pollen. Before a journey, owners can schedule the car to filter the cabin and set a preferred temperature.

### PLANETARY PIVOT

Facing sudden competition from Silicon Valley start-ups, some carmakers were tempted to

leap on to the EV bandwagon. But for Jaguar, the impulse to create a revolutionary EV comes from a real commitment to sustainability. At the start of this year the brand created headlines by announcing that it would pivot to a fully electric future by 2025. And while the UK vehicle manufacturing and product development sites of Jaguar's parent brand Jaguar Land Rover (JLR) are already certified as carbon neutral by the Carbon Trust, the company is training its sights on its partners too. By 2039 the company wants its supply chain, products and operations to be net zero for carbon emissions.

The I-PACE offers a template for how mankind can invent its way out of seemingly insurmountable struggles — such as climate change and CO2 emissions. Analysts predict that the model will emerge in the coming decades as the most iconic Jaguar since the E-Type. The British brand will be hoping they're right.

**For more information  
and latest offers, search  
Jaguar I-PACE.**



  
**JAGUAR**

## Gangs

## Not even past

Gangs are more common in areas of London that were heavily bombed

JUST AS LINES on a summer wheat field reveal ancient walls below, so the architecture of an old city can be glimpsed in the new. The west ends of British cities tend to be swankier than the east, in part because prevailing British winds blew Victorian pollution eastward. Factory owners, preferring not to sit in their own smog, moved upwind.

London lends itself to such analyses because it has long had good maps of bad things. After the Great Fire of 1666, engravers produced an “AN EXACT SVRVEIGH” of the “RVINES OF THE CITY”. Two centuries later Charles Booth sent surveyors out into its streets to note broken windows, barefoot children and “rough Irish”, then colour-coded them (black for “vicious, semi-criminal”, yellow for wealthy). Academics have found considerable agreement between his “Maps Descriptive of London Poverty” and modern patterns of deprivation.

A new study by academics at the London School of Economics exploits another record of misery: the London Bomb Census. After raids, officials would note where bombs fell and the number killed. Overlaying the maps they made on modern gang territories reveals suggestive similarities. The probability of finding a gang is 7% higher in areas that were bombed than those that were not. And with gangs come knives: gang presence in an area increases the likelihood of a knife crime by 22%.

The causal chain has several links. Bombs create dereliction, and hence space for tower blocks. By concentrating people living on benefits, these distil disadvantage, says Tom Kirchmaier, one of the study’s authors. Just one tower block on a council estate correlates with a 15% average annual rise in knife crime.

The moment before a parachute bomb landed in London could be quiet, almost serene. Destruction, Graham Greene wrote, came “drifting quietly down on green silk cords”. Then windows would shatter and walls cave in. The ground itself would “dent”. The blast could be felt half a mile away, Greene noted. The echoes reverberate still.



Lasting destruction

ers, and in May it signed a deal to represent 70,000 of them. Targeted ads on social media may also bring in new members, as may apps that help unions organise workplace campaigns. Ms Graham approves of such innovations, but declares herself still a fan of the factory gate. “Legal action is no substitute for organising workers and building workplace power,” she says.

She is also the chief cheerleader for “leverage”, a radical tactic that involves going over bosses’ heads to company directors, shareholders, investors and suppliers. After British Airways, the national flag-carrier, threatened to fire and rehire thousands of Unite members, she set up BA-Betrayal. She says targeting its parent company brought BA back to the negotiating table. To help settle a dispute at a bus company in England, she brought it to the attention of Sweden’s government, putting a potential contract there at risk.

Such methods win not just disputes,

claims Ms Graham, but new members. She has run 12 leverage campaigns, with an unbroken record of success. She hopes to use the technique to attract workers in the gig economy. “Despite small-scale attempts, there has been no comprehensive campaign to build fighting unions in the ‘new’ areas of work,” she has said. But other union bosses say they have to meet gig workers away from workplaces because they are terrified of being seen by employers. Persuading them to harry shareholders and board members may prove difficult.

Under Ms Graham’s leadership, strikes will probably become more common: she plans to set up a Strike Support Team to assist shop stewards. Supporters compare her to Jack Jones and Arthur Scargill, radical union leaders who tormented one government after another in the late 20th century. “I will not hesitate as Unite’s general secretary to fight bad bosses relentlessly,” she says. “I am up for that.” ■

## Housing

## Build it and they will rent

Big British companies are seeking to become landlords

CHATTER ABOUT house prices and the property market has long been a dinner-party staple. Now it is spreading to the boardroom. An internal job advert at Lloyds Banking Group has revealed that the lender plans to enter the build-to-rent sector, with an ambitious target of owning 50,000 properties by 2030. John Lewis, which sells everything a dinner-party host might want for the home, announced earlier this summer that it plans to build 10,000 rental properties. Large insurance companies, such as Aviva and Legal & General, have entered the market in recent years, as have several private-equity firms.

Britain’s private rented sector is big and growing. Almost one in five English households rented privately in 2020, up from around one in ten in 2001. It is also strikingly amateur, dominated by individual landlords who own at most a handful of properties. The largest private landlord, Grainger, a listed firm, owns around 9,000 units, giving a market share below 0.2%.

But during the past decade the rental sector has started to professionalise. And the build-to-rent stock, though still a small share of the total, rose from around 1,000 in 2011 to over 62,000 in mid-2021, with 133,000 more under construction or in the planning process (see chart on next page). Analysts reckon that, by the end of the decade, one in five newly built homes could be institutionally owned and rented out.

One reason for the boom, says Andrew Burrell of Capital Economics, a consultancy, is that retail and office properties are comparatively unappealing. Many investors wish to keep some capital in British real estate, but fear that shopping centres and high streets are in long-term decline, and that office rentals will be hit by the post-pandemic rise in working from home. Residential demand shifts mainly with demography and is less buffeted by the business cycle. People will still need somewhere to sleep, says Lawrence Bowles of Savills, a property firm: “You can’t digitalise a bed.” And in an era of low interest rates, steady rental income becomes more attractive.

A decade ago most British build-to-rent projects were at the premium end of the market. They came with bells and whistles such as gyms, concierge services and even dog-washing stations. But that has begun to change. The fastest growth is now to be found in single-family homes, rather than ▶▶

**Safe as houses**

Britain, build-to-rent homes, by stage, '000



flats, typically on the outskirts of big cities such as Birmingham, London and Manchester. Families with children are often unwilling to move, since changing schools would disrupt their children's education. That makes them ideal tenants for big, pro-

fessional landlords, who tend to have longer time horizons than individuals whose entire wealth is tied up in just a handful of properties. The coming decade is likely to see further diversification, say those familiar with the sector, for example into schemes that offer shared ownership or are purpose-built for retired people.

Institutional interest in their wares is a boon for big housebuilders. Lloyds will be working with Britain's largest, Barratt Developments. And it is well-timed, since another source of demand may soon weaken. Since 2013 the government has subsidised mortgages through "Help to Buy", which provides equity loans that allow borrowers to buy with smaller deposits. But the scheme's rules were tightened in April, and it is due to be phased out by 2023. That will make shifting stock much harder, says the boss of one big building firm, so a build-to-rent deal makes a lot of sense. "We can accelerate building because we've already got an institutional buyer." ■

tions, covers above-ground sections that share older tracks with existing services. Finally, radio-signalling covers the underground sections. All need to work in harmony with other systems, from fire control to ventilation. In total, these involve more than 16m components, some physical and others virtual, which have generated 250,000 quality-assurance documents and are supplied by dozens of contractors.

Construction in the capital poses further difficulties. "London is both a megacity and very old," says Mr Wild. "You have to deal with archaeology and skyscrapers." The renovation and expansion of Whitechapel station had to be squeezed in round sections of the Tube that date from 1876. British safety regulations are also unusually stringent by international standards.

Crossrail's former management failed to appreciate how complex all this would be. A government spending watchdog found in 2019 that it had "no realistic plan" to deliver the programme, had designed the commercial contracts poorly, and was unaware of how delays were mounting up. Recruitment also proved tough. A follow-up report last month concluded that the new team was doing better, but new risks are still being spotted.

As the end date comes into view, however, so does an awkward question: will the commuters come? Before the pandemic most of London's rail network was over capacity at peak times. Yet the boom in working from home puts predictions about commuting into doubt. Transport for London's central planning scenario is for rail travel to be 18% lower by 2031 than previously forecast. The line's managers brush off such worries. On the timescale of the Tube, says Mr Wild, the pandemic is a blip. Crossrail was designed to last 120 years, but he thinks it could survive for 300. ■

**Crossrail****Light at the end of the tunnel**

WHITECHAPEL

**A grand infrastructure project nears completion—finally**

THE NEW Elizabeth Line section at Whitechapel station is austere and beautiful. Descend the escalator and sharp angles meld into sinuous curves; move towards the platform and the light shifts from cool to warm, the better to entice commuters speedily towards their trains. A sleek new one hisses to a halt—and its doors fail to line up with those separating the platform from the rails. Construction started in 2009 and should have finished in 2018, but completion is now expected only in 2023. With each delay the price tag has risen, from an estimated £14.8bn (\$23bn at the time) to £18.9bn.

Rising costs and overruns are hardly unheard of in ambitious infrastructure projects: costs for HS2, a high-speed rail link, have ballooned far more and it is now at risk of being scaled back. The challenges for Crossrail were different, but it too was highly ambitious. Measuring 118km end to end, it runs beneath London from Reading, a commuter town to the west, to Shenfield, an eastern suburb. At its heart are two 21km-long tunnels, at depths of up to 40m. Each train can accommodate 1,500 passengers, not far of double capacity on older lines, and the platforms are long enough to allow carriages to be added in future. Once it is fully operational, central London's rail capacity will increase by 10%.

The main source of difficulties was not tunnelling, as many had predicted before work started. That finished in 2015. The toughest challenge, says Mark Wild, the project's boss, has been integrating a tangle of signalling systems. A modern interoperable one covers the whole line. Another, dating back to the 1950s with 1990s addi-

**Almost worth commuting for**

## Bagehot | His master's voice

What Tony taught Boris



**I**N SEPTEMBER 1995 Boris Johnson, a rising star of the *Daily Telegraph's* comment pages, spent an evening with the Dulwich Labour Party. His trip to the south London suburb was an act of anthropology, undertaken to study a new tribe: the educated middle classes who had fallen hard for Tony Blair. Mr Johnson's hosts plied him with Bulgarian red wine and taco crisps, and raged at the dying Conservative government. He was an observant visitor, recalls John McTernan, his chaperone and a future aide to Mr Blair.

Mr Johnson was a keen student of New Labour, whose era coincided with his own ascent to prominence. He was repelled by its "bare-faced quasi-messianic effrontery", "spin-driven vanilla-flavoured candyfloss nothingness", and assaults on fox-hunters and smokers. But he was mesmerised, too, for Mr Blair was a winner. Mr Johnson watched how "Supertone" ransacked the Tory wardrobe, played the press "like a master organist" and imposed a new doctrine on his party. ("In the game of political repression, the Burmese police have little to teach New Labour.") As the years went on, scandals and sleaze seemed not to touch his popularity. In 2002, now editing the *Spectator*, a Tory-leaning weekly, Mr Johnson named Mr Blair parliamentarian of the year, hailing his "unchallenged dominance of the political landscape".

These days the two premiers seem to occupy opposite ends of that landscape. Mr Blair marched into Afghanistan shoulder to shoulder with an American president; Mr Johnson, at odds with the White House, is forced to retreat. Mr Blair wanted Britain at the heart of Europe; Mr Johnson delivered Brexit. In university seminars Mr Blair is described as a centrist and Mr Johnson as a right-wing populist. One belongs to Clintonworld and the other is claimed by Trumpland. Mr Johnson's ministers denounce the Supreme Court and Scottish and Welsh parliaments created by Mr Blair as constitutional vandalism, and stuff quangos once dominated by Blairites with their own fellow-travellers. Fourteen years into his retirement, Mr Blair still outshines Mr Johnson in intellectual discipline, darting ahead of a disorganised government with plans to fix covid-19 testing and vaccinations. They are *ancien régime* and brutish new order, separated by the Brexit revolution.

Yet the prism of Brexit refracts political hues into artificial separation. Seen through it, the past is distorted, too. Mr Johnson has

learned much from Mr Blair. On the campaign trail and in the suburbs, the two men look more alike. That resemblance contains a warning for the prime minister.

Mr Johnson's premiership, like Mr Blair's, rests on a supersized personal mandate. His appeal runs deep into places where his party's does not. ("They know that Tony won their seats," Mr Johnson once said of Labour's pliant MPs.) Both are instinctively comfortable in suburban England, never wagging the finger about how people should run their own lives. And they provoke a similar fury in their enemies, who give them the same epithet: liar.

Both focus ruthlessly on what they call "the people's priorities", namely jobs, health, crime and education. This is the terrain where elections are won and lost. Today's Tory leaflets are reminiscent of New Labour's early work, with endlessly repeated promises of more nurses, teachers and police officers. (Both men, notes Patrick Diamond, a former Blair aide, swept to office after a long period of tight public spending.) The skirmishes over flags and statues that dominate newspapers feature remarkably little. Mr Johnson's campaign slogan in 2019 to "Get Brexit Done" was a promise to make the wrangling go away, not to prolong it.

Their methods are increasingly similar, too. Mr Johnson lampooned public-sector targets as Soviet and dehumanising. Now he has adopted them and asked Sir Michael Barber, who ran Mr Blair's "delivery unit", to construct another for him. Mr Blair declared Whitehall inert and unresponsive long before the same thought occurred to Dominic Cummings, the erratic aide who helped bring Mr Johnson to Downing Street.

Mr Johnson has episodes of Blairite centrism, making promises on climate change and obesity of the sort he once described as nanny-statism. Mr Blair, for his part, sometimes had a Johnsonesque populist streak, dubbing his project the "political arm of the British people". He searched constantly for eye-catching initiatives that would convince voters that he was "on their side". Yobs and nuisance neighbours were favourite targets. Mr Johnson once called this stuff authoritarian, ineffective and depressingly popular—but in office, he has embraced it. Priti Patel, the home secretary, is scarcely more draconian than her New Labour predecessors, who mooted tagging asylum-seekers as if they were criminals, or processing them overseas.

### His final lesson

Mr Johnson revelled in Mr Blair's downfall in 2007, squeezed out by his chancellor, Gordon Brown ("a blubfest of nauseating proportions"). Mr Blair left office frustrated. The retail offers that brought him to power—shorter waits for health care, smaller school classes—now seemed to him ridiculously modest. He settled too late on the structural reforms the public sector required, by which point his government was distrusted and tired, weighed by scandal and the war in Iraq.

The question, says Mr Diamond, is whether Mr Johnson is capable of becoming a reformer too. Despite a hiring spree, it will be hard to improve public services before the next election, since covid-19 has created long backlogs for practically everything. Sweeping reforms are in short supply. Tory MPs may neuter his overhauls of social care and planning law. Ideas to "level up" Britain's poor regions are sparse. Mr Cummings, who had a Blairite appetite for fighting vested interests, has gone. And all the while the government acquires an air of fatigue and muck at remarkable speed. Mr Blair's most important lesson is that it is not enough to win power: you must use it before it wanes. ■



## Germany

## What a time to be Olaf

BERLIN

## A surge for the Social Democrats upends Germany's election campaign

THE CROWD at the UfaFabrik, a cultural centre in Berlin, cheers as the moderator reveals a new opinion poll: Germany's Social Democrats (SPD) have overtaken the Green Party for the first time in a year. It falls to Olaf Scholz, Germany's finance minister and the SPD's candidate for the chancellery, to calm his own supporters. It's election day that counts, he says, before proceeding to a sober discussion of Afghanistan and other themes. In a display of party unity Mr Scholz is welcomed by Kevin Kühnert, a leftist former leader of the SPD's youth wing who for years was a major irritant to the party's centrist leadership.

The SPD's late surge has become the biggest story in the most volatile German campaign in living memory. *The Economist's* statistical model finds a 33% chance that the SPD will take first place in the election on September 26th. Two weeks ago the number was just 1%. On August 24th Forsa, a pollster, placed the SPD ahead of its senior coalition partner—the conservative Christian Democratic Union (CDU) and its Bavarian ally, the Christian Social Union (CSU)—for the first time since 2006.

The SPD's travails once seemed boundless. After slumping to 20% of the vote at the previous election, in 2017, the party reluctantly agreed to continue propping up the CDU/CSU in government. Mr Kühnert's campaign to return to opposition looked vindicated as the SPD's support dipped further. In 2019 Mr Scholz's bid to run the party was thwarted by two obscure members of its left wing. Worse, like its European counterparts, the SPD appeared to be facing structural decline, as its blue-collar base faded and it struggled to find a consistent message that could successfully unite its warring wings.

What explains the revival? The 63-year-old Mr Scholz, a serious type with decades of governmental experience, is a big asset: he polls far ahead of his party. Wisely, the SPD has placed him at the heart of its campaign. And if the awkward squad has not gone away, it has remained largely mute since last August, when Mr Scholz was anointed the SPD's candidate to replace Angela Merkel as chancellor. All this has drawn some wavering supporters back to the fold. Having long argued that German

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voters would warm to their candidate, Scholz allies take satisfaction in seeing their prophecy fulfilled. "As the Chinese say, what you need in this job is strategic patience," says one.

For all that, the SPD is polling only a bit above its score in 2017, a result so miserable it triggered mass soul-searching and a formal inquiry. The bigger story is a fragmented electorate and the deepening woes of the SPD's rivals. After a brief bump in the spring the Greens have reverted to a level that disappoints those who dreamed of the chancellery, even though it would still mark a doubling of their result in 2017. This leaves the SPD bearing the standard of German progressives—and the battle for the chancellery looking like a straight duel between Mr Scholz and Armin Laschet, the CDU/CSU candidate.

That suits the SPD, because the CDU/CSU campaign has misfired spectacularly. Having hoped to coast to victory, Mr Laschet, the jovial, gaffe-prone premier of North Rhine-Westphalia, Germany's most populous state, has found himself presiding over an ideas-free campaign and a party with nothing to say after 16 years in charge. The CDU/CSU has lost a quarter of its support in six weeks. Mr Laschet's "disastrous" ratings show that even the party's hardest supporters are struggling to warm to him, notes Rüdiger Schmitt-Beck, a political scientist at the University of Mannheim. Mr ▶▶

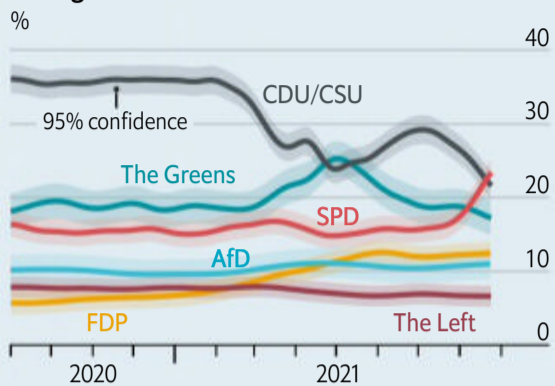


Our forecast model is updated daily at [economist.com/german-election-2021](https://economist.com/german-election-2021)

## Scholz's surge

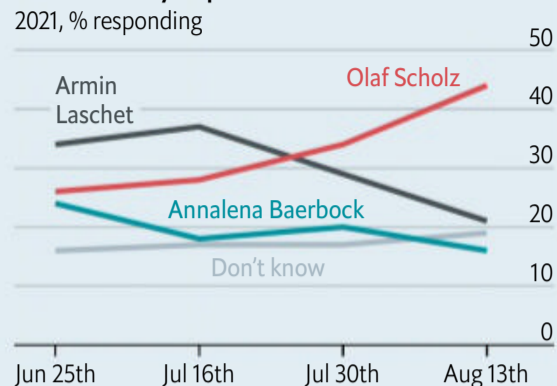
Germany

### Voting intention in federal election



Sources: Wahlrecht.de; Forschungsgruppe Wahlen; The Economist

### "Who would you prefer as chancellor?"



▶ Scholz, who has the reserve typical of Hamburg, the city-state he ran for seven years, will win no awards for charisma. But Mr Laschet's failings throw his assets into sharper relief. Many CDU/CSU voters prefer him to their own man.

Mr Scholz's record has its blots, including mismanagement of riots during a G20 summit in Hamburg in 2017 and a brace of tax and regulatory scandals on his watch. But these blemishes seem either too distant or too complex to stir voters' concerns. And unlike both Mr Laschet and Annalena Baerbock, the Greens' chancellor-candidate, Mr Scholz has not put a foot wrong during the campaign.

Moreover, Mr Scholz has chalked up notable successes as finance minister, including the European Union's €750bn (\$886bn) recovery plan, which his ministry helped draw up, and the G20's recent corporate-tax agreement. On the campaign trail he vaunts Germany's €130bn response to the pandemic, which kept a lid on unemployment and blunted the recession. Years of fiscal restraint allowed this splurge, Mr Scholz argues: a claim that seeks to unite his social-democratic standing with a reputation for caution. He wants Germany to return to the deficit-limiting strictures of its "debt brake" in 2023.

A modest, experienced politician with a command of detail: Mr Scholz would not mind much if some spot signs of the outgoing chancellor in his demeanour. Yet that is only half the picture, say acolytes. Unlike Mrs Merkel, Mr Scholz has ideas for Germany's future, including shepherding the transition to a carbon-neutral economy and retaining its export prowess. Although his foreign-policy record is thin, it is easier to imagine Mr Scholz, rather than his rivals, going *mano a mano* Merkel-style with Vladimir Putin or thrashing out deals at an all-night EU summit.

The SPD's late charge throws up fresh possibilities for coalition-formation after the election. Mr Scholz's best chance of becoming chancellor is at the head of a "traffic-light" government, uniting the SPD, the

Greens and the liberal Free Democrats (FDP). The FDP, a likely kingmaker, would prefer a "Jamaica" coalition with the CDU/CSU and Greens. But Mr Scholz has been wooing the party with honeyed words about Germany's long "social-liberal" tradition. The SPD surge therefore not only boosts Mr Scholz's chances of landing the job he has wanted for so long. It could also see the CDU/CSU follow Mrs Merkel out of office entirely. ■

## Germany

# A visit to an AfD stronghold

PIRNA

**In Saxon Switzerland, a suspended cop represents the far right**

CLOSE TO THE Czech border, south-east of Dresden, around the Elbe valley, lies one of Germany's prettiest though clunkiest-titled electoral districts, a constituency called Saxon Switzerland Eastern Ore Mountains (SOE). Its majestic sandstone



Pretty and prejudiced

peaks, verdant trails, beautiful medieval cities and villages have been memorialised by German romantics such as Caspar David, a 19th-century painter. Hundreds of thousands of tourists flock to the district every year. Unemployment and crime are low. The population is almost entirely ethnic German.

On the face of it, life is dandy in Saxon Switzerland, but at the last federal election in 2017 the populist-right AfD scored its best result there, with 35.5% of the *Zweitstimmen*, the second votes, which determine the overall proportion of seats that each party holds in the Bundestag. Frauke Petry, a former party leader, won 37.4% of first votes used to elect MPs directly and thus became one of 94 AfD novices in the Bundestag, though eight of them, including Ms Petry, have since left the AfD.

"Saxon Switzerland is the fief of the AfD," says Steffen Janich, who beat six rivals to become the party's candidate for SOE at next month's election. Mr Janich was suspended last year from the local police force because he led a "corona walk" in Pirna of around 180 opponents of the government's measures to contain the covid-19 pandemic in April 2020 during the first lockdown ban on such gatherings. He was also suspended, he says, because of what he calls an "Instagram friendship" with Lutz Bachmann, the founder of Pegida (Patriotic Europeans against the Islamisation of the Occident), an openly racist movement.

Mr Janich's denial of the gravity of the pandemic (he refers to the Delta variant as a "summer flu") probably helped him to become the AfD candidate in its strongest constituency. The fractious party excels at exploiting voters' latest bellyache. He is helped by the weakness of the established parties in his district, says Sebastian Reising of *Aktion Zivilcourage*, an NGO in Pirna. The NPD, a neo-Nazi party, used to play a significant role in county councils and even the Saxony state parliament, but has withered away, to the benefit of the AfD.

The AfD has become more nativist since the previous federal election—and its support has weakened in many states. Yet according to a poll last week by Infratest dimap, a pollster, it will still come first in Saxony, with 23% of the second votes.

Mr Janich's chances of being elected to the next Bundestag are fair, although he is far less well known than the telegenic Ms Petry was last time. He says his party is popular in SOE because Saxons are conservative—and are anxious about their *Heimat*, which means "home" but also conveys a sense of tradition and place. This angst has been played on by the AfD. But it may be that voters will realise that the party has no remedies for their worries, just as they did with the NPD. These days, it has no seats in any council or parliament. ■

France

## Hoping for their time

PARIS

France's Green movement is its own worst enemy

THESE ARE succulent times to be a French green. Fully 81% of respondents to a recent poll said climate change was a “very serious problem”, up from 69% in 2015. Recent wildfires, floods and a late frost are a grim reminder of environmental dangers. In local elections last year Europe Écologie Les Verts, the French Green party, won control of some big cities, including Bordeaux, Lyon and Strasbourg. And the rise of the German Greens has raised hopes of a similar breakthrough in France, ahead of presidential elections next year.

So it is with a spring in their step that the Greens are preparing to pick a presidential candidate, at a two-round vote in September. Five candidates are standing, and the race is peculiarly open, not least because only 17,000 people have so far signed up to vote. This puts the choice in the hands of party devotees who, says one Green, “are militant and clearly to the left of the Socialists”. The Greens could well end up with a candidate who delights the radical base, but repels voters.

The French Greens emerged from the anti-nuclear movement of the 1960s, and mix radical environmentalism with calls for more social intervention. Bizarrely, they want to scrap nuclear power, although it generates 70% of France's electricity while emitting no carbon. They vow to reintroduce a wealth tax, which President Emmanuel Macron ended, and want to shrink the working week from 35 to 32 hours. The party is “clearly to the left of the German Greens”, says a member.

Yannick Jadot, a national leader, is the most familiar candidate, having won the Greens' nomination for the presidential election in 2017. He is considered the most moderate, and has distanced himself from the far left and the party's “anti-growth” campaigners (among them Delphine Batho, a rival candidate). Yet *les écologistes* have an impressive history of disregarding favourites, as Mr Jadot knows, having defeated the previous one, Cécile Duflot.

Outsider appeal could help Sandrine Rousseau, a radical economist. A year before the #MeToo movement, she called out a Green deputy for sexual harassment. Ms Rousseau calls herself an “eco-feminist”: against “all forms of predation”, whether of the planet or the human body, and against the attitude that “you take, you use, you throw away”. This chimes with a younger generation, particularly women.

Another potential pick of the militant base is Eric Piolle, mayor of Grenoble. He advocates a “humanist arc”, reaching from the Socialists to the far left. Boosted by re-election in 2020, he has been criss-crossing France to show he is not just a big-city, bicycle-riding type. Asked why the Greens struggle to speak to those outside big cities, Mr Piolle retorts: “On the contrary, it's the president who speaks only to those in big cities.” Recent weather-related disasters, he says, have shifted rural views.

The Greens' big-city image lingers, though. Mr Jadot hinted as much by insisting last week that he is not into “agri-bashing”. Smallholder farmers in *la France profonde*, who put pesticides on their fields and petrol in their vehicles, resent being told they are irresponsible. And France learned from the *gilets jaunes* the perils of increasing the carbon tax on motor fuel—although Mr Piolle argues that the protests were in fact more about “social justice”. Ordinary people felt punished, he says, while the rich, who take flights for weekend trips, were getting tax breaks. The move-

ment has since faded.

The Greens also suffer from a reputation for dotty ideas. The mayor of Bordeaux cancelled the city's annual Christmas tree. The mayor of Lyon lambasted the Tour de France, a national treasure. When Mr Piolle denounced the roll-out of 5G, Mr Macron mocked those who want to emulate an “Amish model”. A lack of experience has largely protected the party from the messy compromises that government imposes.

At stake is more than the Greens' own presidential prospects. Their choice will also help determine whether the Greens or the Socialists become the main force on the French left in coming years. A similar battle is also being fought on the right, between moderate nationalists who seek to win votes back from the hard-nationalist Marine Le Pen and centre-right politicians who hope to peel voters from Mr Macron.

Much depends on whether the left can unite behind one candidate. Alone, Mr Jadot scores 7-8% in polls. Unless rivals sink their differences the Greens will face Socialist, Communist and other rivals too. The space to the left of Mr Macron is as crowded as a Paris cycle lane. Which is good news for the president. ■

Labour markets

## Not yet out of the woods

Employment is growing strongly, but the recovery still has some way to go

ADDRESSING THE Brussels Economic Forum in June, Ursula von der Leyen, the president of the European Commission, gave an upbeat assessment of the EU's recovery. She promised that “in 18 months from now, all 27 member states will be back on track, recovered from the crisis.” But she noted that “it is not by chance. This is the result of the policy decisions we took since the very early days of the pandemic.” A sequence of recent strong output and employment figures indeed seem to vindicate this bold claim. On August 23rd the preliminary estimate of the euro-area purchasing managers index, a monthly survey of companies compiled by IHS Markit, suggested that employment in July and August will turn out to have grown at its fastest monthly rate for 21 years. That followed solid official data on output and employment the previous week.

Mrs von der Leyen credited European governments for preventing a big rise in unemployment during the crisis. The euro area experienced a much lower peak in unemployment than America (see chart), mainly because governments were quick ▶▶



Down with carbon dioxide and, er, nuclear power

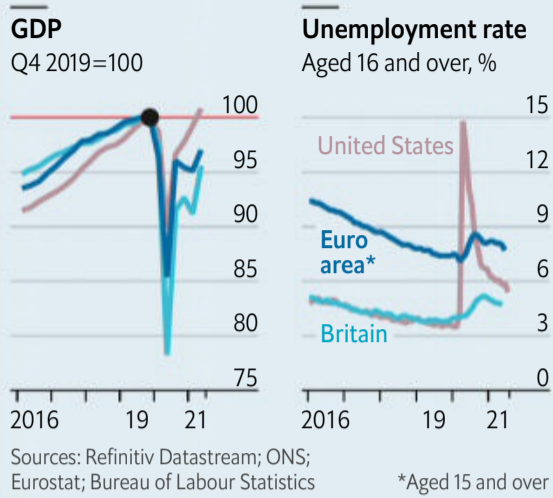
▶ to expand their national job-retention schemes. In Germany, for example, the terms of the *Kurzarbeit* scheme, under which workers work shorter hours for less pay to avoid layoffs, were loosened. Agency workers were included for the first time, and the government put in more cash, offering to reimburse workers for at least 60% of forgone wages and 100% of social-insurance contributions. In Italy restrictions on the size and type of firms eligible for government support were relaxed, and the processes for claiming support were simplified. An attempt to ban layoffs, however, was unsuccessful.

Yet unemployment data present a misleadingly rosy picture of the euro-area labour market, for two reasons. The first is that the labour-force participation rate fell sharply as the crisis hit, and has not yet recovered. In contrast with America, where more than half the fall in participation reflects people retiring during the pandemic, the fall in Europe was more evenly spread and includes many younger workers, who will almost certainly want to resume looking for jobs in the future. Altogether, around 2.5m fewer people are in work than at the end of 2019, and the vast majority of them are not classed as unemployed, since they are not actively looking for work. In the most recent data, about half of the jobs shortfall was in Spain and Italy, which historically have had serious problems with job creation.

Millions of people who are still using job-retention schemes are also treated as employed for the purposes of official statistics. The European Central Bank recently estimated that around 5% of the labour force were still enrolled in them in May, or roughly another 10m people. Some may be tempted to increase their hours over the next few months as the schemes grow less generous, or even expire, as is due to happen at the end of December in the four biggest EU economies. But others, particularly seasonal workers, may find there are no jobs available. There will no doubt be calls for the schemes to be extended, at least for the industries that have been worst affected by lockdowns, such as retail, recreation and hospitality.

Policymakers face a delicate balancing act. Extending job-retention schemes puts more strain on government finances: public debt across the euro zone has recently risen above 100% of GDP for the first time, up from 86% at the start of the pandemic. But if schemes are wound up before demand for workers has recovered sufficiently, there is a risk of widespread long-term unemployment. Although euro-area activity has been growing strongly over the summer, in the second quarter GDP was still 3% below its level at the end of 2019. At that point it had already recovered in America (see chart).

### Leaders and laggards



European governments did well last year to mitigate the effect of lockdowns on their labour markets, and will take comfort from this week's figures. The outlook for the jobs market looks much better than after the global financial crisis, when it took nine years for employment to return to 2008 levels. But millions of European workers still lack the job opportunities they had 18 months ago. It is too soon to declare that the euro area is back on track. ■

### Russia

## Bigots anonymous

MOSCOW

**Bullies espousing "national patriarchy" are harassing feminists**

**A**NNA KUZMINYKH, a 27-year-old film director, is also a member of Pussy Riot, a punk-rock-and-performance-art group that has been protesting against Vladimir Putin's authoritarian government for the better part of a decade. In July, along with four other members of the group, she was arrested (twice) for "disobeying police orders".

After 30 days in jail, Ms Kuzminykh was released this month. Then the real trouble began. As she recounts, "My phone started ringing off the hook, 50 numbers at once were calling me." The messages were littered with threats like "Slut, we will kill you and your whole family."

Ms Kuzminykh's ordeal is not by any means unusual. Russian women with non-traditional views are increasingly being harassed by reactionary groups, whose targets include feminists, gay activists, women who work in the porn industry and those who dare to have romantic partners who are not ethnic Russians.

One group that has been organising such bullying campaigns is Male State, which describes its ideology as "national

patriarchy". It was founded by Vladislav Pozdnyakov, a bodybuilder, in 2016. In 2018 he was convicted on a charge of inciting hatred of women; his group had harassed many of them individually. A year later Mr Pozdnyakov fled to Poland.

Exile, however, has not stopped him from revving up his angry male fans. Male State says it opposes Russia's current leaders for being too pro-women. It has around 83,000 followers on its Telegram channel. Its members search for people—usually women—who express feminist or gay-friendly views on social media, or are part of the porn business, and then use online tools to track them down.

When they succeed, they get nasty. Many victims are sent photos of their homes or their relatives. The threat is not hard to discern. Ms Kuzminykh says the tipping point for her was when someone sent her a photo of her little sister over WhatsApp, a social-media service.

Many activists suspect that Male State has ties to the Russian authorities, especially the police. Members of Socfemalterativa, a leftist group, were harassed by Male State and became the subject of a report prepared by the Interior Ministry on feminists who attend protest rallies. The report included photos, addresses, social-media accounts and other private information. Much of this had appeared earlier in Telegram channels run by Male State. "It's not just that they know my address or my apartment number—they even know the floor I am living on," says Ms Kuzminykh.

Some victims have changed cities; at least a dozen have fled Russia. Among those who stay, many fear to go outside; some have become suicidal. Ms Kuzminykh is planning to leave Russia. She wonders if a western European country, or America, might recognise her as a political refugee. She doubts that Russian cops will protect her. On the contrary, she fears they may be helping her tormentors. ■

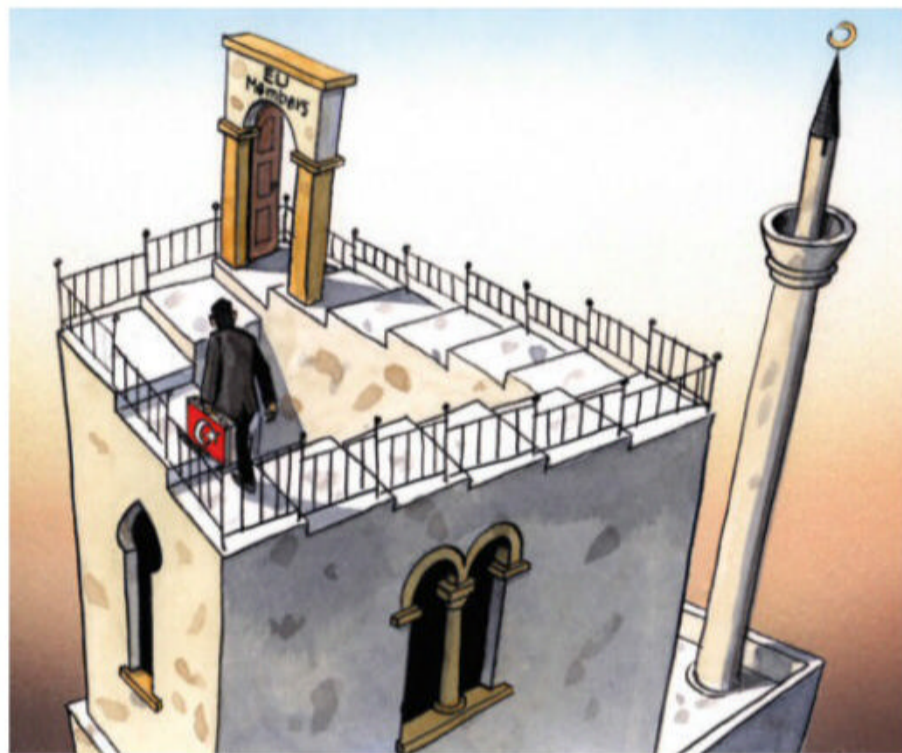


Real men don't feel threatened by this



# Charlemagne | Nowhere fast

*The polite fiction that Turkey is a candidate for EU membership is unravelling*



AUSTRIA'S CHANCELLOR, Sebastian Kurz, may have been speaking for a few other European governments earlier this summer when he suggested that Turkey would be the most appropriate refuge for Afghans escaping the Taliban. But he was not speaking for Turkey, or for the Afghans themselves. Recep Tayyip Erdogan, the Turkish president, declared last week that Turkey would not be "Europe's refugee warehouse". Most Turks agree. In a country home to well over 4m migrants and refugees, including an estimated 200,000-600,000 Afghans, resentment towards the newcomers is mounting. But so is frustration that Turkey, formally a candidate for membership in the EU, has become its buffer state.

For years, policy wonks used to reach for a variation of an old Soviet joke to describe the membership talks between Turkey and the EU: we pretend to negotiate, and they pretend to reform. Today, there is no use pretending. The accession process is dead. In its place, a deal the EU struck with Mr Erdogan to keep migrants and refugees out of Europe has taken centre stage in the relationship. That agreement, too, is starting to come under strain.

The EU's reports on Turkey's progress towards accession once made the front pages of the country's newspapers. In today's Turkey, the EU is a spent political force. In theory, all it needs to do to remedy this is to say that a democratic Turkey, as opposed to the police state Mr Erdogan has been assembling, can expect to have a place in the EU once it cleans up its act. Turkey's beleaguered democrats would like to hear nothing more. Mr Erdogan would probably like to hear nothing less.

Yet this is the one thing EU officials cannot say. Turkey is bigger than any EU country and its people are mostly Muslim. Many European voters regard the prospect of such a nation joining the club with horror. So the chances are that the EU will not accept Turkey whatever its democratic credentials. Signs of this were present from the start of the membership talks in 2005, when European leaders insisted on an "open-ended process", the outcome of which they would not guarantee.

In Mr Erdogan and his government they have found a terrific excuse to kick the can down the road. Turkey's leader has locked up the Kurdish opposition, harassed the mainstream one, neutered the press and the courts, and clashed with Greece, Cyprus

and France in the Eastern Mediterranean. As a German foreign minister remarked a few years ago, the EU will keep Turkey out of the club as long as Mr Erdogan is in power. The truth is that it will probably do so no matter who is in charge.

For now, both the EU and Turkey have decided that the best thing to do is nothing. Neither wants to break off negotiations, and both have something to gain from the impasse. Europe does not have to push forward a process it does not believe in, and Mr Erdogan does not have to sign up to reforms that would weaken his control over parts of Turkey's economy and its institutions.

As a result, it is the deal the two sides made in 2016, after nearly a million migrants and refugees reached Greece, that now drives the relationship. In exchange for \$6bn in assistance to Syrian refugees and a vague promise of visa-free travel to Europe for Turks, Mr Erdogan's government has reined in smuggling networks and taken back migrants attempting to cross the Aegean. The EU has reason to be pleased. The number of crossings dipped to less than 10,000 last year, compared with 850,000 in 2015. Some in Europe now propose extending the agreement's provisions to Afghans. Turkey has so far balked at that idea.

The deal has also changed the way the EU and Turkey do business. European governments, especially Germany's, are now extremely wary of rocking Mr Erdogan's boat, says Michael Leigh, a former EU official. The leverage the EU once had over Turkey's leader has gone. The bloc occasionally makes noises about human rights, democracy and the need for a solution in Cyprus. Mr Erdogan blithely ignores them.

The migration deal helped contain a populist backlash in Europe. But it has helped spark one in Turkey. Resentment of refugees, made worse by an economic crisis, has occasionally turned violent. Earlier this month a mob in Ankara, Turkey's capital, destroyed homes and shops belonging to Syrians after a Turkish teenager died in a fight between locals and refugees. Such incidents remain rare, a remarkable thing given the size of the refugee population. But tensions are bound to mount as tens of thousands of newcomers start to reach Turkey, this time from Afghanistan, by way of Iran.

## Getting nasty

Until recently, immigration had not been a big issue in Turkish politics. But this too is changing. The opposition has tapped into anti-refugee sentiment. Kemal Kilicdaroglu, head of the CHP, the largest opposition party, recently pledged to send all Syrian refugees home if his party takes power. (Most Turks, including a majority of government supporters, would support this, polls say.) Mr Erdogan, already criticised for keeping the border with Syria open for years, is facing heat for doing too little to protect the one with Iran. Work on a border wall is continuing. The debate is poised to become nastier ahead of elections scheduled for 2023. The deal with the EU is sure to come under fire.

Some Turkish diplomats suggest fixing the relationship with the EU through seemingly technocratic manoeuvres, including an upgrade to the bloc's customs union with Turkey, visa liberalisation and co-operation on foreign policy. But even this seems impossible. Turkey does not want to make the necessary concessions, including an overhaul of its draconian terrorism laws, and the EU does not want to be seen as offering Mr Erdogan rewards. A breakthrough may happen, but not before voters give Mr Erdogan and his coalition the boot. Even then, EU membership will not be on the table. Perhaps it was never there to begin with. ■



## Cities

# Fogged in

SAN FRANCISCO

**Covid-19 has exposed many of San Francisco's old problems—and some new ones**

SAN FRANCISCO boasts the lowest death rate from covid-19 of any big American city. An early shutdown, a culture of caution and mask mandates helped curb the spread of the virus. “Our response to covid-19 has been hailed as a national model,” crowns London Breed, the mayor. More than 78% of those eligible are fully vaccinated, one of the highest rates in the country.

The City by the Bay may have avoided a heavy death toll from covid-19 but, counter-intuitively, it could feel the virus's impact longer than other places. Ted Egan, the city's chief economist, admits as much. “San Francisco could well have a slower economic recovery than other cities,” he says. The city, with a GDP which roughly matches that of Greece, is facing a swathe of problems. These include emigration, a rise in some types of crime, drugs and homelessness. Dysfunctional and corrupt governance makes them harder to fix.

Faced with the prospect of paying steep rents while enduring some of the longest, strictest lockdowns in the country, people left—some permanently. According to

CBRE, a commercial-property firm, 27% of offices are being marketed as available in San Francisco (compared with 19% in Manhattan). An analysis by California Policy Lab at the University of California shows that “net exits” from San Francisco (those leaving minus those arriving) rose by 649%—from 5,200 to nearly 39,000—in the last three quarters of 2020. The drop in apartment rents was the largest in the country, although they are climbing back. Even with this adjustment, the cost of living in San Francisco is still around two and a half times higher than the national average and 44% more than New York City.

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Much attention has been paid to techies taking their laptops to the suburbs, the Sierras or Austin, Texas, but the less well-off have moved too. In the first quarter of 2021 average wages increased 34% year-on-year, the largest jump of any big county and six times the national average. This suggests a severe shortage of workers, especially in hospitality, says Mr Egan.

With less bustle and fewer commuters, San Francisco's problems have become more obvious. “We're a smaller city, a dense city, so our social problems are more visible to people,” says Matt Haney, who represents the troubled Tenderloin neighbourhood on the 11-member Board of Supervisors, which functions as the city's legislative branch. “Our city government overall fails to meet the moment and has for some time,” he admits.

Start with schools. San Francisco was the only top-25 city not to bring most middle- and high-school pupils back to classrooms at all in the 2020-21 academic year. Meanwhile the school board used its time to scrap merit-based admissions to its leading high school in order to boost diversity, and spent months researching and then voting to change schools named after people it deemed objectionable on grounds of racism or otherwise standing in the way of progress, such as George Washington and Abraham Lincoln, before abandoning the idea after a public outcry.

The renaming-while-not-reopening saga was almost a parody of San Francisco. A ▶▶

▶ school-board commissioner criticised for racist tweets tried to sue her fellow board members and the school district for \$87m. Parents who could afford to do so, including the former head of the Parent-Teacher Association, moved their children to private schools. Now an effort is under way to gather enough signatures to remove three commissioners from the school board in a special recall election. On Twitter some teachers and school board members are firing back at “reopener” parents.

A similar dysfunction afflicts policing and the criminal-justice system. Before covid-19 San Francisco was the car-break-in capital of America; but with fewer tourists, criminals have shifted their attention. Home burglaries are up. Shootings have more than doubled in the past year. Viral videos show daytime heists, with perpetrators sauntering out of stores without consequence. Lax enforcement of drug laws can become fatal when even small amounts can kill. In 2020 San Francisco saw around 700 deaths from overdoses, mostly from fentanyl: more than double the number from covid-19.

The district attorney (DA), Chesa Boudin, who ran on a platform of sending fewer people to prison and assumed office in January 2020, is the public’s person-of-interest. Two recall campaigns to remove him from office were started. One failed, but the other looks poised to gather enough signatures to trigger a vote. Mr Boudin, the son of two members of the leftist Weather Underground who were convicted for their involvement in the murder of two police officers and a security guard, has many critics, including, unsurprisingly, the police. Tony Montoya, who runs the police union, says officers are taking some cases directly to federal prosecutors, because they feel the DA is loth to prosecute them and pursue maximum charges.

### If you’re going from San Francisco

US, job losses recovered since pre-pandemic peak  
Selected cities, July 2021, %



Source: Bureau of Labour Statistics

Mr Boudin says he is being unfairly targeted. “None of the recall groups talk about how our courthouse has been mostly closed for the past year,” he says. “The issues have been driven more by a pandemic than any policy I’ve pursued.” Nor are the police blameless. In the fourth quarter of last year, the “clearance” rate for robbery (which measures the share of reported crimes that result in an arrest) was half that of New York City. The police are notoriously unresponsive. Gillian Morris, a startup founder, called three times about two office break-ins and one stolen package but never heard back. She describes San Francisco as “the most dysfunctional place I’ve ever lived when it comes to the protection of property and public safety”. (She left and now lives in San Juan, Puerto Rico.)

All this is despite San Francisco’s budget more than doubling since 2010 while the population rose less than 9%. As Michael Shellenberger, a journalist, writes in his forthcoming book, “San Fransicko”: “Though I have been a progressive and Democrat all of my adult life, I found myself asking a question that sounded rather conservative. What were we getting for our high taxes? And why, after 20 years of voting for ballot initiatives promising to address drug addiction, mental illness, and homelessness, had all three gotten worse?”

One City Hall insider suggests that San Francisco overreacts to issues that are in the national news, and designs solutions to the country’s problems rather than its own. For example, when Mr Boudin ran on his platform of less punitive justice, San Francisco already had one of the lowest incarceration rates in the country. In 2019, 106 adults were in prison for every 100,000 people, one-fifth the rate in California and the nation. If the rest of the country behaved like San Francisco, the prison population would decline by 80%, says James Austin of the JFA Institute, a think-tank that evaluates criminal-justice policies.

City politics would look very different, quips one prosecutor, if everyone who got fed up could vote after they left San Francisco. Joel Kotkin of Chapman University blames high costs for the city’s political make-up: “You wouldn’t have the politics of San Francisco if there was still a middle class left,” he says. Young techies are transient and older residents, who locked in affordable housing decades ago, are happy enough with the status quo. The well-heeled can insulate mostly themselves, opting out of public schools and hiring neighbourhood security guards. As it is, the city has been safely Democratic for 40 years and seems allergic to choosing a Bloomberg-type figure from one of the big tech companies to try something different.

No elected mayor has failed to be re-elected in 20 years, points out Griffin Gaffney of TogetherSF, a volunteer group. That

is despite a slew of corruption scandals. Joe Eskenazi, a reporter for Mission Local, an online news site, reckons “San Francisco’s problems aren’t liberalism. They’re incompetence and corruption.” Municipal graft has long been a feature of the city, dating back to the Barbary Coast days and the Gold Rush. But many are unaware that their city is currently at the centre of a big public corruption probe by the Federal Bureau of Investigation (FBI).

Already three former City Hall department heads have been charged by federal prosecutors, including the former boss of the Public Works Department, Mohammed Nuru, who has been accused of bribery. Craig Fair, the FBI agent in charge, describes “insidious corruption plaguing San Francisco”. Mayor Breed, who once dated Mr Nuru, recently agreed to pay a fine of \$23,000 to the city’s Ethics Commission for accepting payment for her car repairs from Mr Nuru and using mayoral stationery to press the then-governor to reduce her brother’s prison sentence.

Ms Breed is also the highest-paid mayor in the country, earning a salary of \$351,000. She sits at the summit of a highly paid bureaucracy. In 2020 nearly 150 city employees earned salaries of over \$300,000, and roughly one-fifth earned salaries of over \$150,000. The cost of living contributes to these pay-packets. But city government also functions like one of those clubby, richly valued startups that politicians accuse of ruining San Francisco—flush with cash, but operating with little oversight. ■

### Evacuating Afghans

## The left-behind

WASHINGTON, DC

### The private army of volunteers helping trapped Afghans can do only so much

THEY RAN from safe house to safe house across Kabul, dodging Taliban gunmen. When given the green light over WhatsApp, the women rushed to one of the gates manned by American soldiers at Kabul’s international airport. In Washington, Meighan Stone of the Council on Foreign Relations and other volunteers passed their information to the State Department, in the hope that the women are on the list for one of the flights that day. At the airport perimeter the women navigated Taliban checkpoints, stampeding crowds and sporadic gunfire. As they headed to the gate, praying it remains open, the volunteers corresponded with officials to make sure soldiers on the ground could identify the refugees. They are the lucky ones. For thousands of other vulnerable Afghans ▶▶



Operation enduring freedom

► spread across the country, even taking the road to Kabul is dangerous.

After a chaotic start the operation to remove US citizens greatly improved, though it remains perilous. But the abandonment of Afghans who worked with American forces was both swift and a long time in the making. Many are eligible for the Special Immigrant Visa (SIV). Reforms by Congress in 2009 mandated a nine-month process, but the paperwork took applicants around three years. Almost 2,000 were brought to America in the two weeks before the fall of Kabul, while 71,000 applicants and their family members waited in the growing backlog. There may be up to 80,000 Afghans eligible for these visas across Afghanistan. Congress, long frustrated by the administration's glacial pace, passed a bill in July to accelerate the process. But for now, boarding a flight still requires visa papers or an American passport.

The State Department created a Priority 2 (P-2) designation in early August for Afghans who had worked with American forces or on American projects but are ineligible for the SIV programme. They, along with P-1 refugees, who must be referred by the UN High Commissioner for Refugees, an American embassy or certain NGOs, are at the mercy of the limited charter flights and an unforgiving bureaucracy. American citizens, permanent residents and SIVs have priority. But rather than risk capture by Taliban fighters, who say Afghans will no longer be allowed access to the airport, many refugees have opted instead to attempt the dangerous crossing into neighbouring Iran, Pakistan or Tajikistan.

The president could circumvent these logistical hurdles, but has refrained from doing so. Mike Waltz, a Republican congressman and a former Green Beret who served in Afghanistan, points out that

President Gerald Ford granted humanitarian parole for Vietnamese refugees leaving crumbling South Vietnam in 1975, and caajoled Congress into funding the operation. This allowed American forces to bring more than 100,000 refugees to Guam before granting visas.

In addition to presidential haste and bureaucratic coldness, Afghans who worked with America may be victims of an electoral calculation. The administration is frequently attacked as soft on immigration. Tucker Carlson, a TV host, and Stephen Miller, an adviser to President Donald Trump, have warned of the supposed threat posed by Afghan refugees.

In the absence of help from the federal bureaucracy, a volunteer army of hundreds of former American diplomats, aid workers and veterans has sprung up over email chains and Signal threads to pool funds for charter planes and pass along vital information. Many feel an obligation to Afghans they worked with during the 20-year war. One group of veterans, Allied Airlift 21, provides logistical support to Afghan SIV applicants and their families. As the sun sets in Washington and rises in Kabul, the veterans start their watch, constantly communicating with refugees and trying to guide them to safety.

Almost 20,000 people were evacuated on the best day, according to the Pentagon. But America is struggling to keep the airfield secure and find third countries to host Afghans while their visas are processed. The retreat is meant to end on August 31st, by which date Mr Biden has promised to get every US citizen out. The State Department reckons a thousand may still be in Afghanistan. Mr Waltz says many more Afghan allies will be left behind: "We're handing them a death sentence when the last American soldier leaves." ■

## The Supreme Court

# In the shadows

NEW YORK

**Why more and more of the justices' decisions are reached with no hearings**

**I**N FIVE WEEKS the Supreme Court will return from its summer break to hear a batch of new disputes, including clashes over abortion and guns. After scrutinising briefs from litigants and *amici curiae* (friends of the court), the justices will hear oral argument in these cases and—weeks or months later—release opinions explaining why one party won and the other lost. But this methodically adjudicated “merits docket” represents a shrinking proportion of the Supreme Court's notable business. Although the justices handle about five dozen cases this way each year (down from more than 150 in the 1980s), they dispatch thousands of other legal tangles without fanfare—and often with scant explanation.

The so-called “shadow docket” (a term coined in 2015 by Will Baude of the University of Chicago) includes emergency appeals from parties who believe they would be irreparably harmed without quick intervention from the justices. Whereas cases arrive on the regular docket if at least four justices agree to take them up, anyone can try their hand at filing an emergency appeal. Most shadow-docket orders are unremarkable. Some, like that of the man seeking to lift the federal airline mask requirement so he could fly to Germany without triggering an anxiety disorder, border on the comical. (His application was denied.)

Other orders, including a pair this week, are big news. On August 24th, with the liberal justices in dissent, the court rejected President Joe Biden's plea not to be compelled to reinstate Donald Trump's border policy, which required asylum seekers to await word on their applications while living on the Mexican side of the southern border. And as *The Economist* went to press, the second iteration of Mr Biden's moratorium on tenant evictions awaited a quick judgment.

It has been a busy month in the penumbra. On August 12th, acting on her own, Justice Amy Coney Barrett rebuffed eight students who claimed Indiana University's covid-19 vaccine requirement violated their constitutional rights. No explanation accompanied the denial. Two hours later, the court agreed to block part of New York state's moratorium on evictions in response to a plea from a group of landlords. This time the majority offered a short opinion—with a single sentence of justification—and the three liberal justices appended 1,000 words in dissent. Some were ►►

▶ not impressed with the majority's reasoning. On a podcast he co-hosts, Mr Baude, who clerked for Chief Justice John Roberts, panned the terse explanation, asking "How could this even be right?"

The shadow docket—officially, the "orders list"—has always been part of the Supreme Court's work. Requests from condemned criminals to have their executions blocked or delayed routinely reach the justices this way. Of the 8,000 or so annual petitions to review a decision in a lower court, about 99% are denied. The justices also use the shadow docket to respond to litigants requesting extensions to file their briefs or to handle similarly quotidian matters. A few important orders are sprinkled through Supreme Court history: a (brief) execution reprieve for Julius and Ethel Rosenberg came on the orders list in 1953, as did a halt to the bombing in Cambodia in 1973.

Historically, though, the Supreme Court has adjudicated few matters of consequence in the shadows. That changed in 2017 when several policies of the Trump administration ran aground in lower courts. A litany of Mr Trump's moves—from a ban on travel from Muslim countries and diversion of funds to pay for his border wall to a prohibition on trans soldiers and aggressive use of the federal death penalty—were blocked by federal judges, prompting the administration to beg the Supreme Court to intercede. According to Steve Vladeck, a law professor at the University of Texas, the Trump administration filed a staggering 41 emergency applications in its four years—compared with just eight during the 16-year period when George W. Bush and Barack Obama sat in the Oval Office. That is a 20-fold increase in presidential use of the shadow docket. And it paid off: of Mr Trump's 41, the justices at least partially came through for him 28 times.

These results may not be surprising given the court's increasingly conservative complexion. But outcomes aside, the spike in shadow-docket cases involving issues of national importance—including battles over election rules and public-health measures to fight covid-19—highlights a deficit of transparency and accountability. The court usually affirms or denies a request without a word of explanation, though sometimes a short opinion (or dissent) is attached. Individual justices decide whether to reveal their votes—they usually remain hidden. With only a week or so between application and decision, time for briefing is limited and the justices do not have the benefit of questioning the parties in an oral argument.

What is to be done? Mr Vladeck, who testified before a House subcommittee investigating the shadow docket in February, wants to see the court include "at least a

brief explanation" whenever it makes a change to the status quo. Leah Litman, a law professor at the University of Michigan, says a justification is particularly important when the Supreme Court reinstates a death sentence that has been blocked by a lower court. Mr Vladeck would also like the justices to own up to their votes by identifying themselves and, for important issues that do not require immediate resolution, hold fast-tracked oral arguments before rendering a judgment. The court's pandemic-era pivot towards hearings by telephone may supply a handy way to do this. ■

### Infrastructure month

## Off to the races

WASHINGTON, DC

### September will be the most crucial month of Joe Biden's presidency

ONLY TWICE since 1935 has a sitting president's party managed to gain seats in mid-term elections. With Democratic majorities in Congress already as thin as can be, almost any loss would spell a Republican takeover of one chamber and thus an end to President Joe Biden's ambitious legislative agenda. He will hope, in 2022, to counteract this rule of political gravity and his sliding approval-ratings (which seem to have been accelerated by the Afghan withdrawal, and are sensitive to what happens next in Kabul) by presenting a long list of domestic achievements to voters.

For all those reasons, this September may be the most critical month for Mr Biden's presidency. The fate of his "Build

Back Better" agenda, a \$4trn spending package, is expected to be thrashed out. At present, it is divided into two components. The first is a bipartisan bill passed by the Senate, costing \$566bn, 2.5% of GDP, and focusing on core infrastructure like roads and bridges. The second is a gargantuan bill (still being written) to be stuffed with every other item on the Biden agenda. This bit—tax increases for rich Americans and multinational corporations, big climate-change spending, and even bigger spending on a much-expanded social safety-net in the form of subsidised child care, paid family leave and community college—can pass only on a party-line vote.

The two are in a delicate tango: to keep moderates and progressives from defecting, neither is supposed to reach the president's desk until the other is ready. The balancing act is fragile. A group of nine moderate Democrats nearly derailed the effort by insisting on an immediate vote on the Senate-approved bipartisan bill, threatening to withhold their votes to advance the partisan bill. In the end, in an otherwise terrible news week for Mr Biden, he avoided a setback at home, too. On August 23rd Nancy Pelosi, the Democratic speaker of the House, staved off the modest insurrection by shepherding through a deal ensuring the survival of the partisan bill in exchange for a guaranteed vote on the bipartisan one by September 27th.

That promises a tumultuous month ahead in Congress. Much of it will be consumed with the actual drafting of the Democratic omnibus legislation, which is being subdivided among various congressional committees. If past years of legislating are any guide, there will probably be scant time for the public to digest what is in the bill—its sweeping reforms to taxing, the health-care system, education, climate spending, among others—before a party-line vote is held on it. Frenzied behind-the-scenes negotiations with Democratic swing votes, the moderate senators Joe Manchin and Kyrsten Sinema, will take precedence over public policy debates. Ms Sinema is adamant that she will not support a package costing \$3.5trn, as Mr Biden is hoping for. Preliminary budgetary instructions seem to anticipate this: they would allow up to \$1.75trn of spending to be deficit-financed, with the total spending figure subject to future negotiations. Something slimmer is almost sure to emerge from all the to-ing and fro-ing.

This haggling must also take place as other must-pass legislation approaches its deadline. Somehow by the end of September, deals must also be struck to pass a budget keeping the federal government open and ensuring that it does not exceed its debt ceiling, as it is on the brink of doing. Such is the haphazard way that the world's biggest economy is managed. ■



Pelosi holds it together

## Medical ethics

## Signs of vitalism

WASHINGTON, DC

**The combination of improved technology with religious belief and grief is creating problems for hospitals**

WHEN TINSLEE LEWIS was ten months old, doctors said that the treatment keeping her alive was causing her pain and should cease. Born with grave heart and lung conditions that surgery could not ease, she had no prospect of getting better, they said. Her family disagreed. Nearly two years and several court judgments later, Tinslee remains on life support in a hospital in Texas. In April the hospital, requesting that a court's final ruling, expected in January, should be brought forward, described how the child's body had been "ravaged" by invasive treatments. Her mother countered that the two-year-old, who is heavily sedated but conscious, had shown some signs of improvement.

This battle is about more than the suffering of a child, her family and those who care for her. Texas Right to Life, a pro-life group that is funding the Lewises' legal fight, hopes it will result in the overturning of a state law designed to protect doctors' right to withhold what is known as "futile" or "non-beneficial" care. The law allows doctors to see if another hospital will accept the patient and, if that fails, to stop treatment after ten days.

Yet the questions this case raises, about how clashes between doctors who want to discontinue care and patients' families who want to continue it should be adjudicated, are familiar to doctors in hospitals across America. Many say that such conflicts are happening more often.

Robert Truog, a paediatric intensive-care doctor at Boston Children's Hospital and the director of Harvard Medical School's Centre for Bioethics, says advances in medical technology mean it is "very hard to die in a modern ICU [intensive-care unit] these days". This can make it harder for families to accept that there is no chance a fatally ill patient will recover. Their hopes, he says, are often bolstered by experimental treatments discovered online. A decade ago there used to be one or two patients a year being kept alive against doctors' judgment in Dr Truog's ICU; now there are two or three at any time. "Families are increasingly likely to go to the courts. Doctors don't want to be all over social media, so they increasingly choose the path of least resistance."

Such conflicts affect patients of all ages. In recent years a rapid increase in the use of extracorporeal membrane-oxygenation machines, which keep patients alive when

their heart or lungs (or both) do not work, has meant that relatives are more likely to push for continued treatment.

The combination of mighty life-support systems with religious belief—or the plain power of grief—can create big problems for hospitals. Thaddeus Pope, a bioethicist and professor at the Mitchell Hamline School of Law in Minnesota, says the influence of vitalism, which holds that life must be preserved at all costs, has meant that a growing number of brain-dead patients are kept in hospital. And "doctors definitely do not want dead patients in their hospital", he says.

Such cases can cause enormous distress to medical staff, especially the nurses who care for patients hourly. Even washing and feeding someone who cannot feel a thing can cause anguish to a person who is trained to heal. Tending to conscious patients in a way that causes suffering but no benefit can inflict an intolerable strain. The most recent court filing from the hospital where Tinslee Lewis has spent her life describes how the nurses who change her nappy first apologise, "in hopes she will understand that the torturous exercise she is undergoing is not their choice".

Providing futile medical care can create other problems. It can delay other patients' admittance to intensive-care units. Though the hospital says its staff do not consider the financial cost of keeping Tin-

slee alive, her care, paid for by Medicaid, has cost more than \$24m, according to the hospital's most recent court filing.

In any health-care system that prioritises the expertise of doctors and the wishes of patients' families, clashes about the end of life are inevitable. Drawing up policies that make them less likely may be more difficult in a decentralised health system. Texas is one of three states, along with California and Virginia, which has legislation giving doctors more power to withdraw care without consent. Others have passed laws that prohibit this.

Common to all disputes is the fact that once doctors have established that further treatment is futile, the decision about what happens next is as much a moral judgment as a medical one. "The life she has may not be a life we would want for our children, but we don't get to make that decision," says John Seago, legislative director of Texas Right to Life. "The hospital is making a moral decision. She is alive, that means the care is not futile." He says the Texas law gives hospitals too much power.

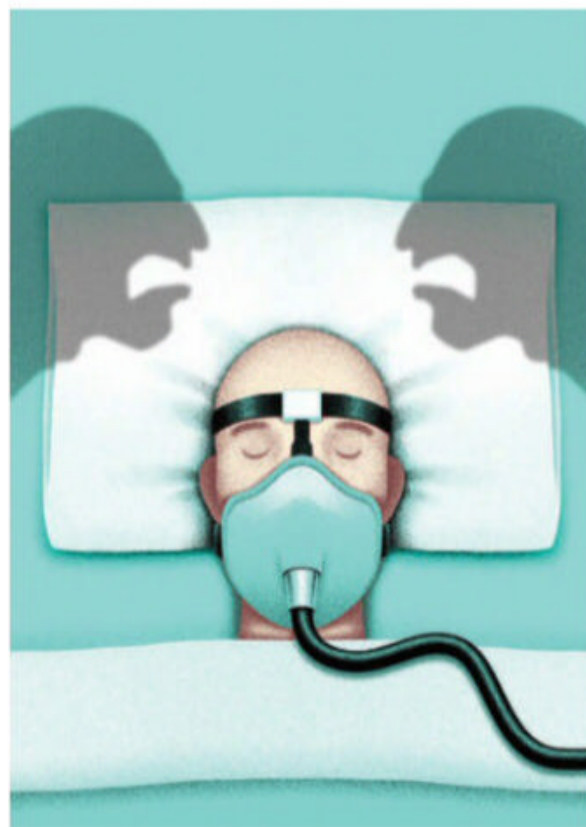
## Wishing and hoping

Other pro-life groups disagree, arguing that prolonging the process of dying is antithetical to their beliefs. Such organisations were involved in drawing up the Texas law in 1999, in the belief that it would bring timely resolution to excruciating conflicts. The row has exposed an unusual rift among pro-life groups, which tend to present a unified front on abortion. Kyleen Wright, the president of Texans for Life, says that antiabortionists' defence of the law has allowed them to build links with progressive lawmakers that would otherwise be unthinkable.

The battle over Tinslee may dissuade other states from introducing such legislation. Yet other improvements to the system are possible. Many are critical of the role played by the hospital ethics committees that weigh in on such conflicts. Because their members tend to be employed by hospitals, there are concerns they may do their bidding. Independent panels, appointed by the states, could offer more reassurance to grieving relatives.

In the case of adults, advanced directives can help. Patients tend to be less enthusiastic about life-sustaining interventions than families or guardians are. "People don't want the guilt that may follow the decision that treatment should be withdrawn," says Mr Pope.

Sometimes the best solutions are the simplest ones. Arif Kamal, a palliative-care expert at Duke University, says involving people who are trained to talk about death "beyond the clinical details" can help reconcile families to what doctors are telling them. Once a disagreement arises this, unfortunately, becomes a lot less likely. ■



# Lexington | Total recall

Gavin Newsom, one of the Democrats' great white hopes, is on the ropes



PROFILES OF Governor Gavin Newsom often note what terrific eye-candy he is. And that is not only because the 53-year-old Democrat is tall and lithe, with Hollywood teeth and a greased-back mane of tastefully greying hair. It is also because his good looks are emblematic of a charmed politician. His rise owes, California-style, to a combination of fierce ambition and family connections. A Getty helped launch him in business and then, after the governor had built a hospitality empire, joined with other rich pals to help make him San Francisco's youngest mayor in a century. Mr Newsom became known there for promoting gay marriage and by the moniker "Mayor McHottie". His progress to Sacramento was assured.

Yet the Democratic golden boy's career could be about to end in the most humiliating fashion. He faces a recall vote on September 14th that the polls suggest Mr Newsom—who was elected by a 24-point margin less than three years ago—is even-money to lose. In the midst of a covid-19 spike, surging unemployment and homelessness, and some of the worst wildfires in California's history, he has launched a \$60m survival campaign. And when Lexington spoke to him one evening this week the strain was telling.

"It's a hell of a thing," he croaked down the line, sounding wearier than he had when geeing up 100 black women organisers on a Zoom call shortly before. "When you see a string of bad polls you usually dismiss them and say they're missing something. I don't think they are. They show what I have seen, which is the intensity of the other side."

This turn of fortune is especially remarkable because Mr Newsom does not obviously deserve it. His record is pretty much what one would expect of a California governor: a few progressive measures before covid-19 struck—including a boost to pro-poor tax credits and death penalty moratorium—then a painstakingly cautious pandemic response. Notwithstanding the irritation his lockdown measures have caused, his ratings have been positive for most of that time, and still are. And if this makes his predicament seem strange, consider the likely outcome of a Newsom defeat.

The favourite to succeed him—at the helm of the world's fifth-biggest economy and America's most progressive state—is currently a Trump-loving talk-radio host, who wants to cut Medicaid,

opposes gun control and calls climate change a "crock". Even the Republican agitators who engineered the recall vote say Larry Elder is unfit to govern. A recent girlfriend of the shock-jock, who accuses him of turning a gun on her while high on cannabis, says worse. How has this happened?

The main explanation is the madness of Californian direct democracy. Other states have ballot initiatives; the Golden State holds so many such "propositions" as well as referendums and recalls that its voters in effect represent a fourth branch of government. It was a system designed in the progressive era to check special interests. Because only a modest number of signatures are required to get an issue on the ballot, however, it has been captured by them. In the current case, the interested group is a Republican Party that cannot hope to win the governorship in a regular election yet, with the support of only 12% of the electorate, can have a fair crack at destabilising a Democratic one.

To survive the recall, Mr Newsom must win 50% of the vote, a serious threshold even in easy times. The Democrats' young, heavily non-white voters are harder to turn out than the Republicans' older, whiter ones. And single-party rule has made them additionally complacent in California—not least because of the polished but risk-averse politicians it throws up. Mr Newsom's career—much like that of his fellow San Franciscan Kamala Harris, whose presidential ambitions he is assumed to share—has been more an exercise in calculatedly wooing all the Democratic factions, and offending none, than solving big problems. The result is support wider than it is deep, a vulnerability when things get tough, as they now have.

Though most advocates of Mr Newsom's removal are Republican, his covid-19 measures have got the goat of many independents and Democrats, too. "It's been fraught," he acknowledges. "I've had a dozen small businesses myself. I recognise that people are looking to cast aspersion and blame." Alas, gilded princelings make tempting targets for such anger. That is why Mr Newsom's lockdown-breaking appearance at a fancy French restaurant last year, an act that reeked of elite hypocrisy, has assumed such an outsized role in the case against him.

His hopes rest on Democrats rallying to him—Mr Elder should help. "The things he's saying would make Trump blush. It's a matter of life and death," the governor told the women organisers.

Mr Elder's closeness to power is in fact partly down to Mr Newsom having ensured no credible Democrat is vying to replace him. But it mostly reflects another structural flaw. If the governor fails to win a majority, his job will go to the winner of a concurrent contest between his 40-odd would-be successors. In other words, he could win 49% of the vote and be replaced by a nonentity who has secured less than 20%; the level at which Mr Elder is polling.

A worse democratic arrangement is hard to imagine. So it is good that some Democrats are mulling reform. The recall bar should be raised drastically. Even separating the two votes, to make the succession contest more serious, would help.

## When it's broken, fix it

That is not to absolve Mr Newsom of all blame for his predicament. But the governor's shortcomings are not the main point here. His job is on the line because of a democratic quirk which Californian conservatives, ending a long tradition of mutual forbearance, are weaponising to their advantage. To override such tactics, in California and beyond, Democrats should not rely on their ability to unearth a more visionary leader. They should try to fix the quirk. ■

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## Central America

## Joe Biden's other headache

## Democracy is being eroded in El Salvador, Honduras, Guatemala and Nicaragua

ENRIQUE, A LAWYER (not his real name), worked for the authorities in El Salvador for over a decade, going from advising a local council to being employed in the transport ministry. Despite his misgivings about graft in politics, he worked with the two parties that have dominated the country since the end of the civil war in 1992. But shortly after Nayib Bukele, the president, came to power in 2019, he went back to private practice. "This government is worse—it attacks anyone who doesn't take its position and abuses of power go unchecked," he says. "There is no rule of law."

Mr Bukele, a 40-year-old populist, is threatening the fragile democracy that was built up in El Salvador over 30 years of peace. Shortly after coming to power he entered the legislature with armed soldiers to force lawmakers to vote for a loan to buy equipment for the police and military. In May the Congress, which Mr Bukele's party now controls, dismissed the attorney-general and all five members of the constitutional chamber of the Supreme Court, replacing them with cronies. In June he did away with CICIES, an anti-corruption body. He expelled a journalist for *El Faro*, a digital-news publication, from the country

and proposed sweeping changes to the constitution, including one that would extend the president's term by a year.

El Salvador is a striking example of democratic regression. In last year's democracy index compiled by the EIU, a sister company of *The Economist*, it was demoted from "flawed democracy" to "hybrid regime", meaning semi-authoritarian. Its neighbours are troubled, too. Although Latin America generally became more democratic in the 1980s and has held up reasonably well over the past few years (with notable exceptions, such as Venezuela), Central America has not. In four of its seven countries—El Salvador, Honduras and Guatemala, collectively known as the "Northern Triangle", and Nicaragua—the systems are buckling. That matters for those who live there, but it also affects the United States.

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Each Central American country differs from the others and has its own unique problems. Yet all have certain things in common. They have long been dominated by small yet powerful political and economic elites that do not necessarily favour democracy. Institutions are young, weak or politically charged. Economies tend to work best for those at the top. Corruption is depressingly common.

Poor governance has led to insecurity, economic stagnation and shoddy public services. Institutions that ought to uphold the rule of law, such as the courts and UN-backed bodies, have been co-opted or dismantled, allowing corruption to increase. The pandemic has added to these problems. The region "fell off a cliff" last year, says Dan Restrepo, a former adviser to Barack Obama who is now at the Centre for American Progress, a think-tank in Washington, DC. The pandemic provided a pretext to curtail civil liberties in the name of public health.

In Guatemala things went from bad to worse in 2019 when CICIG, a UN-backed anti-corruption body, was disbanded. It had looked into government sleaze and abuses of power by the army, which ruled the country until 1996. Over the past two years military men, corrupt officials and criminals have only become more powerful, says Carmen Rosa de León, who heads the Institute for Sustainable Development, a Guatemalan think-tank. American hopes that the country could be its main ally in the Northern Triangle are evaporating as President Alejandro Giammattei's government attacks the justice system. On July ▶▶

▶ 23rd Juan Francisco Sandoval, the anti-graft prosecutor, was fired, allegedly for bias. Mr Sandoval, who fled the country, said he was dismissed because he was investigating high-ranking officials. Drug money has started to seep into the state, too. Ms de León's organisation has connected 38 lawmakers to drug-traffickers.

The criminality of the state is also the biggest concern in Honduras. Drug barons have seemingly infiltrated politics at every level. Juan Orlando Hernández, the president, has been fingered in at least three US cases against drug-traffickers, including one in May in which his brother was sentenced to life behind bars. Elections in November are unlikely to change much. Yani Rosenthal, a leading presidential candidate, served three years in a jail in the United States for money-laundering.

In Nicaragua Daniel Ortega, the authoritarian president, acts with increasing impunity. Over the past four months seven presidential hopefuls, as well as numerous intellectuals and former ministers, have been detained. On August 6th Nicaragua's electoral council disqualified the main opposition party, Citizens for Liberty, from running. As of December NGOs must register as "foreign agents". Police are also going after *La Prensa*, the country's oldest newspaper. There is "no trace of democracy", says a Nicaraguan businessman.

Few ordinary folk in these countries think they can change things through elections or protests. Many think their only option is to flee from their homes. In July US border guards had 213,000 encounters on the southern border, the largest number in a month since 2000. Some 44% were from the Northern Triangle. But this understates the problem. Many more of those fleeing spend time in Mexico, before trying to go farther north, while many Nicaraguans go south to Costa Rica.

President Joe Biden has made Central America, especially the Northern Triangle, a foreign-policy priority. (Officials fear they can do little about Nicaragua.) Rather than simply reinforcing the border, the administration wants to tackle the democratic regression and its effects.

That is easier said than done. The United States has some diplomatic tools at its disposal, such as slapping visa bans on the ruling elites. Last month the State Department published a list of more than 50 current and former officials accused of corruption or undermining democracy in Guatemala, Honduras and El Salvador. They will not be allowed to travel to the United States and may face further sanctions. (Similarly, Nicaraguans linked to the regime have been issued with visa bans.) The Justice Department says it will launch a task-force to investigate corruption and human trafficking in the region.

Boosting governance, security and

prosperity in Guatemala, Honduras and El Salvador from afar will be much trickier. Some violence-reduction programmes may have had a bit of success over the past few decades. But even assessments by USAID admit that past aid efforts have had little effect. American officials say they have learned from previous mistakes. Their initial focus now is on improving prosperity, by working with the private sector in each country. For example, US officials are trying to persuade local businesses to provide more jobs. They also want them to lobby for policy changes, such as the introduction of well-regulated public-private partnerships for infrastructure projects. Such projects are typically wholly state-run and highly prone to graft.

Mr Restrepo says that American efforts need to be more "disruptive". That could be achieved by creating a parallel market for captive industries, such as sugar. Producers could then sell goods directly to the United States rather than going through local cartels. Such work, he says, "takes a lot of nerve". Mr Biden and his team may not have enough. ■

## Bolivia

# A palaeontological paradox

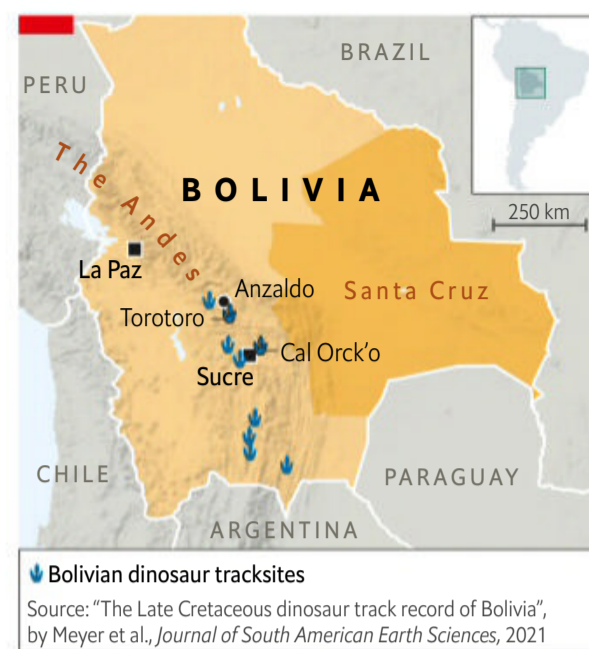
SUCRE AND TOROTORO

**Bolivia has thousands of dinosaur tracks, but few bones**

WHEN MARIO JALDIN was growing up in the 1950s in Torotoro, a village in the Bolivian Andes, he noticed hundreds of huge three-toed footprints on the edge of town. There were round ones with fat toes, thin ones with pointy claws, prints in straight lines and at odd angles, as if the beast that left them had had a change of heart. Mr Jaldin's grandfather, who didn't like him to stay out late, told him that they belonged to "a monster who comes out at night and is so strong he leaves prints in solid rock". In 1984 an Italian palaeontologist revealed their true origin: dinosaurs.

After similar discoveries at other "tracksites", Bolivia now has over 15,000 confirmed prints, one of the highest numbers anywhere in the world. The dinosaurs that roamed its prehistoric turf include long-necked sauropods, spiked ankylosaurs and theropods, which walked on two legs. With chains of tracks that stretch thousands of kilometres, "one must have died en route," says Bernardino Mamani of the Natural History Museum in La Paz.

But unlike Brazil, Chile and Argentina, with which Bolivia shared a migration route, or "dinosaur highway", Bolivia has yet to find a skeleton. This paradox has



both natural and all too human causes.

Dinosaurs lived during the Mesozoic era, from 252m to 66m years ago. Mesozoic rock is scarce in Bolivia, and the shifting of tectonic plates left some layers in accordion-like folds. According to Christian Meyer, a Swiss palaeontologist who spent a decade studying 12,000 prints at Cal Orck'o, the near-vertical face of a limestone quarry near the city of Sucre, such folding helps expose prints and could expose bones. But Mesozoic rock tends to be in hard-to-reach areas and can have characteristics that make digs tricky. For instance, experts believe that Torotoro was once engulfed by an alkaline-heavy lake (*t'uru* is Quechua for "mud"; *t'uru t'uru*, "a lot of mud"). Such environments are ideal for sealing prints but not for preserving bones, says John Flynn of the American Museum of Natural History, in New York.

Such challenges could be overcome if it were not for human factors. Bolivia, which is South America's poorest country after Venezuela, has few palaeontologists and little funding for science. "The lower the intensity of exploration, the lower the chance of finding fossils," says Mr Flynn. ▶▶



Jurassic mark

As in many countries, Bolivia's first fossils were unearthed by accident. Oil and mining geologists became experts at identifying species they found, from 485m-year-old trilobites to relatives of armadillos that lived one million years ago. Foreign palaeontologists like Mr Meyer, who specialises in fossilised footprints, or "ichnites", published papers establishing Bolivia as a dinosaur mecca. As a result, local interest grew.

Whereas other South American countries created science councils to allocate funding for research and university courses to teach palaeontology, Bolivia's government did little beyond building a few museums. The Natural History Museum, which has 26,000 specimens, has occupied a warehouse since its original building started to collapse ten years ago.

Inside it, Mr Mamani gestures at cramped shelves in a tiny office filled with femurs and tusks of mastodons, known as "South American elephants". He oversees vertebrates; his co-curator does invertebrates. "We don't have time to specialise," he sighs. Giovanni Rios, a visitor, says he spent hours here as a teenager in the 1990s, making signs for exhibitions. Mr Rios has written two books about Bolivia's palaeontological riches. But these days he searches for dinosaurs only at weekends, with a club of amateur palaeontologists called FossilBol. He works as an architect.

Some Bolivian dinosaur-lovers, amateur and professional, express resentment about foreign scientists taking samples out of the country, but they admit that Bolivia lacks the equipment and manpower to analyse and care for them. Boosting capacity would not cost much. Mario Suárez, one of Bolivia's first palaeontologists, who got his start working for the state oil firm, says that with \$20,000 he could pay a small team for six or seven months to explore a low-lying area in the state of Santa Cruz where he has discovered fragments of dinosaur bones and where, in 2009, the skeleton of a crocodile-like species from the Cretaceous period was found. "We've only scratched the surface," he says.

State investment is unlikely. Bolivia has more urgent problems, admits Mr Mamani. "Palaeontology doesn't put food in stomachs." For a few years under a previous president, Evo Morales, the vice-minister of science met palaeontologists. Work began on paving the road between Torotoro and Sucre. A guide to the "dinosaur route" was published. But the meetings stopped and the work was paused because of political instability and covid-19.

On a recent visit to Cal Orck'o, where the limestone mine is still active, the sound of crushers drowned out a tour guide's patter. The Inter-American Development Bank helped pay for a visitor centre, which opened in 2006, but it may be moved so

that the mine can expand. Despite a law to preserve palaeontological heritage, in 2010 a layer of the quarry fell, erasing its best-loved track, which looked like two dinosaurs walking side-by-side.

Some locals are starting to see palaeontology's potential. Small hotels now fill Torotoro, which is home to Bolivia's most popular national park. Mr Jaldin, no longer scared by his grandfather's tales, grew up

to be a guide. Still spry at 69, he hops between dinosaur prints. Nowadays, he says, locals know how to identify them. In Anzaldo, a village near Torotoro, a farmer taking his cows to pasture recently found a set that appear to be unusually light-footed. If the theory of Germán Rocha, a young local palaeontologist, is confirmed, they add to the increasing evidence that land dinosaurs could swim. ■

Mexico's raffle

## A bad lot

MEXICO CITY

Will anyone bid for El Chapo's house?

IF THE POPULARITY of the Netflix series "Narcos: Mexico" is anything to go by, people would jump at the chance to own a former abode of Joaquín Guzmán Loera, a notorious Mexican drug lord better known as "El Chapo". It was from this house in Culiacán, in the north-western Mexican state of Sinaloa, that the kingpin escaped capture in 2014, fleeing through a tunnel under the bathroom floor as the Mexican marines stormed in. (He was subsequently captured and extradited to the United States, where he is serving a life sentence.)

The house is among a bunch of prizes up for grabs in a special draw run by the Mexican National Lottery to be held in September, along with 20 other properties and a VIP box at Azteca stadium, the home of the national football team. Many of the items are the confiscated property of criminals and corrupt former officials, put up by the Institute to Return Stolen Goods to the People, a public body that also auctions off recovered booty.

President Andrés Manuel López Obrador (pictured, right) has a penchant for showy acts that suggest his government

is fighting corruption. (On August 1st he held a referendum on whether to prosecute his five predecessors. A paltry 7% of voters turned out, far short of the legally binding 40%.) He says the money raised from the raffle will be spent on things to improve life for the poor, including medicines, scholarships and roads.

Yet it is unclear how many people will shell out 250 pesos (\$12.45) for one of the 2m tickets. El Chapo's two-bedroom house has repeatedly failed to attract interest at auction—perhaps less because of fear that one of his *sicarios* might not look kindly on a new tenant, than because the property is now decidedly rough round the edges.

When Mr López Obrador, who flies economy class, failed to find a buyer for the presidential plane after taking power in 2018, he offered it as the main prize in a similar draw. When it dawned on the authorities that the average Mexican would not be able to house or maintain a Boeing 787-8 Dreamliner, they replaced the prize with the cash equivalent. Despite the riches on offer, about a quarter of tickets remained unsold.



All shall have prizes

**SPECIAL  
REPORT:**

*The Arab World*

→ August 28th 2021

3 A misshapen square

5 Axis of resistance

6 Islamism

8 The Palestinians

9 Regional institutions

10 Sisi's Egypt

11 The future



Identity crisis

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## A misshapen square

The Middle East is mired in conflict and collapse, but it also has an identity crisis, says Gregg Carlstrom

**T**O WANDER TODAY through Tahrir Square, the heart of Egypt's 2011 revolution, is to stroll through an empty, haunted house. During those 18 days of unrest the atmosphere alternated between festive and terrifying. Young people sang, schemed and spoke freely about politics. Thugs on camels rode past the Egyptian museum and charged headlong into the crowds. For years after Hosni Mubarak's departure, the square exerted a magnetic pull. "Back to Tahrir" became a mantra for activists whenever Egypt's democratic transition seemed troubled.

The army put paid to all this in 2013, and now the square resembles a military man's idea of public space. It has been smartened up, with fresh paint on the buildings, well-kept grass and the central roundabout anchored by an obelisk—and also cleared of people. Guards shoo away anyone who lingers too long.

South of the square sits the Mugamma, a bureaucratic edifice where countless Egyptians have wasted countless hours and paid countless bribes for official paperwork. It is being moved to a grandiose new capital in the desert. North is the neoclassical museum, a building that entranced generations of tourists. Its treasures too are being shifted to a new \$1bn museum on the Giza plateau. Though still full of traffic, Tahrir feels void of life, as if Egypt's rulers hoped for a physical break with the chaos of a decade ago.

That makes it fitting that the square hosts the Arab League, an institution set up in 1945 that now feels like a monument to an earlier age. Built on the site of an old British barracks, the league was a nod to the mid-century Arab nationalist wave and Egypt's role in it. Some 75 years after its founding, though, it has fallen far short of what Arabs hoped for. The nationalist wave has ebbed, as has

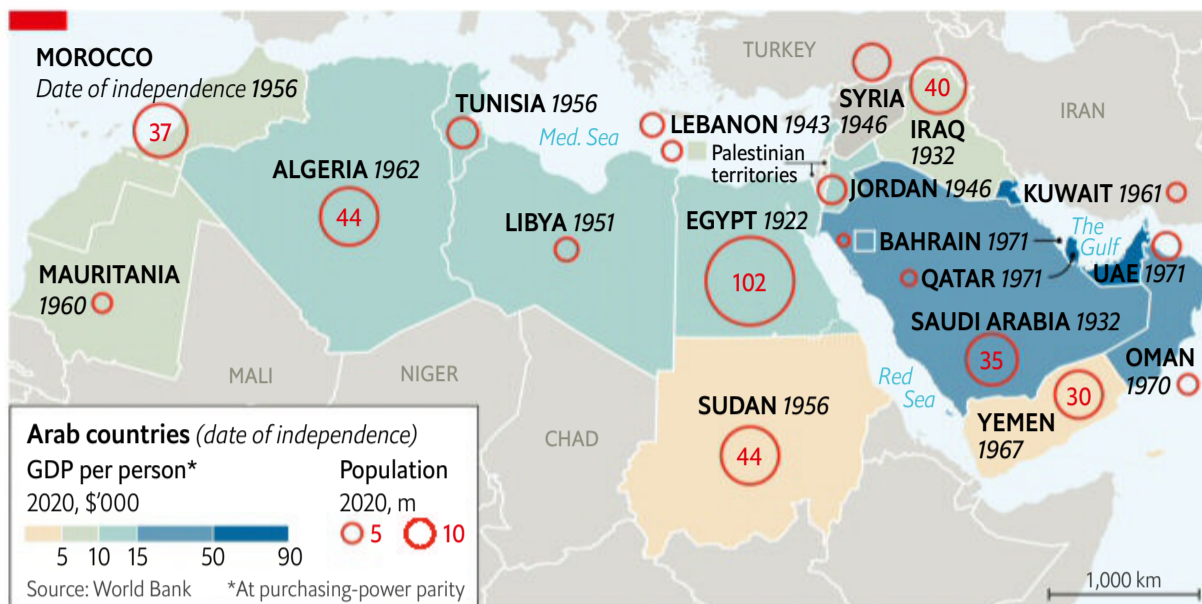
Egypt's place in the region. To walk past the building, into the eerie emptiness of Tahrir, invites a question: when even national identities in the Middle East are in doubt, what is the Arab world?

Before Islam came, the Arabs were, simply, Arabic-speaking nomads of the Arabian peninsula and Mesopotamian desert. The conquests of Islamic caliphates then spread their tongue and faith as far afield as modern-day Spain and Pakistan. But the last caliphate fell to the Ottomans in the 16th century, ushering in a 400-year period when most Arabs were ruled by outsiders.

By the 1800s Ottoman rule had begun to grate. Arab intellectuals looked with frustration at the technological and political progress of Europe, advances that seemed built atop the work of older Arab thinkers. The Ottoman empire felt stagnant and increasingly heavy-handed. What emerged from this frustration was Arab nationalism, an ideology that posited a historic Arab nation, bound by ties of language and culture, poised for renewal if it could only throw off the Turkish yoke.

To put this into practice would take another century. As the Ottoman empire waned, European powers carved up the Arab territories. Britain and France drew arbitrary borders that endure to this day and broke repeated promises to withdraw and grant the Arabs independence. In the decade after the second world war, though, Arabs finally assumed control of their nation-states. Some borders may have been haphazard, but they were sovereign, for the first time in centuries, and their citizens were eager for growth and development—and representative government.

What followed was a decades-long effort to create an expansive, transnational Arab identity. Arab nationalism would become ▶▶



► the region's ascendant ideology. Its main competitor, Islamism, found its own pan-Arab manifestation in the Muslim Brotherhood. The Arab League was meant to integrate the region and safeguard states' independence. The conflict with Israel became a touchstone: a joint military struggle for some, an ideological cause for all.

Away from politics, mass media helped forge a common culture. Egyptian cinema grew universally popular. The haunting voice of Fairouz, Lebanon's most celebrated diva, crooned from cafés and car radios from Tunis to Baghdad. There were pan-Arab newspapers and Sawt al-Arab ("Voice of the Arabs"), a Cairo radio station that could be heard across the Arabic-speaking world.

The Arab spring that began in 2010 was also a pan-Arab endeavour. The self-immolation of a street peddler in Tunisia set off protests in much of the region, their spread galvanised by al-Jazeera, a Qatari-funded satellite news channel that saw its popularity peak as the unrest spread. Slogans and tactics migrated from one place to the next. Demonstrators in one country chanted in solidarity with their kin in another.

### Hollow pillars

Yet it also revealed how hollow were the pillars of Arabism. The Arab League played little part, except as the butt of jokes on social media. Arab nationalism, long associated with ruthless dictators and ill-conceived socialist policies, was already discredited; it was not a unifying ideology. Islamists claimed some brief opportunities to govern, but their divisive and incompetent rule left their reputations in tatters. And the battle with Israel lost some of its resonance as Arabs turned their ire on their own rulers, who killed vastly more people in a decade than Israel has ever done.

This special report is about the regional order that has emerged from the past decade. It has three distinct characteristics. First is the external weakness of many Arab states: the most powerful countries in the Middle East are all non-Arab. Second is their internal brittleness. Bulging young populations and unproductive economies are existential threats that often call for harsh repression. Apart from the Gulf countries, the Arab world is a string of failed and failing states.

Alongside these crises of legitimacy and governance, is a third: a crisis of identity. With no ideologies or institutions to stitch together the region, many states have fallen back on a narrow, self-interested nationalism. Ask young Arabs what it means to be Arab and many struggle to find

**Today the region is divided into three camps, each led by a powerful non-Arab state**

an answer. "Sitting in fuel queues," quips a journalist in Beirut. "A desire to emigrate," says an Egyptian businessman. "It's a longing for home," offers a Bahraini academic. Two centuries after Arab intellectuals dreamed of a prosperous, sovereign and united region, the main thread that connects people from Marrakech to Muscat is often a shared sense of unhappiness.

The post-war era was hardly a peaceful time in the Middle East. But this was when Arabs took centre stage in their own conflicts. Today the region is divided into three camps, each led by a powerful non-Arab state. The Iranian one styles itself as the "axis of resistance". It counts the Syrian regime as an ally, along with powerful Shia militias in Iraq, Lebanon and Yemen. Next is a Turkish-backed group rooted in Sunni

Islamism. Qatar is its closest Arab partner; it also wields influence in Libya, northern Syria and among the diaspora. Opposed to both are the Gulf monarchies. Wealthy and stable, but nervous for their own security, they have thrown in their lot with a third non-Arab state: Israel, the region's strongest country.

There have been no winners in this contest. Years of civil war have left Libya, Syria and Yemen unrecognisable as sovereign states. The Iraqi government midwifed by the American-led invasion in 2003 has stood by while Iranian-backed militias loot the treasury and murder critics. Lebanon has plunged into a depression that ranks as one of the worst anywhere in history. The Arab world accounts for 5% of the world's population but almost 50% of its refugees and 25% of its internally displaced people.

Most Arab countries suffer from severe poverty, unemployment and woeful basic services. Egyptians overthrew a dictator only to welcome another. Tunisians built the Arab world's only true democracy, and even that is now under threat. Both countries had higher unemployment in 2020 than in 2010, higher poverty rates, and higher debt-to-GDP ratios. Even the Gulf states, relative oases of stability, fret about the end of their rentier economic models. With the possible exception of the United Arab Emirates (UAE), none has worked out how to build a prosperous Arab economy for a post-oil future.

Arabic has two words for nationalism: *qawmiyya*, from the word *qawm*, which connotes a group of people unbound by borders, and *wataniyya*, from *watan*, a word often rendered in English as "homeland". The Arab nationalism of the 20th century aspired to be the first, even if reality fell short of this. "The Arab world" is a vast region of up to 22 countries and more than 400m people, with more scattered in a far-flung diaspora. Yet the region's factionalism was not inevitable. Foreign powers deserve some blame. America and the Soviet Union both propped up lousy Arab regimes during the cold war. Since 2003 American policy has been inconsistent but almost always terrible. A straight line connects the invasion of Iraq with the rise of Islamic State a decade later.

For Arab rulers, aspirational talk of unity was often a pretext for larger states to meddle in the affairs of smaller ones. Corruption and incompetence left even energy-rich countries in a state of decay. Autocrats failed to invest in education, repressed civil society and stoked internal division, all but ensuring that efforts to set up democracies would fail. What exists today is increasingly just the second sort of nationalism. The Arab League lurches on, but has not built the ties of trade and travel that have integrated other regions. And far from promoting regional unity, a new crop of autocratic rulers who survived or emerged from the Arab spring struggles to hold together even national identities. ■



## The resistance axis

## Pyrrhic victory

Iran won its cold war with Saudi Arabia. What its allies control, though, they cannot govern

VISITORS TO BEIRUT last year noticed an odd diptych on the drive from the airport. Head north along Imam Khomeini avenue and one passed billboards to Qassem Suleimani, an Iranian general assassinated by America in January 2020. Yet just a kilometre farther on his gaunt visage gave way to a jowly image of Benjamin Franklin, one of America's Founding Fathers.

General Suleimani was a frequent visitor to the city. He helped build Hizbullah, a Shia militia-cum-political party, into the strongest actor in Lebanon, with a sizeable base of popular support and the muscle to silence critics. But it now wields its influence in a country plunged into what the World Bank says may be one of the three worst financial crises since the 1850s. The Lebanese pound, once pegged to the dollar, has lost more than 90% of its value in two years, and greenbacks have become scarce. Hence those images of Franklin: a local money-transfer firm wanting to reassure customers it had \$100 notes left. The billboards are a small illustration of the success and failure of Hizbullah—a story repeated elsewhere in the region. Groups backed by Iran wield great power from Baghdad to Beirut. Yet the “axis of resistance” props up ossified regimes that control but cannot govern.

For decades observers have seen the Middle East through the prism of a Saudi-Iranian cold war, a conflict that dates from Iran's Islamic revolution in 1979. Ayatollahs in Tehran hoped, and monarchs on the Arabian peninsula feared, that the revolutionary wave would cross the Gulf. Saddam Hussein framed his eight-year war against Iran in the 1980s as an effort to shield Arabs from Iranian hegemony. The Gulf states, particularly Saudi Arabia and Kuwait, lent more than \$37bn to his war effort.

This binary view of a proxy war has outlived its usefulness—because the Saudis lost. They failed to build a deep well of support in other Arab countries, settling for ineffective chequebook diplomacy with fickle politicians and warlords. Iran is undeniably the strongest foreign actor in Lebanon, Syria and Iraq. (Ironically, it owes thanks to its arch-foe America, which swept Saddam away in 2003, transforming Iraq from hostile neighbour to fertile ground for Iranian influence.) The Saudis still fight a rearguard action in Yemen, but their six-year war against the Houthis, a Shia group, has served mostly to benefit Iran. Diplomats from the Gulf curtly describe several Arab states as “outside the Arab fold”.

Yet Iran's victory is a hollow one. The axis of resistance is one of misery. Life in Syria and Lebanon is defined by petrol queues, lengthy blackouts and growing hunger. Iraqis swelter through another summer of widespread power cuts, with temperatures soaring to 52°C (126°F). Yemen has endured bouts of famine and cholera. Iran and its allies are not wholly to blame for these problems. Lebanon's bankruptcy stems from decades of misrule by the political class. But the Iranians do not even pretend to offer solutions. Instead they have become guardians of failed regimes. In Syria, Iran helped Bashar al-Assad brutalise his opposition and preserve his grip on power. More recently Hizbullah helped put down a protest movement in Lebanon, and Iranian-backed militias in Iraq have killed protesters.

When Hizbullah was founded in the 1980s, it had something to resist: the Israeli occupation of south Lebanon. Many Lebanese, regardless of sect or political persuasion, saw this as a legitimate

struggle. The group's popularity soared after the Israeli withdrawal in 2000, and stayed high even after war with Israel in 2006, which began with the capture of two Israeli soldiers. Though devastating for Lebanon—even leaders of Hizbullah later admitted it was a mistake—it ended in a draw, and for Hizbullah survival was victory. Arabs of all stripes cheered it for giving Israel a bloody nose, a feat no Arab state had managed in decades.

But Hizbullah has since mostly turned its guns on other Arabs. In 2008 its militants briefly took over west Beirut, a moment that stretched the definition of “resistance”. The Syrian civil war brought more contradictions. To support its allies, Mr Assad and Iran, Hizbullah had to fight Syrian rebels. This time it claimed to be resisting the *takfiris*, or Sunni extremists, and protecting Shia shrines in Damascus. Some Lebanese Christians, unnerved by the more radical elements of the Syrian opposition, applauded. But Hizbullah's popularity in the Arab world broadly plunged.

## Redefining resistance

Today Hizbullah and its allies speak of a “resistance economy” in Lebanon—another shift. In areas where the group holds sway, shops offer Syrian and Iranian goods at prices below those elsewhere. In April Hizbullah trumpeted the Sajjad card, a ration-card scheme named after a Shia imam that offers discounts to participants based on their incomes. But their supporters are still not spared the indignities that define life in Lebanon. Pharmacy shelves are bare: expats visiting for the summer stuff their suitcases with medicines, not only prescription pills but even basics like paracetamol that are unavailable in the country. Petrol stations, if not closed, have hours-long queues that snake for blocks.

The story is similar elsewhere in Iran's sphere of influence. The World Food Programme estimates that 12.4m Syrians cannot get enough to eat—nearly 60% of the population, and twice as many as in 2018. A basket of staple foods has increased in price by almost ▶▶



Backing the neighbouring strongmen

▶ 200% in the past year. Subsidised bread, the cheapest source of calories, is of ever-lower quality, and Syrians often queue for hours to procure any. Meanwhile Iraq, the world's sixth-biggest oil producer, generates barely half the estimated 30 gigawatts of electricity its citizens need during scorching summers. Billions of dollars spent on post-war reconstruction have vanished, siphoned off by corrupt officials.

To hear Hassan Nasrallah tell it, such woes are largely the result of a Western "siege", a term he has used in speeches over the past year. Even critics of the Hizbullah leader would admit that he is a charismatic speaker with a flair for the dramatic. Not only that: he offers more than empty words. In a televised speech during the 2006 war, Mr Nasrallah told his viewers to look out to sea. Moments later a missile slammed into an Israeli destroyer off the coast, damaging the vessel and killing four sailors.

A decade and a half later, though, Mr Nasrallah has become what he once abhorred. He has made dozens of speeches since Lebanon's plunge into crisis, many devoted to backing the existing order. Initially he endorsed anti-government demonstrations in 2019, but he quickly changed his mind. In his later assessment the protesters—hundreds of thousands, from all walks of life—had been infiltrated by a fifth column on the payroll of foreign embassies. As for the economic crisis, he offers a pat solution: to bypass the Western "siege" and "look east", to Asian powers such as China, which stand ready to pour billions into Arab economies despite supposed howls of outrage from the Americans.

Much of this is fantasy. Sanctions on Lebanon are limited to companies and individuals, many affiliated with Hizbullah. There are no broad prohibitions on trade. And America has not kept China out of the Middle East. Since 2005 it has invested \$137bn in Egypt, Jordan and the six Gulf states, according to a tally by the American Enterprise Institute, a think-tank. It has also signed \$13bn-worth of deals in neighbouring Israel. All of these are close American partners—countries that would be sensitive to criticism from America over their dealings with China. The real obstacle to Chinese investment in Lebanon is Lebanon itself: unchecked corruption, parlous infrastructure.

Iraq struggles to attract non-oil foreign investment for similar reasons. Sanctions may be a bigger issue in Syria, where America has banned a range of commercial transactions with the regime. Even there, though, Mr Assad acknowledges that his biggest economic problem is Lebanon's financial crisis, which erased tens of billions of dollars of Syrian capital stashed in Lebanese banks. "Sanctions haven't prevented us from securing our basic needs," he said in a speech in July.

Hizbullah remains Israel's strongest Arab foe. Generals in Tel Aviv acknowledge that another war with the group would be painful. Aside from a few brief border skirmishes, however, it has not fought Israel in 15 years, and now can ill afford to. A bankrupt country still reeling from the self-imposed ruin of its capital is in no position to support a war.

Similarly, the militias that fought America after 2003 claimed to be fighting a foreign occupier. But the meagre American presence in Iraq is there at the behest of an elected government, keen to prevent a resurgence of Islamic State. In Syria, Iran and its partners led a counter-revolution to shield a hereditary dictator whose regime was no exemplar of resistance: the Assads, *père et fils*, kept the border with Israel quiet since 1973, and the younger was negotiating a peace deal with the Israelis as late as 2010.

"Resistance" has thus given way to self-preservation. If they are impoverished and ideologically incoherent, though, Iran's allies are also well-armed. That has been enough to preserve their grip on power. Yet they have proved no more effective than the regimes they once sought to topple—a problem that, ironically, also afflicts their ideological opposites. ■

## Islamism and its discontents

# No solution

## Once an organised force, brief bids for power have left Islamists adrift

**B**EFORE 2011 many Arabs believed that, given a fair chance, Islamists would be an unstoppable force in democratic politics. This view was shared by supporters and opponents alike. The former saw Islamists as clean, unsullied by power, adept at providing social services and well-placed to run campaigns. The latter thought they would use democracy to swoop to power and then abolish it: "one man, one vote, once", as the saying goes.

For decades, few could test this hypothesis. Islamism was the main ideological challenger to Arab nationalism, but it was repressed throughout the region. The Muslim Brotherhood, founded in Egypt in 1928, was officially "banned but tolerated", allowed to perform charitable work but mostly kept out of politics. Algeria endured a brutal civil war in the 1990s after the government negated an Islamist victory at the polls. Hafez al-Assad flattened much of Hama in 1982, killing thousands, to quash an Islamist revolt.

This experience did much to shape Islamists vying for power after the Arab spring. Many were the products of brutal repression or long exile. The first created movements like the Brotherhood, with rigid, secretive hierarchies ill-suited to democratic rule. The second meant that Islamists were often out of touch with those they sought to represent. In both cases, they overestimated the depth of popular support—though this was not immediately apparent after the Arab spring. When Egypt held its first free parliamentary elections in 2011 and 2012, the Muslim Brotherhood romped to victory: its Freedom and Justice party won 44% of the seats, a plurality. It then broke a promise not to field a presidential candidate and won that election, too, albeit by only three points.

In hindsight, some Brotherhood supporters wish they could reverse that decision. Muhammad Morsi, the only freely elected president in Egypt's history, was never meant to hold the job. He stepped in after the army disqualified the Islamists' preferred candidate (wags dubbed him "the spare tyre"). His brief tenure was a debacle. He alienated liberals by declaring his decisions beyond judicial review; he infuriated the army by attending a rally where clerics urged Egyptians to join a jihad in Syria; and he lost the public through his bumbling style. He once reversed a raft of controversial tax increases, well after midnight, in a Facebook post.

His failings were not all his fault. The army, security services and courts conspired to undermine him. Police were largely invisible in early 2013 (residents of smart Cairo suburbs swapped horror stories about carjackings) only to make an abrupt return after the coup. Still, his rule was inept and divisive; by the time he was overthrown, many Egyptians were happy to see him gone.

Hamas, the Islamist group that controls Gaza, has turned corrupt and authoritarian: "Fatah with beards", critics call it, referring to the much-loathed nationalist faction that runs the West Bank. The Islamist tinge of many Syrian rebels helped push minorities to throw in their lot with the Assad regime. The only Islamist party to emerge with its reputation intact, Tunisia's Ennahda, is best known for ceding power in 2014 after a spate of assassinations, saving (perhaps only briefly) Tunisia's nascent democracy. ▶▶

**Islamists' brief experiments at governing suggest they have few ideas for what to do**

- After a decade in which Islamists sought influence across the Middle East, the only places they control are not states at all: Hamas in Gaza, and Hayat Tahrir al-Sham (HTS), a jihadist group that holds a chunk of north-west Syria. Elsewhere they are again on the defensive, losing support from even close backers. They may never re-emerge as a hegemonic force. Islamists' brief experiments at governing suggest they have few ideas for what to do.

### The Turkish model

By 2011 Turkey had accumulated plenty of soft power in the Arab world. It was a popular tourist destination and the source of beloved soap operas dubbed into Arabic. It had a moderate Islamist government with a booming economy and a positive reputation—a model of what some Arab activists hoped to build.

Unsurprisingly, it staked its reputation on the Islamists who sought power after 2011. Turkey was one of the few states vocally to oppose the coup in Egypt. As the Arab counter-revolution grew, it became a safe haven for Islamists hounded out by repressive regimes. It treats the HTS-ruled enclave in Syria as a protectorate. Leaders of Hamas have found safe haven in Istanbul.

After the Tunisian revolution Rachid Ghannouchi, leader of Ennahda, explicitly cited Turkey as a model. One no longer hears such talk today. That is partly because Turkey has lost appeal. Recep Tayyip Erdogan, the country's ruler since 2003, is increasingly autocratic, intolerant of protesters and the press. His economic policies debased the currency and fuelled high inflation. A foreign policy once described as “zero problems with neighbours” has flipped into one of zero neighbours without problems.

Open support for Islamists has triggered a backlash in the Arab world. At times it has been petty. In 2019 MBC, a Saudi-owned television network, aired a series called “Mamalik al-Nar” (Kingdoms of Fire), which depicted the final conflict between the Ottomans and the Mamluks. It cast the early Ottomans not as benevolent overlords, as they are often portrayed in Arab historiography, but as harsh occupiers. Saudi television takes its cue from the government; the series was seen as an effort to sour public opinion against Turkey. But the kingdom has also taken concrete measures. It imposed an informal embargo on Turkish goods last year. Data from a Turkish industry group found exports to Saudi Arabia in the first quarter down by 93% on last year, from \$811m to \$56m.

All this has prompted Turkey to reconsider its policies. In recent months it has ordered Brotherhood-linked television channels in Turkey to tone down their rhetoric; several outspoken journalists have been pulled off air. In April an adviser to Mr Erdogan said Turkey was eager to repair relations with Saudi Arabia. He even praised the Saudi legal system for how it handled the murder of Jamal Khashoggi, a Saudi journalist butchered inside the kingdom's consulate in Istanbul in 2018. This about-face has been head-spinning for Arab dissidents based in Turkey, a reminder that Islamists, like many politicians, are motivated less by ideology than by self-interest—a trend also apparent in the Arab world.

When Islamists did come to power, they seem not to have considered how to use it. In the autumn of 2012 the Brotherhood-led Egyptian government oversaw an effort to draft a new constitution. One of the most contentious articles dealt with the role of sharia (Islamic law) in Egyptian courts. The nuances of the debate tended toward the esoteric, incomprehensible to anyone without a background in law and religion. Liberals were angry that the Brotherhood's proposal went too far, and ultra-conservative salafis fumed that it did not go far enough. The question consumed the government for weeks, at a time when it should have focused on more pressing issues, such as the economy. Not that it had much to offer on that front. Islamist parties tend to be capitalist, often more so than nationalists. But their economic philosophies rarely go beyond a vague faith in markets.



Morsi, cancelled

Ennahda offers a telling example, if only because Tunisia's democratic transition gave it a decade to play politics. It mostly avoided trying to impose religion on a country with an influential secular population inspired by French notions of *laïcité*. And its economic policies have often been indistinguishable from those of the *ancien régime*. It struck a deal with the IMF, imposed austerity and clashed with the country's powerful trade unions.

Mr Ghannouchi deserves credit for his 2014 resignation and his partnership with Beji Caïd Essebsi, head of an anti-Islamist coalition. “We placed all our bets on an alliance with our adversaries from yesterday,” he said. But voters punished him: Ennahda's share of the vote fell from 28% in 2014 to 20% in 2019. Within the party he seems increasingly autocratic, on his third term as leader (defying rules that limit him to two) and planning a fourth.

Then came Kais Saïed, the political outsider elected as president in 2019. In July he staged a form of coup, stretching the constitution to invoke emergency powers, sack the prime minister and suspend parliament. It was a nakedly undemocratic move, yet many Tunisians, fed up after a decade of political paralysis and economic pain, supported it or were indifferent.

At first Ennahda branded his move a straight coup, a description unpopular even with some of its supporters: young cadres urged the leadership to resign. It has since toned down its language and accepted a need for “self-criticism”. It is not solely to blame for Tunisia's woes, but Mr Ghannouchi has been reluctant to admit that his party had any responsibility for them. After decades supposedly preparing for power, Islamists found themselves unready for the task—and facing a wall of opposition from other Arab states, which see political Islam as a mortal threat. ■

## The Abraham accords

## A farewell to arms

**The Palestinian cause still looms large for many Arabs, but for governments it has outlived its usefulness**

IN THE FIRST years after Israel's founding, David Ben-Gurion promoted an "alliance of the periphery". The father of modern Israel saw the Arab world as implacably hostile. So he sought ties with non-Arab states, chiefly Turkey and Iran, which both established diplomatic relations with Israel in 1950 (the first Muslim-majority countries to do so).

The periphery looks rather different now. Israeli strategists point to Iran and Turkey as their chief regional adversaries: the first for its nuclear programmes and promotion of Shia militias, the second for harbouring Sunni Islamists, such as Hamas leaders. The Arabs no longer seem so implacable. Last year the UAE and Bahrain established diplomatic relations with Israel under the so-called "Abraham accords"; Sudan and Morocco followed suit. Fully half of Arabs now live in states that recognise Israel.

This is not to say that the Palestinian cause has lost relevance. A glance at a television in May, when Israel fought an 11-day war with Hamas, showed otherwise: the bombardment of Gaza was an omnipresent fixture on the news. It is hard to speak with authority about public opinion in a region with such repressive regimes. But it is safe to say that most Arabs see Israel's treatment of the Palestinians as a moral outrage—even if fewer think it can or should be wiped from the map.

Most of Israel's peace treaties in the Arab world are decidedly cold ones. Egypt reaped diplomatic and security benefits from its 1979 treaty, but Egyptians have few cultural or economic ties with their neighbour. The new Israeli envoy in Morocco struggled for months to find office space. Even so, the Palestinian cause, once a central issue to the Arab world, is now just one among many. No Arab state has fought Israel in almost 50 years, and no non-Palestinian group since 2006. In effect, the Arab-Israeli conflict, which once did so much to stitch together the region, no longer meaningfully exists.

### Unity and disunity

Even in the heady days of Arab nationalism, Arab unity was a stretch. The United Arab Republic (UAR), a merger between Egypt and Syria, lasted only three years. The rulers of Syria and Iraq, both adherents of Baathist ideology, were often at daggers drawn. And the potentates of the Gulf wanted no part in a nationalist wave they feared would crash over their own palaces. Egypt fought a ruinous proxy war with Saudi Arabia in North Yemen in the 1960s.

The Arab-Israeli conflict was an exception. The "three nos"—no peace with Israel, no recognition and no negotiations—were shared policy for decades. Arab states banded together to fight Israel in 1948, 1967 and 1973. The defeat in 1967, which saw four Arab armies brought to heel by the Jewish upstart, played a big part in the demise of Arab nationalism. Nasser resigned, though he then reversed his decision. The defeat left him humbled: he was forced to sue for peace in Yemen.

Mohammed Heikal, a Nasser confidante, quipped after the war that power in the Arab world had shifted from *thawra* (revolution) to *tharwa* (wealth). The shift was not quite straightforward: at first religion would supplant revolutionary nationalism. But today the region's centre of gravity has moved to the rich Gulf states. Many did not become independent until the 1970s, when the Arab

nationalist tide had already begun to ebb. Sheikh Zayed, founder of the UAE, spoke often about the Palestinians and called Israel an enemy. But he never needed to act on these words: the last Arab-Israeli war was fought less than two years after the UAE became a sovereign state in 1971.

Even as a rhetorical device, the struggle with Israel has outlived its usefulness. "With all our love for the Palestinians, and our traditional support for them, there comes a point where we will no longer be able to sacrifice our interests for local struggles on the Palestinian side," says a diplomat from a country that has normalised relations with Israel. One can quibble with this framing. The Gulf states had quiet security ties with Israel for years; they sacrificed little for the Palestinians. To call it a "local struggle", though, underscores how little point it now has for Arab governments.

In February an Emirati probe successfully entered orbit around Mars, making the UAE the first Arab state (and the fifth overall) to reach the red planet. The Emirates sought to frame this as an Arab accomplishment: for days billboards in Dubai offered "congratulations to the Arabs". Assembled in America and launched into space by a Japanese rocket, the probe was hardly a wholly local endeavour. But the messaging was a sign of the extent to which the UAE sees itself as a regional leader. It may seem an unlikely candidate. It lacks Egypt's size, Saudi Arabia's religious clout, or the long history of Arab capitals such as Baghdad and Damascus. Citizens make up only 10% of its 10m population. Even its location, on the toe of the Arabian peninsula, is on the periphery, closer to Delhi than to Cairo.

Many Arabs harbour chauvinism toward the *khaleejis*, desert-dwelling parvenus whose success stems from oil, luck and the hard work of foreigners. Yet many also aspire to live there. Dubai offers personal security and material comfort that are lacking in other Arab states. For decades that has been the main source of the UAE's soft power. "We want to have a Middle East, and an Arab world, that is similar to the way in which we run our own country," says one official.

Emirati officials rattle off priorities that sound drawn from an IMF report: efficient, lean government; support for small business; investment in education. It can seem a caricature of bloodless, technocratic liberalism. But there is little altruism in the UAE's regional policies. It invests in agriculture in Sudan to safeguard its own food security, and funds ports on the Red Sea to support its global logistics hub. It joined the war in Yemen only to secure allies in the south, then withdrew; it is now quietly building an air base off its coast.

Most of all, the UAE has an aversion to mass politics. That is what makes Israel a logical partner, a state that offers cutting-edge surveillance tools, such as Pegasus software used to spy on journalists, activists and others. The Arab-Israeli conflict was an exercise in mass politics, instrumentalised by Arab leaders. The Abraham accords were its opposite: a way to shelve one of the few causes that resonates across the region but that Arabs have proved powerless to resolve. ■

### Majority view

Arab population by relationship with Israel, m



Source: World Bank

## Regional institutions

## Talking heads

The Arab League was among the first post-war multilateral bodies, and one of the least useful

NO ONE COULD blame Morocco. In 2016 the kingdom was due to host an Arab League summit, an expensive undertaking. The meetings are so dull that some heads of state fall asleep. So in February, two months beforehand, Morocco said it could not be bothered to play host. “This summit will be just another occasion to approve ordinary resolutions and to pronounce speeches that give a false impression of unity,” the kingdom said. Leaders ended up gathering in a tent in Mauritania instead.

Founded in 1945, the Arab League was one of the first multilateral bodies set up after the second world war. It expanded rapidly over the next few decades, adding members and striking treaties on defence and commerce. Members proposed a common market in 1953 and signed an economic unity agreement in 1957, the year when six European countries signed the Treaty of Rome that set up what became the European Union. The aspiration, in the Middle East as in Europe, was to pull down trade barriers and link regional economies. Almost 70 years later, none of that has happened.

Consider trade: Arab countries do pitifully little business with each other. Less than 5% of the Arab world’s non-oil trade is internal, estimates Alain Bejjani, chief executive of Majid Al Futtaim, a retailer in Dubai. EU members send at least one-third of their exports inside the bloc; in ASEAN around 20% of trade is similarly internal. Within the Arab world tariffs remain high, and poor infrastructure makes trade more expensive. French-speaking countries in north Africa have lower trade costs with Europe than with each other. Despite talk of a Schengen-style free-movement zone, travel remains difficult. A citizen of America may travel to 16 of the 22 members of the Arab League without applying for a visa. A citizen of Egypt, where the Arab League is based, may visit only six. Israelis enjoy more travel privileges in Arab states than Syrians.

The league has not been much good at diplomacy, either. In 2011 it tried to mediate in Syria. Mr Assad agreed to halt attacks on protesters and free political prisoners; the league deployed observers to verify. The monitoring mission lasted barely a month, but there were few consequences. The league froze Syria’s membership and voted for sanctions on Syrian officials, yet many Arab states maintained ties with Mr Assad’s regime.

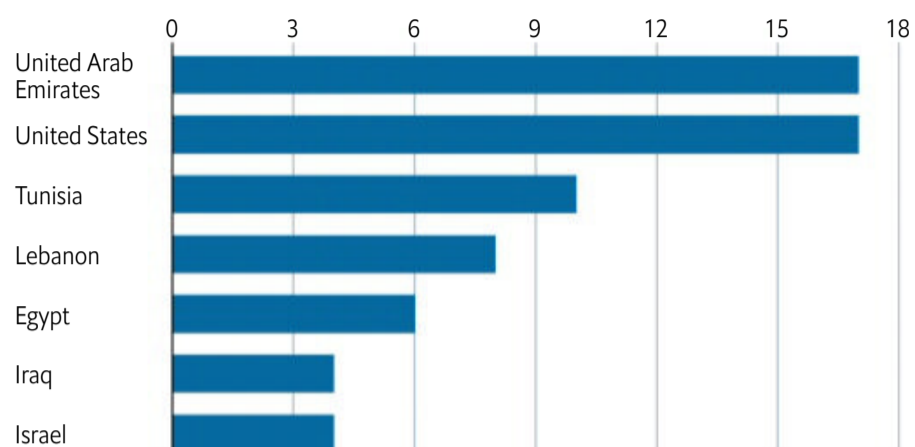
The Arab Peace Initiative, which the league endorsed in 2002, seemed to be one of its few meaningful ventures: it promised Israel normal relations if it ended the occupation of Palestinian territory. This has not happened, but last year four Arab states went ahead and normalised relations with Israel anyway. The league has been on the sidelines during the covid-19 pandemic, co-ordinating neither economic stimulus nor distribution of vaccines.

The Gulf Co-operation Council (GCC) had a more hopeful start. When founded in 1981, three of its six members had been independent for only a decade. Most were small states, satellites orbiting a much larger Saudi Arabia. Integration was logical. The GCC is the closest thing in the Arab world to a multilateral institution. Citizens of its six stable monarchies enjoy free movement and the right to work across the bloc. A customs union and unified stan-

**Consider trade: Arab countries do pitifully little business with each other**

## Travel obstacles

Number of Arab countries\* citizens may travel to without a visa†, 2021



Source: Henley and Partners

\*Members of the Arab League †Including visas on arrivals

dards have eased internal trade. The bloc boasts a joint military force, known as Peninsula Shield. Though it accounts for only 13% of the Arab world’s population, its oil and gas resources have made it an economic heavyweight. In 2020 the GCC accounted for 71% of the Arab world’s foreign trade, up from 61% in 2000. It drew 59% of the region’s foreign direct investment.

Yet efforts at deeper unity have gone nowhere. Talk of a common currency remains just that. Big infrastructure projects, such as a railway network connecting the six Gulf states, are behind schedule. Peninsula Shield was not strong enough to shield the peninsula when Saddam Hussein invaded Kuwait in 1990. Its main accomplishment was to smash a popular uprising in Bahrain in 2011: less a tool of defence than one for internal repression.

In 2017 three members of the GCC—Bahrain, Saudi Arabia and the UAE—imposed a travel and trade embargo on Qatar, a fellow member. The blockade was meant to compel Qatar to abandon its pro-Islamist foreign policy and tone down its media. It was not the first dispute with Qatar, long the *bête noire* of the Gulf. Nor was it successful: the blockade was abandoned in January having secured no substantive concessions. But it caused a schism that paralysed the GCC. Saudi Arabia and the UAE even formed a “co-ordination council”, a sort of mini-GCC, to bypass the larger body.

The largest Gulf states, in population and GDP, are natural partners. Even they cannot see eye-to-eye. In the past few years they have disagreed over the war in Yemen, which the UAE started leaving in 2019; over how to embrace Israel, which the UAE did last year; and over production caps at OPEC, from which the UAE is contemplating withdrawal. The biggest dispute is not political but economic. On July 3rd Saudi Arabia imposed tariffs on goods manufactured in free zones in the UAE, where many foreign firms are based, making a mockery of the GCC’s customs union. Lorries backed up on the border as firms tried to work out the rules.

It was a sign of further friction to come. The Saudis are desperate to diversify their oil-bound economy. Muhammad bin Salman, the crown prince, has made this his priority, announcing trillions of rials in investments. The kingdom’s once-activist foreign policy has taken a back seat to building tourist resorts and fanciful robot-filled cities. “The options are already limited. You’re running a risk that your main source of wealth will become, very quickly, a stranded asset,” says Nasser Saidi, an economist in Dubai. In the short term, the easiest way to diversify is to steal business from the UAE, which is further along with post-oil plans. Officials in both countries insist this need not be a zero-sum game. But it will be a fierce competition that will test the GCC’s unity. There is precious little of that across the region, even in the country that was once the beating heart of Arabism. ■

## Sisi's Egypt

## The new Nasserism

The military dictatorship is back, stronger than ever but also less ideological

EGYPTIANS SOMETIMES call their country *umm ad-dunya*, the “mother of the world”. Egypt has never lacked a distinct identity: the sons of the Nile are heirs to one of the world’s oldest civilisations. Theirs is the most populous Arab state, a bridge between the heartlands to the east and the Maghreb to the west.

It was only natural that Egypt would be central to the post-war Arab order. Gamal Abdel Nasser, its second post-revolutionary president, was the charismatic voice of Arab nationalism. The Muslim Brotherhood was born in Egypt, the Arab League based there and the fight against Israel led from there. It began to end there, when Nasser’s successor, Anwar Sadat, signed a peace treaty with Israel in 1979, a betrayal that played a part in his murder. But that decision, along with his efforts at economic liberalisation and pivot towards America, signalled an ideological shift away from the statist policies and Soviet leanings of the Nasser years.

Egypt ceded its central position during Hosni Mubarak’s dictatorship. He ruled for 30 years yet aspired to little beyond self-preservation. If he accomplished anything it was to unmake his predecessors’ order. The army state became a police state: though a former officer, Mr Mubarak relied on civilian agencies to secure his rule. The socialism of Nasser and the economic opening under Sadat gave way to unchecked crony capitalism. Corruption and an effort to create an inherited presidency led to his downfall.

Abdel-Fattah al-Sisi invites comparisons to his charismatic predecessor, another military man who led a coup and smashed the Brotherhood. But unlike Nasser, he is no ideologue. He has core beliefs—an abiding faith in the army and a mistrust of civilians. Yet he shows no interest in regional leadership. Instead he has a narrow sense of Egypt’s interests and his own priorities.

With 102m people Egypt can seem ungovernable. It has one of the fastest-growing populations in the world: the number of Egyptians has doubled since 1987, and despite efforts to lower the fertility rate (now 3.3 children per woman, down from over 5 in the 1980s) the UN expects the population to reach 160m by 2050. These people will be crammed into a country that, though quite large, is mostly uninhabitable. Some 95% of Egyptians live on 5% of its



New desert work

land. Efforts to build new cities in the desert have mostly failed.

The government trumpets strong GDP growth of 5.3% in 2018 and 5.6% in 2019. Even last year, when covid-19 ravaged the world, Egypt’s economy grew by 3.6%. Yet those rosy figures do not tell the full story. A burgeoning oil and gas sector contributes almost 24% of Egypt’s GDP, says Tarek al-Molla, the petroleum minister. This is good for the treasury, but does little to provide jobs for the unemployed who number 10% of the population and 26% of young people. The purchasing managers’ index, a measure of private-sector activity, has spent most of the past five years contracting. As many as 30% of Egyptians fell below the official poverty line of 857 pounds (\$55) a month at the end of 2020.

### Military in the market

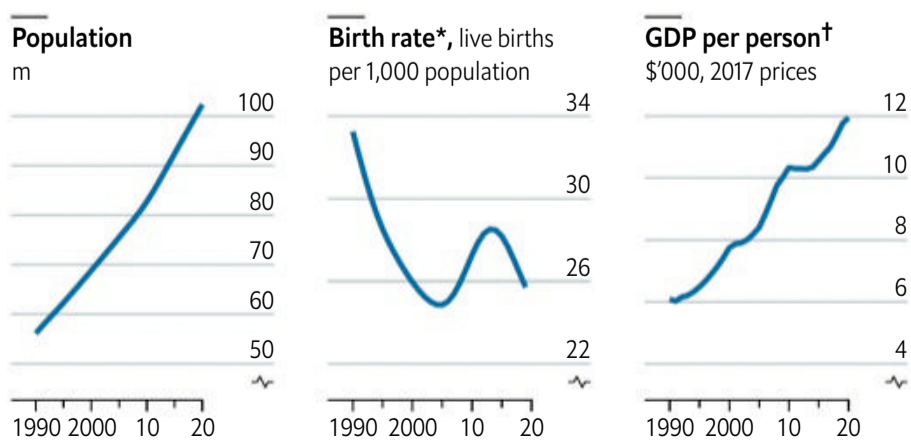
Even more problematic is the army’s stranglehold on the economy. It is difficult to put a dollar figure on its empire, since its accounts are not subject to scrutiny. But to take one example, it has cornered the cement industry, flooding the market with so much extra supply that private producers have gone out of business. It operates the country’s biggest fertiliser plant and the region’s largest fish farm, both projects that Mr Sisi personally inaugurated.

He cuts the image of a man on the move, a leader scrambling to develop his country. One of his advisers suggests, rather patronisingly, that Egyptians since the time of the pharaohs have admired leaders who build big things. The biggest among those is the new capital rising in the deserts east of Cairo.

Egyptians often call Cairo Masr, the Arabic name for Egypt itself: country and capital are inseparable. One in four live in greater Cairo, an agglomeration that stretches more than 40km (25 miles) from its historic centre. A city that once felt timeless is changing at a dizzying pace. The emptying of Tahrir Square is but one example. On the drive from the airport one passes through Heliopolis, an affluent area that was one of the few leafy redoubts amid the concrete. No longer: workers have denuded more than 400,000 square metres of green space to make room for new roads.

Approaching the Nile on the 6th of October flyover, a notoriously congested road, a visitor sees a huge construction site. The ▶▶

### Ever bigger Egypt



Source: World Bank

\*Crude †At purchasing-power parity



**It is hard to imagine Egyptians a generation hence feeling nostalgic for Mr Sisi's monotonous lectures**

► so-called “Maspero triangle”, a wedge of land behind the foreign ministry, is being razed, its poor inhabitants dispersed to slums on the outskirts of Cairo to make room for a fancy mixed-use development in a sort of caricature of gentrification. Some of this frenzied building is helpful. New roads have eased the capital's hellish traffic, even if Google maps cannot keep up. Yet some Egyptians see an ulterior motive: the urban landscape of Cairo is being reshaped to meet authoritarian goals. Shaded boulevards make a nice gathering spot for protesters, as do pedestrian-friendly squares. Most striking, of course, is the new capital, an effort to separate the government from its people.

Like many post-war Arab republics, Egypt's military regimes enforce domestic security by throwing in more people. The state-security agency is thought to have had more than 100,000 employees, three times the size of America's FBI, with a network of informants numbering millions. If you lived in Cairo during the Mubarak years, it was a safe bet that your doorman was on their payroll. Even with such a wide net, the regime could not be in all places at all times. The Sisi government is building a more modern autocracy. A law in 2018 required ride-sharing apps to share data with the government. A year later the government signed a contract with Honeywell of America to install 6,000 cameras across the new capital, linked to a “command centre” run by the army.

Egyptian officials express admiration for China's ability to deliver growth and development while keeping the party in power. Mr Sisi has launched a programme called Itnayn Kifaya (Two is Enough), an echo of China's recently abandoned policy. The picture is of a government aspiring to be like China's, with a flurry of state-directed development and a tight hold on its population.

In his first years as president Mr Sisi seemed more interested in Africa, neglected under Mr Mubarak, than in the Arab world. Aides spoke of the economic opportunity south of the Sahara; in the Middle East they saw only headaches, most of which Egypt had no need for. Lately, though, Mr Sisi has become a fixture in Arab diplomacy. Saad Hariri, the ex-prime minister nominated as prime minister-designate in Lebanon last October, was a surprisingly frequent visitor to Cairo this year. Lebanon has been a regional

battleground for decades: Syria, Iran, Israel and the Gulf states all vie for influence. Not Egypt, though, which largely sat out the Saudi-Iranian proxy struggle and has few interests in the Levant.

Egypt brokered the ceasefire that ended a brief war between Israel and Hamas in May. It has played a big part in the civil war in neighbouring Libya. In July Mr Sisi's spy chiefs even held talks in Cairo with their Iranian counterparts, an unusual step for a country that has historically steered clear of Arab-Iranian disputes.

But Mr Sisi's wider role is largely meant to safeguard a narrow set of Egyptian priorities. His interests in Libya and Gaza are obvious: they border Egypt and have long been a source of insecurity. Elsewhere he has an eye on the Gulf states. Egypt wants their support in its dispute with Ethiopia, which last year began to fill a massive new dam on the Nile. Seen from Cairo, this is a serious threat: a water-poor country with a fast-growing population cannot tolerate any reduction in its water supply. Acting as an interlocutor with Lebanon and Iran may give Mr Sisi some credit with the Gulf states that he can spend on more pressing issues.

Mr Sisi has been happy to break with his closest partners in the region. He largely refused to send troops to the Saudi-led war in Yemen in 2015—an understandable decision for a country that has already fought one ruinous war there, but a disappointment to the Gulf states that spent billions backing him after the coup. He also diverged early from the Arab consensus on Syria, allowing Mr Assad to reopen his embassy in Cairo in 2013 and later backing the Russian intervention that saved the embattled Syrian dictator.

Nasser was a gifted orator whose speeches still make the rounds on social media. He is remembered for strident remarks about colonialism and Israel; in one famous speech, he berates the leader of the Muslim Brotherhood for seeking to impose headscarves on Egyptian women. Today's president browbeats his subjects to exercise more and work harder. Yet it is hard to imagine Egyptians a generation hence feeling nostalgic for Mr Sisi's monotonous lectures. In a way, though, this makes him a fitting avatar for modern-day Arabism: a leader who aspires not to reshape the region, but merely to hold his own country together. ■

### The future

## Staying at home

**Most Arab countries now have a domestic, not a regional, focus**

A FEW SUMMERS ago, scores of people packed into a Beirut concert hall for an evening of nostalgia. An Iraqi-born singer performed songs by Umm Kulthum, Egypt's most famous diva. “The Lady” was an icon of Arab nationalism: a champion of the Palestinian cause and friend of Nasser, who often scheduled his speeches to follow her monthly concerts. On this evening the mostly Lebanese crowd was drawn from a mix of sects and classes. Some wept through “Enta Omri”, a love song that seems to speak to today: “Your eyes took me back to the days that used to be/they've taught me to regret the past, and its wounds...”

The evening felt like a nostalgic ode to a time when the region was more cosmopolitan and aspirational. That emotion is hardly unique to the Middle East, but today it is ubiquitous. Nationalists pine for a time when Arab states fought for a cause and stood up to foreign powers. Islamists look back further, to a time when the caliphates were global centres of learning and culture. Less political types reminisce about a past when the electricity was more stable. ►►



### Better to look forward

► The past decade has been one of disappointment. The axis of resistance has become a reactionary force. The Muslim Brotherhood's slogan, "Islam is the solution", turned out to be hollow: faith alone cannot solve socioeconomic problems. What seemed a zero-sum contest to reshape the Middle East has been fought to a draw, leaving much of the region miserable. "Some of those battles are not winnable in the short or long run," acknowledges a diplomat from the Gulf. "We're going to have to just make sure that we, at home, are in the safest possible position."

Foreign powers will be less present, though they are not leaving the region altogether. Both Barack Obama and Donald Trump tried and failed to turn their backs on the Middle East. Joe Biden is unlikely to do so either. He has already been dragged into regional politics: dispatching a special envoy to Yemen, playing a role in the Gaza ceasefire, dealing with attacks on American forces in Iraq by Iranian-backed militias. Yet America's place in the region—measured in troop levels, diplomatic engagement or influence—is not what it was. Talk of freedom and democracy has yielded to a narrower focus on countering extremism and promoting stability. An America focused on China seems unlikely to embark on grand crusades in the Middle East.

Emmanuel Macron, the French president, flew to Beirut a year ago after the catastrophic blast that shattered the Lebanese capital, hoping to cajole its venal leaders into serious reforms. A year later he is fundraising to ensure that the Lebanese army continues to feed its soldiers, a more modest ambition. Other European powers have little to do with the region. Russia and China look out only for their own narrow interests. Yet outsiders still loom large in the popular imagination. Indeed, there is an odd nostalgia for a time when they were more active. Arab intellectuals who oppose Iran want America to drive it from the Middle East, but they cannot articulate how it is meant to dismantle groups such as Hizbullah. Others still see America as the source of all woes, and talk of its withdrawal from the region as a panacea.

Ibn Khaldun, a 14th-century Arab philosopher, popularised the notion of *asabiyyah*, a sense of group cohesion which he saw as the linchpin of civilisation. His most famous work, the *Muqaddimah*, posited a unified theory of how civilisations rise and fall: groups

with strong cohesion band together, only to grow sedentary and decadent and lose their solidarity, which leads to inevitable decline. Like all grand theories, this one has flaws: the endurance of the House of Saud, a decadent regime if ever there was one, seems to offer a modern-day counterexample.

The notion of *asabiyyah* remains relevant. Societies need something to bind them together. But unity of a region of 400m people spread across four time zones cannot be imposed from the top down. "Neither Nasser nor Assad nor certainly Saddam, all of these guys were not democrats," says Ghassan Salame, a Lebanese academic and diplomat. "Arab nationalism has been tainted by its very intimate association with authoritarianism."

The EU did not emerge from the womb fully formed: European unity was the work of decades, the result not of grand ideologies but of banal initiatives like the coal-and-steel community and common agricultural policy. The Arab League took the opposite tack, presupposing a unity that did not universally exist. "It was an attempt, so far a failed attempt, to translate a cultural concept into a political one and a strategic one," says Mr Salame.

When ideologies and institutions fail, people turn to more local identities. In Lebanon it is common to hear talk of federalism as a solution to the country's woes. At just 10,452 square kilometres, Lebanon is half the size of Wales. While its demography corresponds a bit with its geography—the north is heavily Sunni, the south heavily Shia—its sects are mixed enough to make it impossible to divide them into cantons. A growing number of its citizens want to do exactly that, however, thinking a Swiss model would somehow end Lebanon's infighting.

Some countries are too far gone to return to the status quo ante. Foreign diplomats still hope for a peace deal that returns Yemen to the control of a UN-backed government. Yet a plethora of armed groups, many with competing interests, makes this impossible. This "Westphalian fantasy", writes Nadwa al-Dawsari, an analyst at the Middle East Institute, a think-tank, "will not stop Yemen's fracturing, and could even make it worse." Such is the state of things: unity has failed, nation-states are failing, but further division offers no solutions.

The Arab world is too big and diverse to be dominated by one ideology. It needs greater unity, but of the boring, technocratic sort: deals to let Arabs travel and trade freely, a security system that works. And it needs national leaders willing to see their jobs as more than zero-sum contests for power and money. That requires respect for human rights and civil society, and economic reform to ensure there are enough resources to go round.

The alternative is more wasted years that the region can ill afford. The problems of the past decade pale before those to come: young populations needing jobs, an energy transition that may gut the budgets of oil-producing states, climate change that could make parts of the region unfit to live in. If the Arab world's leaders cannot stop fighting over old ideologies, they may find there is nothing left to fight for. ■

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## Kenya

## Not above the law

NAIROBI

**The courts in Kenya have done their duty. A pity about its politicians**

**B**REAKING CONSTITUTIONS is often easier than making them. Kenya's first two presidents, Jomo Kenyatta and Daniel arap Moi, took a hatchet to the one negotiated at independence from Britain in 1963. By the time the butchery ended, Kenya was a one-party state run by untouchable kleptocrats. Fixing the damage took decades. Under international and domestic pressure, Moi repealed the provision banning all parties but his own in 1991. But it took 19 more years of bitter struggle before Kenya again had a constitution worthy of the name.

In recent years the hatchets have been out again. Kenya's politicians finally accepted a new dispensation after post-election bloodshed claimed more than 1,000 lives in 2007-08. But the chastening effect of the violence did not last long. After another election controversy, in 2017, Uhuru Kenyatta, Kenya's president (and Jomo's son) joined forces with Raila Odinga, his rival-turned-sidekick, to push for yet another constitutional overhaul under the

sweetly named Building Bridges Initiative (BBI). On August 20th Kenya's Court of Appeal thwarted the initiative and granted the constitution from 2010 a reprieve.

On the surface the BBI seemed a worthy enterprise. It was purported to be the glue that held the reconciliation between Messrs Kenyatta and Odinga (pictured, right and left) together. In 2017 the president secured re-election in a brace of contentious polls. Kenya teetered dangerously for months as Mr Odinga rejected the president's initial victory, boycotted a court-ordered re-run and finally had himself sworn in as "the people's president" before a bay-

ing mob of supporters. Nearly 100 people died in the accompanying political violence. The stand-off was defused only after the two rivals shook hands in March 2018 following secret talks. They have been inseparable ever since.

Yet it was little more than political expediency that underpinned the reconciliation. For the president it defused a nasty crisis, shored up his iffy legitimacy and neutralised an opponent. Better still, it offered a handy opportunity to ditch his deputy president, William Ruto, whose uses had waned after he helped secure his boss a second term. Although Mr Ruto remains in office, he is clearly an outcast, his place in the sun now taken by the more malleable Mr Odinga. (The deputy president is all too familiar with the carousel of betrayal in Kenyan politics, having previously abandoned Mr Odinga for Mr Kenyatta.)

Mr Odinga also benefited. After four failed bids for the presidency, he appears to have concluded that a share of power was better than none at all. More important, the president would now presumably back him rather than Mr Ruto as his successor in the election next August, when Mr Kenyatta is required to stand down.

A deal built on rank expediency needed a cloak of respectability, however. Mr Odinga had to justify to his supporters his reconciliation with the man he accused of thrice cheating him. The BBI helped cover ▶▶

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▶ the stink. Kenya's ethnic and political divisions could be presented not as man-made but the result of surmountable constitutional flaws. A popular initiative to fix these would usher in a new era of peace and prosperity and allow its architects to cast themselves as saviours.

Kenyan civil society was appalled. However the politicians dressed it up, there was no popular clamour to alter the constitution. Nor was the initiative suggesting the odd tweak here and there. It would do real damage to the essence of the charter. The BBI would have altered 14 of its 18 chapters, reckons Jerotich Seii, an activist who campaigned to stop it.

Buried in the verbiage was what the activists considered the real purpose of the initiative: an expansion of executive power by creating the post of prime minister and two deputies. This would ease efforts by Messrs Odinga and Kenyatta to build an electable coalition by allowing them to dangle plum positions before the kingpins of smaller tribes.

Kenya's judges were quick to sense a stitch-up. In May the High Court sided with Ms Seii and her fellow plaintiffs, who argued that the BBI was a meretricious attempt to hoodwink the Kenyan people. The judges ruled that the constitution permitted amendments resulting from a popular initiative, but the BBI had clearly been driven by the president, not the people. On August 20th the Court of Appeal upheld the High Court's judgment and put a halt to a referendum to enshrine the BBI's proposals into the constitution. Although there may yet be another appeal, Mr Odinga said he would accept the judgment and focus instead on next year's election.

Some good has come out of a tawdry process. Kenya's judiciary, which ordered a re-run of the presidential election in 2017 over irregularities, has again shown its mettle. The constitution itself has proved resilient, while the judgment has made it harder for politicians to meddle with it.

### Bridges to nowhere

If the BBI enhanced the reputation of Kenya's judges, its politicians emerged with less credit. Mr Kenyatta had hoped to secure his legacy with a grandiose national-development strategy meant to reach full speed by the end of his term. It has largely stalled, partly because he chose instead to waste his efforts on a failed piece of opportunistic scheming. His ally seems equally damaged. During the president's first term, Mr Odinga offered robust and often principled opposition. Given how readily it was sacrificed for the sake of ambition, such principle looks increasingly coincidental.

If there is a political winner, it is Mr Ruto, who has noisily been thanking God for delivering Kenya from the disaster of the BBI. In reality the opposition he offered

Hissène Habré

## Death of a dictator

DAKAR

**Chad's former strongman massacred thousands, but faced justice near the end**

**H**IS SWIMMING-POOL-turned-prison was known as La Piscine. There, Hissène Habré's torturers would bind victims' feet and hands and force them to swallow large volumes of water. Then they would hoist them up and drop them, sending water shooting out of their mouths and noses. They had other methods, too, such as stuffing the exhaust pipe of a running vehicle into a prisoner's mouth. Across the road from La Piscine were offices used by the American government, which backed Mr Habré's brutal regime.

The despot who ruled Chad from 1982 to 1990 died on August 24th after contracting covid-19. He was 79, and serving a life sentence in Senegal for crimes against humanity.

The son of a shepherd, Mr Habré showed early promise. He won a scholarship to study in France, where he earned a university degree. But on returning to Chad he joined a rebel group. In 1974 he and his men took three Europeans hostage, then killed a French officer sent to negotiate their release.

Later that decade, under a power-sharing deal, he was given the posts of prime minister and vice-president. When the deal broke down, Mr Habré fled to Sudan. Several hundred skeletons were found near the house he left behind in Chad.

He made a comeback in 1982, seizing power with the support of America, which saw him as a bulwark against communism and, in particular, Libya. America helped train Mr Habré's secret police and sent him copious arms. President Ronald Reagan even invited him to the White House (pictured). France also helped out, sending troops. Meanwhile, Chadian soldiers massacred civilians. In all Mr Habré is thought to have ordered the killing of some 40,000 people.

Rebels led by Idriss Déby overthrew Mr Habré in 1990. For years the exiled leader lived a quiet, luxurious life in a coastal suburb of Dakar, the capital of Senegal. His victims, though, were rounding up evidence. "From the depths of that madness, I swore to fight for justice if I ever got out alive," said Souleymane Guengueng, a former detainee.

Finally, in 2015, Mr Habré was called before a special court in Senegal where 90 witnesses testified against him. Ten months later the judge found him guilty of crimes such as summary execution, torture and rape. A soft ululation from the widows of victims rang out in the courtroom, then cheering and weeping. It was a rare instance of a court in one country successfully prosecuting the former leader of another for crimes against humanity.

America and France backed the Senegalese court, but in Chad their strategy did not change. Both threw their support behind Déby, who ruled with an iron fist for 30 years. After he was killed by rebels earlier this year, France endorsed his son, Mahamat, who took over in a coup. Stability was the priority, even if it left Chad in the same sorry state.



**My enemy's enemy is my friend**

was tepid. Had the matter gone to a referendum, it is doubtful he would have led a "no" campaign. "It's not worth expending political capital on," a senior ally confided earlier this year.

That won't stop Mr Ruto from making mileage out of the BBI's failure. The deputy president believes his ticket to the top job lies in casting himself as an alternative to the corrupt political dynasties embodied by Messrs Kenyatta and Odinga (whose

families have dominated Kenyan politics since independence). Never mind that Mr Ruto is rich and has been linked to numerous scandals (he denies any wrongdoing). Reinvention is a staple of Kenyan politics, and he has been able to recast himself as a principled outsider. Standing apart from the BBI fray has strengthened his narrative. With less than a year to go before Kenyans vote for a new president, Mr Ruto will be content with his position. ■



## Uganda and Afghanistan

# Willing hosts

KAMPALA

**Uganda's president knows how to make himself useful in a crisis**

NO SOONER HAD the Taliban marched into Kabul than politicians in Uganda, a mere 5,000km away, were readying for the arrival of evacuees from Afghanistan. "The world will look at Uganda as a reliable partner," explained one cabinet minister. Another said that evacuees would bring business for local hotels. A third joked, grotesquely, about how Ugandan men were praying for the safe landing of beautiful Afghan women.

The first plane arrived at Entebbe airport on August 25th, carrying 51 evacuees. Up to 2,000 are expected in the coming weeks. They will stay in hotels while American officials review their applications for resettlement in the United States and elsewhere, a process which could take months. Uganda is among two dozen countries, from Kosovo to Costa Rica, that have offered to take in Afghans temporarily; Rwanda is preparing to host the staff and student body of Afghanistan's only all-girls boarding school. The welcome they have shown puts richer countries to shame, but their motives are not entirely altruistic.

Uganda already hosts 1.5m refugees, more than any other country in Africa, with most coming from its troubled neighbours. Its openness draws on local traditions of welcome. Many Ugandans, including the president, Yoweri Museveni, know first-hand what it means to live in exile. But the country's liberal approach, hailed by visiting dignitaries as a model for the world, also helps an authoritarian state to burnish its image and bring in money. Hu-

manitarian aid provides rich pickings for contractors and officials. The arrival of the Afghans is a boon for hotels, emptied by the pandemic. America will foot the bill.

For Mr Museveni, whose government is busy shutting down civil-society groups, the crisis is a chance to repair his deteriorating relationship with the West. In January he was declared the winner of an election, after opposition supporters were shot, abducted and tortured. The Biden administration described the process as "neither free nor fair" and imposed visa restrictions on Ugandan securocrats. By hosting Afghans, Mr Museveni is sending a reminder that he can be useful in cleaning up America's mess. And not for the first time: since 2007 he has sent Ugandan soldiers to Somalia, itself once a scene of inglorious American retreat. There they battle Islamists with American training and arms.

The use of African countries to process Afghan evacuees reflects "a growing pattern" of rich states shirking their responsibilities, says Achieng Akena of the International Refugee Rights Initiative, a non-profit group in Kampala. From 2013 Israel deported thousands of Eritrean and Sudanese asylum-seekers to Uganda and Rwanda, dumping them at the airport with \$3,500 and no documents. The secret arrangements were long denied by the host countries. More transparently, the UN has evacuated asylum-seekers from Libyan detention centres to Rwanda and Niger. And this year Denmark passed a law that will allow it to deport asylum-seekers for processing in a third country, with Rwanda again rumoured as a possible destination.

Historians recall that during the second world war the British government sent 7,000 Polish refugees to Uganda, where they stayed for several years. The new arrivals from Afghanistan will hope they are not left in limbo for so long. ■

## The UAE and Afghanistan

# Retirement home for exiles

**Why Afghan officials (and their money) have washed up in the Gulf**

FOR DAYS the world wondered where President Ashraf Ghani had gone as the Taliban advanced on Kabul, the capital of Afghanistan. It was little surprise when he surfaced in the United Arab Emirates (UAE) on August 18th. Mr Ghani joins a long list of former leaders who have sought shelter in the sunny Gulf state. Pervez Musharraf, a former Pakistani president, Thaksin Shinawatra, a former Thai prime minister, and Juan Carlos, Spain's erstwhile king, are all



Afghans going and Ghani

thought to call the UAE home.

Most of these leaders left their countries under a cloud. Mr Musharraf was convicted of treason for abrogating and suspending Pakistan's constitution in 2007. Thaksin Shinawatra was convicted of corruption committed while prime minister. Juan Carlos is accused of dodgy dealing with Saudi Arabia. And Mr Ghani (pictured) has been criticised for cutting and running, though he denies reports that he left Kabul with millions of dollars in cash. In a video posted on Facebook he said he fled "with one set of traditional clothes, a vest and the sandals I was wearing."

Other Afghan officials planned ahead: they are suspected of having moved hundreds of millions of dollars from Kabul to Dubai, the UAE's financial hub, over the years. A former vice-president, Ahmad Zia Masood, once flew to Dubai with \$52m (£38m) in cash, according to American diplomatic cables. (The average yearly income in Afghanistan is around \$500.) Some of this money has gone towards real estate. Sher Khan Farnood, the late chairman of Kabul Bank (and high-stakes poker player), reportedly owned dozens of properties on the ritzy Palm Jumeirah in Dubai—or, at least, his name was on the property records. He gave loans to associates of Hamid Karzai, a former Afghan president, for the purchase of villas in the emirate. "What I'm doing is not proper, not exactly what I should do," Farnood told the *Washington Post* in 2010. "But this is Afghanistan."

Just as important, it is Dubai, which takes a relaxed attitude towards dirty money. The UAE scores poorly on an index of money-laundering risk put together by the Basel Institute on Governance. That has made it the bane of foreign governments trying to tackle corruption—but a preferred haven for money-launderers, arms-smugglers and shady officials. Stable and secure, Dubai usually benefits when capi-▶▶

tal takes flight from more volatile parts of the region. Afghan officials are not the first to show up with suitcases full of cash. Baathists from Iraq rushed there when America invaded in 2003. So did relatives of Syria's blood-soaked president, Bashar al-Assad, in 2012.

Fugitives and political exiles who wash up in the UAE assume they can live safe, secluded (often luxurious) lives. "There's no paparazzi—no one's going to hunt you down," says a former resident. More importantly, the country is not known for aiding international pursuits of justice. Extraditions are rare and prosecutions for financial impropriety abroad even rarer. The UAE does have an extradition treaty with Afghanistan, but it might not be respected should the Taliban make a request. South Africa has waited years for the UAE to help deliver the Gupta brothers, who are accused of corruption and said to be living in Dubai. The countries signed an extradition treaty this year. South Africa is still waiting. (The Guptas deny wrongdoing.)

In return for a welcome, the UAE often gets influence. Some exiles, such as Muhammad Dahlan, a Palestinian, find seats in the court of Muhammad Bin Zayed, the UAE's crown prince and de facto ruler. Prince Muhammad "keeps joker cards to play in key geographies", says a former Emirati official. Mr Dahlan, who alienated both of Palestine's main parties, helps with diplomacy in Serbia, Ethiopia and Israel. High-profile refugees also broadcast the attractions of the UAE. "They serve as a signal that it is, by and large, a safe haven for the international grey and black markets," says Christopher Davidson, an expert on the Gulf states. "It provides a bolthole for the world's shadow elite."

Sometimes the UAE seems to harbour political fugitives and exiled leaders in order to gain leverage or curry favour with America, a key ally. Mr Ghani, says the foreign ministry, was accepted on humanitarian grounds. Fair enough: when the Taliban last seized power they tortured, castrated and murdered one of his predecessors. His warm welcome may also be a shot at Qatar, a rival of the UAE. Back in the 1990s the UAE was one of only three countries to recognise the Taliban's rule over Afghanistan (and was rewarded with cash flows from the poppy harvest). But more recently the Taliban and other Islamist exiles found a home in Qatar, which the UAE accuses of supporting extremism.

Qatar won kudos last year by hosting talks between America and the Taliban, intended to end the Afghan conflict. But should the Taliban revert to their savage ways, that association may look bad. By contrast, the UAE now hosts the last democratically elected president of Afghanistan. Mr Ghani has brought symbolic value to his new home, if nothing else. ■

Lebanon

## Extra-virgin territory

BAASIR

The global ambitions of Lebanon's hard-pressed olive-oil producers

IT BEGAN WITH a case of homesickness. Ibrahim El Kaakour missed his family's olive groves in Baasir, so four years ago he gave up his engineering career abroad and returned to Lebanon. At the time farming was just a hobby for his family. But Mr Kaakour had a goal, to reinvigorate the groves—and Lebanon's long-dormant olive-oil industry, which traces its roots all the way back to the Phoenicians. He launched Genco Olive Oil, named after Vito Corleone's front company in "The Godfather".

Mr Kaakour is not alone. A short drive from Baasir lives Walid Mushantaf, who converted wheat fields into olive groves in 2010. Now the company he co-owns, Bustan El Zeitoun, grows Italian olive varieties (among others). Deeper in Lebanon's mountains, Rose Bechara Perini grows the local *souri* variety on her extended family's land. She calls Deir Mimas, her picturesque home town, the Bordeaux of olive oil.

They all face the same challenge. Though olive oil was once a key ingredient in Lebanese cuisine, today locals don't use it much. They prefer imported vegetable oil, which until recently was quite cheap thanks to the overvalued Lebanese pound. Meanwhile, the small-holder farmers who grow most of the country's olives have let the quality of their product slip. The upshot is that the average Lebanese consumes 1.6kg of olive oil each year, a tenth of what the average Spaniard consumes.

Lebanon's long-running financial and

economic crisis compounds the challenge. The country produces little, so nearly everything, from bottles to fertiliser, must be imported using dollars. As the Lebanese pound plunged in value, prices rose and dollars became scarce. There is also a shortage of fuel, which will be needed to run the olive presses once the annual harvest starts in September. And then there is the pandemic, which has ravaged restaurants, big buyers of extra-virgin olive oils.

The drop in the pound has made imported vegetable oil costlier, which should help growers like Mr Kaakour. But he has his sights set on the international market. He wants to export high-end, extra-virgin olive oil, using olives from all over the country. Lebanese wine is a model. Before the 1970s, not much was exported. Then, during the civil war, Serge Hochar of Chateau Musar in Ghazir, near Beirut, started blending reds and selling them abroad. The brand took off after winning acclaim at the Bristol Wine Fair in 1979. Today about half of Lebanon's wine is exported.

Its olive-oil producers also believe they can compete with foreign heavyweights, such as Spain and Italy, in terms of quality, if not scale. The labels of Mr Kaakour, Mr Mushantaf and Ms Bechara Perini have won awards in international competitions. The founder of one of those competitions, Antonio Giuseppe Lauro, believes the Lebanese product is improving. Mr Kaakour hopes to make him and others an oil they can't refuse.



Rise early, work late and strike olive oil



### Afghanistan's deadline

## The final countdown

ISLAMABAD

**As America clears out, the Taliban prepare to rule**

TWO WEEKS after the Taliban seized control of Afghanistan, the country remains in a state of suspense. With little information about the shape of a new government, Afghans are waiting to see how harshly the Islamists will rule and how severe an economic collapse they face. Kabul's airport is thronged with Afghans attempting to flee. Western countries are trying to evacuate their citizens, and as many local employees and sympathisers as possible, before August 31st, the deadline for American troops to leave the country. Western leaders, especially Joe Biden, are desperate to get out without further disasters. But the Taliban hold all the cards.

For Mr Biden the greatest nightmare would be a terrorist attack against Americans. The debacle in Kabul already threatens to cripple his presidency. The evacuation is one of the largest airlifts in history: 82,300 people were flown out between August 14th and 25th, the White House said. The airport teems with soldiers and special forces from two dozen countries, including 6,000 Americans. Some are already packing up to get out on time, and flights

carrying civilians may largely stop by August 27th. Despite Mr Biden's insistence that America is "on a pace to finish" by the deadline, many vulnerable people will certainly be left behind.

The Pentagon has extracted most of the 5,000 to 10,000 Americans it reckoned were in country. But about a thousand were believed to be left as of August 26th, when America, Britain and Australia told their citizens to stay away from the airport because of a high risk of a terrorist attack. Even a handful of stray Westerners would present attractive targets for Islamic State's local branch or the Haqqani network, a hostage-taking ally of the Taliban.

That leaves the thousands of Afghans. The most vulnerable, such as intelligence operatives or senior government officials, are being given priority. But those with larger families or a lower profile are struggling. "We are going to leave quite a lot of people behind, there's no doubt," says an insider familiar with the operation. Britain hopes the Taliban will allow Afghans to leave after August 31st on commercial flights, but it may not be able to keep the

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airport running—many of the Afghans who can do so are trying to get out. On August 24th the Taliban complained that America was encouraging doctors and other professionals to leave, and said they would no longer allow Afghan nationals to take the road to the airport.

The Taliban's leaders have yet to announce who will run their government. For years the group has made honeyed promises of a broad-based, inclusive regime. Indeed, since the takeover they have consulted prominently with grandees from the Afghan regime they deposed. Hamid Karzai, a former president, and Abdullah Abdullah, a former chief executive, have tried to position themselves as power-brokers. The Taliban have also sent envoys to the Panjshir valley, to try to negotiate a settlement with government holdouts led by Ahmad Massoud, the son of a famous anti-Taliban commander.

Yet much of this may be for show. The magnitude of the Islamists' victory puts them in a stronger position than even they expected, says Nematullah Bizhan of the Australian National University: "Other players do not have any leverage."

The Taliban are clear that they are not interested in a democracy. The new system, they say, will be based on their own draconian interpretation of Islamic law. A figure familiar with the group's deliberations said that Afghanistan would be overseen by a ruling council while the movement's supreme leader, Haibatullah Akhundzada, would remain in overall charge, ▶▶

▶ though he has not been seen since the Taliban's victory. Mullah Abdul Ghani Baradar, the group's first deputy leader (who met Bill Burns, head of the CIA, when he visited Kabul on August 23rd), is thought to be in line for a senior post. So are Mullah Mohammad Yaqoob, a son of the Taliban's first leader, and Khalil Haqqani, a leader in the Haqqani network.

The militants are desperately short of people with experience of running a country, yet early appointments do not suggest a broad tent. According to *Pajhwok*, an Afghan news agency, Gul Agha, a member of the Taliban's finance commission, has been installed as minister of finance and Sadr Ibrahim, a former military chief, as interior minister. Many names circulating for ministries and governorships are from Helmand, a southern province, raising the prospect of disquiet among northern groups and ethnic minorities.

Yet the regime's most pressing crisis will be economic. Even before the Taliban takeover almost half of the population, some 18m people, needed aid. In the past two weeks the number of internally displaced people has risen by 53%, to 550,000, according to the International Rescue Committee, an NGO.

Most important, under the previous government international aid amounted to an astounding 40% of GDP and three-quarters of the government budget. That tap has been shut. The Taliban are adept at collecting taxes in the provinces they control, but their revenues cannot come close to replacing the lost aid. The central bank's \$9bn in foreign reserves has been frozen, mostly by America. Without this Afghan businesses will be unable to finance imports, in a country that in 2020 ran a trade deficit of more than a quarter of GDP.

The result will be inflation, unemployment and a crash in income, says Ajmal Ahmady, the former central-bank chief. Already the price of wheat is reported to have risen by 20% or more. "This is going to destroy the economy," said one expert.

International donors would like to use that prospect to exact concessions. An emergency meeting on August 24th of the G7, a club of rich countries including America and Britain, exhorted the Taliban to treat former government employees leniently, respect women's rights and above all allow more evacuations.

But it is not clear that such inducements carry much weight. Zabihullah Mujahid, the Taliban's spokesman, said on August 24th that the group had no list of targets for reprisals. Reports of house searches of ex-government employees belied that. He also asked women to stay home from work until the group's less enlightened troops had been taught to treat them with dignity. Afghan women fear that may take a long time. ■

## Afghan corruption

# Nation-gilding

### America repeats a mistake from its war in Vietnam

IT LOOKED LIKE the fall of Saigon in 1975 on fast-forward: an American-backed army melting away, enemy fighters strolling into the presidential palace, desperate crowds mobbing the airport. But the similarities between Afghanistan and South Vietnam were not only superficial. Both states, built to please their American sponsors, had been hollowed out by one of the oldest diseases of governance: corruption.

In Afghanistan, "from your birth certificate to your death certificate and whatever comes in between, somehow you have to bribe," says Ahmad Shah Katawazai, a former Afghan diplomat. Officials and police routinely demand *baksheesh* (a "tip"). As the Taliban advanced, the pay-off required for a passport rose to thousands of dollars.

Worse, a government job is itself a valuable commodity. As Sarah Chayes, an expert on corruption, discovered while running an NGO in Afghanistan, officials often buy their posts and must extort kickbacks to recoup their investment. Mr Katawazai says it can cost \$100,000 to become a district police chief. Officials' main goal becomes extorting revenue to distribute to their families and patronage networks.

Afghanistan was partly run by such networks, even before 2001. But America strengthened them by paying off warlords, according to the Special Inspector General for Afghanistan Reconstruction (SIGAR). In 2009 ISAF, the coalition of NATO-led forces

in the country, set up an anti-corruption unit called Shafafiyat ("transparency" in Pashto), with modest results. The government's anti-corruption prosecutor mainly pursued political enemies. By the end the country was so corrupt that governors cut deals with jihadists. The army's numbers were inflated by "ghost soldiers", absentees listed on the payroll so that commanders could pocket their salaries.

Americans may remember the term "ghost soldiers" from the war in Vietnam, where corrupt senior officers used the same system. One South Vietnamese colonel used to order aimless artillery barrages in order to hawk the spent shell casings as scrap metal. As in Afghanistan, police and soldiers profited from the heroin trade. A report in 1978 on the fall of South Vietnam by RAND, a security think-tank, said South Vietnamese themselves believed that corruption was "largely responsible for the ultimate collapse".

Why then, when it invaded Afghanistan decades later, did America fail to take corruption seriously? One answer is that political thinkers are only now doing so. Scholars such as Francis Fukuyama, a political scientist, see corruption as a throwback to pre-modern governments where power is based on personal ties rather than institutions. In this way South Vietnam and Afghanistan resemble mafias or the feudal states of medieval Europe. States like these lack the cohesion needed to beat a disciplined insurgency such as the Vietnamese communists or the Taliban.

Another problem, says Mark Pyman of CurbingCorruption, a watchdog, is that corruption is too knotty a problem for military officers focused on their nine-month rotations. For their part, aid agencies too often judge success by how much money they disburse. In both South Vietnam and Afghanistan a vast influx of American dollars caused a surge in inflation, wiping out public-sector salaries. (Afghanistan, with a GDP of about \$20bn per year in 2020, received \$145bn in American aid in 2001-21. Inflation averaged 17.5% in 2003-8.) Public servants had to demand kickbacks to support themselves.

Hence anti-corruption experts recommend that aid should be frugal and focused on achievements. That is easier said than done. If America does not learn that dollars cannot build a real government, it will end up creating more fake ones. ■



A flimsy veneer of government



Singapore

## More young people are flying the nest

SINGAPORE

The island's adult children move out

FROM ONE perspective, Singapore is a singleton's paradise. Young adults can often live rent-free, waited on by doting servants, in exchange for little more than an occasional hug. The secret of this cushy lifestyle is to live with one's parents, as many Singaporeans do well into their 30s. They are encouraged by the government, which is fond of extolling family values. Housing policy makes it difficult for young people to untie the apron-strings, argues Wei-Jun Jean Yeung of the National University of Singapore. Almost 80% of Singaporeans live in subsidised public housing. They do not become eligible for a flat of their own until they marry or turn 35.

Yet a small but growing number of Singaporeans are defying the nanny state. Between 1990 and 2020 the number of those under 35 who lived alone or with non-family members grew from 33,400 to 51,300. Since they do not qualify for public housing, they must rent in the private sector. This once catered almost exclusively to expats, but no more. At one property company, CP Residences, the number of Singaporean tenants rose from an average of 90 between 2014 and 2019 to 658 this year. At another, Cove, it went from ten in 2019 to 142 today, 83% of them between 21 and 40 years old.

One factor is that Singaporeans are getting married later. In 1980 the average ages at which men and women tied the knot were 27 and 24; today they are 30 and 29. A growing number choose not to marry at all. Some would like to wed but cannot, because Singapore does not recognise same-sex marriage.

For others it was covid-19 that pushed them out of the nest. Serene Chee, a 25-year-old lawyer, did not greatly mind living with her parents until travel restrictions and work-from-home policies kept her stuck at home all the time. "Life just felt intensely stagnant," she says. In June Ms Chee and a friend moved into an apartment together.

Fending for yourself takes getting used to. First you must inform your parents. It took Lydia Yang, an illustrator who was then 28, three months to pluck up the courage. Then you must learn to pay bills and do basic chores. When Lenne Chai, a photographer, moved out seven years ago at the tender age of 23, she did not know how to cook: "I could barely make Maggie Mee [instant noodles]!" Not every "emerging adult", as Ms Yeung calls them, is so valiant. The mother of one 31-year-old civil servant does his laundry and colour-codes his wardrobe every week.

Life on your own can be lonely. Ms Yang found it "a bit depressing", particularly during lockdown. But living apart may improve relationships. Both Ms Yang and Ms Chai say that they got on better with their parents after moving out. When cooped up, they paid each other little attention. Now their weekly visits are "quality time", says Ms Chai. When Ms Chee's parents came to her flat for dinner recently, they were impressed by how tidy it was. "Parents in general just think that their kids are their kids for ever," she says. When they see them carving out lives for themselves, "they're like 'Oh, actually, they can do it'."

Australia's pandemic

## Covid how much?

Australia is moving away from its zero-covid strategy

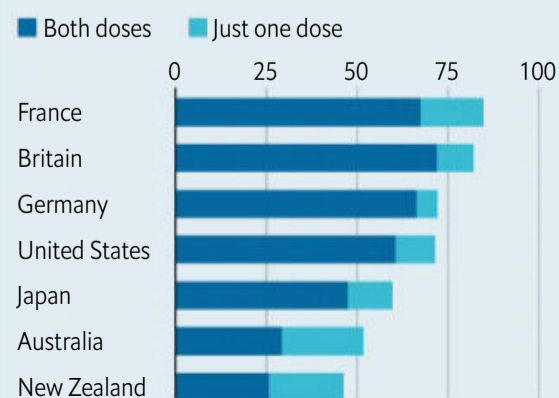
"THIS IS NOT a sustainable way to live in this country," declared Scott Morrison, Australia's prime minister, on August 23rd. He was defending a dramatic shift in covid-19 strategy. Since the start of the pandemic Australia has used an approach dubbed "covid zero", stamping on outbreaks down to the last case, whatever it takes. From now on, cases will be allowed to rise as long as hospitals can cope with them. The plan is to drop most restrictions once 80% of adults are vaccinated, which looks achievable by the end of the year.

Early in the pandemic Australia, New Zealand and other countries in the Pacific closed their borders and set up quarantine hotels to keep the virus out until vaccines were available. More than 30,000 Australians overseas are waiting to return home because of limits on how many can do so each month. Some who got stuck in India contracted covid-19 there and died. But for most of 2020 life in Australia carried on as usual, with schools, restaurants and theatres open—and no masks in sight. When a covid-19 case slipped through the quarantine wall, meticulous contact-tracing prevented big outbreaks. By August 25th Australia had registered 39 covid-19 deaths per million people, compared with about 1,700 per million in Europe.

But the highly contagious Delta variant, which spread globally this spring, has pushed the zero-covid approach to its limits. "It's not just that you have to do everything you do better. It actually breaks the system," says Catherine Bennett of Deakin University in Melbourne. Delta spreads so easily that even if contact-tracers reach an infected person within 30 hours of a posi- ▶▶

### Down under

Covid-19 vaccinations, % of over-11s  
August 25th 2021



Sources: Our World in Data; United Nations

▶ tive test, their contacts would already have passed the virus down several chains of transmission, says Dr Bennett.

The only way to curb such outbreaks has been through short lockdowns known as “circuit-breakers”. With more infections slipping through the net, that leads to what Dr Bennett calls an “epidemic of lockdowns”. More than half of Australians have been in lockdown at one point or another since June. Melbourne has seen more than 200 days of lockdowns since the pandemic began. Hence the plan to ditch the zero-covid paradigm and accept that cases, and to

a lesser extent deaths, will rise.

How high they will rise depends on how quickly Australians are vaccinated. About a quarter are fully jabbed, compared with 50-60% of Europeans and Americans. In addition, almost no Australians have acquired immunity naturally, through infection. Australia’s campaign got off to a late start because of supply delays. It had pre-ordered large quantities of a vaccine that failed in clinical trials, as well as of the AstraZeneca jab. The distribution of doses to 40,000 family doctors, spread over a vast country, has hit some snags. But vacci-

nation has accelerated in the past week.

Other countries using the zero-covid model are in a similar predicament. All of New Zealand is now in lockdown, as cases have hit their highest level since April 2020. Vietnam’s remarkably successful tracing system has been crushed by Delta. Until April this year the country’s new daily case rate had almost always been in single digits; now it is north of 10,000.

Throughout the pandemic the zero-covid countries have been the envy of the world. The final stretch, however, will be their toughest. ■

## Banyan The beeping pandemic



*Thai motorists try to honk down a government*

ON MOST WEEKENDS this August convoys of thousands of horn-tooting cars and motorcycles have descended on Bangkok, Thailand’s capital, and on provincial cities. These “car mob” rallies defy a ban on gatherings instituted by the country’s army-led government. The ban is supposedly aimed at controlling the pandemic. But the political dimension is unmistakable.

Among other things, the car-borne protesters want the resignation of the prime minister, Prayuth Chan-ocha, a former general who led a coup that overturned a civilian government in 2014. Last year Mr Prayuth contemptuously dismissed student demonstrators making the same demand. More boldly, the students took aim at the wealth and powers of the monarchy. The government seems to have expected that the use of draconian laws to arrest the student leaders would end the protests. Instead the anti-government movement has mutated, infecting new groups of Thais. The rallies in Bangkok include Range Rovers and other luxury cars owned by members of the monied elites who typically back the establishment that Mr Prayuth represents.

The underlying complaint is the government’s poor handling of the pandemic. Thais proud of their country’s relative prosperity have been shocked by pictures of people dying in the streets. One reason for this is that an obscure drug firm which got a government mandate to manufacture 200m doses of the AstraZeneca vaccine has failed to meet its targets. But it is taboo for Thais to criticise that mistake, since the company belongs to King Maha Vajiralongkorn.

Chinese-made vaccines, meanwhile, inspire little trust. As a consequence, just 8% of Thais are fully vaccinated—far

short of the 70% that is the target for the end of the year. Last year Thailand did well in holding the virus at bay. Now the Delta variant is ripping through society, with 20,000 infections a day and deaths rising. For the less well-off, especially the young, economic prospects are dimming. Yet even the well-connected are not guaranteed a hospital bed or a vaccine. That helps explain why some of members of the elite are turning on Mr Prayuth.

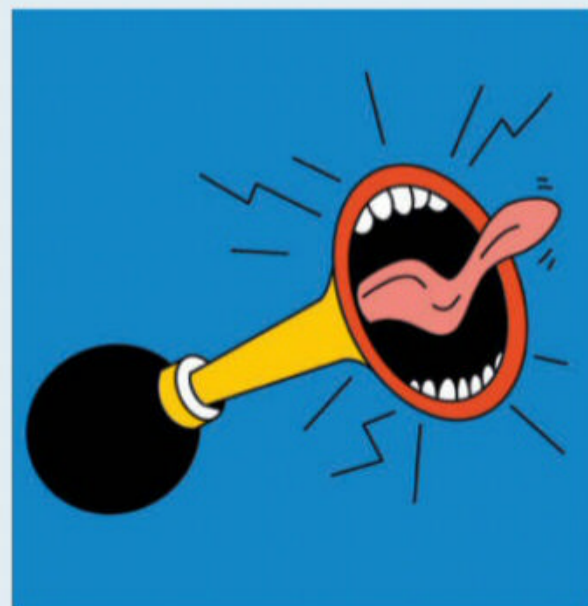
The prime minister’s authoritarian response to dissent has had perverse consequences. The dozens of protest leaders who were arrested under sedition and lèse-majesté laws had overwhelmingly advocated non-violence. Their absence has emboldened more confrontational demonstrators. In recent weeks Bangkok’s streets have filled with tear gas and rubber bullets as riot police face off against protesters throwing eggs, tomatoes and, on occasion, rocks. Pavin Chachavalpongpun of Kyoto University argues that Mr Prayuth’s refusal to communicate with the younger generation makes things more dangerous.

Meanwhile, in early August Thailand’s usually docile courts issued a temporary injunction against Mr Prayuth’s media gag-order. That had barred anyone from reporting news that might “frighten” people, “cause a misunderstanding” or affect “state security, order or good morality”. The government backed down and withdrew the order.

Mr Prayuth’s enemies scent blood. Even on the pro-government side some want a new prime minister; they might claim that Mr Prayuth’s media gag breached the constitution. Among the opposition, leaders from an older generation of politicians (the so-called “red shirts” who backed Thaksin Shinawatra, a former prime minister whom the army deposed in 2006) are making common cause with younger protesters. Mr Thaksin himself is attempting to connect with them from exile via weekly sessions on Clubhouse, a social-media app.

But the country has moved on since Mr Thaksin’s day. Many young Thais see the king as a fatuous martinet and are much readier than Mr Thaksin to take aim at his powers. The intrigues of the older generation are over, says Frank Netiwit, a leader of the student protests. Politics, Mr Netiwit argues, is opening “a new battlefield”.

For all that, it is one in which the king holds the key ground. Little suggests he has lost faith in his prime minister. The king may not be around to face down the protesters himself—he is preparing to return to his preferred residence in Bavaria—but he is assumed to have authorised Mr Prayuth to act as harshly as needed to crush the movement. The establishment may win the battle for control of the streets. Yet in the longer war, it has already lost the battle for the younger generation’s minds.







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The other outbreak

## Fearing the worst

BEIJING

**China has done a poor job of curbing swine fever**

LESS THAN two years ago Chinese officials warned that the spread of a deadly and highly transmissible virus was threatening the country's economic stability and its people's prosperity. Curbing the outbreak was a "major political task" said Hu Chunhua, a deputy prime minister and member of the Communist Party's ruling Politburo. He said his instructions on how to tame the disease were to be treated as a "military-style order".

Mr Hu was speaking in August 2019, months before covid-19 was identified. He was referring to another virus—the one that causes African swine fever. This haemorrhagic disease is harmless to humans but deadly to the pigs that provide one of China's most important sources of food and a livelihood for tens of millions of the country's farmers. In contrast with its remarkably effective battle against covid-19, China has failed to conquer swine fever. "It seems like China can't do for pigs what it did for people," says an executive at a Chinese pig firm.

With one of the world's highest rates of pork consumption, China is normally

home to about half of global pig stocks. But its porcine population has been severely affected by a swine fever panzootic (the animal equivalent of a pandemic) that began in 2018 and has threatened herds in many countries. It has wrought havoc in the supply of China's staple meat, creating wild swings in the prices of pork and feed grains. Officials say that in 2019 it resulted in the loss of between one-fifth and one-third of the country's pigs from disease or culling. That year swine fever cost the industry between \$50bn and \$120bn, according to the Asian Development Bank. In 2020 stocks recovered swiftly. But by late last year infections began to rise again.

### Pigs in a poke

In late 2019 and early 2020, as the pandemic of covid-19 began developing in the city of Wuhan, the government kept the public largely in the dark. Since then it has become more open about new coronavirus infections. It has been far less forthcoming about swine-fever cases. In July officials said there had been 11 outbreaks of the disease since the beginning of 2021, twice the

number reported in the whole of the previous year. The new hotspots are widely separated, with some in the far north-east and others in the south-west. Officials hint at the scale of the problem. Efforts to control it, they say, are "complicated". But pig-industry insiders say the government is painting too rosy a picture. "It's out of control," says one. Only a small share of infections are being reported, say executives at several Chinese swine firms.

One reason for China's secretiveness is that admitting the scale of the problem would raise questions about whether it should do what other countries have done to end it. During this panzootic and earlier outbreaks, some have culled large portions of their pig stock and closely monitored the destruction of carcasses. Were this to happen in China it could cause years-long disruption in pork supplies on a scale too large to be alleviated by imports or government stockpiles. Shortages and high prices of pork could infuriate the public.

During the covid-19 pandemic, China has mobilised millions of party members to enforce lockdowns and help ensure the supply of essentials to affected people. It has devoted far less energy to controlling swine fever, which would also require considerable vigilance and manpower. About 40% of China's pork is produced by small family farms. Many have neither the money nor the know-how to raise pigs hygienically. They often feed hogs with household swill that contains infected meat and can easily spread the disease unless it is super-▶▶

► heated first, which it rarely is. When cases of swine fever are reported near their farms, owners often sell their animals before they show symptoms. This helps the virus to spread and causes surges of supply which can depress prices. Live hogs are more than 60% cheaper than at the beginning of this year. The glut has forced many sellers out of business.

The government is even being secretive about market data. Recently it has ordered news outlets only to use official figures relating to the prices, supply and consumption of pork. These are often unreliable. Two Chinese consultancies, Cofeed and JC Intelligence, which had supplied more widely trusted numbers, have been closed in recent months with little explanation. Some of their employees have reportedly been detained. It is a vicious circle. A lack of good information is making it hard for farmers to make sound decisions about breeding and selling. That causes fluctuations in supply, which in turn makes the market even murkier.

As with the coronavirus pandemic, vaccination offers hope. Several countries are trying to develop one. America is co-operating with Vietnam, conducting field tests of a vaccine among infected herds there. China has said little about its own efforts. Linda Dixon, a swine fever specialist at the Pirbright Institute, a British research centre, says a vaccine, if proven safe, effective and easy to distribute, “could be a game changer”. But the most optimistic prediction is that approval of one could be at least a year away. Meanwhile, China will continue to be plagued by fake vaccines. These are commonly used by small farmers who are more susceptible to persuasion by the snake-oil merchants who promise protection for herds without the need for costly biosafety precautions.

The collapse of many small businesses may worry officials, who forever fret about social stability. But some producers are suffering less, having alternative sources of revenue such as from other kinds of livestock and crops. The government may even see some benefit in a shake-up of the industry. It is keen to promote the development of larger pig farms. These are usually better managed and more able to invest in effective virus-control measures.

China crows about its crushing of covid-19. It has achieved success by deciding early on to put extraordinary effort into stamping out infections. But because people cannot die of African swine fever, they are less likely to complain about its consequences. So the government’s instinct is to use the kind of tactic with the pig disease that it initially tried with the coronavirus: covering up. The party has shown remarkable strength in its handling of covid-19. In the face of another viral outbreak, its inadequacies are abundantly evident, too. ■

## Ideology

# One more thought

HONG KONG

## Research centres promoting Xi Jinping’s ideas are proliferating

CHINA’S PRESIDENT, Xi Jinping, is hardly ever grilled in public about what he thinks. The few interviews he has given have been highly staged. But his propagandists have been building a network of institutes devoted to studying his thoughts. In June one was established to research “Xi Jinping thought on the rule of law”. The following month, two others were founded to analyse, respectively, his pronouncements on economics and green development. It is the biggest mobilisation of academic effort to parse the speeches of a serving leader since the era of Mao Zedong.

China now has 18 Xi-thought research centres. Many of them focus on a particular topic such as politics, culture, science, education, religion, diplomacy or national security. Mr Xi’s ideas about these matters make up what is officially known as “Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era”. The Communist Party adopted this as one of its guiding philosophies at a five-yearly congress in 2017. The first study centres were opened soon afterwards.

They enjoy high political status. Some of their directors are senior party officials. The new one devoted to the economy is embedded within the National Development and Reform Commission, the government’s planning agency. It will be “an important think-tank”, according to state media. For much of the post-Mao period, the prime minister has overseen economic policy. Not so under Mr Xi. He has, in ef-

fect, sidelined the current prime minister, Li Keqiang, who has a PhD in economics.

The new rule-of-law centre is run by the China Law Society, an official club of legal experts. One of Mr Xi’s main messages on this subject is that the party leads the judiciary and that notions such as the separation of powers or judicial independence are Western-inspired heresies. In a speech in December China’s domestic-security chief, Guo Shengkun, used the phrase “Xi Jinping thought on the rule of law” 27 times. The Education Ministry’s centre is studying the promotion of Mr Xi’s thoughts in schools.

The recent flurry of Xi-centre openings may reflect an attempt to boost his already enormous profile ahead of the next party congress, which is due to be held late next year. It will be a crucial one. In 2018, not long after the latest congress, the country’s rubber-stamp parliament scrapped the state presidency’s ten-year term limit. The move fuelled speculation that Mr Xi planned to remain as China’s leader for at least another five years beyond 2022 (he also serves as party chief, a far more important role for which there has never been a term limit, but the two jobs have usually been held concurrently). In the coming months, officials are likely to build a case for Mr Xi’s continued rule. The centres will play their part.

## Keep it short

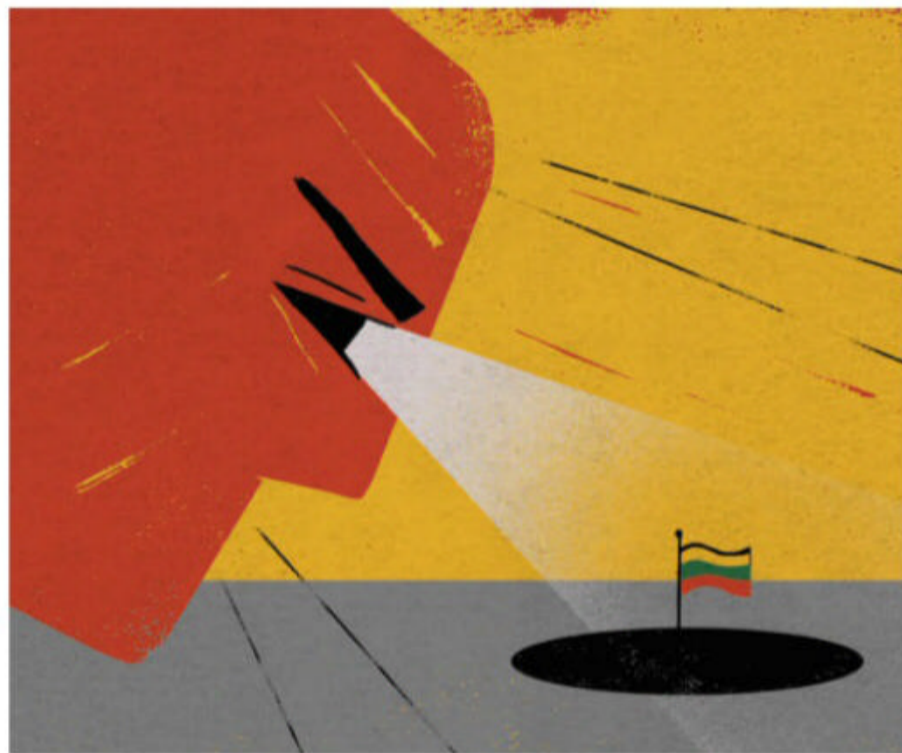
Analysts will watch for signs that the cumbersome 16-character phrase used to describe Mr Xi’s thinking is being modified to put him on a par with Mao (who ruled until he died). Mr Xi has already surpassed his other predecessors. The thinking of two of them, Hu Jintao and Jiang Zemin, is also enshrined in the party charter but without their names attached. Deng Xiaoping is mentioned by name, but his thoughts are merely described as a “theory”. The only Chinese leader with a snappily named philosophy is Mao: his is known simply as Mao Zedong Thought. Were Mr Xi’s to be abbreviated in the same way, it would be yet another indication that his grip on power is unlikely to wane next year. Few people believe it will decline.

Mr Xi’s ideas are so wide-ranging and often so vague that they defy ready definition (although the idea that the party must control everything, including academia, permeates his speeches). But those with questions may turn to the party’s main newspaper, the *People’s Daily*. It is halfway through a serialisation of a book published in February titled “Xi Jinping Thought on Socialism with Chinese Characters for the New Era: Questions and Answers for Learners”. Each day it prominently publishes a couple of new ones. Despite its connections, the newspaper appears not to have persuaded the man himself to explain. ■



## Chaguan | Why China gets so angry

*Nationalist outrage has often served China well, but that may be changing*



CHINA HAS an anger-management problem, at least when dealing with small and mid-size Western democracies. The fate of Lithuania, a European Union member on the shores of the Baltic Sea, is a case in point.

The country is being punished for agreeing that Taiwan, a democratic island that China claims as its own territory, may open a “Taiwanese Representative Office” in Vilnius, Lithuania’s capital. China calls that an affront to its sovereignty. It has summoned its ambassador, Shen Zhifei, home for consultations, and told Lithuania to recall its envoy, Diana Mickeviciene. In a covid-era twist, China informed Ms Mickeviciene of her fate as she returned to Beijing from a summer break. She has to complete three weeks of strict quarantine at her residence and, after emerging on August 31st, catch the next flight home. State media suggest that China may soon suspend direct rail-freight services to Lithuania, then sever other economic links with that country of 2.8m people (Lithuanian farmers should forget long-held dreams of selling milk to China, it is hinted). In a detail noted with dismay by foreign envoys in Beijing, Lithuania’s embassy has received a barrage of threatening calls, many targeting local Chinese staff.

China’s problem is not simply that it has a short fuse. It is not new for leaders in Beijing to downgrade relations with governments that cross their “red lines”. China routinely freezes trade talks and official visits whenever foreign leaders meet Tibet’s exiled spiritual leader, the Dalai Lama (Lithuania suffered this fate in 2013). Last year China curbed imports of coal and wine from Australia after that country’s government called for an international probe into covid-19’s origins. Often, China’s demands are arcane as well as aggressive. Lithuania may earn a partial reprieve if it permits only a “Taipei Representative Office” in Vilnius. China tolerates trade offices named after Taiwan’s capital, because those sound like local government outposts. Even the hair-trigger anger of the Chinese public—or at least its noisiest elements—is wearily familiar. Each week, it seems, online nationalists demand a new domestic boycott of a business, or the cancellation of a foreign or local celebrity accused of hurting Chinese pride. Threats directed at Chinese deemed “race traitors” are alarmingly common.

Rather, Chinese irascibility may prove more problematic than

before because China’s ambitions are changing. The country no longer inhabits a world of bilateral ties dominated by trade, of the sort that allowed it to play one country off against another. It hopes to create new international networks and groupings that share similar views about what constitutes good governance, in which China plays the central role. That brings new forms of scrutiny when it loses its temper.

About a decade ago, lots of foreign countries saw China as a dazzling, potentially transformative economic partner. Lithuania was no exception. In competition with Estonia and Latvia, its Baltic neighbours, it pitched its largest airport as a hub for Chinese flights, and its main seaport, Klaipeda, as an entry-point for Chinese ships. More recently, it sought to be a European gateway for Chinese financial technologies. In 2012 Lithuania joined 15 other central and eastern European countries, nine of them EU members, in a Chinese-led grouping. This came to be known as the “16 plus one” initiative, holding annual summits with China’s prime minister and spawning countless committees to work on co-operation. At first, many in eastern Europe chafed when the group was called a threat to the EU’s unity by the continent’s rich Westerners. Easterners particularly resented being chided by Germany, given that country’s exceptional access to Chinese leaders and markets.

Disappointment followed. Chinese investments in central and eastern Europe proved paltry, and the lion’s share went to Hungary, the Czech Republic, Poland and Serbia. Trade increased, but mostly because of imports from China. Today, China is still only Lithuania’s 12th-largest trade partner. As dreams of an economic bonanza faded, some members of the 16 plus one (which swelled to 17 after Greece joined in 2019) began comparing notes about the bloc’s political aims and lack of transparency. Like-minded embassies discovered that Chinese officials and party bodies were making direct contacts with regions, cities and institutions in their home countries, bypassing national capitals. In February six members—Bulgaria, Estonia, Latvia, Lithuania, Romania and Slovenia—sent only ministers to a virtual summit of the 17 plus one, though President Xi Jinping was in the chair.

### China’s brand of performative patriotism goes global

Further complicating China’s image, its nationalist fervour is increasingly on display far from home. In August 2019 Lithuania accused China’s embassy in Vilnius of rallying Chinese citizens to disrupt a protest in support of Hong Kong’s democrats (Chinese diplomats were photographed handing out banners). A few months later Chinese-speaking visitors proudly filmed themselves vandalising signs of support for Hong Kong planted on the Hill of Crosses, a shrine to national independence dating to Lithuania’s occupation by Nazi Germany and then by the Soviet Union. The videos went viral, appalling Lithuanians. In April this year expansion of Klaipeda’s outer harbour was put on hold for at least a decade. Senior officials had earlier called China’s attempts to invest in the port a national-security risk. In May Lithuania’s foreign minister announced his country’s withdrawal from the 17 plus one, calling it divisive and less efficient than a unified EU.

State media accuse Lithuania of foolishly provoking China in order to curry favour with America, as if smaller countries lack any will of their own. The mood of gloom and wariness among many European embassies in Beijing is obvious to all. But domestic political imperatives require outsize displays of anger, whenever China feels disrespected. That is a clumsy way to manage foreigners. To China, however, being defied is worse. ■



### Agriculture

## Farming's new frontiers

**Climate change will alter where many crops are grown. That means gains for some people, but losses for more**

**T**OM EISENHAUER remembers driving through Manitoba, a province in central Canada, more than a decade ago. Surrounding his car were fields of cold-weather crops, such as wheat, peas and canola (rape). Dense staples such as maize (corn) and soya, which are more profitable, were few and far between. The view is very different now. More than 5,300 square kilometres have been sown with soya and around 1,500 with maize.

Mr Eisenhauer's company, Bonnefield Financial, hopes to benefit from the ways that climate change is changing Canadian agriculture. The company buys fields and leases them to farmers, both in Manitoba and elsewhere in the country. It is betting that a warmer climate will steadily increase how much its assets are worth, by enabling farmers in the places where it is investing to grow more valuable crops than they have traditionally selected. It is far from the only business making such wagers. Climate change could make a cornucopia out of land that was once frigid and unproductive. It could also do great harm

to regions that feed millions.

The amount of space used to produce food has been increasing for centuries. Since 1700 areas of cropland and pastureland have expanded fivefold. Most of that growth came before the middle of the 20th century. Starting in the 1960s, the widespread adoption of chemical fertilisers, the development of more productive varieties of grains and rice, along with improved access to irrigation, pesticides and machinery, enabled farmers to make much better use of the fields they already tilled. In recent decades, technologies such as genome editing and better data crunching have helped lift yields even higher.

The rise in global temperatures which began towards the end of the 20th century slowed increases in productivity, but it did not stop them. A recent study by researchers at Cornell University calculates that, since 1971, climate change resulting from human activity has slowed growth in agricultural productivity by about a fifth.

The "headwind" caused by climate change will only become stronger, says Ar-

iel Ortiz-Bobea, one of the study's authors. Their research found that the sensitivity of agricultural productivity increases as temperatures rise. In other words, each additional fraction of a degree is more detrimental to food production than the last. That is especially bad news for food producers in places, such as the tropics, that are already warm. Another study predicts that for every degree that global temperatures rise, mean maize yields will fall by 7.4%, wheat yields will fall by 6% and rice yields will fall by 3.2%. Those three crops supply around two-thirds of all the calories that humans consume.

In the coming decades there will be more mouths to feed. The Institute for Health Metrics and Evaluation, an American research group, guesses that the global population will rise from around 7.8bn to 9.7bn by 2064 (after which it will fall). Growing middle classes in many developing countries are demanding a wider variety of food, and more of it.

Hence the importance of the changes global warming brings to farming areas. By expanding the tropics, it will change rainfall patterns in the subtropics. By warming the poles especially fast, it is opening up high-latitude land as quickly. The regions to the north of America and China are warming at at least double the global average rate. As Mr Eisenhauer's experience in Manitoba can attest, crops are already moving polewards in response.

A study by researchers at Colorado State ▶▶

University, published in *Nature* in 2020, found notable changes in the distribution of several rain-fed crops in the 40 years between 1973 and 2012, as farmers began to make different decisions about which crops were worth planting where. Maize production, for example, spread from America's south-east to its upper-Midwest. Wheat has moved so substantially to the north, with the help of new irrigation methods, that it has outstripped the warming trend: the warmest places where it is grown today are cooler than the warmest places it grew in 1975.

Soyabeans account for 65% of all the protein fed to farm animals. The cultivation of these wonder-beans has moved both north and south, as new breeds and other advances have allowed it to expand in tropical regions. The areas in which rice is harvested in China have expanded northward since 1949. Wine grapes and fruit crops have also migrated north.

Mr Eisenhower says investors are increasingly stumping up for Canadian land as a hedge against climate risks they face elsewhere. Martin Davies of Westchester, a big agricultural investment firm, says he is seeing similar trends in many parts of the world.

#### A moveable feast?

The bravest investors spy opportunity in lands that currently support no farming at all. For the moment only about one-third of the world's boreal regions—a biome characterised by coniferous forests that covers vast tracts of land south of the Arctic Circle—boast temperatures warm enough to grow the hardiest cereals, such as oats and barley. This could expand to three-quarters by 2099, according to a study published in 2018 in *Scientific Reports*, a journal (see map). The share of boreal land that can support farming could increase from 8% to 41% in Sweden. It could increase from 51% to 83% in Finland.

Efforts to farm these areas will alarm people who value boreal forests for their own sake. And cutting down such forests and ploughing up the soils that lie beneath them will release carbon. But the climatic effects are not as simple as they might seem. Northern forests absorb more heat from the sun than open farmland does, because snow-covered farmland reflects light back into space (in forests the snow is underneath the trees and not so directly illuminated). The fact that felling boreal forests may not worsen climate change, though, says nothing about the degree to which it could affect biodiversity, ecosystem services or the lives of forest dwellers, particularly indigenous ones.

Some governments are already keen to capitalise on climate change. Russia's has long talked of higher temperatures as a boon. President Vladimir Putin once

boasted that they would enable Russians to spend less money on fur coats and grow more grain. In 2020 a "national action plan" on climate change outlined ways in which the country could "use the advantages" of it, including expanding farming. Since 2015 Russia has become the world's largest producer of wheat, chiefly because of higher temperatures.

Russia's government has started leasing thousands of square kilometres of land in the country's far east to Chinese, South Korean and Japanese investors. Much of the land, which was once unproductive, is now used to grow soyabeans. Most are imported by China, helping the country reduce its reliance on imports from America. Sergey Levin, Russia's deputy minister of agriculture, has predicted that soya exports from its far-eastern farmlands may reach \$600m by 2024. That would be nearly five times what they were in 2017. The government of Newfoundland and Labrador, a province on the north-eastern tip of Canada, is also trying to promote the expansion of agriculture into lands covered by forests.

There is a way, in addition to higher temperatures, in which the changes humankind is making to the atmosphere could help such projects along. Carbon dioxide is not just a greenhouse gas; it is also the raw material for the photosynthesis through which plants grow and feed themselves. For most plants, other things being equal, more carbon dioxide means more growth. The build-up of carbon dioxide over the past century has led to a clearly measurable "global greening" as those plants which benefit most from higher carbon dioxide levels thrive. This effect can help boost crop yields. But it is not an unalloyed good. Bigger crops may not be more nutritious crops.

Moreover, climate change will alter patterns of rainfall. This will not necessarily benefit plans for more farming in northern

climes. Many areas that are becoming mild enough to farm may end up lacking water, at least without intensive irrigation. Others may get too much. Crops are not the only organisms whose range expands as temperatures rise: pests and pathogens, which are often killed off by cold winters, spread too. Soil matters as well. The best quality stuff is most commonly found at lower latitudes, not far-northern ones.

#### Cold comfort

Some emerging farmland is near to established farming systems. But transforming remote regions of Siberia, to take one example—where much existing infrastructure is already sinking and breaking apart because of melting permafrost—will be slow and costly. Frontier farms will also have to attract and accommodate many more workers. They will have to rely increasingly on foreign migrants, an idea that voters in many rich countries do not much like.

All told, the northern expansion of farmland will only go some way towards mitigating the damage climate change may do to agriculture. The societies that will benefit from it are mostly already wealthy. Poor places, which rely much more heavily on income from exporting agricultural produce, will suffer.

A much wider range of adaptations will be needed if food is to remain as copious, varied and affordable as it is today. These will include efforts to help crops withstand warmer temperatures, for example through clever crop breeding, advances in irrigation and protection against severe weather. Rich and poor countries alike should also make it a priority to reduce the amount of food that is wasted (the UN's Food and Agriculture Organisation guesses that more than one-third is squandered). The alternative will be a world that is hungrier and more unequal than it is at present—and than it might have been. ■



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## Apple

## The great successor's second act

CUPERTINO

**Tim Cook's first decade at the helm of the world's most valuable company was a success. The next ten years will be tougher**

**T**HE APPLE will surely fall, even if ever so slowly. When Tim Cook took the helm from Steve Jobs, the firm's co-founder, a decade ago, even the most boosterish of Apple fanboys worried that the company was destined to decline. Without Apple's original Willie Wonka, the digital chocolate factory was about to be run by an automaton who made his career organising global supply chains and scrutinising spreadsheets. How could someone with so little dazzle inspire Apple employees to continue creating "insanely great" products, in Jobs's famous formulation?

It turned out Mr Cook could. As he celebrated his tenth anniversary as Apple's boss on August 24th, no one made a peep. And for good reason. He has staged what is arguably the greatest succession success in tech, an industry littered with managers who failed in the effort to follow in the founders' footsteps. In fact, in pure finan-

cial terms, he has been a far more successful chief executive than the late Jobs, who succumbed to pancreatic cancer six weeks after stepping down.

No chief executive in history has created as much overall shareholder value as Mr Cook (see chart 1 on next page). When he took over from Jobs the company had a market value of \$349bn. Today it is worth \$2.5trn (see chart 2), more than any other listed firm ever. Under his aegis annual sales surged from \$108bn in 2011 to \$274bn last year. Net profit more than doubled, to

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\$57bn, overtaking Saudi Aramco's oil-fuelled earnings and turning Apple into the world's most profitable company. Less widely noticed, during his tenure the "Apple economy"—its own annual revenue plus everything other companies make on one of its platforms—has grown sevenfold, to more than \$1trn.

Given such achievements, Mr Cook could have retired amid gushing tributes around now (and with a spot in the billionaire club). Instead, he is likely to stick around at least until 2025, when his current stock grant will fully vest. This in turn raises the question of how long he can keep Apple on its stratospheric trajectory. The short answer is that it will be much harder than in his first decade. Many of the global tailwinds that have lifted Apple to such dizzying heights are now reversing.

For a longer answer it helps to understand what Mr Cook got so right. Besides being an exceptional manager, he proved adept at harnessing the forces that have powered the tech industry—and with it global economy—in the 2010s.

The first of these was the mobile-led digitisation of life. To satisfy the world's voracious appetite for mobile computing, he kept pushing for constant improvement of the iPhone. Whereas the iPhone 4s, announced shortly after he became chief

## Masterchefs

Selected, August 24th 2021

CEO/chairman	Company	Tenure, years*	Increase in market capitalisation, \$bn	
			During tenure	Per year
Tim Cook	Apple	10.0	2,125	212.4
Satya Nadella	Microsoft	7.6	1,973	261.2
Jeff Bezos†	Amazon	24.1	1,770	73.3
Sundar Pichai	Google/Alphabet	6.0	1,448	239.7
Mark Zuckerberg	Facebook	9.3	949.3	102.4
Elon Musk	Tesla	11.2	699.2	62.7
Warren Buffett	Berkshire Hathaway	44.9	647.5	14.4
Pony Ma	Tencent	17.2	580.9	33.8
Jack Ma†	Alibaba	5.0	224.2	45.1

Sources: Refinitiv Datastream; company reports; press reports \*Since appointment, listing or first market data available †Stepped down

► executive, was still essentially a souped-up mobile phone, the iPhone 13, expected to be launched in September, will be a hand-sized supercomputer with a processor nearly 50 times faster. Even Apple's Watch and AirPods, the main new products since he took over, can be seen as extensions of the mighty iPhone. More than a billion of Apple's smartphones are now in use globally, one for every seven Earthlings.

Another force which Mr Cook has deftly harnessed is globalisation, in particular the rise of China. Even before he took over from Jobs, he was instrumental in outsourcing assembly of Apple's devices to the country. Its biggest contract manufacturer, Foxconn, now employs about 1m people there. Most of them assemble iGadgets. On top of that, untold numbers work for suppliers of other components. And besides using China as a factory, Mr Cook was early to see its potential as a market—now Apple's biggest after America and Europe, generating 19% of revenue and, possibly, a bigger share of profits.

Mr Cook's third coup was understanding the importance of network effects—the economic mechanism in digital markets which makes big businesses even bigger. That is something that eluded even Jobs, who was ambivalent about the iPhone's App Store. By contrast, Mr Cook doubled down on the digital “flywheel”: the App Store attracted more app makers, which attracted more users, which attracted even more developers and so on—until it became the world's foremost digital marketplace by revenues. Today it hosts nearly 2m apps, which facilitated \$643bn in billings and sales in 2020 for app developers, according to a study sponsored by Apple.

Mr Cook was also the first big-tech boss to signal, loudly and often, that companies of Apple's size and reach must take some responsibility for their impact on the wider world. Under Jobs, a gadget's looks were more important than how they were made. Today Lisa Jackson, a former head of America's Environmental Protection Agency and now a vice-president directly reporting to

Mr Cook, is involved in product development from the start. Apple has set itself the laudable goal of becoming carbon-neutral across all its products by 2030. And Mr Cook has called privacy “a fundamental human right” and, among other things, forced app makers to ask users whether they want to be tracked by advertisers.

Admittedly, being pro-privacy aligns with Apple's business model, which unlike those of Facebook and Google does not make money by collecting data to sell targeted ads, and climate-cuddling plays well with the sensibilities of Apple's mostly well-off users at little cost, given Apple's relatively shallow carbon footprint. This has helped keep regulators off Apple's back—and made it into the world's most valuable brand, according to one estimate.

### Cooking lessons

In other words, after ten years of Cookery Apple is a bigger and better version of itself, says Horace Dediu, a long-time Apple watcher. That, though, is not to say it is invulnerable. Three challenges stand out: growth, geopolitics and competition.

On the surface, growth looks healthy enough. To the surprise of those analysts who have for years predicted the iPhone's decline, the device keeps raking in money. Global unit sales are down from a peak of

231m in 2015, but only a bit: Apple still sold 200m of them last year. But the market for smartphones will eventually mature. And even if this takes time, Apple will increasingly run up against a problem familiar to all large firms: the bigger they get, the harder it becomes to grow rapidly.

Mr Cook has been able to tap into other sources of revenue, notes Neil Cybart, who runs Above Avalon, a website that analyses all things Apple. The firm's services business, including the App Store and Apple Music, has surged from \$8bn in sales in 2011 to \$65bn in the past four quarters (see chart 3 on next page). Though wearables like the Apple Watch and accessories such as the AirPods are a smaller business than the iPhone, they generate lots of revenue: nearly \$9bn in three months to June. Last year AirPods ended up in more than 200m ears and Apple Watches on 34m wrists, respectively outselling all other high-end earbuds and all Swiss timepieces combined.

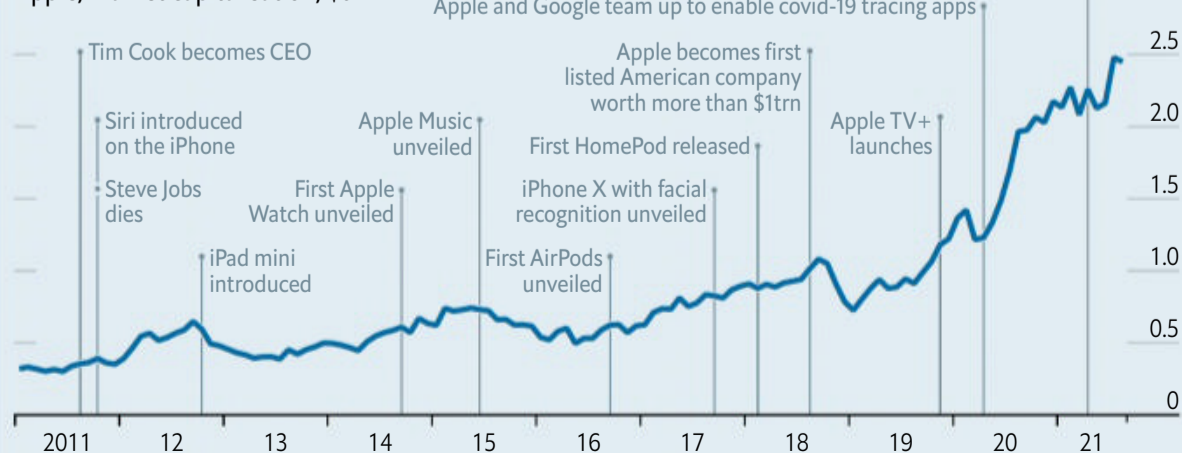
At some point, however, Apple will need another keystone innovation like the iPhone. Hence talk of “iGlasses”, which would add a digital layer to the physical reality perceived by the wearer, and even an “iCar”. Although the firm does not confirm this, it is an open secret that it has been working on both for years. Leaks suggest that augmented-reality glasses may finally be coming in the next year or two and Apple reportedly has plans to release a vehicle that is both electric and self-driving in 2024. But it is also widely known that things have not been going well and timelines have slipped in the past.

The car, which unlike the glasses is not a natural extension of Apple's current consumer-tech line-up, would be difficult to pull off. Even without a petrol engine and a gearbox, a vehicle is much harder to manufacture than a smartphone. Apple's automotive thinking appears to have gone back and forth between building its own self-driving cars from scratch or providing the necessary electronics and software to other carmakers.

Mr Cook's second big challenge is geo-►

## Quite the orchard

Apple, market capitalisation, \$trn



Sources: Refinitiv Datastream; The Economist



▶ politics. Apple has so far escaped the mounting tensions between the West and China, where most of the firm's products are assembled and many of them are sold. Mr Cook has made all sorts of concessions to the authorities in Beijing, from moving its Chinese users' information to data centres in the country, where they can be accessed by local law enforcement, to taking down some apps in the Chinese version of its App Store. "We follow the law wherever we do business" is Mr Cook's motto.

Now, though, the pugnacity with which the Chinese government has gone after its own technology giants must be making some in Apple's futuristic headquarters in Cupertino, Silicon Valley, nervous. Though it has been beefing up manufacturing in other countries, particularly in India and Vietnam, Apple does not have an alternative to China for the bulk of its assembly. It is hard to see where else it might find one. Only China has a ready army of workers needed to quickly ramp up production of the latest iPhone.

Judging by Apple's latest supplier list, the firm has even increased its reliance on Chinese companies. Of the top 200 suppliers, 51 were based in China, up from 42 in 2018. At the height of the trade war then-president Donald Trump waged with China in 2019, Goldman Sachs, an investment bank, estimated that in the worst-case scenario Chinese retaliation could reduce Apple's profits by nearly 30%.

### Apple's jams

The fallout could be worse if Apple's products and services were banned in China. As the Communist Party turns increasingly authoritarian and the West increasingly suspicious of China, Apple may become a target of Beijing's wrath or the sort of nationalist-tinged boycotts that have hurt Western brands from the NBA to Zara.

And if Apple's importance to China's economy continues to offer a protective shield, this may anger governments and consumers in the West. According to human-rights groups, some of Apple's suppliers are linked to forced-labour camps for Uyghurs, an oppressed Muslim minority, in Xinjiang. Mark Zuckerberg, Facebook's boss, has called out Apple for hypocrisy for touting privacy protection at home while allowing the government in Beijing to access personal data in China. "At some point something will happen that becomes a loyalty test," thinks Willy Shih of Harvard Business School.

Apple says that it has found no evidence of any forced labour in its supply chain. And Mr Zuckerberg himself could also be accused of being hypocritical, since Facebook is making billions from Chinese advertisers on its social networks. But even if those controversies end up being resolved in Apple's favour, they are feeding into



pushback against its behaviour at home: witness the recent brouhaha over its plans to scan private pictures on iPhones for child pornography.

Mr Zuckerberg's China-related broadside also hints at Mr Cook's third challenge: competition. Network effects are not the only thing benefiting firms like Apple. Another is the lack of real rivals. Some view Alphabet (Google's parent company), Amazon, Apple, Facebook and Microsoft as a cartel whose members have tacitly agreed not to encroach on each other's core businesses. Apple has never made an effort to be a social-media powerhouse and Facebook has not attempted to create an alternative app store. Instead of building its own search engine, Apple cut a deal with Google, making it the default search engine on the iPhone (and charging an estimated \$8bn-12bn annually for the privilege, equivalent to 14-21% of Apple's net profit in 2020).

Such cosiness is fraying. To sustain trillion-dollar valuations all the tech giants are searching for new sources of growth—and finding them on one another's turf. Giving iPhone users more control over their data may be rooted in a genuine wish to protect their privacy, but it also keeps data out of Facebook's hands, which could help Apple build its own advertising business. Apple is also rumoured to be working on its own search engine.

The rivalry is heating up in its principal hardware business, too. In America the iPhone remains dominant. Globally, however, iPhones account for one in seven smartphones sold, according to Canalys, a data provider. Earlier this year Xiaomi, a Chinese firm, overtook Apple as the world's second-biggest smartphone-maker by volume.

Apple's forays into newer markets face stiff competition. Its HomePod smart speakers came late and did not make much headway against Amazon's and Google's products. Apple's mixed-reality glasses, should they indeed see the light of day, will have to duke it out against Facebook's Ocu-

lus, Microsoft's HoloLens and other fancy headgear. And an iCar would be taking on Teslas and a car park's worth of offerings from established carmakers.

Regulators may also try to make digital markets more competitive. Apple is expected to win its trial against Epic Games, the maker of "Fortnite", a popular online video game, which accuses Apple of illegally protecting its App Store. A ruling should come later this year. Even if Apple prevails in American courts, however, trustbusters elsewhere may not let it off the hook as easily.

In July Margrethe Vestager, the European Commission's deputy head and the EU's trustbuster-in-chief, warned Apple that the bloc's proposed Digital Markets Act will not allow it to hold up privacy and security as reasons to limit competition in the App Store, as Apple has argued in the Epic lawsuit. Loosening of the App Store's rules and lower commissions (currently up to 30% on most app purchases) could make a serious dent in the company's lucrative services business.

An executive of Mr Cook's stature and experience may well be able to overcome these headwinds. Whether that will be Mr Cook himself is less clear. He is 60 and has said he will "probably" not stay on for another ten years. This raises the question of who might have the vision and the skills to succeed him.

One former executive has a radical proposal: Apple should stop being a pedlar of luxury goods. The firm's "obscene" gross margins of more than 40% in the past quarter make it lazy, he argues. To maintain them, the firm squeezes developers and suppliers. Instead, it should use its power and cutting-edge technology to develop devices and services for the 3bn people on Earth who have yet to enjoy the benefits of the digital era.

### Too many Cooks?

This could help solve Apple's growth conundrum. But it is unlikely to fly with its margin-loving shareholders. The possible successor to Mr Cook mentioned most frequently, Jeff Williams, is a less radical departure from the status quo. Mr Williams is considered by many insiders to be "Tim Cook's Tim Cook": a doppelganger not just in looks (tall, lean and grizzled) but also in thinking and experience. He has been doing Mr Cook's old job overseeing Apple's supply chain and operations since 2010. Those skills have served the company remarkably well in the past decade. To keep thriving Apple's next chief executive may need a different set of abilities. ■



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## Privatisations in India

## Gone today, here tomorrow

**The government wants to monetise state-owned assets. Or does it?**

IN FEBRUARY THE administration of Narendra Modi trumpeted a sweeping plan to privatise India's corporate jewels. Past governments have made such promises with little to show for it. Yet this time investors' ears perked up. Covid-19 had drained public coffers by crushing the private economy while piling costly burdens on the public sector. In India's business circles hope flickered of an economic reset that might complete the fitful liberalising project that began 30 years ago in response to another economic crisis.

After months of silence, on August 23rd the finance minister, Nirmala Sitharaman, finally spoke up. The goal, she said, was to raise \$81bn, or 3% of GDP, over four years. But rather than doing so through outright sales, the transactions will be more complex—and less transformative as a result. The Indian state will liquidate small minority stakes in a few airports. Other big assets are expected to be leased to investors for up to 25 years. “Monetisation of core infrastructure assets”, Ms Sitharaman intoned, “does not mean selling the assets.”

The assets not being sold include 42,300km of power lines, 26,700km of highways, 8,200km of natural-gas pipelines, 400 railway stations, 150 trains, 160 coal-mining projects, 25 airports and stakes in nine ports. In this half-hearted divestment strategy Mr Modi seems to emulate India's biggest private conglomerate, Reliance Industries, which has sold minority stakes in various bits of its empire such as mobile telecoms and refining while retaining ultimate control over them.

This approach has its advantages. Investors get a stable, bond-like return in entities that are already up and running (which removes the headache of dealing with India's baffling permitting process). The public gets a chance of better services, as new operators improve efficiency and increase investment. In the past moving assets into private management helped spruce up airports in Delhi and Mumbai.

Missing from Ms Sitharaman's announcement was an update on the fate of big companies. Three divestments are said to be in the works, involving the Shipping Corporation of India, Pawan Hans (a helicopter service) and Neelachal Ispat Nigam, a steelmaker. But progress appears glacial.

Most disappointing of all was the government's reluctance to follow up on its promise to sell the biggest prizes, such as

Life Insurance Corporation of India (LIC), Air India (the flag-carrier, also wholly owned by the state), Bharat Petroleum (an oil-and-gas giant that is listed but state-run), and even some state banks. The sale of such assets, which were nationalised after India's independence in 1947, would carry symbolic, not just financial, weight.

Observers blame the lost momentum on three causes. First, the government still has uses for some of the firms; LIC has served as a source of bail-out cash for struggling businesses. Second, the firms' employees are a powerful constituency that resists change. Third, like bureaucrats everywhere, Indian ones worry that a completed sale would prompt endless inquiries into whether the price was too low. For everyone involved, safer to do nothing. ■

### Amazon gets physical

## Jeff and Andy's

**The e-commerce giant wants to build department stores**

“THE WORLD wants you to be typical ...Don't let it happen,” Jeff Bezos warned in April in his last annual shareholder letter as CEO of Amazon. Hence bewilderment that his e-empire is to adopt a retail format that is very typical indeed: the department store. Having helped drive many chains out of business, it is now eyeing the format to boost its own retail fortunes.

As a company, Amazon is entering a more mature phase. Now with a new chief executive, Andy Jassy, it is being forced to recognise that pure e-commerce has lim-

its. It is also facing fresh competition from conventional retailers like Walmart and Target that are belatedly showing that they, too, can do the internet well.

Amazon's high-street presence is small. Since 2015 it has opened 24 bookshops in America. Its 30 “4-star” shops, which stock items customers rate highly, function like a walk-in website. Whole Foods, an upmarket grocer it bought in 2017, contributes the bulk of its physical-store revenues, which accounted for just 4% of Amazon's total sales in the most recent quarter. Its new Amazon Fresh grocery chain and Amazon Go cashierless stores barely chip in.

So the new 30,000-square-foot (2,800-square-metre) retail spaces it is reportedly envisaging mark a departure. Amazon has neither confirmed nor denied its plans. But leaked details on the stores' size and locations suggest substance behind the reports. The first are to open in California and Ohio. If they go well, Amazon is expected to roll out more.

Why invest in the high street just as covid-19 has lifted e-commerce? The growth rate of sales on Amazon's platforms, including third parties, had slowed before the crisis, from nearly 30% a year to below 20%. The trend reasserts itself as people return to shops. In the past quarter Amazon's own online sales grew by only 16%, short of investors' (muted) expectations.

In future customers will want “omnichannel” retail that combines online and physical shopping, says Mark Shmulik of Bernstein, a broker. As for Amazon's move into department stores, he has one question: “What took them so long?” The firm's motive is also defensive. Walmart has made omnichannel work well during the pandemic by melding its formidable physical network with its website and offering a same-day “click-and-collect” service. ▶▶



The once and future dream

▶ Getting more physical may not be easy. Amazon's bricks-and-mortar performance has been ho-hum. Whereas most other big American grocers' sales have doubled or even tripled in the pandemic, those of Whole Foods have barely budged, notes Su-charita Kodali of Forrester, a research firm. Amazon's total physical-store revenues last year were 6% lower than in 2018.

Making Amazonmarts appeal to shoppers may be harder than Amazon anticipates. It reportedly wants them to sell its cheap private-label garments and gadgets, which is at odds with its aspirations for the

stores to offer high-end fashion, where it has struggled online. It is unclear if the outlets will mimic existing examples of the department-store canon, as Amazon Fresh shops resemble conventional grocers, or if Amazon plans to shake things up.

Another question is how the move will affect returns for shareholders. Amazon should be able to rent or buy locations cheaply—bankruptcies have left many department-store properties up for grabs. Yet investors may be disappointed that Amazon will devote ever more resources to retail. Many prefer its faster-growing, vastly

more profitable and techier businesses: digital ads and cloud computing. "Why tackle a dying industry?" asks Ms Kodali, suggesting that Amazon could have another crack at making smartphones.

Amazon's share price is down by 8% since its latest results. As well as posting slower online sales for the second quarter it forecast slowing total sales in the next. It also warned that costs will rise sharply in the future as it ramps up investing. Physical retail would claim some of the dosh. The irony would not be lost on Sears and other defunct department stores. ■

## Bartleby Why women need the office

*Female workers should think twice before opting for more remote work*

IT IS A truth universally acknowledged that women carry a heavier burden than men when it comes to child care and household chores. It became truer still during the pandemic home-working experiment, and is likely to hold in the likely hybrid future of part-remote work. It is tempting for some women never to set foot in the office again, if their firms allow it, so they can devote time otherwise wasted on commuting or office chit-chat to more pressing family matters. According to research by Nicholas Bloom of Stanford University and colleagues, 32% of college-educated American women with children want to work remotely full-time, compared with 23% of comparable men.

Such decisions are completely understandable—not least because besides more responsibilities at home, women's lot at work can be no picnic, either. Female managers often end up playing the conventional male and female roles, leading the pack while also nurturing those left behind. It can be tiresome to be many things at the same time.

Understandable, but still regrettable. Some reasons for that are mundane. Your columnist, a guest female Bartleby, finds that the office offers a welcome break from the never-ending duties of house-keeping and parenting. Other reasons are mercenary. One pre-pandemic study on work-life balance suggested that women were likelier than men to experience "flexibility stigma".

In the wake of covid-19 flexible work arrangements are less stigmatised (for now). A recent British government report warned that their uptake may be unequal between the genders. If more women work from home, and take on an even greater share of family responsibilities, the result may be an ever-bigger gender



pay gap and an ever-harder glass ceiling.

There is another, more elusive reason why women who do not return to the office are missing out. Not every workplace is as informal as *The Economist's* (with its deadpan humour and discussions of muscle tone and QE, alcohol consumption and the equity risk premium). Yet even in duller corporate settings, walking down a corridor, washing hands in the bathroom or making yet another cup of coffee in the kitchen, you are only seconds away from a chat or a joke. That can—admittedly unreliably and in ways that are difficult to measure—spur spontaneity and lead to new ideas.

Compared with that, virtual collaboration is like evaporated milk with 60% of its water removed: safer, mostly up to the job but a sterile version of face-to-face interaction that leaves an unsatisfying aftertaste. Physical proximity brings higher risks (once of death or injury by an enemy, today of a face-to-face snub, more painful than a mean tweet, or of a covid-19 infection). It also brings higher rewards, including emotional ones that are no less

important than the pragmatic sort.

Though times have changed, many female workers, including Bartleby, find themselves sympathising with Irina, one of the titular "Three Sisters" in Anton Chekhov's play from 1900. Holed up with her two siblings in the countryside she longs for Moscow—not only its vibrancy and worldliness but the opportunity it affords for work. Her frantic desire to work reflects an attempt to escape the tedium of domesticity, and invest life with meaning by imposing a framework and a sense of accountability. Many modern executives, male and female, would recognise Chekhov's belief that being guarded from work is a curse, not a blessing. The same goes for being shielded from the office, notwithstanding its myriad complications.

There are downsides to being a clinically efficient flexiworker. They include relinquishing the daily banter and sense of complicity among colleagues, many of whom double as friends. Women determined not to waste a single minute when they could be multitasking will give up more than just professional advancement, important though that is. They are also giving up a sense of connection to others. Hyper-efficiency and distance mean less opportunity for interpersonal tension but also less gratuitous joy, which is hard to replicate on Zoom.

Those brief moments of joy are an important part of working life. It is nowhere and everywhere, like seeing the Virgin Mary in burnt toast. It is to be treasured precisely because it does not last. Bartleby recommends squandering precious minutes, here and there, on camaraderie and pointless glee. The cost, in the tedious aspects of office life, is tolerable. The returns, emotional as well as practical, can be immense.



# Schumpeter | Jackpot!

*Can Flutter Entertainment's hot streak last?*



**I**F YOU ARE going to run a gambling operation, it helps to have luck on your side. Months after Peter Jackson was appointed boss of Flutter Entertainment in 2018, America's Supreme Court overturned a federal law outlawing most sports betting. For a firm running established bookmakers such as Betfair and Paddy Power, that opened the door to a wagering El Dorado. Two years later Flutter's \$12bn splurge on PokerStars, an online-tournament franchise, looked dear—until a pandemic left millions at home in possession of stimulus cheques and lots of spare time. If the house always wins, Mr Jackson comes a close second.

Betting used to be the preserve of mob bosses and back-alley card sharps. Now it is an increasingly regulated \$500bn business where ever more bets are placed on mobile phones. Executives at firms like Flutter use workaday metrics—conversion rates, cost of customer acquisition, employee engagement—familiar to managers at Amazon or McDonald's. True, a certain brand of investor still treats gambling as irredeemably “sinful”, to be lumped in the same bucket as purveyors of booze, cigarettes and missiles. That hasn't stopped Flutter, the largest global gaming company, from securing a berth in the blue-chip FTSE 100 index in London, backed by a market capitalisation of £25bn (\$35bn). That lofty figure depends on Mr Jackson's winning streak continuing.

It may well do. Online gambling is a rare global industry that has been dominated by European firms. Governments in Europe have usually preferred to regulate and tax what they presume would be happening anyway. Operators of bricks-and-mortar betting shops fused into groups that could better afford the investments needed to develop websites and apps. Aside from Flutter, which merged Paddy Power, Betfair and others into an Irish holding company, there is Entain, a FTSE rival, which rolled up Ladbrokes, Coral and bwin, originally from Austria. As online casinos and poker took off, further acquisitions were made to cross-sell roulette spins to football punters.

In America the legal betting that existed before 2018 was limited and local. Most of it involved casinos and resorts; sports betting was all but banned outside Nevada. This meant that as states liberalised offering wagers on sports—as nearly half of them have now done—most of these potential American rivals lacked the exper-

tise to calculate and serve up online the shifting odds on which New York Yankee will hit the next home run. This is precisely the sort of thing European bookies have been doing for years.

To take advantage of this “massive land grab” for sports betting, Mr Jackson did what any good gambler does: he took a calculated risk. He prepared to enter the American market before the Supreme Court decision. Within weeks of the rule change Flutter pounced on FanDuel, a “fantasy league” website where armchair quarterbacks speculated (mostly for glory, not cash) on outcomes of sporting contests. Snapping it up before rivals realised its value gave Flutter a database of loudmouths who proved keen to put money behind their bluster as soon as states started allowing it.

Forecasts of American gambling revenues are now rising as fast as Schumpeter's losses on poker night. By 2025 analysts predict that bookmakers serving American sports fans could pocket \$10bn-15bn a year in gross gaming revenue, the money they earn after paying out successful wagers. Though covid-19 briefly interrupted most sports, it nudged more potential players to online leisure, which included bingo as well as Netflix. Cash-strapped American states desperate for tax dollars to finance pandemic relief and other goals began to legalise betting on sports faster than expected. A few permitted online poker and casino games, which had also been illegal in most places. That might bring in another \$5bn a year to the best brands.

Hence the land grab. Flutter argues that gaming enjoys the same network effects as other digital markets such as social media or ride-hailing. Bettors want to punt where others are betting. Early entrants can spread the cost of brands and technology across more users, further raising barriers to entry. American sports betting may indeed be a winner-takes-most market. The share of the big three operators (FanDuel; BetMGM, part-owned by Entain; and DraftKings, another “fantasy” site turned bookie) has gone from less than a third in 2018 to three-quarters now. FanDuel itself controls nearly half the market. Unmoved by heavy losses as it splurges on luring new customers, analysts value the operation at \$18bn.

## Ante climax

For the bet to keep paying out, Mr Jackson will have to avoid a few dud numbers. The exuberance in America contrasts with a tougher outlook elsewhere. British regulators are expected to introduce new restrictions to curb problem gambling. Germany has imposed new rules that will crimp operators' profits. That should give pause to those who think American law is predestined for further relaxation: what the regulator giveth the regulator can take away. Few doubt that money will be made in American sports betting, so new competitors are bound to emerge seeking a share of the pot. American sports leagues are all-powerful, and have already sought a levy on wagers. Broadcasters have lots of leverage; Flutter is engaged in a legal tussle with Fox, Rupert Murdoch's empire, which used to own a slice of PokerStars' parent company and has an option to buy nearly a fifth of FanDuel.

The risk for Flutter is that too much of a good thing ends up generating a backlash. The company has spent \$291 to acquire each American customer, mostly on ads and subsidised first bets. If Flutter is to turn a profit, punters must lose at least that much on average. For that to happen, they may need to wager a few thousand dollars. Flutter, like all other listed gaming firms, emphasises it is in the market of providing a bit of light entertainment, not minting gambling addicts. If the bookies are too successful, that argument may begin to sound even more hollow. ■



### The fight over the Fed

## The new Powell doctrine

WASHINGTON, DC

**The Federal Reserve under Jerome Powell has taken a bold gamble. Will he get to see it through?**

NO ONE CAN accuse him of inconsistency. Over the past year Jerome Powell, chairman of the Federal Reserve, has again and again used the same phrasing to kick off his press conferences after it sets interest rates. “Good afternoon. At the Federal Reserve, we are strongly committed to achieving the monetary-policy goals that Congress has given us: maximum employment and price stability.” It may not set pulses racing. But that is just how Mr Powell wants it: a projection of control, in terms any schoolchild can understand.

The simple wording belies a remarkable evolution in Fed policy and practice on his watch. Mr Powell has overseen a giant monetary response to the covid-induced slowdown. The Fed has bought more than \$4trn in assets during the pandemic (equivalent to 18% of GDP), dwarfing the scale of its actions after the global financial crisis, and swelling its total balance-sheet to \$8.3trn (see chart 1 on next page). Mr Powell has refined the way the Fed com-

municates, targeting his messages at ordinary Americans rather than economists. He has led a landmark shift in the way it thinks about interest rates. And in the process, he has presided over a bold gamble, keeping policy ultra-loose even as inflation soars. To his supporters—of whom there are many—he saved America from an economic catastrophe. To his critics, however, he is steering it into danger.

These days much of the conversation about Mr Powell focuses on whether President Joe Biden will reappoint him. His four-year term as chairman ends in February 2022. Mr Biden is expected to announce in the coming weeks whether he will renew Mr Powell’s term or nominate a replacement, giving markets time to brace for the change, if there is one. Progressives within the Democratic Party accuse Mr Powell of slowly dismantling rules intended to make the financial system safer, and would prefer a chairperson who is tougher on banks. Lael Brainard, the lone Fed go-

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vernor who has consistently opposed moves to, for instance, soften lenders’ leverage limits, is their favoured candidate.

Still, most Fed watchers expect Mr Powell to get a second term. Betting markets assign it an 85% probability. Most Democrats and Republicans think he has done a good job in tough times. The economy is recovering and stocks are near all-time highs. Why rock the boat? The politics would look good, too. Mr Biden would re-establish a precedent, broken by President Donald Trump, of reappointing Fed chiefs first chosen by a president from another party. It would also make sense to anyone tracing the arc of Mr Powell’s leadership. Over the past four years he placed his big bets. The test of whether he was right or rash will come in the next four.

An assessment of Mr Powell’s record can be divided into three periods. The first was before the pandemic. His most notable achievement was arguably political. The central bank faced the gravest challenge to its independence in decades when Mr Trump railed against its interest-rate rises. Mr Powell stuck to the Fed’s agenda and patiently explained that the president had no authority to fire him, but otherwise refused to get drawn into a war of words. Mr Powell also displayed intellectual flexibility. When inflation dipped in 2019, the central bank swiftly reversed gear and began cutting interest rates—and held them low ▶▶

▶ even as unemployment declined to levels that economists had assumed might lead to upward price pressures. “He let the economy push farther and farther than anyone thought it could go,” says Jason Furman, an economic adviser to President Barack Obama.

The second period came with the onset of the pandemic. As the economy came to a sudden stop in March 2020, stocks plunged and credit markets seized up. Mr Powell wasted no time in engineering a massive rescue, slashing rates to zero and buying up a wide range of assets—not just Treasuries and mortgage-backed securities but also, for the first time, corporate bonds. Within three months the Fed’s asset holdings had increased by \$3trn.

The third period of Mr Powell’s tenure, unfolding now, is the most contentious. Many who applauded the Fed’s stimulus during the depths of the pandemic think the central bank should have started rolling it back. Monthly asset purchases of \$120bn make little sense, and indeed may be storing up trouble, when inflation is running above 5%. Move too slowly to unwind, and financial markets could overheat (some prominent investors such as Jeremy Grantham argue that they are already red-hot). Move too quickly, and a market crash would be a self-fulfilling prophecy, rippling through the global economy. Sonal Desai of Franklin Templeton, an asset manager, calls it the “hardest high-wire balancing act we’ve seen in a long time”.

### Priced to perfection?

Mr Powell is trying to pull it off by giving markets plenty of warning, in the hope of avoiding a repeat of the “taper tantrum” that spooked markets in 2013. He is due to speak at an annual Fed jamboree—usually held in Jackson Hole, Wyoming, but being conducted online because of covid-19—on August 27th, after *The Economist* goes to press, when he is expected to say that a tapering of asset purchases could start later in the year. Many observers expect a three-step shift: a pre-announcement at the cen-

tral bank’s rate-setting meeting in September that a tapering announcement will come at its November meeting, followed in December by actual tapering.

Guesses about the tapering schedule, though, are only one element of the debate now swirling around Mr Powell’s agenda. Last year he introduced a new framework for monetary policy (building on a shift that started under his predecessors, Janet Yellen and Ben Bernanke), announcing that the Fed would target an average of 2% inflation over the longer run, while also seeking to let the economy reach full employment. He has also pledged that the Fed will not raise rates until inflation is at 2% and is forecast to stay above it for some time. Tapering can begin earlier, as long as there is “substantial further progress”—a deliberately vague phrase—towards meeting the inflation and employment targets. What he could not have foreseen was the extremely uneven recovery from the pandemic, with prices climbing but the unemployment rate still nearly two percentage points higher than at the start of 2020.

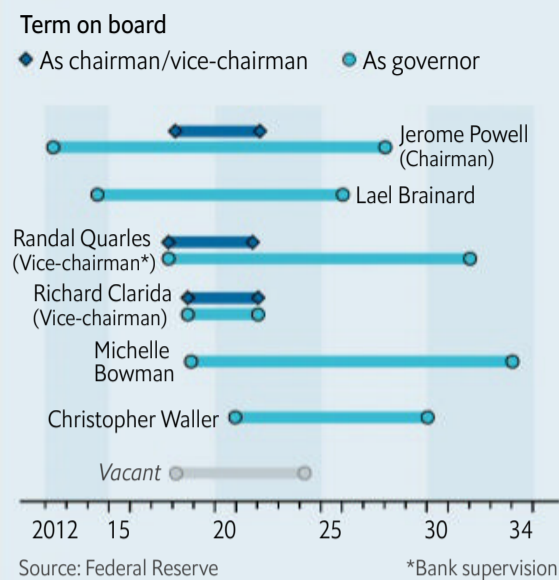
“The Fed has tied its hands to be quite late to remove monetary-policy accommodation,” says William Dudley, former president of the New York Fed. Mr Dudley thinks that the Fed’s new framework is correct, but worries that the implementation has been too rigid. He says that he would have argued for less extreme conditions to taper or to raise interest rates. Mr Furman warns that Mr Powell could be paving the way for unpredictable policy, which would give rise to the very market shocks he has wanted to avoid. “There’s been a bit of assuming that everything’s going to work out exactly right, and not having much public communication about what will happen if it doesn’t,” he says.

Yet many other economists and Fed veterans support Mr Powell’s approach. The average-inflation framework was designed with the broader backdrop in mind: steadily lower inflation was keeping interest rates low and limiting the Fed’s monetary space. Covid-19, though an extreme challenge, is unlikely to alter these long-standing structural forces. Much of the recent surge in inflation appears to stem from ephemeral factors such as gummed-up supply chains. David Wilcox, a former research director at the Fed, says that as long as inflation expectations remain anchored at 2%, the Fed is likely to wait it out. “In that context an abrupt move to tighten could be a costly mistake,” he argues.

If inflation persists and filters into wages a year or so from now, that would be a different story—but a modest overshoot would not necessarily be an unwelcome one. “If inflation runs to the upside, that’s a problem they want to have, and they have the tools for dealing with it,” says Alan Levinson of T. Rowe Price, an asset manager.

## Term times

Federal Reserve board governors, August 2021



As it stands, the central forecast of members of the Fed’s rate-setting committee is for inflation to return to roughly 2% next year. Market pricing of Treasury bonds points to much the same outcome.

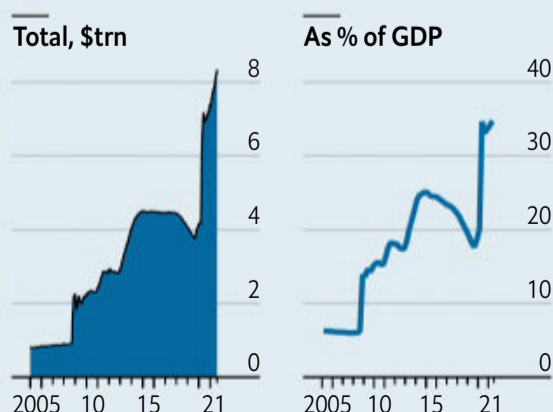
For all the controversy about Mr Powell’s monetary policy, it is his approach to financial regulation that has been the biggest lightning-rod for his political opponents, especially progressive Democrats. “I see one move after another to weaken regulation over Wall Street banks,” Senator Elizabeth Warren said at hearings in July. Defenders of Mr Powell say that such a characterisation is unfair. The Fed did, for instance, scrap pandemic-era limits on most banks’ stock buybacks and dividend payments at the end of June, but that was only after subjecting them to three stress tests to confirm that they had more than enough capital. In other areas, the Fed under Mr Powell has been strict. In March it rebuffed banks’ requests to extend an exemption on leverage caps that had helped them during last year’s slowdown.

If Mr Biden wants to keep Mr Powell in his job while signalling a tougher stance on regulation, he has an obvious solution. Randal Quarles’s term as the Fed’s vice-chairman responsible for banking supervision ends in October (see chart 2). Instead of nominating Ms Brainard as chairwoman, he could choose her to replace Mr Quarles. For markets, such a reshuffle would minimise the turbulence from changing Fed chiefs at a critical juncture. Politically, it would be deft. And it would give Mr Powell a chance to answer the fundamental question posed by his policies: whether the great monetary loosening, so necessary last year, can be unwound without doing great harm to the economy. ■

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## Bingeing on bonds

United States, Federal Reserve assets



## Capital markets

## Bright SPARC

## Out of Bill Ackman's SPAC troubles comes innovation

IN THE CLASSIC 1980s arcade game, Pac-Man is pursued by killer ghosts as he attempts to achieve his goal of gobbling up little dots. These colourful ghosts have various tactics to scupper Pac-Man: "Blinky" (the red one) gives chase; "Pinky" and "Inky" (the pink and the blue spooks) obstruct his path and attempt to corner him.

Bill Ackman, a hedge-fund tycoon turned sponsor of a "special-purpose acquisition company" (SPAC), has become a financial Pac-Man of sorts. The goal of a SPAC is to gobble up a private company and take it public. It raises capital from investors that is held in a listed vehicle while it seeks a merger target. In July last year Mr Ackman raised \$4bn for Pershing Square Tontine Holdings, making it by far the biggest SPAC created. But he has been pursued by a bevy of ghosts.

First came Pinky and Inky, the obstructors. For most Wall Street endeavours the more capital the better, but for SPACs too much cash can complicate matters. They typically take a minority stake in a private firm, so a big fund must limit itself to the tiny pool of such firms worth tens of billions of dollars. After months of searching Mr Ackman tried to strike a deal in June to buy shares in Universal Media Group, a subsidiary being carved out of Vivendi, an entertainment conglomerate based in Paris. This was an unusual use of SPAC capital: it would spend only some of the vehicle's funds, and planned to buy shares in a firm that, at the point of the transaction, would already be public. The Securities and Exchange Commission (SEC), America's markets regulator, objected to the deal, leading Mr Ackman to write to investors on July 19th that he would no longer pursue it.

Next came Blinky, the hunter. On August 17th George Assad, a shareholder in the SPAC, sued it, alleging that it was actually an investment fund, which must be registered with the SEC and abide by all kinds of rules. The claim is that the only activities the SPAC has ever undertaken are investing in securities and equities, namely Treasuries and the attempt to buy listed shares—the terrain of investment funds.

Mr Ackman's SPAC is a particularly good target for this complaint, even though its bid to buy public shares eventually failed. But the argument could apply to SPACs in general: all hold their assets in Treasuries from their inception until they consummate a merger. If successful the suit would

probably require SPACs to be registered as investment funds. Given the resulting onerous disclosure requirements and fee caps, this could kill SPACs altogether.

Whether the lawsuit will succeed is unclear. The SEC has treated SPACs as distinct from investment funds for decades. Writing to investors on August 19th, Mr Ackman argued that the lawsuit was "meritless". But it may have spelled game over for his SPAC regardless. SPACs have just two years to find a merger target and, Mr Ackman wrote, "the mere existence of the litigation may deter potential merger partners". He announced that he plans to dissolve his SPAC and return the capital raised.

Yet Mr Ackman is not defeated. In June he filed a registration for a new gambit: a "SPARC", or special-purpose acquisition rights company. This is like a SPAC, but

without the pot of capital. Rather than issuing shares at \$10 or \$20 a pop to raise a pot of money that is invested in Treasuries while the sponsor hunts for a target, he plans to distribute the right to buy shares at \$20 once a deal is announced. Once he liquidates his SPAC and returns the capital to shareholders, he plans to distribute free SPARC rights to them instead.

The new structure still requires regulators' consent. But in many ways it could be more efficient. It eliminates the opportunity cost of locking up investors' funds for two years. Shareholders can still approve or reject a deal: whereas with SPACs they can opt out, by claiming their money back or voting against the merger, with SPARCs they opt in. Playing SPACman may not have been fun any more, but Mr Ackman has moved on to a new game. ■

## Unemployment insurance

## Disappearing incentives

WASHINGTON, DC

## Ending pandemic unemployment aid has not yielded extra jobs—yet

ONE OF THE questions gripping America is the extent to which generous unemployment benefits are distorting the economy. When covid-19 began to spread last year, Congress expanded unemployment insurance (UI) by topping up payments, allowing recipients to claim for longer and widening the eligibility criteria. The aid helped preserve incomes during lockdowns and fuelled consumer spending during the recovery. In March lawmakers extended federal funding for the benefits.

But it is due to expire on September 6th—with consequences that are uncertain.

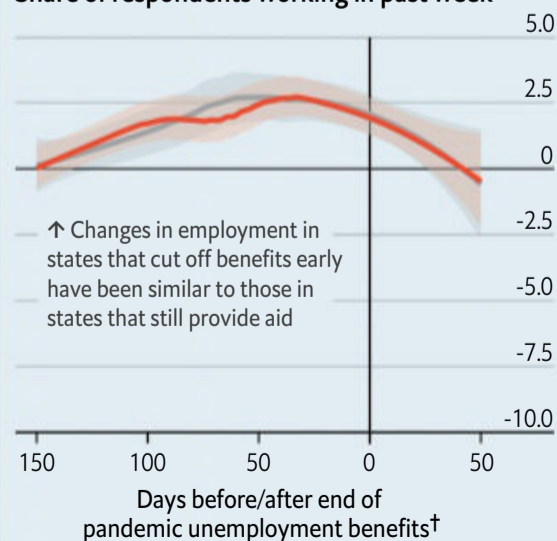
One possibility is that the cliff-edge will bring people back to work. Although employment remains about 5.7m below its level in February 2020, firms are struggling to fill vacancies. In July wages in leisure and hospitality jobs were nearly 10% above pre-pandemic levels. Economic theory says that UI deters jobseeking—a prediction supported, at least to some degree, by most studies of its effects before 2020. ▶▶

## Spot the difference in differences

United States, percentage-point change since January 16th 2021

Adults\* in states where pandemic unemployment benefits: — ended early — have not yet ended

## Share of respondents working in past week



## Share having difficulty meeting expenses

Sources: US Census Bureau; *The Economist*

\*Aged 24-65 †States that still provide benefits are indexed to June 26th, the average cut-off date

▶ Yet this relationship has not been apparent during the pandemic. Congress allowed states to opt out of the prolonged benefits this year. Over the summer 26 of them—mostly those with Republican governors—ended at least some benefits early. Their economies do not seem to have benefited much. Between June and July the share of working-age people who were employed rose by 3.5 percentage points in states that kept the benefits, exceeding the 2.7-percentage-point increase in states that cut them off.

Several groups of researchers have struggled to unearth the expected correlation using more sophisticated methods. The latest attempt is by Kyle Coombs of Columbia University and co-authors, who studied the bank records of 18,000 low-income workers. They found that, in the states that ended benefits, 26% of workers who had previously received them were employed in August, compared with 22% in other states—a difference that, as a share of the entire labour force, is modest.

*The Economist* has conducted its own analysis. The Census Bureau's Household Pulse Survey (HPS) interviews tens of thousands of people each week about how the pandemic is affecting them. One of the questions is whether respondents have worked in the past week. We measured how the share of people aged 24-65 in each state who said they were working had changed since January. Using a technique called "difference in differences", we compared average changes in reported employment rates in two groups of states, those that ended benefits early and those that had not. The numbers were virtually indistinguishable: in months when employment rose in cut-off states, it climbed by a similar amount in other states. The same was true when employment declined.

The absence of large effects does not mean that previous beliefs about UI were wrong. The pandemic is a highly unusual period for the economy, meaning the effects of benefit cut-offs could take longer to appear. By making jobseekers choosier, higher UI may be boosting wages instead of limiting the employment recovery—which might sound desirable, but could be inflationary. In cut-off states the earnings of drivers on ride-hailing apps, which respond in real time to labour supply and have been falling lately, have declined by about 10% more than in other states, reckon economists at Goldman Sachs, a bank. The nationwide cut-off in September should, they say, increase labour supply and slow the pace of wage growth.

One consequence of withdrawing benefits might not come as a surprise. It has left the jobless with less money in their pockets. Mr Coombs and his colleagues found that in cut-off states affected workers reduced their weekly outlays by \$278. Our

analysis of the HPS shows that the share of adults saying it was "somewhat" or "very" difficult to pay for typical household expenses began rising in cut-off states shortly before the expiry. Elsewhere, there was no change (see chart on previous page).

That raises the possibility that cutting off benefits could harm overall consumer spending. But the numbers involved are puny: a \$2bn fall between June and early August, compared with monthly aggregate consumer spending of over \$1.3trn. The labour-supply effect should be more significant—if it shows up. ■

### Payments in Russia

## Homegrown fare

### Russia cultivates alternatives to Western financial firms

THE PRIDE of Russian nationalists was sorely wounded as the Soviet Union crumbled. Russia without communism was not just more like its foe the West, but the country also became beholden to Western financial architecture as it adopted capitalism. Visa and Mastercard established a comfortable bank-card duopoly. And SWIFT, a Belgian interbank-messaging network, was enlisted for domestic transactions as well as cross-border ones.

Yet it was not until the annexation of Crimea in 2014 that these indignities came to be seen as acute vulnerabilities. America and Europe imposed sanctions that were designed to hurt misbehaving Russian banks and President Vladimir Putin's cronies. Visa and Mastercard briefly blocked cards issued in Crimea or by blacklisted

banks. American senators and the European Parliament called for Russia to be cut off from SWIFT (though it remains connected). The ensuing economic crisis "triggered innovation and what-if thinking", says Tom Keatinge of the Royal United Services Institute, a think-tank. The central bank now publishes regular reports about its strategy for "payment sovereignty".

Central to that plan is a homemade rival to Visa and Mastercard. The central bank set up a payments system (NSPK) with its own card, named Mir ("world", or "peace", in Russian). Legislators passed a law forcing Visa and Mastercard, in effect, to have their payments processed at a clearinghouse owned by the Russian payments system. In 2019 the NSPK made 11.9bn roubles (\$160m), or three-quarters of its revenue, from charging clearing fees to foreign card brands. These proceeds have allowed it to lower Mir's commission rate to 0.8%, well below the typical credit-card interchange fee of 1.2-2% in Russia.

Pensioners and civil servants are required to receive their incomes on a Mir card. Businesses must accept payments from it. Seven years after its launch Mir accounts for 30% of cards issued in Russia (and 24% of total transaction value). Last month it had about 100m cards in circulation. On July 20th Mir announced that it was connected to Apple Pay—a big deal, given that mobile phones make up 60% of contactless payments in Russia.

Mir wants even more. It bombards Russians with promises of special treatment if they switch cards. A ride on the St Petersburg metro is roughly half price when the commuter taps a Mir card at the gates. A "cashback" scheme offers a 20% discount on any holiday inside Russia booked with Mir. On August 17th Wildberries, Russia's answer to Amazon, began charging Visa and Mastercard users an extra fee of 2%. ▶▶



More than a mere bank card



Outside of Russia, though, Mir does not fulfil its worldly ambitions. Most banks abroad do not accept it (Turkey, the most popular tourist spot for Russians, is an exception). Efforts to produce a version of the card co-badged with Mastercard's Maestro brand, which would see it accepted more widely, have not solved the problem. Similar obstacles abound for another central-bank creation, SPFS, the analogue for SWIFT. It manages just a fifth of the domestic traffic that SWIFT handles. And only a measly 12 foreign banks, including ones based in Belarus and Kazakhstan, are

linked up (compared with 11,000 worldwide for SWIFT), making it all but useless for foreign transactions. Banks must bear the costs of adopting SPFS, but have little incentive to do so while SWIFT still works.

Nonetheless, both have their value at home. They reduce the risk of chaos if Russia loses access to Western plumbing. Mir also serves to protect the banks and businessmen that sanctions were meant to hurt. Take Bank Rossiya, "a huge linchpin in the Russian patronage network", according to Brian O'Toole, a former sanctions architect with the American government.

The bank was cut off from the Western financial system in 2014, including from Visa and Mastercard. That hurt. But Mir helps keep the bank humming away.

Observers argue that America faces a blacklist's bind: the overuse of sanctions as a tool of foreign policy might prompt targets to develop a parallel financial system, undermining not only the sanctions but Western power itself. Russia's payments innovations certainly suggest some truth to the first bit of the theory. Still, the global might of the West's financial architecture remains daunting. ■

## Buttonwood Closed for business

*Bond-buying by the Bank of Japan has stifled trading in Tokyo. Does that matter?*

NOBODY BOUGHT Japan's ten-year government bond in over-the-counter trading on August 3rd. Such a lull in the world's second-largest market for sovereign bonds would once have been remarkable. But in fact this was not even the first time activity dried up. Once-frenetic trading desks in Tokyo have fallen silent over the past half-decade.

Sceptics of the central bank's enormous quantitative-easing (QE) programme warned this moment would come. With the Bank of Japan (BOJ) hoovering up securities, they argued, benchmark bonds would become scarce, causing price volatility and stopping investors pricing risks properly. Financial institutions would be deprived of the collateral they needed to operate. But, curiously, there is little sign that the drying up of the Japanese market has had such effects. Should anyone, other than the poor souls who used to buy and sell the bonds for a living, lose sleep over it?

Perhaps nowhere is more central to the history of QE than Tokyo. During the Depression of the 1930s the country's finance ministry arranged for the BOJ to underwrite all government-bond issuance. In 2001 Japan became the birthplace of modern QE when the BOJ launched a small asset-purchase scheme.

The scale of bond-buying over the past eight years in particular has been astonishing. The BOJ's assets run to around 130% of GDP, nearly twice the share held by the European Central Bank and nearly four times that of America's Federal Reserve. The BOJ holds almost half of Japan's sovereign bonds (and, after years of sluggish economic growth, which have obliged the government to run budget deficits, the country has rather a lot of them). These have largely been bought from commercial banks—



both domestic ones and foreign lenders based in Japan. In 2012 banks owned over 40% of the stock of government bonds; now they own less than 13%. Since they typically do a lot of bond trading, it might come as no surprise that activity has dried up like a dammed stream.

To its critics Japan's experience of bond-buying as the main form of economic stimulus discredits the policy tool. The huge asset purchases since 2012 have clearly not achieved the aim of generating sustained inflation. Even the BOJ does not believe it will reach its 2% inflation target before 2024.

Yet there also seem to have been few of the negative market consequences that critics feared. Bond dealers bleat about liquidity in surveys, but bid-ask spreads—a measure of the gap between the price at which buyers are willing to buy and sellers are willing to sell—in the trading that does occur have been contained. Prices are kept in a stable band by the BOJ's "yield-curve control" policy. Average private-sector lending rates are at rock-bottom levels. Large-scale quantita-

tive easing may have made certain maturities scarcer, but that effect has been muted by the central bank's willingness to lend bonds to the private sector through various collateral schemes. As pandemic panic peaked in March last year, the BOJ lent out more than ¥24trn (\$221bn) in government bonds to the private sector, mostly to provide the collateral banks needed to access the Fed's dollar-swap lines. While it may still be reasonable to worry about the effect of persistently low interest rates on asset prices and wider financial markets, in Japan at least worries about the functioning of the government-bond market have yet to be realised.

The lack of any direct financial consequences of throttling activity in the bond market says something interesting about QE and monetary policy in general. Policy is usually regarded as being something that causes changes in the economy. But it is as much a consequence of existing economic reality.

Movements in bond markets typically convey useful information about investors' expectations for growth and inflation. But in Japan both are so consistently low that there is little useful information to be gleaned from a livelier market. QE may have helped kill off trading activity, but ultimately the euthanasia of trading desks, like the QE programme itself, is a consequence of a stagnant economy and static prices.

That may be the best lesson for other countries—and, as the past 30 years have shown, what happens in Tokyo today is often repeated in the rest of the rich world tomorrow. Should they find themselves in similar economic circumstances, worrying about the effect of bond-buying on how the market functions may be the least of their concerns.

## Free exchange | Fleshing out the olive

*Xi Jinping's talk of common prosperity is spooking the uncommonly prosperous*



**I**N A SPEECH in 2016 Xi Jinping, China's president, explored the roots of an idea that is now troubling the country's tycoons and depressing the stockmarket—an idea that may be motivating China's crackdown on private tutoring, its antitrust fines on internet firms, its new guidelines on the treatment of gig workers and its steps towards a property tax, as well as inspiring large charitable donations from some of the country's most prominent enterprises. That idea is common prosperity.

Common prosperity, Mr Xi pointed out, has been an ideal of the Chinese people since ancient times. It was espoused by his predecessors as Communist Party leader. (Even Deng Xiaoping, who was famously happy to let some “get rich first”, insisted that they then help others catch up.) The ideal appears not just in Marx but also in Confucius, Mr Xi said. He quoted a well-known line from “The Analects”, which says something to the effect that a wise leader worries not about poverty but about inequality; not that his people are too few, but that they are too divided. (It is snappier in Chinese.)

The idea, then, is not new. But it is newly important. The term has appeared 65 times in Mr Xi's speeches or meetings this year, according to Bloomberg. A recent example is the Central Financial and Economic Affairs Commission, which sets and enforces the party line on the economy. It focused on the idea at its meeting on August 17th. But what precisely does common prosperity mean? The party has clarified what it does not entail: it does not imply that everyone will end up enjoying equal prosperity. Entrepreneurs who create their own wealth, “work hard with integrity and have the guts to start their own businesses” should be encouraged. Nor will the egalitarian turn be abrupt. It should be pursued in a “gradual” manner, the commission reiterated this month.

But the goal also rules out a continuation of the status quo. “We must not allow the gap between rich and poor to get wider,” Mr Xi insisted in January. People in the top fifth of Chinese households enjoy a disposable income more than ten times as high as people in the bottom fifth, according to official figures. Disposable incomes in cities are two-and-a-half times as high as in the countryside. And the top 1% own 30.6% of household wealth, according to Credit Suisse, a bank (compared with 31.4% in America).

Unfortunately, defining what will count as common prosperity

is complicated by the sheer volume and variety of aspirations and exhortations that often follow in the term's trail, aspirations that could be laudable or lamentable depending on details that have yet to be formulated, let alone divulged.

Common prosperity will require a stronger safety-net, better pensions and more equal access to public services, such as education and health. It will result in an “olive-shaped” distribution of income that is fat in the middle but thin at the bottom and top. China has about 400m people living on incomes between 100,000 and 500,000 yuan (roughly \$15,000-77,000) for a family of three or the equivalent. It wants to double that number to 800m people in about a decade, reckons the Development Research Centre, a think-tank attached to China's State Council.

What about the top of the olive? The party says it will increase the role of taxation in fighting inequality and adjust high incomes “reasonably”. But it has yet to quantify that reasonableness. The source of wealth may matter more than the level. In an interview with *Caijing*, a magazine, Xu Shanda, a former tax official, said that China would crack down on illicit income and rule-bending: he mentioned businesspeople who expense too much to their firm or shirk their social-insurance obligations. This week China's corruption watchdog said it had told over 24,800 party cadres in Hangzhou to undertake “self-examination” and confess to any illegal borrowing from local firms or other conflicts of interest.

Most egalitarian governments content themselves with tweaking taxes and transfers. But China's reach is broader. It is also championing two other kinds of redistribution: “voluntary” donations by the rich (Tencent and Pinduoduo, two tech giants, have earmarked a combined 60bn yuan for social initiatives since the August 17th meeting) and what is sometimes called “pre-distribution”. This can entail altering the split of national income between wages and profits. A common prosperity “demonstration zone” in Zhejiang province includes a target to raise labour's share of the province's income from 47.8% (in 2017) to over 50%.

The labour share is not easy to measure let alone manipulate. It has declined steadily in many developed economies, thanks to deep forces like globalisation and technological change. But China's wage-earners might benefit from policies like the government's new guidelines on gig workers, which seek to improve their wages and bargaining position. Certainly, investors in the gig economy fear these policies will leave a smaller slice of the cake for them. The share price of Meituan, a food-delivery firm, has fallen by 18% since the guidelines were released.

### The people's commonwealth of China

As with many of its signature initiatives, the party will not impose a common approach to common prosperity. “Local authorities will be encouraged to explore effective ways that suit local conditions,” it said on August 17th. Cities in Zhejiang are scrambling to add the label to various initiatives, from narrowing the gap between urban and rural areas to promoting people's “spiritual” riches. Over time, the successful projects will be said to conform to Mr Xi's vision; in reality, his vision will coalesce around them.

Just because common prosperity remains nebulous does not, however, mean it is vacuous. “Achieving common prosperity is not only an economic issue, but also a significant political issue,” Mr Xi said in January. The party hopes that reviving this ancient ideal will help strengthen the foundations of its rule. Confucius again got there first. “Where there is contentment,” the sage says, “there will be no upheavals.” ■



What is a species anyway?

## On the origin of “species”

The term, though widely used, is hard to define

CHEMISTS HAVE it easy. Their art has many subtleties, but its fundamental constituents are clearly definable. A carbon atom is always a carbon atom. It has a nucleus which contains six protons, no more, no fewer. All atoms with exactly six protons in their nuclei are carbon, whether they find themselves in a steak, a diamond pendant or the burning heart of Sirius, the brightest star in the night sky. Some types of carbon atom can gain or lose protons through nuclear decay. But when they do so, they immediately stop being carbon.

The biological study of species offers no equivalent to such transmutation. An individual which belongs to a given species will always belong to that species, come what may. And assigning an individual to a species is for the most part pretty straightforward. But finding something which defines a species, as the number of protons defines an element, is impossible.

The practical identification process de-

pends on a sample, known as a type specimen, which is typically held in a specialised collection and described in a published paper. That specimen defines the species. Subsequent discoveries either belong to the same species as the type, or they don't. Various international bureaucracies keep track of this process, providing ever evolving lists of the constituents of the living world. At the moment, about 1.2m species have been given recognised scientific

→ In this series on the levels of life

- 1 Biology's big molecules
- 2 Cells and how to power them
- 3 Making organs
- 4 The story of a life
- 5 What is a species, anyway?
- 6 Finding living planets

names by this process. Most are multicellular eukaryotes (animals, plants, algae and fungi).

This is certainly an underestimate of the real figure. By modelling the degree to which humans might be undersampling the true variety of life one estimate came up with a number of multicellular eukaryotes over seven times bigger. But whether they number 1.2m or 8.7m says little about what species actually are.

Attempts to define species by their essence, rather than by comparison with an exemplar, date back to Aristotle, a Greek philosopher, in the fourth century BC. Aristotle liked categorisations in which general types of thing (genera) were sorted according to particular details in order to form species. He applied the idea to life forms as well as to much else. Over 2,000 years later Carl Linnaeus, a Swede, provided a systematic update of the idea based on morphology. His system produced a new standard for botanists and zoologists and introduced the helpful practice of combining genus and species into a binomial name, such as *Homo sapiens*.

Linnaeus's system was extremely useful. Its underpinning, though, remained obscure. In the 1850s, a century after Linnaeus, Charles Darwin wrote to his friend Joseph Hooker that, when they spoke of “species”, it was “really laughable to see what different ideas were prominent in various naturalists' minds”. Some drew entirely on physical shape, some on appeal to God's plan, some on notions of creatures' ancestry. The result was a mess. “It all comes, I believe, from trying to define the undefinable.”

In “On the Origin of Species”, published three years later, Darwin put forward the idea that what creatures of the same species shared was common ancestry. They were more closely related to each other than to any others. The same applied to the higher levels of taxonomy, too. Linnaeus had grouped genera into families, families into orders and so on. These, Darwin argued, were also matters of descent.

In modern terms, the fact that *Homo sapiens* is part of the family hominidae, the great apes, which is in the order of primates, in the class of mammals, the phylum of chordates, the kingdom of animals and the domain of eukaryotes means that you are more closely related to a chimp than to another primate such as a lemur, more closely related to a lemur than to a lizard, more closely related to a lizard than to a starfish and more closely related to a starfish than to an oak.

Darwinism explains a huge amount about life, and about species. But it still does not say where, on the journey from twig-tip to trunk, the juncture is which marks a species-defining common ances-

tor. One answer was provided in 1942 by a German-American zoologist called Ernst Mayr. He suggested that a species is a group of individuals which can interbreed to produce fertile offspring only among themselves. In other words, they are part of an exclusive gene pool. If they try to breed outside that group, their offspring, if any, will be either sterile or unviable. A new species arises when that inter-fertile group is divided in such a way that some can no longer breed with each other.

Imagine a climate-sensitive species spread continuously through a mountain chain. If the world warms, the lower slopes will become uninhabitable. This will fragment the population, with different groups ending up isolated on different mountain tops. Unable to exchange genes, these populations will evolve in different ways. If they are separated for long enough they may evolve so much that when the climate changes back and they can mix again, they may no longer be able to (or may no longer choose to) breed with each other. They have become separate species.

The first, obvious and insuperable problem with this approach is that it has nothing to say about asexual creatures—and thus about all the bacteria and archaea and many single-celled eukaryotes. It is not really clear to what degree the concept of a species makes sense for such creatures. But to the degree to which it does, sex does

not enter into it.

Leaving that aside, Mayr's idea provides a useful way of thinking about how far back you need to go to find the common ancestor of a species. As long as all of a creature's descendants can interbreed, you can go back further. Once its descendants form two groups which cannot, you have gone too far. But in practical terms, there are problems.

Though many species recognised as such by naturalists surely meet Mayr's criteria, that is hard to prove. And some widely recognised species do not. Wild members of the genus *Canis*—wolves, coyotes and jackals—are all treated by naturalists as clear and proper species. (The domestic dog is controversial; some regard it as a separate species, *Canis familiaris*, some as a type of wolf, *Canis lupus*.) Crosses between them, however, produce viable offspring. Big cats (lions, tigers and so on) are similarly inter-fertile, as are many bears.

The usual get-out here is to argue that such hybrids do not happen in the wild, either because individuals have fitter offspring with their own kind, and evolution has taken this into account in shaping their preferences, or because they never meet. This makes membership of a species curiously contingent. It is also not true. Whole groups of binomially named and recognised animal species, such as cichlid fish and heliconid butterflies, are thought

to be the products of natural hybridisation, as are many plants. In eastern North America a hybrid with wolf, coyote and domestic-dog genes in its chromosomes has emerged and is spreading.

There is also a problem of differential attention. Animals in which people are particularly interested tend to become ever more finely split up. Once-unitary species are divided either into multiple species or subspecies, a way for taxonomists to hedge their bets when they are not sure how different two populations are.

### The narcissism of small differences

Take the great apes. Until the 20th century there were three species: chimpanzees, gorillas and orangutans. In 1903 eastern and western gorillas were recognised as separate. Then, in 1933, bonobos (*Pan paniscus*) were split from common chimpanzees (*Pan troglodytes*)—which themselves now have four subspecies. In the 1990s Bornean orangutans were split from Sumatran ones. And in 2017 Sumatran orangutans were also split into two species.

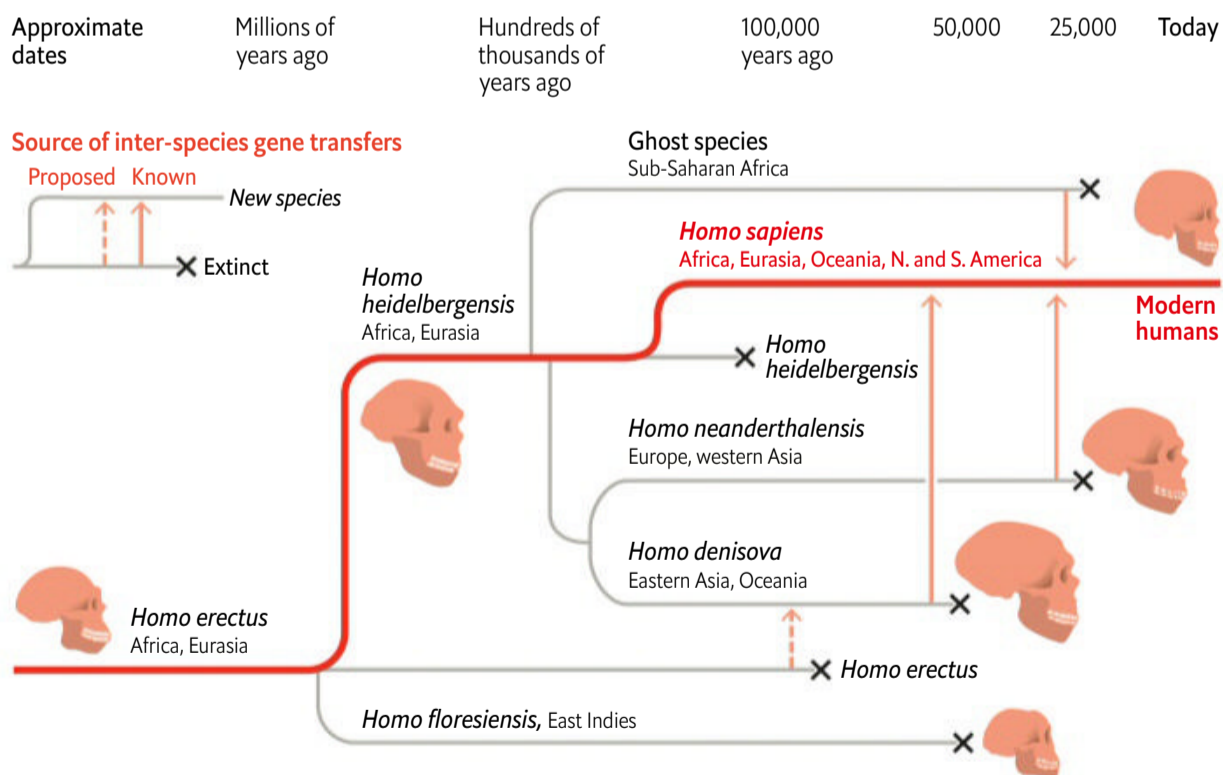
In many such cases, promotion has brought more conservation effort. The new species have, by definition, smaller populations and so are at greater risk. And the status of being a species puts them higher up in the conservationists' pecking order. In many countries the need to protect species imposes legal duties.

Things get even trickier when you go back in time. In the world of fossils, who could breed with whom is hard to tell. In the deep past, morphology is all you have. The history of humans unites the difficulties of understanding past species and the tendency to agonise more about distinctions close to home.

There was a time when textbooks said, on the basis of fossils, that *Homo heidelbergensis* evolved from *Homo erectus*, and that *Homo neanderthalensis* and, later, *Homo sapiens* both evolved from *Homo heidelbergensis*, with the former going extinct. But more fossil finds and the advent of genome sequencing have muddied that all up considerably. It is now clear that modern humans and Neanderthals could and did interbreed with each other. They also both interbred with another group, *Homo denisova*. Hardly any fossils of these Denisovans have been found, but Europeans and Asians carry their genes. And the genomes of some Africans suggest that their ancestors crossbred with another population at least as distinct as the Denisovans, but which is not seen in the fossil record at all.

Species, then, may look like natural categories. But their definition depends as much on what you are interested in saying about them as on the biology behind the answer. The results may be coherent biological entities. But you certainly should not bet on it. ■

### → The hominid family tree

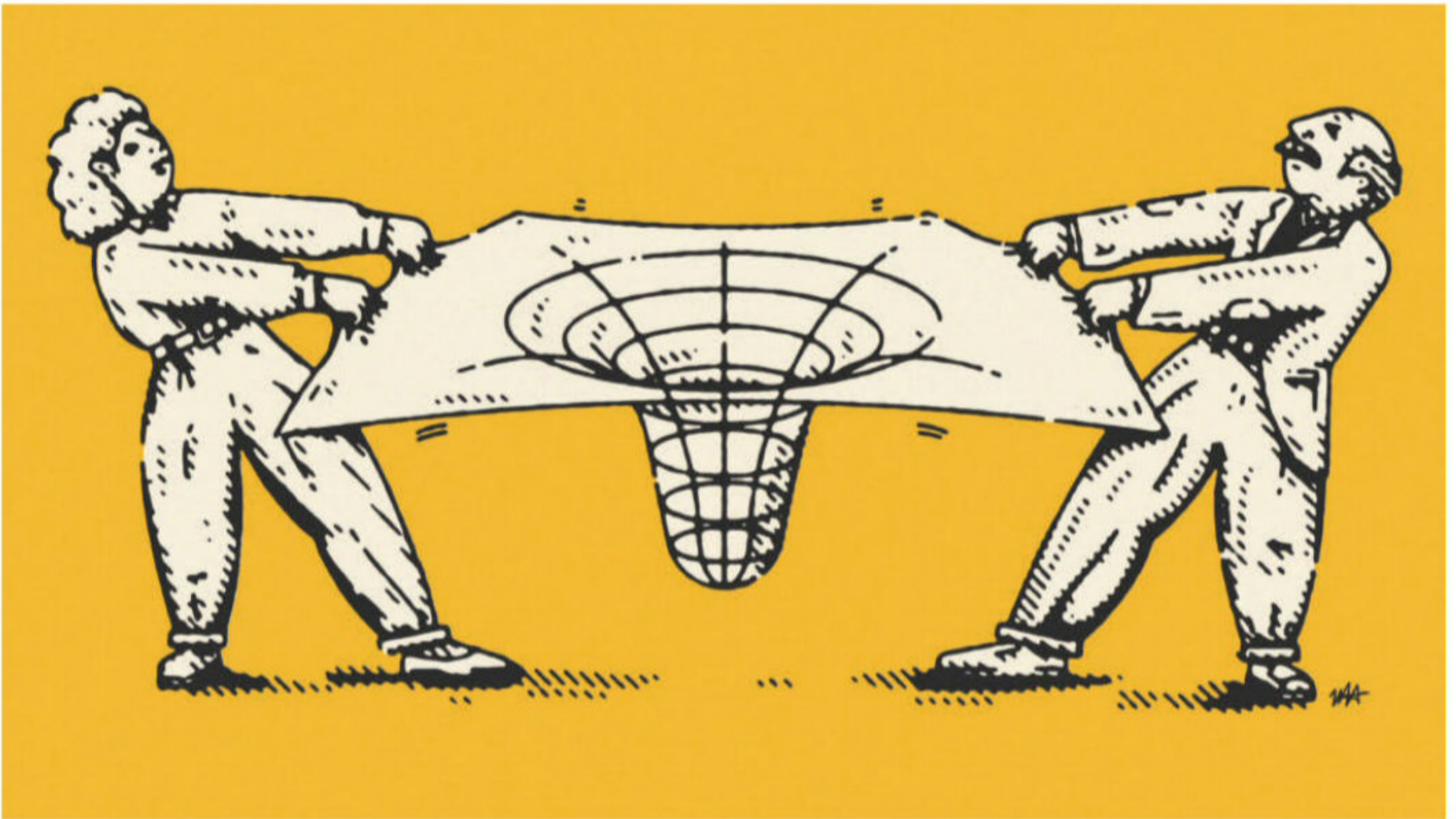


### Speciation by range separation



Sources: *Current Biology*; *Nature*; *Science*; *Yearbook of Physical Anthropology*

Skulls drawn relative to each other



### Fundamental physics

## Bye, bye, little Susy

**By abandoning some long-held beliefs, physicists are clearing a path to the future**

**A** WISE PROVERB suggests not putting all your eggs in one basket. Over recent decades, however, physicists have failed to follow that wisdom. The 20th century—and, indeed, the 19th before it—were periods of triumph for them. They transformed understanding of the material universe and thus people's ability to manipulate the world around them. Modernity could not exist without the knowledge won by physicists over those two centuries.

In exchange, the world has given them expensive toys to play with. The most recent of these, the Large Hadron Collider (LHC), which occupies a 27km-circumference tunnel near Geneva and cost \$6bn, opened for business in 2008. It quickly found a long-predicted elementary particle, the Higgs boson, that was a hangover from calculations done in the 1960s. It then embarked on its real purpose, to search for a phenomenon called Supersymmetry.

This theory, devised in the 1970s and known as Susy for short, is the all-containing basket into which particle physics's eggs have until recently been placed. Of itself, it would eliminate many arbitrary

mathematical assumptions needed for the proper working of what is known as the Standard Model of particle physics. But it is also the vanguard of a deeper hypothesis, string theory, which is intended to synthesise the Standard Model with Einstein's general theory of relativity. Einstein's theory explains gravity. The Standard Model explains the other three fundamental forces—electromagnetism and the weak and strong nuclear forces—and their associated particles. Both describe their particular provinces of reality well. But they do not connect together. String theory would connect them, and thus provide a so-called "theory of everything".

### String-driven things

String theory proposes that the universe is composed of minuscule objects which vibrate in the manner of the strings of a musical instrument. Like such strings, they have resonant frequencies and harmonics. These various vibrational modes, string theorists contend, correspond to various fundamental particles. Such particles include all of those already observed as part

of the Standard Model, the further particles predicted by Susy, which posits that the Standard Model's mathematical fragility will go away if each of that model's particles has a heavier "supersymmetric" partner particle, or "sparticle", and also particles called gravitons, which are needed to tie the force of gravity into any unified theory, but are not predicted by relativity.

But, no Susy, no string theory. And, 13 years after the LHC opened, no sparticles have shown up. Even two as-yet-unexplained results announced earlier this year (one from the LHC and one from a smaller machine) offer no evidence directly supporting Susy. Many physicists thus worry they have been on a wild-goose chase.

They have good reason to be nervous. String theory already comes with a disturbing conceptual price tag—that of adding six (or in one version seven) extra dimensions to the universe, over and above the four familiar ones (three of space and one of time). It also describes about  $10^{500}$  possible universes, only one of which matches the universe in which human beings live. Accepting all that is challenging enough. Without Susy, though, string theory goes bananas. The number of dimensions balloons to 26. The theory also loses the ability to describe most of the Standard Model's particles. And it implies the existence of weird stuff such as particles called tachyons that move faster than light and are thus incompatible with the theory of relativity. Without Susy, string theory thus looks pretty-much dead as a theory of ▶▶

▶ everything. Which, if true, clears the field for non-string theories of everything.

The names of many of these do, it must be conceded, torture the English language. They include “causal dynamical triangulation”, “asymptotically safe gravity”, “loop quantum gravity” and the “amplituhedron formulation of quantum theory”. But at the moment the bookies’ favourite for unifying relativity and the Standard Model is something called “entropic gravity”.

### Here be monsters

Entropy is a measure of a system’s disorder. Famously, the second law of thermodynamics asserts that it increases with time (ie, things have a tendency to get messier as they get older). What that has to do with a theory of gravity, let alone of everything, is not, perhaps, immediately obvious. But the link is black holes. These are objects which have such strong gravitational fields that even light cannot escape from them. They are predicted by the mathematics of general relativity. And even though Einstein remained sceptical about their actual existence until the day he died in 1955, subsequent observations have shown that they are indeed real. But they are not black.

In 1974 Stephen Hawking, of Cambridge University, showed that quantum effects at a black hole’s boundary allow it to radiate particles—especially photons, which are the particles of electromagnetic radiation, including light. This has peculiar consequences. Photons carry radiant heat, so something which emits them has a temperature. And, from its temperature and mass, it is possible to calculate a black hole’s entropy. This matters because, when all these variables are plugged into the first law of thermodynamics, which states that energy can be neither created nor destroyed, only transformed from one form (say, heat) into another (say, mechanical work), what pops out are Einstein’s equations of general relativity.

That relationship was discovered in 2010 by Erik Verlinde of Amsterdam University. It has serious implications. The laws of thermodynamics rely on statistical mechanics. They involve properties (temperature, entropy and so on) which emerge from probabilistic descriptions of the behaviour of the underlying particles involved. These are also the particles described by quantum mechanics, the mathematical theory which underpins the Standard Model. That Einstein’s equations can be rewritten thermodynamically implies that space and time are also emergent properties of this deeper microscopic picture. The existing forms of quantum mechanics and relativity thus do indeed both seem derivable in principle from some deeper theory that describes the underlying fabric of the universe.

String theory is not so derivable. Strings are not fundamental enough entities. But entropic gravity claims to describe the very nature of space and time—or, to use Einsteinian terminology, “spacetime”. It asserts this is woven from filaments of “quantum entanglement” linking every particle in the cosmos.

The idea of quantum entanglement, another phenomenon pooh-poohed by Einstein that turned out to be true, goes back to 1935. It is that the properties of two or more objects can be correlated (“entangled”) in a way which means they cannot be described independently. This leads to weird effects. In particular, it means that two entangled particles can appear to influence each other’s behaviour instantaneously even when they are far apart. Einstein dubbed this “spooky action at a distance”, because it seems to violate the premise of relativity theory that, in the speed of light, the universe has a speed limit.

As with black holes, Einstein did not live long enough to see himself proved wrong. Experiments have nevertheless shown he was. Entanglement is real, and does not violate relativity because although the influence of one particle on another can be instantaneous there is no way to use the effect to pass information faster than light-speed. And, in the past five years, Brian Swingle of Harvard University and Sean Carroll of the California Institute of Technology have begun building models of what Dr Verlinde’s ideas might mean in practice, using ideas from quantum information theory. Their approach employs bits of quantum information (so-called “qubits”) to stand in for the entangled particles. The result is a simple but informative analogue of spacetime.

Qubits, the quantum equivalent of classical bits—the ones and zeros on which regular computing is built—will be familiar to those who follow the field of quantum computing. They are the basis of quantum information theory. Two proper-

ties distinguish qubits from the regular sort. First, they can be placed in a state of “superposition”, representing both a one and a zero at the same time. Second, several qubits can become entangled. Together, these properties let quantum computers accomplish feats such as performing multiple calculations at once, or completing certain classes of calculation in a sensible amount of time, that are difficult or impossible for a regular computer.

And because of their entanglement qubits can also, according to Dr Swingle and Dr Carroll, be used as stand-ins for how reality works. More closely entangled qubits represent particles at points in spacetime that are closer together. So far, quantum computers being a work in progress, this modelling can be done only with mathematical representations of qubits. These do, though, seem to obey the equations of general relativity. That supports entropic-gravity-theory’s claims.

### Put your analyst on danger money

All of this modelling puts entropic gravity in poll position to replace strings as the long-sought theory of everything. But the idea that spacetime is an emergent property of the universe rather than being fundamental to it has a disturbing consequence. It blurs the nature of causality.

In the picture built by entropic gravity, spacetime is a superposition of multiple states. It is this which muddies causality. The branch of maths that best describes spacetime is a form of geometry that has four axes at right angles to each other instead of the more familiar three. The fourth represents time, so, like the position of objects, the order of events in spacetime is determined geometrically. If different geometric arrangements are superposed, as entropic gravity requires, it can therefore sometimes happen that the statements “A causes B” and “B causes A” are both true.

This is not mere speculation. In 2016 Giulia Rubino of the University of Bristol, ▶▶





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▶ in England, constructed an experiment involving polarised photons and prisms which achieved exactly that. This spells trouble for those who have old-fashioned notions about causality's nature.

However, Lucien Hardy of the Perimeter Institute, in Canada, has discovered a way to reformulate the laws of quantum mechanics to get around this. In his view, causality as commonly perceived is like data compression in computing: it is a concept that gives you more bang for your buck. With a little bit of information about the present, causality can infer a lot about the future—compressing the amount of information needed to capture the details of a physical system in time.

But causality, Dr Hardy thinks, may not be the only way to describe such correlations. Instead, he has invented a general method for building descriptions of the patterns in correlations from scratch. This method, which he calls “the causaloid framework”, tends to reproduce causality but it does not assume it, and he has used it to reformulate both quantum theory (in 2005) and general relativity (in 2016). Causaloid maths is not a theory of everything. But there is a good chance that if and when such a theory is found, causaloid principles will be needed to describe it, just as general relativity needed a geometry of four dimensions to describe spacetime.

### Amplitude modulation

Entropic gravity has, then, a lot of heavy-duty conceptual work to back it up. But it is not the only candidate to replace string theory. Others jostling for attention include an old competitor called loop quantum gravity, originally proposed in 1994 by Carlo Rovelli, then at the University of Pittsburgh, and Lee Smolin, of the Perimeter Institute. This, and causal dynamical triangulation, a more recent but similar idea, suggest that spacetime is not the smooth fabric asserted by general relativity, but, rather, has a structure—either elementary loops or triangles, according to which of the two theories you support.

A third option, asymptotically safe gravity, goes back still further, to 1976. It was suggested by Steven Weinberg, one of the Standard Model's chief architects. A natural way to develop a theory of quantum gravity is to add gravitons to the model. Unfortunately, this approach got nowhere, because when the interactions of these putative particles were calculated at higher energies, the maths seemed to become nonsensical. However, Weinberg, who died in July, argued that this apparent breakdown would go away (in maths speak, the calculations would be “asymptotically safe”) if sufficiently powerful machines were used to do the calculating. And, with the recent advent of supercomputers of such power, it looks, from early



results, as if he might have been right.

One of the most intriguing competitors of entropic gravity, though, is the amplituhedron formulation of quantum theory. This was introduced in 2013 by Nima Arkani-Hamed of the Institute of Advanced Study at Princeton and Jaroslav Trnka of the University of California, Davis. They have found a class of geometric structures dubbed amplituhedrons, each of which encodes the details of a possible quantum interaction. These, in turn, are facets of a “master” amplituhedron that encodes every possible type of physical process. It is thus possible to reformulate all of quantum theory in terms of the amplituhedron.

Most attempts at a theory of everything try to fit gravity, which Einstein describes geometrically, into quantum theory, which does not rely on geometry in this way. The amplituhedron approach does the opposite, by suggesting that quantum theory is actually deeply geometric after all. Better yet, the amplituhedron is not founded on notions of spacetime, or even statistical mechanics. Instead, these ideas emerge naturally from it. So, while the amplituhedron approach does not as yet offer a full theory of quantum gravity, it has opened up an intriguing path that may lead to one.

That space, time and even causality are emergent rather than fundamental properties of the cosmos are radical ideas. But this is the point. General relativity and quantum mechanics, the physics revolutions of the 20th century, were viewed as profound precisely because they overthrew common sense. To accept relativity meant abandoning a universal notion of time and space. To take quantum mechanics seriously meant getting comfortable with ideas like entanglement and superposition. Embracing entropic gravity or its alternatives will require similar feats of the imagination.

No theory, though, is worth a damn without data. That, after all, is the problem with Supersymmetry. Work like Dr Rubino's points the way. But something out of a

particle-physics laboratory would also be welcome. And, though their meaning is obscure, the past few months have indeed seen two experimentally induced cracks in the Standard Model.

On March 23rd a team from CERN, the organisation that runs the LHC, reported an unexpected difference in behaviour between electrons and their heavier cousins, muons. These particles differ from one another in no known properties but their masses, so the Standard Model predicts that when other particles decay into them, the two should each be produced in equal numbers. But this appears not to be true. Interim results from the LHC suggest that a type of particle called a B-meson is more likely to decay into an electron than a muon. That suggests an as-yet-undescribed fundamental force is missing from the Standard Model. Then, on April 7th, Fermilab, America's biggest particle-physics facility, announced the interim results of its own muon experiment, Muon g-2.

In the quantum world, there is no such thing as a perfect vacuum. Instead, a froth of particles constantly pops in and out of existence everywhere in spacetime. These are “virtual” rather than “real” particles—that is, they are transient fluctuations which emerge straight out of quantum uncertainty. But, although they are short-lived, during the brief periods of their existence they still have time to interact with more permanent sorts of matter. They are, for example, the source of the black-hole radiation predicted by Hawking.

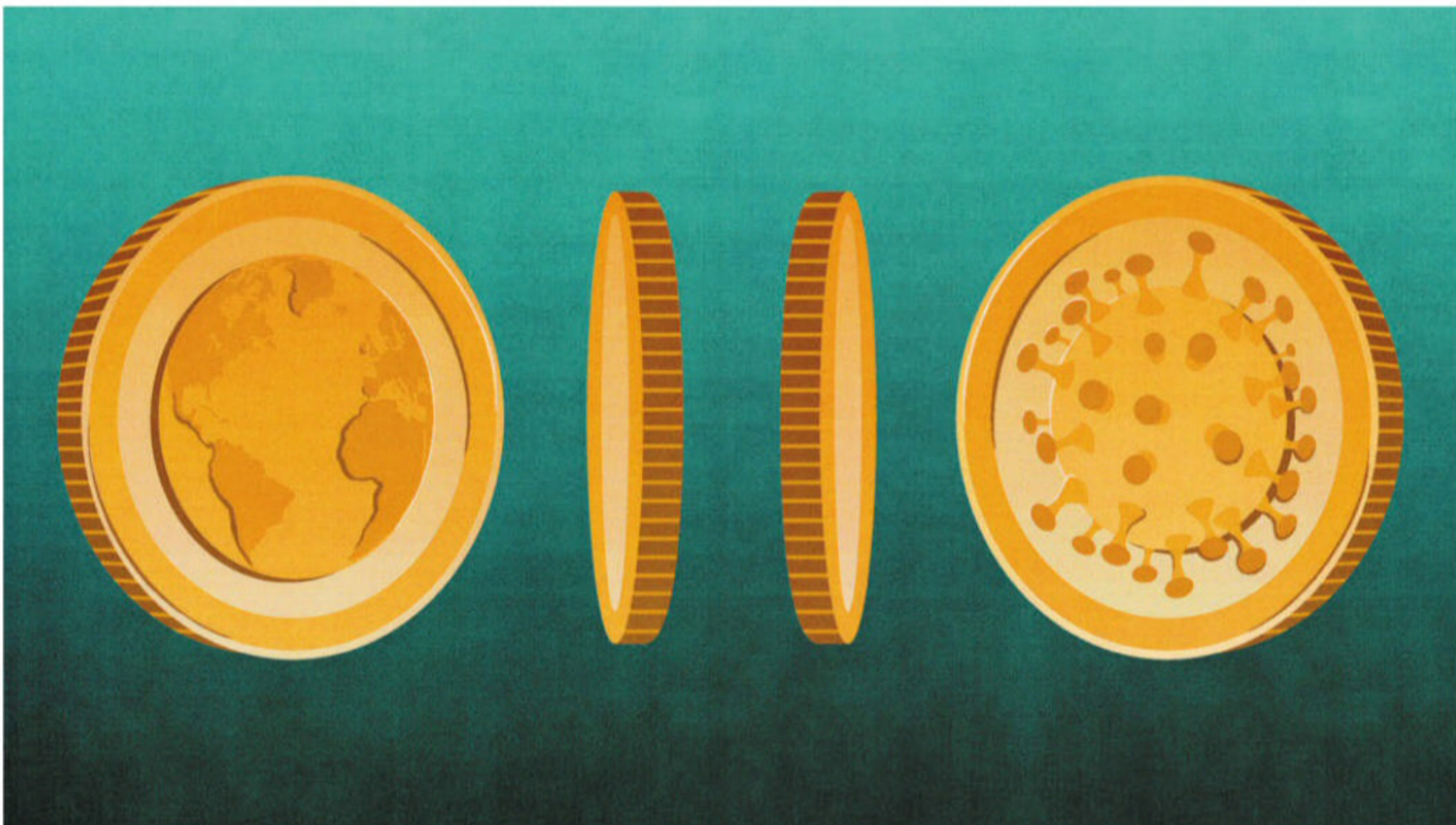
The strengths of their interactions with types of matter more conventional than black holes are predicted by the Standard Model, and to test these predictions, Muon g-2 shoots muons in circles around a powerful superconducting magnetic-storage ring. The quantum froth changes the way the muons wobble, which detectors can pick up with incredible precision. The Muon g-2 experiment suggests that the interactions causing these wobbles are slightly stronger than the Standard Model predicts. If confirmed, this would mean the model is missing one or more elementary particles.

### Cracks of dawn

There is a slim chance that these are the absent sparticles. If so, it is the supporters of supersymmetry who will have the last laugh. But nothing points in this direction and, having failed thus far to stand their ideas up, they are keeping sensibly quiet.

Whatever the causes of these two results, they do show that there is something out there which established explanations cannot account for. Similarly unexplained anomalies were starting points for both quantum theory and relativity. It looks possible, therefore, that what has seemed one of physics's darkest periods is about to brighten into a new morning. ■





## Instant history

## A cough heard round the world

### A historian documents the economic impact of the pandemic

THE COVID-19 pandemic may be the starkest example of globalisation that history has ever provided. It was not just that the virus spread rapidly round the world. As governments reacted by imposing shutdowns, almost 95% of the world's economies suffered a simultaneous contraction in GDP per head.

Even the millions of workers who have been furloughed from their jobs will have struggled to find the time to keep up with all the ramifications. So Adam Tooze, a history professor at Columbia University, has taken on the ambitious task of producing an instant history of the pandemic's economic fallout. As with his previous book, "Crashed", about the financial crisis of 2008 and 2009, Mr Tooze displays a remarkable ability to master the detail. And his reach is extremely broad. This is truly a picture of the global impact of the crisis; it covers the disruption in the financial markets, as well as the ins and outs of government policy.

For readers buffeted by the news, one advantage of this instant history is that Mr Tooze reminds them what public figures

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**Shutdown: How Covid Shook the World's Economy.** By Adam Tooze. Viking; 368 pages; \$28. Allen Lane; £25

said in the very early stages of the pandemic. On February 3rd 2020 Boris Johnson, Britain's prime minister, warned of the danger that "new diseases such as coronavirus will trigger a panic", leading to measures that "go beyond what is medically rational, to the point of doing real and unnecessary economic damage". Within two months, he had locked down the British economy. On February 25th 2020 Larry Kudlow, an adviser to President Donald Trump, said that "we have contained this", cheerfully adding: "I don't think it's going to be an economic tragedy at all."

Central banks were quicker to grasp the implications of the disease. As Mr Tooze

notes, they acted not just on an unprecedented scale but with great speed. "In 2008 there had still been a note of hesitancy about central-bank interventions. In 2020 that was gone," he writes. Governments ended up backing this monetary stimulus with fiscal policy. The \$14trn-worth of support they had provided by the end of 2020 was much larger than the stimulus they had offered in the wake of the global financial crisis.

Developing countries, meanwhile, suffered much less economic damage from the pandemic than would once have been expected. Since 2000 emerging markets have largely avoided two important and connected risks, namely pegging their exchange rates to the dollar and borrowing in foreign currencies. This saved them from the dilemma that had dogged many in the 1990s: whether to impose high interest rates to defend their currencies or to devalue and risk bankrupting those companies and banks that had borrowed in dollars. As a result, many emerging-market central banks were able to cut interest rates in response to the covid-induced slowdown; their borrowing costs in the international bond markets spiked only briefly before falling back to where they were before the pandemic.

The financial markets were quick to appreciate this supportive policy environment. They began to rally in late March 2020—barely a month after economies started to lock down. This in turn perpetuated a quandary that has dogged the au-▶▶

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→ Also in this section

76 Britain's private schools

77 The art of Judy Chicago

►thorities since 1987, when they cut interest rates in response to a big stockmarket crash: every time they rescue the economy, they give a big boost to asset markets. “The affluent 10% in advanced societies who hold the most financial wealth received a stimulus that dwarfed anything openly declared in the public accounts,” the author observes.

Mr Tooze’s book is an impressively full account of the economic developments of the past 18 months. It is when it comes to interpretation that doubts creep in. Mr Tooze describes the events of 2020 as “a comprehensive crisis of the neoliberal era”. But is that right? Is a Chinese wet market “neoliberal”? Were the initial attempts of Chinese authorities to suppress news of the pandemic an example of neoliberalism or just illiberalism?

Dealing with the virus proved a struggle for countries with such wildly different regimes as Iran, India and Peru. Even in the developed world, if Boris Johnson, Angela Merkel and Justin Trudeau are all defined as neoliberal, then the term is too broad to mean anything.

### The benefits of hindsight

The author is more frugal with data when he is at his most grandiose. For example, he talks about “fragile and attenuated welfare states” being challenged by the pandemic. In 1980, as the ascendancy of Margaret Thatcher and Ronald Reagan was beginning, the average OECD country devoted 14.5% of its GDP to social spending; by 2019, the average was 20%. In Britain and America social spending increased by five and six percentage points of GDP respectively over the same period.

Even in the “era of austerity” between 2007 and 2017, real public spending per head increased by 1% a year across the OECD, falling only in Greece and Italy. And if austerity is the culprit, why, compared with the rest of the developed world, has Greece handled the pandemic rather well? Just as, to a man with a hammer, every problem looks like a nail, to an academic with Mr Tooze’s leftist worldview, every crisis is the result of neoliberalism.

The challenge of instant history is that its judgments can be overtaken by events. The financial crisis of 2008 was not a boon for left-wing parties, as might have been expected; instead it ushered in Mr Trump and Brexit. Still, Mr Tooze’s preferred remedy of more government may well be on the way. The crisis caused countries around the world to abandon thoughts of shrinking the state, and instead led them vastly to expand it. This is unlikely to prove a short-term development, especially as populist pressures tend to encourage leaders to intervene more, not less. If so, the economic system is set to experience its own form of “long covid”. ■

### Class and education

## Noblesse disoblige

**Sad Little Men: Private Schools and the Ruin of England.** By Richard Beard. *Harvill Secker*; 288 pages; £16.99

AS ITS SUBTITLE promises, this book is an uncompromising denunciation of Britain’s private schools. They offer their charges a Faustian bargain, says Richard Beard: the tools of success (principally fluency and self-confidence) in return for emotional impoverishment. He knows whereof he speaks: in 1975 he was sent from home to a new life sleeping in dormitories and climbing hierarchies, much like David Cameron and Boris Johnson.

This argument is far from original; lambasting public schools for tormenting their inmates and ruining the country is one of Britain’s oldest traditions. (In England and Wales private schools are confusingly known as “public schools”; they themselves prefer “independent schools”.) Thomas Macaulay, a Victorian historian and politician, avoided them after a family friend told his mother that “throwing boys headlong into those great public schools always puts me in mind of the practice of the Scythian mothers, who threw their new-born infants into the river.”

In the 20th century Evelyn Waugh quipped that “anyone who has been to an English public school will always feel comparatively at home in prison.” Goronwy Rees, a journalist, wrote of the public-school boys he encountered at Oxford that they “were all well-taught at school and what they understood they understood very well; what they did not understand in-



Tails I win

cluded almost everything which would change the world in their lifetime”. Two of the best books about the classic public school (both by T.C. Worsley, a former schoolmaster) are entitled “Barbarians and Philistines” and “Flannelled Fool”.

Updating these criticisms, Mr Beard makes some striking points about the way “total institutions” (a phrase he borrows from the sociologist Erving Goffman) can reconstruct the human personality. The aim of public schools is to make people fit in effortlessly with the changing rules and rituals of the tribe. They do this by removing children from their natural environments, then forcing them to play a succession of different roles. “We were post-modernism come to life,” he writes. “We had our different ‘I’s, some more made-up than others, customised as required because we didn’t have the peace or privacy to become ourselves in our own time.” Thus Alexander Johnson became Boris, Eric Blair became George Orwell, and Philby, Burgess and Maclean became Soviet agents.

The author also makes good use of his own memories at Radley College. The school was trapped in the past, both the 1940s and 1950s—playground games were an endless fight against the Germans—and to some extent the late Victorian era, when the British Empire encompassed much of the globe. Mr Beard writes movingly about being sent away from home at eight. One boy in his year had to be dragged out of the family car, kicking and screaming, as his mother sat sobbing in the front.

All the same, he sometimes tries too hard to condemn the institutions that evidently caused him much misery. He presents Mr Johnson as the archetype of a public-school man—an entitled and unprincipled bloviator on the surface but, inside, a sad little boy crying for his mother. But there is a range of other public-school types, including dutiful swots like Rishi Sunak, Britain’s chancellor of the exchequer. And Mr Beard fails to notice the way public schools have reinvented themselves to serve a new plutocratic elite, a group both more sentimental about its children and less tied to the nation state.

Today’s public schools are much softer places than Mr Beard remembers. They pamper their pupils with first-class facilities and are hyper-alert to signs of bullying and emotional distress. With the notable exception of Eton College, most now take girls. They are also highly globalised (a third of today’s boarders are born abroad) and increasingly enlightened (Eton has a director of inclusion). The most pressing question about them today is not whether they produce emotional pygmies who will nevertheless go on to run—and ruin—Britain. It is whether they are producing well-adjusted members of the global meritocracy who don’t give a fig for public service. ■



Judy Chicago

## Fireworks and feminism

SAN FRANCISCO

### Belated recognition for an activist artist

ONE OF THE many snubs that radicalised Judy Gerowitz took place in Los Angeles in the mid-1960s. A prominent curator, visiting the studio the artist shared with her second husband, refused to look at her abstract sculpture, literally averting his eyes to look only at her partner's work. Years later he apologised, saying that he was flummoxed to find a female artist so superior to her male contemporaries.

By then she had given up trying to gain the acceptance of the mainstream art world. In 1970 the artist took the name of her hometown as her own and "Judy Chicago" was born—along with the first feminist art course in America, which she founded at Fresno State College in California. From then on Ms Chicago was determined to challenge the status quo. Her art would make the white male art establishment as uncomfortable as it had always made her.

American women were increasingly aware of the sexism that constricted their lives. Betty Friedan's book, "The Feminine Mystique", had appeared in 1963. In 1971 Linda Nochlin, an art historian, published a groundbreaking essay, "Why Have There Been No Great Women Artists?", which investigated how creative women had been thwarted for centuries. Ms Chicago threw herself into creating female-focused spaces and works, reasoning that if the art world was hostile to women, they would have to develop an alternative "art infrastructure" that included "establishing our

own art history". But it is only now, at the age of 82, that she is getting her due.

The work that made her name involved five years of intensive labour working alongside hundreds of artisans. "The Dinner Party", an installation unveiled in 1979, consisted of a large triangular table and 39 place settings, each named after a woman, real or mythical, largely erased from memory. It was, she said, "a reinterpretation of 'The Last Supper' from the point of view of those who have done the cooking throughout history". Shockingly, the piece was filled with glistening ceramic vulvas.

The backlash was swift and ferocious. Critics called it kitsch and pornographic, dismissing it, as Ms Chicago would later say, as nothing more than "vaginas on plates". It was hugely popular, nonetheless, attracting sell-out crowds in San Francisco and Brooklyn. Yet no other American museums would touch it. For several years supporters arranged to show it at venues around the world. But then the installation was packed away. Ms Chicago returned to her studio, her career sputtering. Not until 2002, when "The Dinner Party" was acquired as a permanent exhibit at the Brooklyn Museum, did her later work start to emerge from its shadow; even now little of her varied output has been widely seen.

"Judy Chicago: A Retrospective", opening this week at the de Young Museum in San Francisco, is the first full review of the artist's career, encompassing every kind of

work she has made over the past six decades. What it reveals, says Thomas Campbell, director of the Fine Arts Museums of San Francisco, is that "to this day, Chicago's art is activist in its foundation".

Ms Chicago agrees. Edward Lucie-Smith, a British art historian, "was right many, many years ago when he called me a 'moral artist'", she says. "My work has to do with social justice." The belief that art can change the world for the better stems from her upbringing, particularly the influence of her father, a Marxist trade-union organiser who died when she was 13.

That insistence on conveying a message is, she believes, also the reason why she was *persona non grata* in contemporary art circles for so long. "I definitely think there is resistance to some of the subjects I've taken on. As the art industry has developed, 'content' has become more and more a dirty word." For her, "content" has mainly revolved around questions of privilege and power. She spends years on each new subject: the generative female body in "The Birth Project"; violent masculinity in "Power Play"; the brutality of historical oppression in "The Holocaust Project". Ms Chicago's goal is to wake up the public at large, not to appeal to the art elite.

Across her career she has experimented broadly, moving from two to three dimensions, from bronze and needlework to coloured smoke and fireworks, often melding text and image. Her subjects dictate her approach, she says, scoffing at distinctions between "high" and "low" media. She has taken a course in painting car bodywork and commissioned legions of seamstresses; the "idea that a technique has gender is just preposterous". From the start, her aim has been to show that "the female experience can be a path to our understanding of the universal in the way that male experience has been for centuries."

### Finishing touches

It is not always pretty. Her figures can sometimes look cartoonish. Yet the best, in "The Birth Project" especially, are transcendent. Entering the exhibition, which starts, unusually, with recent work, viewers come face to face with a harrowing subject. In haunting sculptures and graphics painted on black glass, "The End: A Meditation on Death and Extinction" portrays her own death and those of other species that mankind is destroying. The subjects may change, but the purpose of her art remains the same: "Will it actually open people's eyes, and break their hearts, the way it broke my heart," she asks, "to the point that we actually do something?" ■



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## Economic data

	Gross domestic product			Consumer prices		Unemployment rate		Current-account balance		Budget balance		Interest rates		Currency units			
	% change on year ago latest	quarter*	2021†	% change on year ago latest	2021†	%		% of GDP, 2021†	% of GDP, 2021†	10-yr gov't bonds latest,%	change on year ago, bp	per \$ Aug 25th	% change on year ago				
United States	12.2	Q2	6.5	6.0	5.4	Jul	3.6	5.4	Jul	-2.7		1.4	66.0	-			
China	7.9	Q2	5.3	8.5	1.0	Jul	1.3	5.1	Jul <sup>§</sup>	2.8		2.7	\$\$	-23.0	6.47	6.8	
Japan	7.5	Q2	1.3	2.2	-0.3	Jul	0.1	2.9	Jun	3.8		nil	-8.0	110		-3.2	
Britain	22.2	Q2	20.7	5.8	2.0	Jul	2.9	4.7	May <sup>††</sup>	-4.5		0.6	32.0	0.73		4.1	
Canada	0.3	Q1	5.6	5.4	3.7	Jul	2.6	7.5	Jul	-2.0		1.3	65.0	1.26		4.8	
Euro area	13.6	Q2	8.2	4.4	2.2	Jul	1.9	7.7	Jun	3.4		-0.4	2.0	0.85		nil	
Austria	-5.5	Q1	-12.6	3.5	2.9	Jul	2.7	6.4	Jun	3.4		-0.2	6.0	0.85		nil	
Belgium	14.5	Q2	5.7	4.8	2.3	Jul	2.2	6.2	Jun	-0.7		-0.1	3.0	0.85		nil	
France	18.7	Q2	3.8	5.5	1.2	Jul	1.6	7.3	Jun	-1.4		-0.1	7.0	0.85		nil	
Germany	9.4	Q2	6.7	2.9	3.8	Jul	2.5	3.7	Jun	7.1		-0.4	2.0	0.85		nil	
Greece	-1.4	Q1	18.9	5.4	1.4	Jul	0.1	15.1	Jun	-3.7		0.6	-46.0	0.85		nil	
Italy	17.3	Q2	11.1	6.0	1.9	Jul	1.3	9.7	Jun	3.8		0.7	-43.0	0.85		nil	
Netherlands	9.7	Q2	13.1	3.8	1.4	Jul	2.1	3.1	Jul	9.5		-0.5	-5.0	0.85		nil	
Spain	19.8	Q2	11.5	6.1	2.9	Jul	2.0	15.1	Jun	0.9		0.2	-9.0	0.85		nil	
Czech Republic	-2.6	Q1	2.4	3.5	3.4	Jul	2.7	2.9	Jun <sup>‡</sup>	3.2		1.8	79.0	21.7		1.9	
Denmark	-0.9	Q1	9.1	2.8	1.6	Jul	1.4	3.8	Jun	7.8		-0.1	21.0	6.33		-0.5	
Norway	6.1	Q2	4.4	2.6	3.0	Jul	2.9	4.9	May <sup>††</sup>	2.5		1.4	76.0	8.84		1.6	
Poland	-1.3	Q1	7.8	4.5	5.0	Jul	4.1	5.8	Jul <sup>§</sup>	2.4		1.8	42.0	3.89		-4.4	
Russia	10.3	Q2	na	3.5	6.5	Jul	5.8	4.8	Jun <sup>§</sup>	4.4		7.1	74.0	74.1		1.4	
Sweden	9.3	Q2	3.6	3.9	1.4	Jul	1.9	10.3	Jun <sup>§</sup>	4.8		0.1	15.0	8.70		0.8	
Switzerland	-0.5	Q1	-2.0	3.4	0.7	Jul	0.3	3.0	Jul	7.0		-0.4	8.0	0.91		nil	
Turkey	7.0	Q1	na	5.6	19.0	Jul	16.6	10.4	Jun <sup>§</sup>	-2.7		16.6	261	8.39		-11.8	
Australia	1.1	Q1	7.3	4.3	3.8	Q2	2.6	4.6	Jul	1.9		1.1	23.0	1.38		0.7	
Hong Kong	7.6	Q2	-3.7	5.4	3.8	Jul	1.6	5.0	Jul <sup>††</sup>	2.0		1.1	54.0	7.78		-0.4	
India	1.6	Q1	6.0	10.4	5.6	Jul	5.4	7.0	Jul	-1.0		6.2	8.0	74.2		0.1	
Indonesia	7.1	Q2	na	3.0	1.5	Jul	2.0	6.3	Q1 <sup>§</sup>	0.3		6.1	-56.0	14,398		1.7	
Malaysia	16.1	Q2	na	4.4	2.2	Jul	2.4	4.8	Jun <sup>§</sup>	3.1		3.2	68.0	4.20		-0.7	
Pakistan	4.7	2021**	na	3.8	8.4	Jul	9.2	5.8	2018	-1.8		9.8	†††	56.0	166		1.2
Philippines	11.8	Q2	-5.1	4.3	4.0	Jul	4.1	8.7	Q2 <sup>§</sup>	-0.8		4.3	160	49.9		-2.7	
Singapore	14.7	Q2	-7.2	5.4	2.5	Jul	1.8	2.7	Q2	17.3		1.4	47.0	1.35		1.5	
South Korea	5.9	Q2	2.7	3.8	2.6	Jul	2.2	3.2	Jul <sup>§</sup>	4.9		1.9	55.0	1,168		1.5	
Taiwan	7.4	Q2	-4.2	5.7	2.0	Jul	1.8	4.4	Jul	15.9		0.5	3.0	27.9		5.2	
Thailand	7.5	Q2	1.5	1.5	0.5	Jul	1.3	1.5	Dec <sup>§</sup>	3.0		1.4	25.0	32.7		-3.8	
Argentina	2.5	Q1	11.0	8.0	51.8	Jul	47.3	10.2	Q1 <sup>§</sup>	1.3		na	na	97.5		-24.3	
Brazil	1.0	Q1	4.9	5.5	9.0	Jul	7.5	14.6	May <sup>§††</sup>	0.1		10.3	349	5.25		6.7	
Chile	18.1	Q2	4.2	7.5	4.5	Jul	3.6	9.5	Jun <sup>§††</sup>	-0.4		4.9	237	782		0.2	
Colombia	17.0	Q2	-9.2	7.8	4.0	Jul	3.1	14.4	Jun <sup>§</sup>	-3.4		7.0	179	3,861		0.2	
Mexico	19.6	Q2	6.0	6.4	5.8	Jul	5.2	4.0	Jun	1.6		7.0	120	20.3		8.1	
Peru	41.9	Q2	3.5	10.8	3.8	Jul	3.5	9.7	Jul <sup>§</sup>	-0.5		6.4	295	4.10		-12.2	
Egypt	2.9	Q1	na	2.8	5.5	Jul	5.8	7.3	Q2 <sup>§</sup>	-4.4		na	na	15.7		1.3	
Israel	17.0	Q2	15.4	4.2	1.9	Jul	1.8	5.0	Jul	3.9		1.0	33.0	3.23		5.3	
Saudi Arabia	-4.1	2020	na	2.2	0.4	Jul	3.2	6.5	Q1	4.3		na	na	3.75		nil	
South Africa	-2.7	Q1	10.2	3.0	4.7	Jul	4.0	34.4	Q2 <sup>§</sup>	1.8		8.8	-44.0	15.0		12.5	

Source: Haver Analytics. \*% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. ‡Not seasonally adjusted. §New series. \*\*Year ending June. ††Latest 3 months. †††3-month moving average. §§5-year yield. ††††Dollar-denominated bonds.

## Markets

In local currency	Index Aug 25th	% change on:	
		one week	Dec 31st 2020
United States S&P 500	4,496.2	2.2	19.7
United States NAScomp	15,041.9	3.6	16.7
China Shanghai Comp	3,540.4	1.6	1.9
China Shenzhen Comp	2,475.1	2.6	6.3
Japan Nikkei 225	27,724.8	0.5	1.0
Japan Topix	1,935.7	0.6	7.3
Britain FTSE 100	7,150.1	-0.3	10.7
Canada S&P TSX	20,587.3	1.4	18.1
Euro area EURO STOXX 50	4,181.1	-0.2	17.7
France CAC 40	6,676.5	-1.4	20.3
Germany DAX*	15,860.7	-0.7	15.6
Italy FTSE/MIB	26,060.3	-1.1	17.2
Netherlands AEX	781.9	1.4	25.2
Spain IBEX 35	8,977.4	0.1	11.2
Poland WIG	69,728.8	1.4	22.3
Russia RTS, \$ terms	1,653.6	-1.3	19.2
Switzerland SMI	12,364.6	-1.4	15.5
Turkey BIST	1,453.3	0.3	-1.6
Australia All Ord.	7,809.6	0.5	14.0
Hong Kong Hang Seng	25,694.0	-0.7	-5.6
India BSE	55,944.2	0.6	17.2
Indonesia IDX	6,113.2	-0.1	2.2
Malaysia KLSE	1,569.8	2.9	-3.5

	index Aug 25th	one week	Dec 31st 2020
Pakistan KSE	47,635.9	0.8	8.9
Singapore STI	3,107.5	-0.8	9.3
South Korea KOSPI	3,146.8	-0.4	9.5
Taiwan TWI	17,045.9	1.3	15.7
Thailand SET	1,600.5	3.1	10.4
Argentina MERV	72,009.1	7.3	40.6
Brazil BVSP	120,817.7	3.6	1.5
Mexico IPC	52,345.4	0.7	18.8
Egypt EGX 30	11,064.4	1.4	2.0
Israel TA-125	1,826.5	2.9	16.5
Saudi Arabia Tadawul	11,156.6	-1.7	28.4
South Africa JSE AS	67,452.9	-0.7	13.5
World, dev'd MSCI	3,125.8	1.6	16.2
Emerging markets MSCI	1,275.3	1.1	-1.2

## US corporate bonds, spread over Treasuries

	latest	Dec 31st 2020
Basis points		
Investment grade	120	136
High-yield	365	429

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

## Commodities

The Economist commodity-price index 2015=100	% change on			
	Aug 17th	Aug 24th*	month	year
<b>Dollar Index</b>				
All Items	166.6	161.5	-9.9	29.5
Food	131.6	130.4	0.5	35.4
<b>Industrials</b>				
All	199.3	190.5	-15.5	26.0
Non-food agriculturals	140.4	140.2	-3.2	31.6
Metals	216.8	205.4	-17.6	24.9
<b>Sterling Index</b>				
All items	185.1	179.5	-8.9	23.7
<b>Euro Index</b>				
All items	157.7	152.3	-9.4	30.2
<b>Gold</b>				
\$ per oz	1,783.0	1,805.7	0.5	-6.0
<b>Brent</b>				
\$ per barrel	69.1	71.1	-4.7	55.0

Sources: Bloomberg; CME Group; Cotlook; Refinitiv Datastream; Fastmarkets; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Urner Barry; WSJ. \*Provisional.

For more countries and additional data, visit [Economist.com/indicators](https://www.economist.com/indicators)





## Nobody but him

**Ernst van de Wetering, the world's foremost identifier of Rembrandts, died on August 11th, aged 83**

AT ALMOST ANY time between 1968 and 2014, if you chanced to be visiting the Rijksmuseum or the Rembrandthuis in Amsterdam, you might spot Ernst van de Wetering at the centre of a knot of people. He was hard to miss: bulky and untidy, with his glasses slipping on his nose and a goofily crooked smile. He would be standing by a Rembrandt—where else?—pumping his arms and kneading his hands, as if carried away by emotion. “They call this a self-portrait!” he would cry. “Wrong!”

It was not a self-portrait, he would explain, but a *tronie*, a mirror-study in which the artist was practising how to catch human expressions or strange effects of light. His favourite in the Rijksmuseum was the “Self-portrait with dishevelled hair”, in which the young Rembrandt was broodingly lit from behind. He also loved a tiny *tronie*, now in the Getty Museum, called “Rembrandt laughing”, painted when the artist was 22 and in Leiden (the Leiden years, he thought, had been badly neglected by art historians). It was in oils on a piece of copper as thin as paper, a work at once so precise and so youthfully exuberant that it lifted anyone’s heart.

Especially his own heart, which for almost half a century, as he worked for and then led the Rembrandt Research Project, had been devoted to establishing which paintings were by the master, and which not. The world contained thousands of paintings that looked, in a murky way, like Rembrandts. Weeding out the copies and fakes and authenticating the originals was meant to be a ten-year task for him and his small band of art-historian colleagues. It took nearly five times as long, and several fallings-out, to get to the sixth and final volume of the “Corpus of Rembrandt Paintings”—by which time the number of authenticated Rembrandts had fallen from 624 (Bredius’s estimate in 1935) to 340, including 70 he had reinstated all by himself.

This caused alarm and confusion among curators, but also brought him a surge of fame. Two or three times a week someone

would contact him to say they had a possible Rembrandt hanging in the lounge or the bedroom, attaching a blurry photo, and he would take a look. This could be annoying, and he talked seriously of blocking any e-mails with “Rembrandt” in them, but then he would relent. Thanks to those lazy random callers, no fewer than eight originals had finally turned up.

And if he said they were originals, the matter was more or less settled. He was no fool. Many art experts, including colleagues, relied on what he called “connoisseurship”, claiming that they could tell a true Rembrandt at a glance. He begged to differ. He had come to art research as a trained painter, a maker of things, so he did not go by merely looking at images. He went by the working methods of artists and studios, and by the science.

Under his guidance, Rembrandt’s paintings were analysed by every method science could devise. After simple x-rays, to detect not only underpainting but the weave of the canvas and the presence of lead pigments, he might call in infra-red reflectography, raking-light photography, dendrochronology and gas chromatography. Analysis of paint samples revealed, for example, that the wonderful chunkiness of the husband’s gold-brocaded sleeve in “The Jewish bride” was achieved by mixing chalk and ground glass with roughly milled pigments. He could hardly resist touching that sleeve, or feeling the silk of the bride’s dress, in which carmine had been glazed over vermilion to make it shimmer.

Apprentices in the workshop, however, also used those paints, and panels from the same oak, and did overpainting on work that might have been the master’s. It took Mr van de Wetering, armed with his knowledge of how Rembrandt approached the very act of painting, to uncover the marks of an authentic piece. He found, for example, a “defect” in Rembrandt’s technique that caused his brush to make breaks when he was painting people’s curls. Other clues, however, showed cleverness. Smudging the contours of his figures caused their faces to loom from the dark. Making the men’s collars grey, rather than white, in “The anatomy lesson of Dr Tulp”, emphasised both the body on the slab and the thickness of the air. Blurring Anna’s hand and spinning wheel in “Tobit and Anna” boldly suggested continuous movement. Painting that seemed rough was in fact meticulous and magical. It became a sort of “handwriting”, revealed too in the rhythm and steadiness of the brush, clear enough for him to say: “It can be nobody but him.”

Tracing Rembrandt’s hand was one thing. It was harder, though, to track his thinking. The master loved certain themes and kept returning to them, evidently because they would sell and he had to make a living; but sometimes, as in his various versions of “The supper at Emmaus”, to kindle devotion in the viewer. He found light in rooms a constant challenge, agonising over windows, shadows and reflections and even, in a late self-portrait, altering his cap from white to brown to change the daylight’s flow. If his pursuer had to sum him up in a word, it was “searching”. Rembrandt was never still, making artistic explosions one after another, soaring past the rules of art that prevailed in 17th-century Europe and striving to get “the greatest and most natural effect of movement”, as he wrote once, in bodies and in souls.

Mr van de Wetering did not imagine he had really plumbed that mind. He still did not know why some works had been abandoned, and some completely changed; or, very occasionally, who the maker was. So, though insisting that his statements were fact and not opinions, he did his best not to crow too much. He was glad of any firm authentication not because it proved him right, but because it did justice to Rembrandt—and would help the public look at this painting with fresh eyes.

As for him he searched afresh in every Rembrandt he saw. He was endlessly drawn to those miracles, large or small. It was nonsense, he still insisted, to say you could tell a Rembrandt at a single glance. But wandering on alone through the Rijksmuseum, leaning as close as possible to some work of the master, he could feel genius touch him, and it was unmistakable. ■



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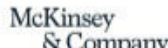


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