

# The Economist

JUNE 18TH-24TH 2016

After Orlando

LinkedIn snapped up

South Africa needs an opposition

Chinese mayors, stars of reality TV

Of mice and microbes

# Divided we fall



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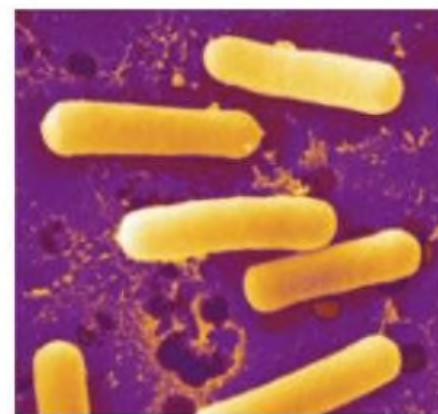
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## Politics



A gunman, apparently inspired by Islamic State, attacked a gay nightclub in **Orlando**, Florida, killing 49 people. The suspect, Omar Mateen, died in a shoot-out with police, who stormed the building. He was born in New York to Afghan parents and had attracted the attention of the FBI for a possible connection to a suicide-bomber in Syria, though no evidence of a link to terrorism was found at the time. The mass shooting, the deadliest in modern American history, prompted the usual calls for stricter gun-

control laws and concomitant resistance from gun-rights groups. The share prices of gunmakers soared.

**Donald Trump** used the atrocity to air his idea of a temporary ban on Muslims entering America, and suggested he would expand this to citizens of any country with a record of committing terrorism against America. But in a move that seems to modify his strong support for gun rights, he said he would ask the National Rifle Association to back a ban on people who are on terrorist watch-lists from buying guns.

The Democratic primary in Washington, DC, brought America's presidential **primary season** to a close. Hillary Clinton took almost 80% of the vote in the city. Afterwards, she met Bernie Sanders in private to discuss policy ideas they have in common.

**Nice work if you can get it**  
A former government official in **Argentina**, José López, was caught by police trying to hide

\$7m in cash in a monastery while carrying a rifle. He served as public-works minister during the presidency of Cristina Fernández, who left office in December.

A Mexican soldier was murdered while guarding the perimeter of a prison where Joaquín "El Chapo" Guzmán, **Mexico's** most powerful drug-trafficker, is being held. The soldier's body showed signs of torture. Mr Guzmán's lawyers are resisting the government's efforts to extradite him to the United States.

**The money-go-round**  
**Nigeria** announced that it will allow the naira to float from June 20th. For the past 15 months it has been struggling to hold the currency at an artificially high level. Businesses, which have been unable to get the foreign exchange they need, celebrated.

A **Kenyan** court ordered police to arrest eight politicians, both pro- and anti-government, and investigate them over alleged

hate speech. This was interpreted as a sign, following weeks of sometimes violent protests, of growing tension as elections loom next year.

It was reported that **Ethiopia** and **Eritrea** have clashed on their border. Having fought a war in 1998-2000, the UN urged "maximum restraint".



In **Bahrain** a court banned the country's main Shia opposition group. This came a day after police arrested Nabeel Rajab, one of the most prominent anti-government activists in the Arab world, nearly a year after he had been freed from his previous spell behind bars. ▶▶





### ► Rounding up the rowdies

Around 11,000 people were arrested in **Bangladesh** in a crackdown against Islamic militants. More than 40 atheists, secular activists and members of religious minorities have been murdered in the past three years. Sheikh Hasina, the prime minister, vowed that “each and every killer will be brought to book.”

The governor of **Tokyo** resigned after an apology failed to quell public anger over revelations that he spent public funds on comic books, a hotel suite and silk shirts.

**Indonesia's** doctors' association chose not to co-operate with a presidential decree ordering chemical castration for child molesters, saying it violates doctors' ethical code and will prove ineffective.

A court in **China** jailed the son and wife of the country's retired security chief, Zhou Yongkang, who was sentenced to life in prison last year for corruption, abuse of power

and leaking state secrets. The son, Zhou Bin, was imprisoned for 18 years for taking 222m yuan (\$33.7m) in bribes. The wife, Jia Xiaoye, was given a nine-year sentence, also for taking bribes.

The **Chinese Communist Party's** discipline-enforcement agency published a rare public criticism of another powerful party organ, the Publicity Department, which controls the media. It said some of the department's leaders lacked sufficient “political awareness”, and it called on them to step up their efforts to promote the party's ideology. President Xi Jinping recently reminded the media that they had to obey the party.

### Unpredictable killers

In a **Paris** suburb a policeman and his partner, a police official, were killed in their home by an Islamist who had been monitored by the French intelligence service, raising concerns about how the country is managing to deal with “lone wolf” terrorists.



**Britain's** forthcoming referendum on whether to leave the European Union was too close to call. A worried Remain camp pressed Labour's big guns to push hard to convince its supporters of the merits of staying in the union. Despite a late rush to register to vote, mostly by younger people, who tend to be EU-friendly, several polls showed a swing towards Leave. Ipsos MORI reported a big jump in concern among the public about immigration, the ace card for the Leave campaign. Expect a tired and exasperated David Cameron on June 24th, the day after the referendum, whichever way Britain votes.

Hansjörg Haber, the EU's envoy to **Turkey**, resigned amid growing tension over a recent deal on migration. The European Commission announced that the country would not be granted visa-free travel in June, as previously thought, because it still did not meet all of the deal's conditions.

Russia—mired in recession, criticised over its invasion of Ukraine and at the centre of a doping scandal—could at least point to football **hooliganism** as something it exports well. Around 300 Russians turned the streets of Marseille into a battlefield when they fought English supporters at the European championships. The Russians were a different class of hooligan from the traditional English sort, abstaining from alcohol before a fight and well-versed in martial arts. Disturbingly, one Russian MP, who is also an official in the country's football association, praised the actions of his compatriots, tweeting: “Well done lads, keep it up!”



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## Business

**Microsoft** said it would buy **LinkedIn** for \$26.2 billion, which equals the combined amount Microsoft has paid for its next four largest acquisitions. The leading site for professional social-networking, LinkedIn has struggled to get its customers to use the site repeatedly. Microsoft, which is grappling to reinvent itself for the online age, might add LinkedIn to its Office software, so that, say, a profile pops up of someone completing a task similar to the one being worked on. Whether that will entice more people to use its products is an open question.

**Symantec**, best known for its computer antivirus software, agreed to pay \$4.7 billion for **Blue Coat**, a cyber-security firm that specialises in blocking malicious attacks.

### Swallowing the whole Pi

The main distributor of components for the **Raspberry Pi** computer, Premier Farnell of Britain, was bought by Dätwyler, a Swiss rival, for £615m (\$870m). The Raspberry Pi is sold cheaply as a batch of components that children (and adults) use to build the computer and learn coding.

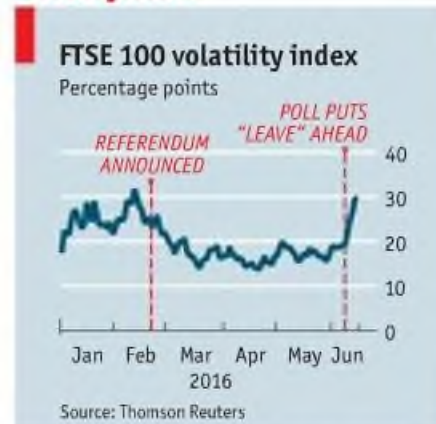
**Gawker** sought bankruptcy protection in light of the \$140m in damages it has been ordered to pay to Hulk Hogan, a wrestler, for publishing a sex video in which he features.

The Federal Reserve left **interest rates** on hold. Until recently it had been expected to raise rates this month, but it was unsettled by weak jobs data, among other things. However, the Fed did indicate that it plans two rate increases this year, so the guessing game about when that will happen starts all over again.

Markets responded negatively to the Bank of Japan's decision to hold off on any further easing to monetary policy. Before the decision Fitch lowered its outlook on **Japan's** sovereign debt following the

government's decision to postpone a rise in the sales tax. Fitch said the delay prompted it to question Japan's "commitment to fiscal consolidation".

### Brexit jitters



The prospect of Britain leaving the European Union weighed heavily on markets as opinion polls suggested the result of the **referendum** on June 23rd will be much closer than had been thought. Investors' desire for safety drove the yield on German ten-year government bonds below zero for the first time. The pound continued its steep descent, falling at one point below \$1.41.

An appeals court supported the Obama administration's position that broadband providers should be classified as utilities and thus cannot offer faster speeds for certain content services over others. The ruling is a victory for "net

**neutrality**", the concept that telecom firms should not create fast or slow lanes for internet traffic that enable them to charge a premium. AT&T was not happy with the decision; it is taking the case to the Supreme Court.

The **Iranian** government is ready to buy new passenger jets for Iranair from **Boeing**, according to Iran's state media, a significant step since the lifting of most sanctions six months ago. Boeing would need final approval from the American government and Congress would almost certainly oppose the sale.

The leading ride-hailing firms hauled in yet more capital. **Didi**, China's biggest taxi app, said it raised \$7.3 billion in its latest round of funding (including \$1 billion from Apple). It is now estimated to be worth \$25 billion. And for the first time, **Uber** was said to be seeking a leveraged loan of up to \$2 billion.

The kerfuffle over the collapse of **BHS** showed little sign of abating. Sir Philip Green, the retail chain's former owner, appeared before a committee in Parliament to explain why he had sold the business for £1 last year to a former racing

driver who had been declared bankrupt. Sir Philip said little about how he would fulfil his promise to plug the company's pension hole of £571m (\$810m).


**Guy Hands** dropped his lawsuit against **Citigroup**, just three days after resuming his long-running legal feud with the bank over the advice it gave his private-equity firm in the disastrous buy-out of EMI. After a grilling in the witness box, Mr Hands said "memories of these events after nine years are no longer sufficient to meet the high demands of proof" for a fraud claim. His firm will pay Citi's legal costs.

### One for customer relations

**Goldman Sachs** was taken to court by **Libya's** sovereign-wealth fund for allegedly taking advantage of its unfamiliarity with markets in 2008 to push it into buying risky financial products. The trial began by presenting e-mails between Goldman bankers that disparaged their clients, referring to them as desert-dwellers with camels. Goldman's lawyer said the bank had been diligent and that the Libyans were feeling "buyer's remorse".

Other economic data and news can be found on pages 92-93





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# Divided we fall

A vote to leave the European Union would diminish both Britain and Europe



**T**HE peevishness of the campaigning has obscured the importance of what is at stake. A vote to quit the European Union on June 23rd, which polls say is a growing possibility, would do grave and lasting harm to the politics and economy of Britain.

The loss of one of the EU's biggest members would gouge a deep wound in the rest of Europe. And, with the likes of Donald Trump and Marine Le Pen fuelling economic nationalism and xenophobia, it would mark a defeat for the liberal order that has underpinned the West's prosperity.

That, clearly, is not the argument of the voices calling to leave. As with Eurosceptics across the EU, their story is about liberation and history. Quitting the sclerotic, undemocratic EU, the Brexiteers say, would set Britain free to reclaim its sovereign destiny as an outward-looking power. Many of these people claim the mantle of liberalism—the creed that this newspaper has long championed. They sign up to the argument that free trade leads to prosperity. They make the right noises about small government and red tape. They say that their rejection of unlimited EU migration stems not from xenophobia so much as a desire to pick people with the most to offer.

## Singapore on steroids

The liberal Leavers are peddling an illusion. On contact with the reality of Brexit, their plans will fall apart. If Britain leaves the EU, it is likely to end up poorer, less open and less innovative. Far from reclaiming its global outlook, it will become less influential and more parochial. And without Britain, all of Europe would be worse off.

Start with the economy. Even those voting Leave accept that there will be short-term damage (see pages 22-24). More important, Britain is unlikely to thrive in the longer run either. Almost half of its exports go to Europe. Access to the single market is vital for the City and to attract foreign direct investment. Yet to maintain that access, Britain will have to observe EU regulations, contribute to the budget and accept the free movement of people—the very things that Leave says it must avoid. To pretend otherwise is to mislead.

Those who advocate leaving make much of the chance to trade more easily with the rest of the world. That, too, is uncertain. Europe has dozens of trade pacts that Britain would need to replace. It would be a smaller, weaker negotiating partner. The timetable would not be under its control, and the slow, grinding history of trade liberalisation shows that mercantilists tend to have the upper hand.

Nor is unshackling Britain from the EU likely to release a spate of liberal reforms at home. As the campaign has run its course, the Brexit side has stoked voters' prejudices and pandered to a Little England mentality (see Bagehot). Despite Leave's free-market rhetoric,

when a loss-making steelworks at Port Talbot in Wales was in danger of closing, Brexiteers clamoured for state aid and tariff protection that even the supposedly protectionist EU would never allow.

The pandering has been still more shameless over immigration. Leave has warned that millions of Turks are about to invade Britain, which is blatantly false. It has blamed strains on public services like health care and education on immigration, when immigrants, who are net contributors to the exchequer, help Britain foot the bill. It suggests that Britain cannot keep out murderers, rapists and terrorists when, in fact, it can.

Britons like to think of themselves as bracingly free-market. They are quick to blame their woes on red tape from Brussels. In reality, though, they are as addicted to regulation as anyone else. Many of the biggest obstacles to growth—too few new houses, poor infrastructure and a skills gap—stem from British-made regulations. In six years of government, the Tories have failed to dismantle them. Leaving the EU would not make it any easier.

## How to make friends and irritate people

All this should lead to victory for Remain. Indeed, economists, businesspeople and statesmen from around the world have queued up to warn Britain that leaving would be a mistake (though Mr Trump is a fan). Yet in the post-truth politics that is rocking Western democracies, illusions are more alluring than authority.

Thus the Leave campaign scorns the almost universally gloomy economic forecasts of Britain's prospects outside the EU as the work of "experts" (as if knowledge was a hindrance to understanding). And it dismisses the Remain camp for representing the elite (as if Boris Johnson, its figurehead and an Oxford-educated old Etonian, personified the common man).

The most corrosive of these illusions is that the EU is run by unaccountable bureaucrats who trample on Britain's sovereignty as they plot a superstate. As our essay explains, the EU is too often seen through the prism of a short period of intense integration in the 1980s—which laid down plans for, among other things, the single market and the euro. In reality, Brussels is dominated by governments who guard their power jealously. Making them more accountable is an argument about democracy, not sovereignty. The answer is not to storm out but to stay and work to create the Europe that Britain wants.

Some Britons despair of their country's ability to affect what happens in Brussels. Yet Britain has played a decisive role

in Europe—ask the French, who spent the 1960s keeping it out of the club. Competition policy, the single market and enlargement to the east were all championed by Britain, and are profoundly in its interests. So long as Britain does not run away and hide, it has every reason to think that it will continue to have a powerful influence, even over the vexed subject of immigration.

True, David Cameron, the prime ▶▶

## OUR COVERAGE OF THE REFERENDUM

The result of Britain's vote on June 23rd will come too late for next week's issue. In Britain we will delay printing in order to produce a special edition. Our weekly app will be updated on Friday morning with analysis of the result. For continuous coverage of the referendum and its result, visit our special website at [economist.com/Brexit](http://economist.com/Brexit)

▶ minister, failed to win deep reform of Britain's relations with the EU before the referendum. But he put himself in a weak position by asking for help at the last minute, when governments were at loggerheads over the single currency and refugees.

Some Britons see this as a reason to get out, before the doomed edifice comes tumbling down. Yet the idea that quitting would spare Britain is the greatest illusion of all. Even if Britain can leave the EU it cannot leave Europe. The lesson going back centuries is that, because Britain is affected by what happens in Europe, it needs influence there. If Germany is too

powerful, Britain should work with France to counterbalance it. If France wants the EU to be less liberal, Britain should work with the Dutch and the Nordics to stop it. If the EU is prospering, Britain needs to share in the good times. If the EU is failing, it has an interest in seeing the pieces land in the right place.

Over the years this newspaper has found much to criticise in the EU. It is an imperfect, at times maddening club. But it is far better than the alternative. We believe that leaving would be a terrible error. It would weaken Europe and it would impoverish and diminish Britain. Our vote goes to Remain. ■

### The Orlando attack

## Aftermath of a tragedy

### The right lessons to learn from a deadly massacre



**W**HEN Omar Mateen killed 49 people in a gay nightclub in Orlando on June 12th, did he commit the bloodiest mass shooting in modern American history, the worst ever attack on gay Americans or the deadliest act of Islamist terrorism since

9/11? America's polarised political culture demands that people choose between these interpretations. For those on the left, Mr Mateen's killing spree focuses attention on the problem of easy access to guns and on homophobia. For those on the right it shows that America has a problem with homegrown  *jihadis* . For anyone not beholden to either camp the answer seems obvious: the attack was all three of these things.

It was also an early test of how a President Trump might handle a crisis if elected in November. One of the finest moments of George W. Bush's presidency was when he went to an Islamic centre six days after 9/11 and issued a call for tolerance and unity. Mr Trump's first thought was to exploit the shooting to score a point: "Appreciate the congrats for being right on radical Islamic terrorism," he tweeted. It got worse. The Republican nominee first implied that the president might secretly be in league with Islamic State (IS). Then he gave a speech which suggested that American Muslims are a fifth column who "know what's going on" but choose not to tell the police about impending attacks.

Aside from its jarring dissonance with the idea that the United States is a melting pot where everyone is American first, the speech was corrosive, because it sought to turn Americans against each other, and foolish, because America needs co-operation from Muslims at home and abroad to prevent attacks.

It was also plain wrong. America's Muslims are prosperous, well-educated and, with the exception of recent arrivals from Somalia, well-integrated. There is already a lot of co-operation between mosques and the FBI. Home-grown acts of terrorism are, fortunately, rare, and they are not confined to those who claim to be acting in the name of Islam.

Seen another way, the attack was a crime motivated by a mixture of hatred against gay people with—judging by reports that Mr Mateen himself visited the club—an element of self-loathing. The speed at which most Americans have become tolerant of gay people is astonishing. In 2003 Florida still had a law against sodomy. Thirteen years later it was legal for the

men and women at the Pulse nightclub not only to go home with whomever they pleased, but to marry them as well.

American Muslims are slightly more likely to support gay marriage than evangelical Christians are. But rapid social change always leaves some people behind. When America abandoned racial segregation, a small, fanatical group of white supremacists remained. Something similar may happen with gay Americans, who find their sexuality is met with indifference from parents, friends and colleagues, but with occasional, shocking acts of violence from bigoted strangers.

### The silver bullet they won't fire

Lastly, the shooting shows that America has a unique vulnerability to lone-wolf attacks because of its gun laws. In France two people were killed the day after the Florida attacks by a man who claimed inspiration from IS. He wielded a knife. Armed with an assault-rifle and a semi-automatic pistol he could have killed many more. In America Mr Mateen was able to walk into a local gun store and buy everything he needed to kill or wound 102 people, without breaking any law.

Mass shootings do sometimes happen in countries with strict gun laws. But they are far more frequent in America, which has seen 37 incidents in which at least four people were killed in the past decade alone. These numbers do not take account of the more humdrum shootings that make the news only if someone famous is involved (the night before the shooting at Pulse a singer was shot dead in Florida by a fan) or if the victim is a child or a policeman.

Is it too much to hope that anything will change after this week's carnage? Public support for tighter gun laws is high, but gun-owners are determined not to relinquish their weapons or to be prevented from buying more (see *Free exchange*). Polling suggests that most people with guns think that firearms make them and their families safer. They are impervious to statistics on accidental deaths of children. Even if gun purchases were banned tomorrow, about 300m firearms would remain.

After previous mass shootings, such as the one in Newtown, Connecticut, when 20 children died, Republican-controlled state legislatures passed looser gun laws. Florida's state legislature has debated doing away with the state's ban on guns in schools and colleges, on the ground that it is always safer to arm more people. The Orlando shooting ought to erode support for permissive gun laws. Sadly, experience suggests it is likely to have the opposite effect. ■



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This is the Microsoft Cloud.

## India's central bank

## A second helping of Raghu

The governor of the Reserve Bank of India should be asked to serve a second term



WHEN Raghuram Rajan was put in charge of the Reserve Bank of India (RBI) three years ago he warned that the job of a central banker was not to chase votes or Facebook “likes”. With just weeks until the expiry of his term in September, and with no news on whether he might be kept on, the endorsements have built up anyway. Nearly 60,000 well-wishers have signed an online petition asking Narendra Modi, India's prime minister, to extend his tenure. Various Rajan-devoted pages on Facebook have a combined fandom of over 250,000 people. Janet Yellen and Mario Draghi, his all-powerful counterparts in America and Europe respectively, cannot muster 10,000 thumbs-up between them.

Such adulation makes many suspicious. Mr Rajan has come under sometimes ugly attack from within Mr Modi's BJP party. One member of parliament has described him as “mentally not fully Indian” on account of his international career. (Mr Rajan came to global prominence as chief economist of the IMF and is a plausible candidate for the fund's top job.) The criticism has made a swift reappointment politically tricky. Many guess that a second Rajan term is on the cards: sitting RBI governors are ritually reappointed, to bring their term to five years. But few expect word to come before August, despite some previous governors getting the nod as much as seven months in advance.

That would be a mistake. Mr Modi should stop dithering and reappoint Mr Rajan as soon as he can. The case for extending his tenure rests both on his performance and on the challenges that await (see page 75). Mr Rajan was appointed in the midst of an incipient balance-of-payments crisis, which he did well to defuse. On his watch inflation has fallen from over 10%

to under 6%. That is in part because of help from tumbling commodity prices, but Mr Rajan has also gradually instilled expectations of single-digit consumer-price rises. In the past three years the government has agreed to the introduction of an inflation-targeting regime and the creation of a monetary-policy committee. And under his leadership the RBI has forced state-owned banks to recognise trillions of rupees of dud loans made in a mini-credit-boom five years ago. That has earned Mr Rajan the enmity of a few (not least some of India's most powerful tycoons) who had hoped their debts would be quietly forgotten.

Greater trials are to come. Whoever runs the RBI next year may face the first proper test of the new inflation-targeting regime, particularly if India pays more for crude oil (which it imports in large quantities) or if, against expectations, food prices are pushed up by a third year of drought. Having an experienced governor like Mr Rajan would bed the system down.

A sharper focus will also be needed on banks. Recognising the bad loans was a necessary first step, but it will be years before they are dealt with properly. A new bankruptcy law due to come into force over the next couple of years should help banks stay out of trouble—if the RBI can make sure it is properly implemented. A set of new banks given freshly minted licences will require sound supervision.

#### Last days of Rajan?

Mr Modi may be calculating that a short delay is economically costless. Not so. Talk of “Rexit” while the government refuses to make a decision on the governor's future has shaken the rupee. International investors the government has tried so hard to woo are perplexed. Despite enviable growth numbers, India is not in such good shape that it can afford self-inflicted harm, especially with the global economy in a sorry state. Mr Rajan should be asked to stay on without further ado. ■

## South Africa

## Cracking the monolith

Voters should stop giving the African National Congress a blank cheque



A GOVERNMENT without a serious opposition is a dangerous thing, even in a democracy. Unless voters have a genuine alternative, the ruling party has little incentive to govern well. And if one party has all the power, those who wish to abuse public office to enrich themselves will surely join it.

Since democracy came to South Africa with the dismantling of apartheid and the holding of the first all-race elections in 1994, the country has been utterly dominated by one party. South Africans owe a vast debt of gratitude to the African

National Congress (ANC) for its long years of struggle against white rule. But that does not give the liberators a right to govern for ever. Like any political party, they should be judged by results. And owing to policy drift, cronyism and corruption, the results are not good.

Unemployment stands at 26.7%, by the government's own reckoning; add in discouraged workers who no longer bother to register and the number is more like 35%. The economy shrank by an annualised 1.2% in the first quarter of this year, after growing by only 0.4% in the quarter before. South African bonds are rated one notch above junk, and a further downgrade is expected by the end of 2016. In the past year the rand has lost 15% of its value against the dollar. ▶▶



Politically, the situation looks awful, too. In March the president, Jacob Zuma, was found guilty by the country's highest court of having violated the constitution by refusing an order to pay back money he took from the state to build himself a private mansion. Corruption charges against him, dropped in 2009, are likely to be reinstated soon. Last year the president fired his respected finance minister, apparently because he had refused to sign off on a nuclear-power deal with Russia that Mr Zuma favoured. Rumours planted by the president's cronies last month suggested that the current, also impressive, finance minister, Pravin Gordhan, faced imminent arrest (he has so far survived, but is weakened and consequently less likely to challenge Mr Zuma's excesses).

Until the ANC faces a genuine threat at the ballot box, none of this is likely to change. It won 62% of the vote at the most recent general election, in 2014. Its nearest rival, the Democratic Alliance (DA), managed barely a third of that. Still, the ruling party is not as secure as it once was: a breakaway far-left group, the Economic Freedom Fighters (EFF), took a surprising 6%. And now the ANC faces what could be its toughest test yet (see

page 51). Municipal elections are due on August 3rd. The DA has run Cape Town well and honestly for many years. It has high hopes of breaking out of that enclave and taking power in several other big cities. The greatest prize would be Johannesburg, the country's commercial capital. That race may be beyond its reach, but others are not. If the DA can take, and make a good fist of running, a slate of municipalities, that will stand it in excellent stead at the 2019 general election.

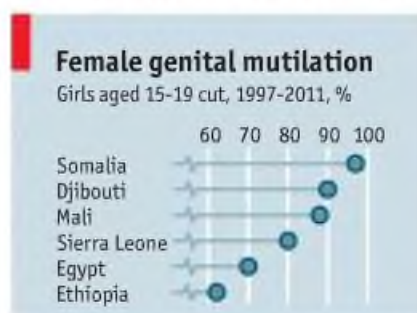
### Incremental reformers v revolutionary hucksters

To do so, it must overcome two obstacles. First, it must persuade black South Africans, who are 80% of the population, that it is not just a party for white and coloured (mixed-race) people. Here it has made progress: it is now led by a black politician and is the closest thing South Africa has to a post-racial party. Second, it must persuade voters that the best alternative to the ANC is the DA's platform of incremental liberal reform, rather than the EFF's wild promises of revolution, nationalisation and jobs for all. South Africa needs an opposition, but not one that sees Zimbabwe as a role model. ■

## Female genital mutilation

# An agonising choice

After 30 years of attempts to eradicate a barbaric practice, it continues. Time to try a new approach



completely closed (see page 63). More than 4m undergo some form of female genital mutilation (FGM) each year—a range of practices, from infibulation at one end, through incisions or pricks that hurt but cause no lasting damage, to the merely symbolic, such as rubbing the genitals with herbs.

For three decades campaigners, led by the UN, have tried to end all FGM. They have pushed for bans and prosecutions; trained medical practitioners to refuse requests for it; lobbied religious leaders to oppose it (though FGM is not mentioned in the Koran, many Muslims regard it as part of their faith); and tried to persuade parents of its dangers. They have had some success. Between 1985 and 2015 the countries where FGM is most common saw the share of girls cut fall from 51% to 37%.

There are good arguments for a blanket ban on FGM. One is that medical procedures with no possible benefit are unethical—especially when inflicted without consent, on children. Another is revulsion at FGM's misogynist roots: the motive is generally to cleanse the girl of some supposed impurity and tame her sexual desires, thus ensuring her virginity until marriage and fidelity thereafter.

But progress has been slow, especially in the African countries where the worst forms are common. On current trends, most girls in Somalia and Djibouti will see their own daughters mutilated, too.

It is therefore time to consider a new approach. Instead of trying to stamp FGM out entirely, governments should ban the

OF ALL the ways in which women and girls are made to suffer because of their sex, infibulation is perhaps the worst. Each year 400,000 are subjected to this atrocity in which the external genitals are excised and the vagina stitched almost completely

worst forms, permit those that cause no long-lasting harm and try to persuade parents to choose the least nasty version, or none at all. However distasteful, it is better to have a symbolic nick from a trained health worker than to be butchered in a back room by a village elder. If health workers also advised parents that even minor rituals are unnecessary, progress towards eradication could continue.

Might “harm reduction” lend spurious legitimacy to all types of FGM? Yes, but it has worked in other fields. Shooting galleries for heroin reduced HIV without increasing drug-taking. Free housing keeps homeless alcoholics out of hospital and, by making their lives less chaotic, helps them drink less.

A different comparison, with male circumcision, is also instructive. Unless botched, that procedure causes no lasting pain or impairment—but it also has no medical justification (except to slow the spread of HIV in countries where it is common). Nonetheless, circumcision is widely accepted, because of its cultural and religious significance. Activists focus on unhygienic traditional versions.

### From worse to merely bad

No one knows whether parents could be persuaded to abandon the worst horrors of FGM for versions that, while still pointless and painful, would not leave their daughters damaged for life. That is because no one has tried. Various Western doctors have advocated offering minor forms of genital cutting to sub-Saharan immigrants, in the hope of sparing their daughters from a trip home for infibulation. Each time the outrage—from the UN, activists and many other medics—has forced them to retract.

Faced with the urgency of saving 400,000 girls from severe mutilation each year, arguments without evidence are not good enough. There is only one way to find out whether FGM can be ameliorated more quickly than ended: try it and see. ■

**In or out?**

Like Bagehot (May 28th) I have felt the powerful emotional draw to stay in Europe: proximity, familiarity and convenience. But my worst business decisions have sprung from the heart and ignored the logic of engaging with businesses that speak my language and share my vision, values and rules. We got married to Europe after our first proposal was rejected by Charles de Gaulle and we paid a hefty dowry to win his hand. We hoped to change our spouse to our better ways. Our hearts swayed us to save that marriage even if the spouse did not become who we hoped.

My business head suggests we should end our struggling, restricted relationship with a declining Europe, without excluding or forgoing our European trade and travel, and enjoy a restored broad trading relationship with the vaster, growing global common-market of the English-speaking world that we abandoned and which is where our history truly lies. Restoring that trade relationship would do more to tackle world poverty, curb conflict and moderate migration than our membership of the European Union can ever achieve. It is not our role to prevent conflict in Europe; it is to prevent it in the world.

Divorce is emotionally painful, costly and comes with uncertain prospects but, if the relationship has soured, it is best for both parties: if one is brave enough to let the head rule the heart.

IAN GORDON  
Managing director  
IDG Security  
Singapore

As you noted ("Yes, we have no straight bananas", May 28th), EU standards and regulations are essential to the proper functioning of the single market. The EU's environmental rules focus on issues like climate change and air pollution that are better tackled at a cross-border rather than at a national level. The environmental rules have also had a positive impact on Brit-

ish businesses by giving them a level playing-field with their competitors in the EU, reducing the cost of complying with varying regulations in different member states and driving innovation by setting standards, such as on energy efficiency, that apply across the single market and its 500m consumers.

It would be a shame if British businesses, which are often at the cutting edge of sustainability and low-carbon innovation, lost the opportunity to influence these rules in the future.

NICK MOLHO  
Executive director  
Aldersgate Group  
London



Why do London-centric journalists think Hadrian's Wall is on the border with Scotland ("Tug of war", June 4th)? It is in the south of the English county of Northumberland, as any glance at a map would show. Unless there is some Machiavellian plan to cede vast areas of northern England to Scotland, it would be more appropriate to place post-Brexit customs controls along the River Tweed.

DAVID HURRELL  
Alnwick, Northumberland

Take care your criticism of Britain's opposition leader doesn't become a phobia ("Jeremy Corbyn, saboteur", June 11th). A politician who steps out of the limelight is rare indeed, and has many virtues. We have seen the opposite in our prime minister whose policy is based on knee-jerk reactions, not only in an unnecessary referendum on the EU which has all but paralysed Westminster for three months, but on education, airport runways, high-speed trains,

the Arab crises, renewable energy...the list is unending. He covers his mistakes as well as he covers his balding crown. With increasing difficulty.

MIKE DONOVAN  
Ross-on-Wye, Herefordshire

I find EU referendum politics to be thoroughly fatiguing and eagerly await a conclusion. Averse to upheaval, I will be backing Brinertia.

SUJATA BISWAS  
Oxford

**An unpopular tag**

The Economist's addiction to the epithet "populist" has spun out of control. You put that label on pitches and policies as different as hard-wired xenophobes, plutocrophobes, economic chancers, thoughtful progressives, trade protectionists and political opportunists. Your recent list includes (among many others) Pat Buchanan, Marine Le Pen, the Kirchners, Jeremy Corbyn, assorted middle-European cryptofascists, the Sun, a long-established centrist Irish political party, Latin American presidents who cap the pay of senior civil servants, and the chief minister of Sarawak who (good grief!) did away with road tolls and brought in new protections for the environment ("Rumbles in the jungle", May 7th).

What do the members of this vast, ever-growing universe actually have in common? First, they seek to appeal to people (find me the politician who doesn't). And second, *The Economist* doesn't approve of them. I suggest restraint.

BRYAN DUNLAP  
New York

**Mr Trump should take a nap**

Schumpeter's column from the May 28th issue mentioned two studies, one which found that staying awake for 20 hours has the same effect on performing cognitive tasks as having a blood-alcohol level of 0.1%, and the other suggesting that being deprived of sleep leads people to adopt a more negative attitude.

PolitiFact awarded Donald Trump the title of "Liar of the Year". This was because apparently only 2% of what he says is true, 22% is either mainly true or half true, and the other 86% is either mostly false, false or so false it rates a "pants on fire". Mr Trump claims he only gets up to four hours sleep a night. If that is true, it would certainly explain a lot.

SIMON CLEWS  
Surrey, Canada

**Definition and meaning**

After reading Johnson's attack on "language guardians" (June 4th) I confess sympathy for the poor crusader who removed "comprised of" from Wikipedia articles. I feel the same about "forthcoming" and "forthright". The former, properly used, has a timing component, as in "the forthcoming book is much anticipated". Lately, though, it has become a synonym for "forthright", meaning honest and frank, to the point it has virtually displaced it.

JEFF MERCER  
Chicago

I nervously differ from Johnson. The word "of" in "comprised of" is surely redundant, as in "water comprises hydrogen and oxygen".

BARRY LEWIS  
New York

I disagree that the degradation of meaning simply means that language has "moved on". If we use "comprise" interchangeably for "compose", or "begs the question" for "prompts the question" we lose the shades of meaning which help intelligent discourse. Indeed, we head inevitably to something that is doubleplusungood.

MICHAEL CORGAN  
Associate professor of international relations  
Boston University ■

Letters are welcome and should be addressed to the Editor at The Economist, 25 St James's Street, London SW1A 1HG  
E-mail: letters@economist.com  
More letters are available at:  
[Economist.com/letters](http://Economist.com/letters)



## CHIEF EXECUTIVE OFFICER

### SPECIAL ECONOMIC ZONES AUTHORITY (SEZA)

The Special Economic Zones Authority (SEZA) is a Parastatal Organisation established by an act of Parliament of 2015. The Authority will be responsible for providing an investor-friendly business environment with a view to attracting both domestic and foreign investors. The Botswana Government aims to develop the SEZs in strategic areas across the country as a strategy for promoting the development of world class industries that will lead to the diversification of the Botswana's economy. The development of these will follow public sector, private sector and public-private partnerships, as the market would dictate.

Reporting to the Board of Directors, Special Economic Zones Authority (SEZA) would like to invite suitably qualified, dynamic, commercially oriented and self-driven individuals to apply for the position of Chief Executive Officer.

The successful candidate will lead the development and execution of the SEZA national strategic mandate for Botswana specifically:

- Develop and execute a well-defined strategy for SEZ implementation in Botswana.
- Develop an appropriate SEZ model for Botswana, which will enhance the country's global competitiveness.
- Establish and implement regulatory framework and management processes to manage specific performance measures that support the successful SEZ implementation.
- Assesses performance and makes timely changes in strategy, structure and resource allocations.
- This leadership role entails facilitation between the "One Stop Shop Executors" of the Authority and the clients / investors. The Chief Executive also aligns the interests of Shareholder / Government, employees, business, and other stakeholders including the public. Further ensures that stakeholders support the SEZA's vision, values, business goals, and have an appreciation of the challenges and achievements.

The main responsibilities of the job will also include the following:

#### LEADERSHIP

- Lead the Special Economic Zones Authority with a clearly defined sense of business direction and purpose.
- Ensure that there is in operation an effective framework of governance which provides the parameters within which SEZ business is to be conducted, aligns accountabilities and authorities and defines the required governance policies, standards and guidelines.

Competencies associated with this senior executive position include:

- Visionary and strategic direction
- Strong commercial and business acumen
- Influence and impact
- Stakeholder relationship management

#### KEY DELIVERABLES AND OUTPUTS

- A SEZ model that grows and increases performance of the export market, attracts and sustains both domestic and foreign direct investment.
- Attracts world class investors to develop world class industries in the SEZ.
- Industrialisation of the targeted sectors of the economy and ensuring economic spin-offs in all SEZ areas, through increased job creation, SME growth and participation in the SEZ value chain.
- Well defined SEZ industry clusters in strategic areas of Botswana, where local knowledge, natural resources and location advantages will be fully optimized to support the cluster.
- Develop and implement a practical plan to integrate SEZ clusters into SADC's regional economic activity.
- SEZ incentives that will position Botswana as the most globally competitive SEZ in terms of incentives, infrastructure, ease of doing business, etc.

#### BENEFIT

A highly competitive remuneration and benefits package which is commensurate with the deliverables of the job awaits the right candidate.

#### APPLICATIONS

Qualifying candidates should provide a detailed CV highlighting senior positions held for the past ten (10) years with key responsibilities including major SEZ projects executed with the dates and names of the organizations and countries; as well as current and past achievements in the area of SEZs at company and national level.

Three work related recent and traceable references plus certified relevant educational and training certificates.

Only candidates who meet the above requirements may send/ deliver their applications to:

The Board Chairman  
Special Economic Zones Authority (SEZA)  
Private Bag 00445  
Plot 54351  
Central Business District (CBD)  
GABORONE  
Email: sezarecruit@bitc.co.bw

Applications should be received by  
**Friday 01 July 2016, by 12 noon.**

#### MINIMUM EDUCATIONAL AND EXPERIENCE REQUIREMENTS

**Experience:** The candidate must have extensive and proven demonstrable track record of establishing successful SEZ's in developing and / or emerging economies.

**Education:** First degree in a business studies or social science discipline, plus a Master's degree in business studies and or a relevant Social Science.





## The OPEC Fund for International Development (OFID)

The OPEC Fund for International Development (OFID), based in Vienna – Austria, is the development finance institution established by the Member States of OPEC in 1976 as a collective channel of aid to the developing countries. OFID works in cooperation with developing country partners and the international donor community to stimulate economic growth and alleviate poverty in all disadvantaged regions of the world. To date, OFID has made financial commitments of more than US\$ 19 billion to over 3,500 operations across 134 countries worldwide.

In pursuit of its *Organizational Strengthening Program*, OFID has openings at the Management level and seeks to fill the following vacancies:

### Assistant Director-General (ADG), Financial Operations Department – (Ref.: VA101/2016)

The Assistant Director-General (ADG), Financial Operations Department is responsible for all financial management and finance-related activities of OFID. The tasks involve overseeing the management of OFID's discretionary reserves comprising a multi-billion dollars portfolio; including its safety, its liquidity and the maximization of returns. He/she supervises the activities of Treasury and Control Units of the Financial Operations Department.

### Director, Information Department – (Ref.: VA803/2016)

The Director of the Information Department is responsible for overseeing OFID's information dissemination programs to governments and all other development partners, special interest groups, the media, and the general public. He/she will serve as the focal point for delivering OFID's information outputs in various ways, including periodic public information campaigns. He/she is expected to develop information management strategies that raise substantially OFID's profile in the short, medium and long terms.

OFID offers an internationally competitive remuneration and benefits package, which includes tax- exempt salary, dependent children education grant, relocation grant, home leave allowance, medical and accident insurance schemes, dependency allowance, annual leave, staff retirement benefit, diplomatic immunity and privileges, as applicable.

Interested applicants are invited to visit OFID's website at [www.ofid.org](http://www.ofid.org) for detailed descriptions of duties and required qualifications, as well as procedure for applications. Consideration will only be given to applications of nationals from OFID Member Countries.

**The deadline for receipt of applications is July 1, 2016.**

*Due to the expected volume of applications, OFID would only enter into further correspondence with short-listed candidates.*



MEMBER OF THE REGULATORY SCRUTINY BOARD (Grade AD14)

### Secretariat-General, Brussels COM/2016/10367

The Regulatory Scrutiny Board (RSB) is dedicated to supporting the European Commission's Better Regulation Policy by providing central quality control of impact assessments, ex-post evaluations and regulatory fitness checks. The RSB is composed of 5 members and a chair person.

To complete its team, the European Commission is seeking to appoint a temporary agent for a non-renewable period of three years. The RSB member's main responsibilities will include quality assurance of draft impact assessment reports prepared by the Commission on existing policies and new political initiatives.

#### Your responsibilities:

- Assessment of the quality of Commission services' draft impact assessment reports and regulatory fitness checks;
- Contribution to the preparation of opinions and recommendations on impact assessment reports;
- Provision of advice to Commission services with regard to particularly challenging assessments / evaluations or on methodological issues.

#### Your skills:

- Proven expertise in regulatory policy, impact assessment or ex-post evaluation processes and methodologies, demonstrated by a solid academic record and publications;
- Specific expertise in the fields of Macroeconomics, Microeconomics, Social policy, and/or Environment Policy;
- Strong analytical skills, very good capacity for strategic thinking and excellent communication skills.

The European Commission applies an active equal opportunities policy aimed at further increasing the share of women in management functions and it particularly encourages applications from women.

Please consult the Office Journal C197A of 03/06/2016 for the detailed vacancy notice as well as the eligibility and selection criteria.

Registration for applicants:  
<https://ec.europa.eu/dgs/human-resources/seniormanagementvacancies/>

The closing date for registration is 01/07/2016, 12 noon Brussels time.



## SENIOR OPERATIONS OFFICERS – PRIVATE SECTOR GENDER SPECIALIST

**1 Senior Operations Officer based in Delhi, India (161366)**

**1 Senior Operations Officer based in Nairobi, Kenya (161367)**

The International Finance Corporation (IFC), the private sector investment arm of the World Bank Group, is one of the leading investors and lenders in emerging markets. IFC supports companies in closing gender gaps. We know that doing so leads to better business outcomes, higher economic growth and more prosperous societies.

IFC is now recruiting two entrepreneurial, energetic, experienced professionals who have private sector experience and know how to structure and apply gender-smart solutions.

#### Duties and Accountabilities

- Scaling up gender offerings to IFC clients in close coordination with project/country teams and relationship managers. Manage external and internal relationships.
- Delivering advisory services to clients including: conducting women employment diagnostics, incorporating women-owned firms in supply chains, developing financial and non-financial women's market strategies.
- Serve as a technical resource to investment and advisory teams in particular in agriculture, finance and infrastructure.
- Represent IFC on this topic with stakeholders in the regions.

#### Selection Criteria

- Demonstrated track record of applying gender-smart solutions in the private sector with companies in emerging markets, regional experience is desirable.
- 15 years of professional experience in a position with decision-making responsibility in the private sector.
- Proven ability to conceptualize, design and conduct research as well as to produce complex analytical reports for clients.
- Demonstrates knowledge of international development, rolls up sleeves and gets things done, has great ideas that translate into collaborative and innovative results.

For full job description and to apply on-line, please visit IFC's career website at [www.ifc.org/careers](http://www.ifc.org/careers) and click on job number 161366 and/or 161367. Deadline is June 30.

**Creating Opportunity Where It's Needed Most**



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## What if?

BERLIN, LONDON, PARIS AND ROME

**The aftermath of a vote to leave the European Union will depend on unpredictable responses in all sorts of places. It is unlikely to be pretty**

**B**EFORE the campaigning for Britain's referendum on the European Union hit its stride, some people quaintly imagined that it might settle things once and for all, lancing the boil of an argument that has been festering for the best part of a generation. Fat chance. A victory for Remain would leave Britain divided, the losers embittered and political life coarsened (see Bagehot). A victory for Leave, which is what the latest opinion polls predict, would see economic turmoil and political strife as the winning side learned that, for all it might have talked of taking back control, it remained at the mercy of economic forces and the members of the union it had spurned.

David Cameron says that if Britain votes to leave he will immediately invoke Article 50 of the Lisbon treaty, which sets out the rules for negotiating a member state's departure. That would give the two sides two years to finalise a deal—a timetable that can be extended only with the consent of all concerned. If no agreement were reached Britain would have to fall back on trading with the EU under World Trade Organisation (WTO) rules, which would imply tariffs and no special deal for financial services.

Mr Cameron also says he will stay on as prime minister and represent Britain in

those negotiations; some in the Leave camp, such as Michael Gove, the justice secretary, say that they, too, would like him to stay. But it is hard to imagine that the victorious Leavers would really be happy seeing the leader of the Remain campaign negotiating Britain's new deal with the EU. The odds are that the Tories would be looking for a new leader within days.

### All or nothing at all

What sort of deal might that new leader try to get? Some want no deal at all. A group called Economists for Brexit (EFB) suggests simply abolishing all import tariffs. The ensuing rise in trade, it says, would boost GDP by 4%. Yet this prediction relies on small changes in trade costs having implausibly large effects on how much trade goes on, say researchers at the London School of Economics. Besides, the EFB assumptions are politically implausible.

At the other end of the range of options is a deal in which Britain, while leaving the EU in accord with the will of its people, remains part of the EU's single market. This is the arrangement Norway has, by dint of the European Economic Area; Switzerland, though not a member of the EEA, has something similar. In Norway's case the deal means accepting the free movement of labour and observing almost all EU reg-

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25 Heard on the trail

ulations while having no say in writing them. And it contributes heavily to the EU budget for this privilege.

The Leave campaign's strongest cards are the public's distaste for immigration, its desire for self-determination and its dislike of sending money to Brussels (see next story). This suggests that the Norwegian option would be unacceptable to the pro-Leave majority of the Tory rank and file, who will get the final say in the choice of the next party leader. The prospective leader who wins their support is likely to have to promise blocks on the free movement of labour. That probably means getting nothing more than a bespoke free-trade deal for some sectors at best, with WTO rules the fallback option.

Once that leader becomes prime minister, though, he or she will have to deal with the will of Parliament. Fewer than 150 Conservative MPs and only a handful from Labour are openly backing Leave; even if some others are playing a waiting game, that suggests a large majority for Remain among the 650 members of the House of Commons. Those MPs might well prefer a Norwegian option to WTO rules. If push came to shove—and the campaign has shown a marked tendency for pushing and shoving—a Tory leader committed to a right-out-of-the-single-market version of

► Brexit might not be able to win a vote of confidence. An autumn general election could then follow.

Whether MPs go that far will depend in part on how dire the economic response to a Leave vote turns out to be; the worse things look, the more important it will seem to try and stay in the single market. Estimates of Britain's economic growth this year have already dropped to 2%, barely above what is expected of the euro-zone (though were Brexit to come about, the euro-zone's growth would be hit, too). Investors have been selling sterling assets at the fastest rate since the financial crisis of 2007-08; the pound has dropped by 7.5% over the past 12 months. This is part of a broader move into safer assets (see Buttonwood), but it also reflects Brexit fears.

The National Institute for Social and Economic Research (NIESR), a think-tank, predicts a 2.9% fall in GDP in the short run and worse in the long run, brought about by factors like lower trade and falling foreign direct investment. The knock-on effects would hit productivity and wages; a further fall in sterling would push up prices. Tighter controls on migration would make things worse.

Wonks are poor forecasters, say Brexiters. Indeed, the Leave camp claims that recent data suggest Brexit might help the economy. In April exports rose to their highest level for three years in nominal terms. A Brexit-induced slump in sterling, the argument goes, would boost the economy further. This is not necessarily true. Foreign orders do not respond instantly to depreciation—which also raises the cost of imported inputs. The hit to confidence and credit from Brexit would hurt exporters more than a weak pound would help. In 2008-09, when sterling slumped, exports barely responded.

On June 14th George Osborne, the chancellor, said that in light of these likely effects a Leave vote would necessitate an emergency budget to raise taxes and cut spending. Mr Osborne's announcement feels more like an attempt to frighten voters—or perhaps a scorched-earth strategy—than a politically plausible plan. But at some point a deficit swollen by Brexit would have to be dealt with.

The severity of the prompt economic fallout may determine what sort of deal Britain tries to get. But the results of any negotiations will depend on how generous its EU partners would be. The terms of any new trade deal would have to be agreed on unanimously, which could make the complexity of the negotiations overwhelming. Donald Tusk, president of the European Council, says it might easily take seven years. And the three biggest economies, Germany, France and Italy, while all wanting Britain to remain, are not willing to let it leave unscathed.

France is the foremost scold. Although

### In their words (I)

## Heard from overseas



"The US and the world need your out-sized influence to continue—including within Europe."

*Barack Obama, American president, April 23rd.*

"I...would hope and wish for the UK to stay part and parcel of the EU."

*Angela Merkel, German chancellor, June 2nd.*

"I don't want to scare you but...there will be consequences in many areas."

*François Hollande, French president, March 3rd.*

"Brexit would be a defeat for Europe, but it would be a disaster for the United Kingdom."

*Matteo Renzi, Italian prime minister, May 27th.*

"A vote to leave would make the UK a less attractive destination for Japanese investment."

*Shinzo Abe, Japanese prime minister, May 5th.*

"From our point of view, it is an unalloyed plus for Britain to remain in the EU."

*Malcolm Turnbull, Australian prime minister, May 1st.*

"It is possible to live outside the EU. One is free or one is not."

*Marine Le Pen, leader of the French National Front, April 20th.*

"I know Great Britain very well...I would say they're better off without it."

*Donald Trump, Republican candidate for the American presidency, May 5th.*

its president, François Hollande, has kept quiet during the referendum campaign, for fear of provoking greater pro-Brexit feeling, he made his views clear at a Franco-British summit in Amiens in March. "I don't want to scare you," he said, but a Brexit vote would have "consequences".

### The kindness of soon-to-be strangers

French politicians see playing hardball in the negotiations rather as Voltaire saw the execution of Admiral Byng following his loss of Minorca; the sort of thing that has to be done "*pour encourager les autres*". The worse Britain does on its own, the more it will encourage others to stick with the EU. This includes the others at home; France's populist National Front is promising voters their own referendum. In 2005 the French voted down the draft EU constitution,



Our series of "Brexit Briefs" on the issues surrounding Britain's EU referendum is available as a free PDF at [economist.com/Brexit](http://economist.com/Brexit)

shocking their political leaders. Today they are second only to Greece in their Euro-scepticism. A new Pew poll finds that 61% of French voters have an unfavourable view of the EU; the British figure is just 48%.

The French government is also working on ideas to breathe life into the European project that will focus on defence and security co-operation. There is irritation in Paris that the government has put European initiatives on hold for many months to avoid upsetting British voters. "This can't go on for ever," says one minister. France wants to present these ideas to the European Council at the end of June and hopes for Germany's support. Thomas de Maizière, the German interior minister, sat in on a French cabinet meeting on June 15th; Mrs Merkel was due to watch the Germany-Poland football match with Mr Hollande at the Stade de France the next day.

Like the French, German politicians are cautious in discussing Brexit for fear that foreign warnings could boost the Leave campaign. But the country is keen for Britain to stay. Germany wants the EU to move in a broadly Anglo-Saxon direction (see Charlemagne). It would like it to concentrate on cutting bureaucracy, returning powers to governments (while limiting state intervention) and co-operating more in foreign policy rather than pushing deeper integration. "In Berlin everyone's keeping fingers crossed," says David McAllister, a German member of the European Parliament who has a Scottish father. If Brexit wins, he says, he will cry for days.

Wolfgang Schäuble, Germany's finance minister, has warned that Britain cannot ►►

▶ expect favourable treatment after an exit vote. “In is in. Out is out,” he says. But many expect Germany, which has a big trade surplus with Britain and would not want to damage its own exporters, to take a softer line than France. “Germany will play the good cop, and France will play the bad cop,” says Yves Bertoncini, director of the Jacques Delors Institute. But this does not mean Germany will truly be on Britain’s side, any more than good cops really side with crooks. The National Front and Frexit frighten Germany, too.

Matteo Renzi, the Italian prime minister, has played down Brexit, saying that it would be a disaster for the British, but not a huge drama for Italy and the EU. But Italy would definitely like Britain to stay. For one thing Mr Renzi often finds himself on the same side as Britain in the council; he would feel more isolated without it. There is also scarcely a middle-class family in Italy’s big cities that does not have a child

working or studying in Britain.

And, as in France, there is a fear that Brexit would encourage Euroscepticism at home, both in the xenophobic Northern League and the populist Five Star Movement. Given the sick state of Italy’s economy, which has barely grown since it joined the euro, they might easily be convinced to leave.

Would Mr Renzi’s government join others in taking a tough line? “We are not particularly tough. It is not in our DNA,” says Marta Dassu at the Aspen Institute, who is also a former junior foreign minister. “But I think we would wish to align our positions with those of France and Germany. We would want to stay in the core.”

If Brexit means that this core fears for its continued cohesion, or is unable to persuade all the other members of the EU to accept a new trading arrangement, the chances of Britain getting a good deal from its former partners will be slim indeed. ■

would seek fundamental reforms in Britain’s relationship with the EU and then hold a referendum on whether to stay in.

Leading a coalition government at the time, he may have made the promise expecting never to have the backing of Parliament that would be necessary to keep it. But when the Tories won a small overall majority in May 2015, he found himself on the spot. His renegotiation of Britain’s membership, which culminated in a deal between EU heads of government secured in the small hours of February 20th, was not without substance. But it fell well short of fundamental reform, and it has subsequently proved more of a handicap than a boost. To prove he was in earnest, Mr Cameron had said that, should the negotiation not yield what he wanted, he himself would vote Leave. This means that, when he now talks of the grim economic consequences of Brexit, he has no answer to why he was willing to countenance such consequences just a few months ago.

Harold Wilson, the Labour prime minister who offered a similar renegotiation-followed-by-referendum deal at the general election of October 1974, wisely avoided putting himself in such a position. His campaign had other advantages, too. Wilson could rely on the Conservative opposition to campaign staunchly for an In vote. This time support from the Labour leader, Jeremy Corbyn, has been muted at best. He refused to appear with Tory campaigners and is fighting for Remain not on the basis that EU membership is a good thing in itself but that Brexit might presage an attack on workers’ rights.

In 1975 Wilson also had the near unanimous backing of Fleet Street. This time a Reuters Institute study finds 45% of newspaper articles for Leave and only 27% for Remain (the rest being uncommitted). On June 14th the *Sun*, Britain’s biggest-selling daily, came out for Brexit. The broadcast▶▶

### The referendum campaign

## The Battle of Evermore

**It has been a bad-tempered and unenlightening campaign, during which few have changed their minds. But Vote Leave now has an edge**

**A**PPEARING alongside David Cameron on April 23rd, Barack Obama urged Britain to stay in the European Union. If it were to leave and seek a trade deal with America, the president warned, it would find itself “in the back of the queue”. The prime minister was visibly pleased. Yet days later several opinion polls had switched towards Leave. In retrospect, this seems the closest thing to a turning-point that the campaign has seen. The mood became clearer. Voters were signalling that they were no longer heeding warnings about economic damage or the sage advice of world leaders, even those whom, in general, they respected. They were attracted instead to the romance, excitement and perhaps sheer uncertainty of Brexit.

After months of polling that was broadly even-stevens, the Leave campaign has begun to open up a small lead. Since the end of May, the odds of Leave winning the vote on June 23rd have narrowed from around 6 to 1 to about 2 to 1, far higher than anyone expected when the referendum was called, despite the fact that the leaders of all the main parties in Parliament oppose Brexit. How did this come about?

A large part of the answer is a string of tactical mistakes on the part of Mr Cameron. When he became Tory leader in 2005 he reassured the party’s members, who have a strongly Eurosceptic cast, that he was one of them. At the same time, he

warned that the issue was not going to work for them at the polls; if the Tories wanted to be elected again, they must stop “banging on about Europe”.

Yet after he became prime minister in 2010, Mr Cameron found it helpful to convince his party of his bona fides by ignoring his own advice. In January 2013 he went beyond his previous pledge to hold a referendum on any new EU treaty, promising that a future Conservative government



Waiting for the angels of Avalon



## Peaks and troughs

Voting intention in the referendum on Britain's European Union membership\*, % replying



ers, in particular the state-owned BBC, have been almost neurotic in offsetting each Remain argument with a damning comment from Leave. That has done wonders for the Leave camp's credibility.

But perhaps Wilson's greatest advantage was a weakness. In 1975 Britain's economy was in such poor shape that even to think of pulling away from a more successful continent seemed madness. Today things are not so bad in Britain—and they look worse across the channel. The eurozone's ills lend rhetorical credence to the Leavers' slogan that Britain is shackled to a corpse, and that goes some way to defusing the argument on which Remain has relied most strongly: that Brexit would be bad for the economy.

As Jagjit Chadha, director of the National Institute for Economic and Social Research think-tank, says, when it comes to forecasts, economists usually disagree. But on Brexit they do not. A host of studies in Britain—by his own institute, the Treasury, the Institute of Fiscal Studies, Oxford Economics, PricewaterhouseCoopers, the Centre for European Reform and the Centre for Economic Performance at the London School of Economics—agree with international bodies—the IMF and the OECD rich-country think-tank—that Brexit would mean less trade, lower foreign direct investment and slower productivity growth. Even pro-Brexit economists concede that the immediate shock following a leave vote would be negative, bearing out the Treasury's claim that it would mean a “do-it-yourself” recession. The few economists who produce positive results for Brexit do so by filling their models with wholly incredible assumptions.

This advantage on the economy was widely seen as making Remain a pretty sure thing when the campaign began. That it no longer seems so reflects a number of factors. The Remain campaign has been less vigorous and ruthless than the Leave one. Stuart Rose, a former boss of Marks & Spencer, has been an ineffective chairman of Britain Stronger in Europe. The self-effac-

ing Will Straw, its executive director, is hardly an attack dog, unlike his counterparts at Vote Leave, Matthew Elliott and the pugnacious Dominic Cummings.

Both sides have resorted to exaggeration and misrepresentation, with the participants openly accusing each other of lying. Labour could have adjudicated. But with it mostly off the field, these arguments have often been “blue on blue”. Members of Mr Cameron's cabinet have

trashed each other and Leavers freely accuse Remainers of wanting to join the euro. This excites Leave voters in the Tory rank and file, turns off non-Tories and makes the prime minister's purported belief that an open debate would foster party unity look more misguided than ever.

Although disciplined, dishonest campaigning has worked to the Leave campaign's advantage, playing to widespread hostility to immigration has been its big-▶▶

### In their words (II)

## Heard on the trail



“To be in a reformed European Union... would be the best of both worlds.”  
*David Cameron, February 2nd*

“We've got the best lyrics, but we're still struggling for a tune.”  
*Alan Johnson, Labour MP and Remain campaigner, February 26th*

“Queen backs Brexit.”  
*The Sun, March 8th (The Independent Press Standards Organisation later ruled the headline “significantly misleading”)*

“The fundamental problem remains: that they have an ideal that we do not share. They want to create a truly federal union, *e pluribus unum*, when most British people do not.”  
*Boris Johnson, former mayor of London and Leave campaigner, March 16th*

“[It is] perfectly possible to be critical and still be convinced we need to remain a member.”  
*Jeremy Corbyn, Labour Party leader, April 14th*

“Assessing and reporting major risks does not mean becoming involved in

politics; rather it would be political to suppress important judgments.”  
*Mark Carney, governor of the Bank of England, on a bank report outlining the consequences of Brexit, April 19th*

“There is another view of Britain that is more in tune with our patriotic ideas about ourselves. It is of a Britain that has always been outward looking and not inward looking. It is a Britain that, for all its faults, has been internationalist not isolationist.”  
*Gordon Brown, former Labour prime minister, May 10th*

“Napoleon, Hitler, various people tried this out, and it ends tragically. The EU is an attempt to do this by different methods.”  
*Boris Johnson, May 15th*

“People in this country have had enough of experts.”  
*Michael Gove, justice secretary and Leave campaigner, June 2nd*

“Leaving is quitting and I don't think we're quitters. We're fighters. We fight in these organisations.”  
*David Cameron, June 7th*

gest winner. That the migration numbers released on May 26th showed a net inflow of 330,000 during 2015 would have been an embarrassment for Mr Cameron at any time; the Conservative manifestos for both the 2010 and the 2015 elections promised utterly unrealistically to get the numbers down to “the tens of thousands”. In the context of the referendum campaign they were a terrible blow.

Not that it is clear what Brexiteers would actually do about immigration. They have suggested an Australian-style “points” system for would-be migrants, but as Remainers say, this is designed for countries with proportionately more migrants than Britain, not fewer. Although some Brexiteers talk of admitting more non-EU migrants, it is hard to believe that voters for Brexit would welcome this. Indeed, since non-EU immigration still makes up over half the total, to reach the target the Tories have repeatedly promised, non-EU immigration would have to be cut, not increased.

Compared with the economy and immigration, most other concerns have been sideshows. Brexit poses a clear risk to the United Kingdom, with Scotland potentially demanding a second independence referendum and Northern Ireland destabilised by the reimposition of border controls with Ireland. But this seems not to have swayed many English voters. Mr Cameron has drummed up an impressive number of former spooks to say that Brexit would undermine domestic security and make it harder to co-operate in the fight against terrorism. Foreign-policy gurus are clear that it would weaken Britain’s standing in the world and damage the West’s standing in general; many say the only world leader who would welcome it is Russia’s Vladimir Putin. But again, voters seem either unconvinced or unmoved. Mr Cameron’s suggestion that Brexit might be a threat to peace in Europe persuaded few.

Though the specifics of foreign relations seem to carry little weight, the more abstract issue of sovereignty and the Leavers’ slogan of “taking back control” does well for Brexiteers. Yet their attempt to portray staying in as a riskier and more dangerous choice than leaving—characterised by Michael Gove, the justice secretary, as being locked in the boot of a car, bent on a wild ride to political union—is harder to credit. Britain is not in the euro and has been promised an exemption from the goal of ever closer union. If the EU evolved in a way that Britain found uncomfortable, it would always retain the option of leaving; in this, sovereignty is unaffected. But the rhetoric of sovereignty has proved appealing in a way these facts have not.

And then there is the plethora of half-truths, irrelevancies and downright lies (see Bagehot). Both sides have dirty hands here, but the Leavers’ are grubbier. Their at-



To fight the hordes, and sing and cry

tempts to portray Turkey’s accession to the EU as imminent and a done deal were deeply misleading; but their biggest lie of all has been about money. As the House of Commons Treasury committee has said, the claim on the Brexit “battle bus” that Britain sends £350m a week to Brussels that could be spent on the National Health Service instead is simply untrue. In fact, the gross sum is around £250m, and it falls to £120m after netting off EU spending in Britain. Leavers have recently promised that recipients of EU money—farmers, distressed regions, scientific researchers and the like—will be compensated post-Brexit, which makes a nonsense of their previous promises to divert most of the cash to the National Health Service and other deserving causes.

Those who actually work in the NHS, for their part, are fearful of Brexit. A smaller



Nobody’s fault but mine

economy would hit the public finances, which is why the IFS has said that Brexit would require two more years of austerity. And tighter immigration controls would play havoc with NHS staffing: 10% of its doctors come from the EU. Chris Hopson, chief executive of NHS Providers, which represents managers of NHS hospitals and trusts, reports that 75% of his members believe that Brexit would have a negative impact on the NHS.

That said, other downsides of Brexit are routinely exaggerated by Remainers. The claim that 3m jobs which depend on trade with the EU might disappear is ludicrous. There is similarly little reason to believe that France would scrap the bilateral deal that put the border with Britain in Calais.

Neither side provides much by way of uplifting or optimistic arguments. Some Leavers have tried. They paint a picture of a Britain “in control of its destiny” becoming more not less liberal and more not less open to the world: a sort of sovereignty-blessed Singapore on steroids. But this is not a picture that inspires the voters on whom they are relying. Many of those backing Brexit are more than likely to be against globalisation and free trade as well as immigration; they believe that they have been losers from all three.

To court these voters the Leave campaign has taken on a steadily more populist and anti-elite tone, even though most of its leaders are themselves part of that elite. Thus the response of many to claims that business, the City of London, the universities and much of the establishment favour Remain is to see this as yet another reason to vote Leave. The appeal of giving a kick in the teeth to Mr Cameron and his Tory government is also clear.

That the richer and better-educated are keener on Remain, and the poorer and less-educated are for Leave is one of the three clearest psephological features of the electorate. The others are that young people are more likely than the old to vote Remain, as are people in big cities, especially London, and in Scotland. Combined with what is expected in terms of turnout, these factors help to explain why the result is so hard to predict. Old people are more likely to vote than the young, which is taken to favour Brexit; but the better-off and better educated also vote more than the less well-off, which will go some way to offsetting that effect.

What may make the most difference is the greater enthusiasm that the Leavers have generated. And this is perhaps Mr Cameron’s greatest failing of all. By not evincing, over a decade of party leadership, any positive feelings about Britain’s EU membership, he has ensured that the main message from Remainers is the negative one that Brexit would be damaging. If his side loses on June 23rd, he will have only himself to blame. ■



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The Orlando shooting  
**Vigils and vigilantes**

WASHINGTON, DC  
**Reactions to a mass-murder show the stark choice facing voters in November**

**T**HE murder by shooting in the early hours of June 12th of 49 people at a gay nightclub in Orlando, Florida, by a 29-year-old Afghan-American who dedicated his act of evil to Islamic State (IS) was seized upon by partisans as vindication of everything that they already believe about the fight against terrorism, the presence of Muslims in America and the prevalence of powerful guns in private hands.

Such massacres are common enough in America that there is a grim familiarity to the images of SWAT teams on suburban streets, the press briefings by police chiefs and mayors fighting back tears, makeshift shrines of candles and flowers and then—all too soon—the competing, sombre-yet-outraged statements by politicians.

This slaughter stands out, though. Judged in terms of human loss, it marked the bloodiest mass shooting in modern American history. Weighed as a crime, it showed the ever-more daunting task faced by law-enforcement agencies as they try to track “lone wolf” attackers. Once spooks had to hunt terrorist gangs. Then they had to adapt to a search for members of loose terrorist franchises. Now the threat comes from individuals who act like fans following favourite sociopaths on social media.

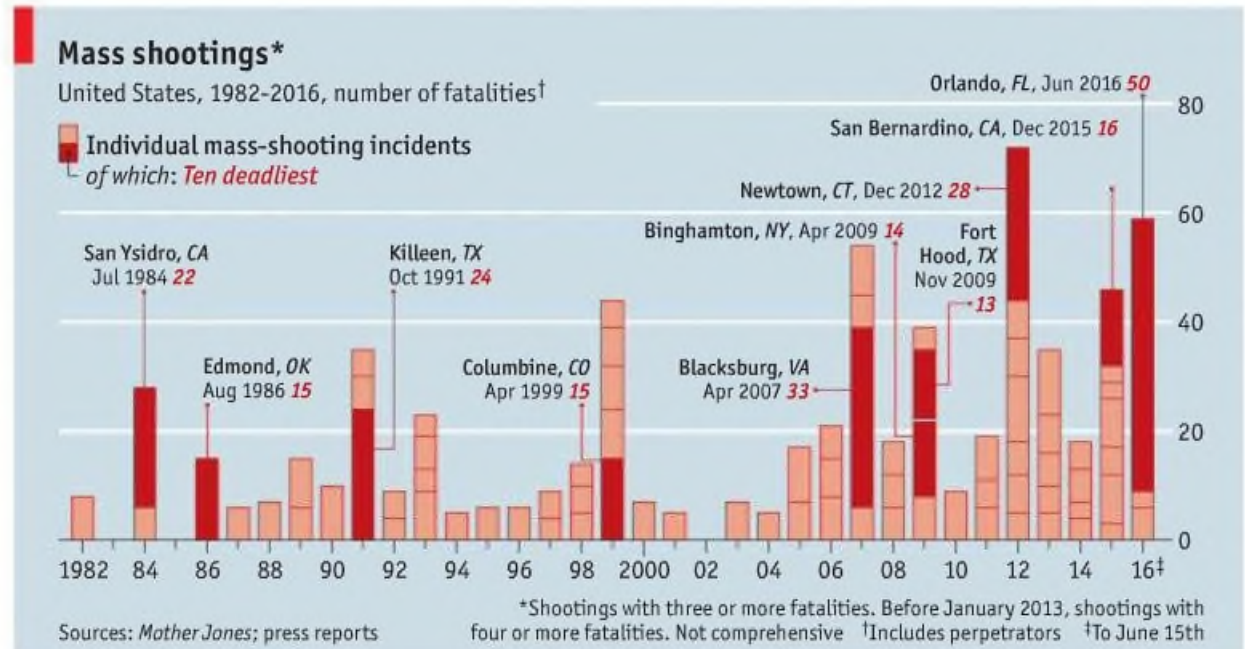
The killer in Orlando, Omar Mateen, who was shot dead by police, declared allegiance to IS by telephoning a 911 emergency call centre. Witnesses in the club say that he ascribed his murderous anger to

American bombing of Afghanistan, his parents’ home country, though he was born in New York. It emerged that Mr Mateen had been investigated for ten months by the FBI after boasting of terrorist links while working as a security guard. After interviewing Mr Mateen and placing him under surveillance, the FBI concluded that his boasts were not credible, not least because he claimed ties to two groups, Hizbullah and al-Qaeda, that are sworn foes.

Similar attacks have seen questions asked about missed clues or dots not connected. Much remains unclear about Mr Mateen’s motives and actions before the massacre—including how his murderous

homophobia co-existed with an apparent history of visiting gay clubs and using gay hook-up apps, and whether his wife knew anything of his plans. But as the killing became fodder for political debate, the arguments soon swirled away from the circumstances of his crime and up into a tempest of claims and counter-claims, levelled in duelling speeches and statements by Donald Trump, Hillary Clinton and Barack Obama. That points to a final way in which the attack at the Pulse nightclub stands apart from other mass shootings. For it fell into a general-election campaign already marked by Mr Trump’s demagogic appeals to anti-Muslim sentiment.

Hours after the Orlando shooting, the property developer took to Twitter to report that he was being praised for his foresight. “Appreciate the congrats for being right on radical Islamic terrorism,” he wrote. Soon afterwards he called on Mr Obama and Mrs Clinton to use the words “radical Islam” to describe the terror attacks, or resign as president and quit the race for the White House respectively. ▶▶



It is a standard Republican talking-point to demand that the president and his aides should admit that the country is “at war” with “radical Islam”—the underlying charge being that in its eagerness not to appear bigoted the Obama administration wilfully ignores religious ties that might help to identify bad actors, and that the government fails to use all tools of American power by treating terrorism as a matter for civilian law enforcement.

The public mood is sufficiently jumpy that on June 13th Mrs Clinton bowed to that pressure and assured a television interviewer that she was willing to use the words “radical Islamism”. But Mr Trump was only getting started. Interviewed on Fox News, he hinted that Mr Obama might be a secret terrorist sympathiser, saying: “We’re led by a man that either is not tough, not smart, or he’s got something else in mind”. When the president refuses to use the words radical Islamic terrorism, “there’s something going on,” he added. Earlier in the week Mr Trump announced that the *Washington Post*, whose coverage he dislikes, would henceforth be banned from his campaign events.

Mr Trump does not just say that the Middle East has been made less stable by the policies of Mr Obama and Mrs Clinton—the stuff of everyday politics. In a speech the day after the Orlando killings he charged that Mrs Clinton “wants to allow radical Islamic terrorists to pour into our country.” Mr Trump claimed that no systems exist to vet Middle Eastern immigrants. Without caveats, he also cast Muslim-Americans as a fifth column, accusing them of knowing about bad actors in their midst but failing to report them. “The Muslims have to work with us...They know what’s going on,” he growled.

After terror attacks in California late last year, Mr Trump floated a Muslim entry ban: a religious exclusion sure to be challenged in the courts. This week he refined that to a ban on immigration from “areas of the world where there is a proven history of terrorism” against America or allies, until arrivals can be screened “perfectly”.

That drew a counter-blast from Mr Obama, who condemned suggestions that “entire religious communities are complicit in violence” and challenging other Republicans to say whether they agreed. There’s “no magic” to the phrase “radical Islam”, Mr Obama went on, suggesting that using those words would make it harder to recruit Muslim allies.

In a rebuke to Mr Trump, the Republican Speaker of the House of Representatives, Paul Ryan, said that a Muslim ban would not be in the national interest. Democrats plan to keep putting Republicans on the spot. Citing the ease with which Mr Mateen bought his weapons, they have renewed calls for a ban on gun purchases by those on FBI terrorist watch-

lists. Citing worries about those placed on such lists by mistake, congressional Republicans blocked such a move last year, offering a weaker alternative that would delay gun sales while prosecutors try to convince a judge that a buyer has terrorist links. Mr Trump says he wants to discuss gun bans for those on terror watch-lists. Many voters support this. Mr Trump prides himself on his feel for public opinion. He has said in interviews that though he does not hope for terrorist attacks, they harm Mrs Clinton more than him. After this week it is clearer than ever what a win for him would mean for America. ■

## Watergate II

# The Donald’s dirty linen

WASHINGTON, DC

## Russian hackers infiltrate the Democratic Party’s computer system

DONALD TRUMP says he would “get along very well” with Vladimir Putin. He must now be hoping the Russian government hackers who appear to be in possession of some of his most embarrassing secrets will reciprocate that good will.

The Democratic National Committee (DNC) revealed on June 14th that two groups of Russian hackers had infiltrated its computer systems and snooped on its communications for almost a year. One had stolen an “opposition file”, containing research on Mr Trump’s vulnerabilities going back many years. Given that Mr Trump has so far been accused, with varying degrees of certainty, of hiring illegal immigrants, paying no tax, driving his businesses’ suppliers to bankruptcy by not paying them, interacting with the mafia and groping women, the mind boggles. What was

the DNC holding back?

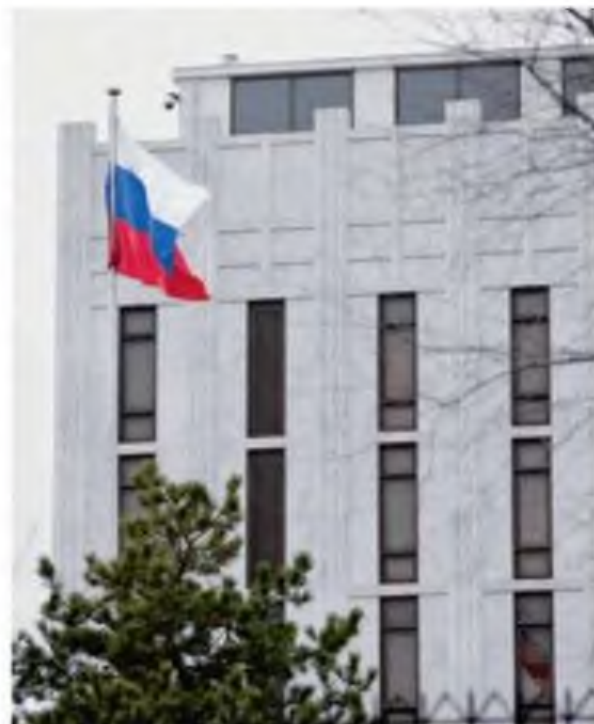
The incident inevitably recalls the Watergate scandal of 1972, when the DNC’s offices were burgled in an effort to steal campaign secrets, which was later linked to President Richard Nixon. Yet the comparison mainly highlights how much more vulnerable to infiltration America’s institutions have become.

The DNC called in a cyber-security firm, CrowdStrike, in April after noticing odd things afoot in its computer network. The firm discovered two groups of state-backed Russian hackers, which it code-named Fancy Bear and Cozy Bear, inside the network. It says the first group was a tool of Russian military intelligence and the second, most likely, of Russia’s main spy agency, the Federal Security Service. Both groups, which did not appear to be co-operating, had “superb operational tradecraft”, according to CrowdStrike’s chief technology officer, Dmitri Alperovitch.

The mismatch between the skills of the best Russian and Chinese state-backed hackers and the amateurish defences of the average American computer network is pitiful. The DNC’s arrangements appear to have been especially creaky; last year, a computer firm hired by the party temporarily gave Senator Bernie Sanders’s campaign team access to the voter records of his rival, Hillary Clinton, who is now the presumptive Democratic nominee. The DNC has now joined a distinguished list of American organisations embarrassed by foreign hackers—the White House, the Office of Personnel Management, the State Department.

The revelation is especially unwelcome for Mrs Clinton—because it also recalls her own slapdash cyber-security regime. There is no evidence that the private internet server she used as secretary of state, which was protected by off-the-shelf anti-virus software and is being investigated by the FBI as a possible security breach, was hacked. Yet an investigation into Mrs Clinton’s e-mails revealed a suspicion by State Department technicians that hackers had at least tried to infiltrate it. And the e-mail account of a Clinton confidant, Sidney Blumenthal, was hacked and e-mails he purportedly sent to Mrs Clinton made public.

In a way, the incident is therefore a gauge of the relative strengths of Mr Trump’s and Mrs Clinton’s candidacies. Mr Trump is soiled and compromised; yet the millions of Americans who support his invectives against immigrants and Muslims seem not to mind. Even the prospect of his grubbier secrets being in the hands of the Russians therefore seems less worrying than it should. Mrs Clinton is less obviously tainted. Yet she seems incapable, because of the furious conviction of her opponents and her own shortcomings as a politician, to shake off a popular suspicion that she is. ■



Washington’s most interesting book club

## Computing boot-camps

## Risks and rewards

NEW YORK

## Should for-profit crash courses get federal funds?

LIBERAL-ARTS degrees and computer savvy rarely sit comfortably together. But computer-programming is increasingly where the jobs are. This logic guided Adam Enbar and Avi Flombaum in 2012 to found Flatiron, one of many coding boot-camps sprinkled across America. The camps offer intensive courses in web development, usually lasting three to six months. They aim to prepare students for software-engineering jobs, while offering career advice and the chance to network: in short, vocational school for the information age.

They have emerged to fill a pressing demand for coders. Software-engineering jobs will grow at a rate of 18.8% by 2024—nearly triple the rate of overall job growth, according to the Bureau of Labour Statistics. So boot-camps are multiplying. In 2015 more than 16,000 students graduated from them, a 138% increase from the year before, according to Course Report, an organisation that tracks the industry. They are also big business: publicly traded for-profit education companies are crowding in.

Most boot-camp students are between 22 and 35 and have a college degree. Some have developed an interest in programming since graduation, or see it as a route to higher pay. Sarah Natow, a Harvard graduate, worked in museum fundraising until, dissatisfied with the non-profit sector, she gave up her job and started a course at General Assembly, a boot-camp in New York. She felt she needed “some skill set that would give me an entrée into some other area”, and General Assembly offered a fairly quick fix: three months for \$13,500, as opposed to hundreds of thousands of dollars for a two-year masters programme.

The first job after a boot-camp may not pay that well, explains Natacha Springer, who worked in biotech for ten years, took time off to bring up children, and then attended Flatiron. But she saw a 40% salary increase when she started her second job, and now works as a software engineer for a salary in six figures.

Boot-camps claim that over 95% of graduates find jobs as software engineers; starting salaries, they say, average around \$65,000. Such claims are seldom independently verified. As the camps proliferate and more second-rate schools enter the market, quality may suffer. Critics also argue that no crash course can compare with a computer-science degree. They contend that three months' study of algorithms and data structures is barely enough to get an



entry-level job.

Until now, worries about quality have mattered only to those who can afford boot-camps or can secure private loans to attend: tuition fees range from \$10,000 to \$20,000. That is about to change. Last year the Department of Education announced a pilot programme to make federal funds available to boot-camps, which are currently unaccredited and whose students are therefore ineligible for federal aid. As part of the programme, up to ten accredited colleges will work in partnership with “non-traditional providers”, like boot-camps, and the quality of the camps will be assessed by a third party. The goal is both to open the boot-camps to students from poorer backgrounds, and to improve oversight of the courses offered.

Many who follow the education business worry about federal involvement.

For-profit education companies have a mixed history in America; they have been known to take federal money while overpromising, offering sub-standard instruction and saddling unsuspecting students with debt. So far, says Barmak Nassirian of the American Association of State Colleges and Universities, boot-camps have not been proved to do much for low-income students without a college degree.

Mr Nassirian is right. The vast majority of today's boot-camp students are sophisticated consumers who have gone through college. They view the courses as an expensive but necessary add-on, and judge their quality by how much private investment they attract. That is how for-profit education companies should work. To offer these companies the open spigot of federal funding seems too risky, both for taxpayers and for student borrowers. ■

## The manosphere

## Balls to all that

## The rebalancing of the sexes has spawned 21st-century misogyny

W. BRADFORD WILCOX, an academic at the University of Virginia who holds robust views on the benefits of marriage for adults and children, is used to sparking debates. But, after publishing a video about the economics of marriage, he was surprised to field criticism online from a character called “Turd Flinging Monkey”. In his own 15-minute broadcast, the chimp equated marriage to slavery. TFM, as he's sometimes called for short, is a YouTube character created by a disciple of the Men Going Their Own Way movement. An online fraternity, MGTOW believe that marriage fails basic cost-benefit analysis. Why

sacrifice sexual freedom for a wife who may later divorce you and take your children and assets? Better to eschew “gynocentric” conventions in favour of self-sovereignty, the logic goes.

“Save a male and stop a wedding™” is an unregistered trademark of MGTOW.com, one of many websites and blogs that form the manosphere, a diffuse and nebulous corner of the internet. The groups sometimes overlap and sometimes feud; their aims range from fighting for fathers' rights in family courts, where they believe men get raw deals, to trading in tips about how to seduce women. One keyboard Don ▶▶

▶ Juan, Roosh V, has won fame (and ire) for publishing books like “Day Bang: How to Casually Pick up Girls During the Day” and “Bang Poland: How To Make Love With Polish Girls in Poland”.

Dedicated members of the manosphere groups tend to see the world as divided between consumers of blue pills and red pills, a concept borrowed from the “Matrix” films. If Neo, the film’s hero, takes the blue pill, he will remain blissfully ignorant of the powerlessness of humans. Gulping down the red pill will mean reckoning with the truth and seeing “how deep the rabbit hole [went]”. In the manosphere, blue-pill thinkers are those who uncritically accept the idea that society discriminates against women. “Red Pillers”, by contrast, recognise that it is men who are worse-off. As proof, they point to false rape accusations, disparities in the length of prison sentences—63% longer for men, on average—and gaps in college enrolment, where women outnumber men by 12%.

Such grievances led Paul Elam, a 50-something Texan truck driver, to found AVoiceForMen.com in 2009. The site is among the most popular in the manosphere, though Mr Elam objects to this categorisation. “We consistently clash with other groups—like pick-up artists—considered part of the manosphere,” he explains.

Mr Elam had his red-pill epiphany after reading “The Myth of Male Power” by Warren Farrell. At the time he was working as a substance-abuse counsellor in Houston, Texas. He noticed his colleagues asked every woman who came into the centre whether she had suffered harm at the hands of a significant other, and every man whether he had perpetrated such harm. The questions were never posed the other way round. When Mr Elam inquired why, he says his male and female colleagues snapped at him. “The idea of men taking care of themselves frightens people. People have always relied on men to create safe societies,” Mr Elam says. “When they say ‘What about me?’ that creates fear. The impulse is to think ‘Well then, who’s going to take care of us?’”

Interest in such ideas is not robust enough to make them mainstream, but it is too widespread for the manosphere to be considered just a fringe. The popular Red Pill group on Reddit, a platform for online discussion groups, has grown from 19 followers in 2012 to more than 155,000 today. The “Men’s Rights” Reddit group has also seen its subscriber base double to over 100,000 in the same period.

Observers of the manosphere disagree over exactly what fuels it. Barbara Risman, the head of the sociology department at the University of Illinois at Chicago, attributes its rise to a fear that as women become more liberated, men are struggling with feeling dispensable. “Previous men’s movements dealt with an expansion of the

idea of what men could be. This is different. This is about men feeling as though they’ve lost dominance.”

For his part, Mr Wilcox, the simian provocateur and professor, thinks the movement is related to the decline of the traditional family unit. The percentage of Americans over 18 who are married has dropped precipitously in the past half century from 72% in 1960 to 50% in 2014. “Family breakdown can be a breeding ground for misogyny,” he says. Mr Elam retorts that Mr Wilcox’s views are sexist towards men. “You would never tell a woman to ‘woman up’ and get married if she didn’t want to. But that’s what he’s telling men to do.” ■



### College towns

## A roaring trade

NEW YORK

### Chinese tiger mums start a college-town housing boom

EVERYONE knows that Chinese students are flooding American campuses. Less widely known is that their mothers are coming, too. Last year 394,669 pupils from China were studying at American universities, secondary and primary schools, the largest contingent of all international students. Increasingly their parents are moving in with them, buying local properties or investing at least \$500,000 in businesses to try to qualify for a green card.

The tiger mums usually come to America alone, leaving their husbands behind. “When I wasn’t here, my son would survive on instant noodles and energy drinks for several days without eating fruit or vegetables,” says Wenxue Hu, mother of a masters student studying applied mathematics at the University of Pennsylvania.

She gave up her job as a corporate finance director in Shenzhen to cook for him in Philadelphia. Through a local church she met other Chinese tiger mums, most of whom entered with a tourist visa that allows them to stay up to six months each time. New Haven, Connecticut now boasts a “Yale Chinese grandparents’ village”, with 15 residents. The old folk live under the same roof as their grandchildren, mostly PhD and post-doctoral students at Yale who are too busy to take care of their own offspring.

Although some parents rent, many others decide to buy. These Chinese dads and mums now make up a majority of Chinese buyers in America’s housing market. Last year China became the largest source of foreign property investment in America, pouring in \$28.6 billion. Roughly 70% of inquiries from the Chinese indicated that education was the chief motive, says Matthew Moore, president of the American division of [www.juwai.com](http://www.juwai.com), a Chinese international-property website. In Chicago estate agents anticipate more Chinese parents buying expensive condominiums. In Irvine, California, about 70-80% of buyers of new-builds are Chinese parents whose children attend, or plan to attend, nearby colleges, says Peggy Fong Chen, the CEO of ReMax Omega Irvine. Other college towns such as Los Angeles, Seattle, Boston and Dallas, see a similar trend.

Parents of younger children often venture into smaller towns with good primary and secondary schools. In New Jersey, towns like Millburn, Westfield and Princeton have seen prices rising 20-30% higher than in other places, partly because of interest from Chinese buyers. “If you want to make money in real estate,” says Steven Lawson, the CEO of Windham Realty Group, “buy where the Chinese are buying, because they perpetuate the price increase.”

For the rising middle class in China, parking their wealth overseas also makes good business sense. The near-bubble in housing prices at home and the depreciation of the yuan have made them nervous, so diversification becomes pressing. As property prices shoot up in some college towns, more Chinese buyers are drawn in, says Susan Wachter, a real-estate professor at the Wharton School of the University of Pennsylvania. Ownership, rather than renting, becomes more attractive, because their children can rent extra bedrooms to classmates to cover utility and tax bills, while also being able to benefit from future price rises.

Some tiger mums also try to help their children get married by making the down-payment or even meeting the full cost. In Chinese culture, owning a property gives a sense of security and helps to attract a spouse. For these children, having a tiger mum is good fortune indeed. ■

## Scandinavian-Americans

## Founding Vikings

CHICAGO AND MINNEAPOLIS

**After prospering quietly for 150 years, Scandinavian-Americans and their ancestral lands are more popular than ever**

**I**N HIS glowing description of bilateral relations between Norway and America, Kare Aas, Norway's ambassador in Washington, DC, has only a couple of quibbles. "Americans don't recognise that a Norwegian discovered America long before Columbus," says Mr Aas. Indeed, almost 500 years before he left for the New World, a Viking ship steered by Leif Eriksson crossed the Atlantic and reached North America, where the Norsemen remained for one winter. "They should also eat more fish," adds Mr Aas—whose country is the world's second-largest exporter of seafood.

Relations between America and the Nordic countries have never been better. In May, for the first time, Barack Obama hosted a Nordic summit in Washington with the leaders of Sweden, Denmark, Norway, Finland and Iceland. Their talks about Russia's expansionism, the fight against Islamic State, climate change and refugees went so well that, as Mr Obama commented, "There was probably too much agreement." The lovefest was mutual: the Nordics were delighted by their welcome at the White House.

Scandinavia is popular even in the campaign for the presidency. Bernie Sanders, the self-proclaimed democratic socialist who challenged Hillary Clinton for the Democratic nomination, said in the first primary debate last October that America should look to Denmark, Sweden and Norway "and learn from what they have accomplished for their working people." (Mrs Clinton replied that she loved Denmark, but "We are not Denmark.")

Bjorn Lyrvall, Sweden's ambassador, says he is flattered by the attention, but some Scandinavians are slightly irritated by Mr Sanders's praise. According to Daniel Schatz, a visiting fellow at Columbia University, his country's economic success is due to its sound institutions and social cohesion, rather than the welfare state so admired by Mr Sanders. During the heyday of Swedish socialism and big government, Sweden's economic growth actually fell from second in the world in 1970 to the second-lowest in the OECD in 1990. The country recovered only after it decentralised, deregulated its economy and lowered its punishing tax rates.

More than 11m Americans claim to have Scandinavian ancestry. This pales against the 46m who say they have German roots or the 33m who trace their ancestry to Ireland, but the 5m Norwegian-Americans

are roughly equivalent to the whole population of Norway. No country, except Ireland, lost as high a percentage of its population to America as Norway. The scope of Swedish immigration is similarly vast: between 1880 and 1920 around 20-25% of the population left for America.

Swedes and Norwegians left their homelands to escape grinding poverty, restrictions on religious freedom and the compulsory military draft. Arable land was scarce and few other jobs were available. The mass exodus, the often harrowing journeys and tough new beginnings made a deep impression on their collective psyche. "Giants in the Earth", a novel by Ole Edvart Rolvaag, a Norwegian-American, describes Norwegian homesteaders' hardscrabble life in today's South Dakota, and was a great success both in America and back in Norway. A tetralogy by Vilhelm Moberg about Swedish emigration to America is among the bestselling novels in Sweden. Former members of Abba, Sweden's foremost pop troubadours, based "Kristina fran Duvemala", a symphonic extravaganza, on his novels.

Most Scandinavian immigrants managed to build better lives as farmers, mostly in the upper Midwest, where the landscape and climate resembled home, as fishermen on the north-west coast or with jobs in rapidly industrialising cities. Chicago was an especially popular destination for Swedes. "Chicago was the second-largest Swedish city after Stockholm at the



Honey, I'm home

turn of the 20th century," says Lennart Pehrson, an expert on Swedish emigration to America. The new arrivals were hard-working, disciplined and more literate than other immigrant groups. Many worked in construction; it was said that the Swedes built Chicago. Andrew Lanquist, for instance, built two much-loved landmarks: the Wrigley Building on the Chicago river and Wrigley Field, the principal baseball park.

Some of the newcomers from the North succeeded beyond their wildest dreams. Charles Walgreen, the son of a Swedish immigrant, set up Walgreen's, America's largest chain of drugstores. Swedish-born Johan Nordstrom created Nordstrom, an exclusive retail empire. Eric Wickman founded Greyhound, America's biggest bus line. Alexander Samuelson, another Swedish immigrant, designed the curvy Coca-Cola bottle. On a gastronomic level, much of the cinnamon in American baked goods can be credited to, or blamed on, Scandinavians.

According to a study from the Institute of Economic Affairs, Swedish-Americans are considerably richer than the average American—as are other Scandinavian-Americans. The poverty rate of Americans with Swedish ancestry is only 6.7%, half the national average. Swedish-Americans are better off even than their cousins at home: their average income is 50% higher than theirs, a number used by opponents of the Swedish model as an argument against the shackles of big government.

Their success in America seems solidly grounded in old national virtues. They have more trust in each other and in government; they tend to obey rules (leading to many jokes about "squareheads" and "dumb blondes"). The Protestant work ethic is strong: in Minneapolis in particular, the number of Lutheran churches is striking. Scandinavian-Americans also display a keen civic sense, whether in shovelling snow or helping elderly neighbours, from which everyone benefits.

There have been ups and downs in diplomatic relations over the years; but Russian expansionism is now bringing America's security policy closer to the Nordics, even though Sweden and Finland are not members of NATO and, at least in theory, are non-aligned. On June 8th Ash Carter, America's defence secretary, and his Swedish counterpart, Peter Hultqvist, promised to co-operate more closely in a statement of intent signed in Washington.

If Mrs Clinton wins in November, the honeymoon between America and the Nordics is likely to continue. Under Donald Trump, the Republican nominee for the presidency, relations would probably sour: even though Mr Trump used to pretend his ancestors were Swedish, rather than German, because he thought it would make him more popular. ■

# Lexington | How others do it

Radicalisation is a problem far too complex for simplistic Trumpian solutions



**D**ISTRUST anyone suggesting simple ways to prevent radical Islamists from gaining recruits in an open society. For, like all extreme belief-systems, radical Islamism confronts pluralists with a paradox—namely, how do liberal, tolerant majorities protect their values while defending the rights of less tolerant minorities, or fractions of minorities?

Years of reporting on four continents leads Lexington to a practical observation: no single approach has a perfect record of preventing radicalisation, and every silver-bullet idea has been tried somewhere, usually more than once. It is understandable that violent attacks by fanatics alarm people who live in diverse, open societies. But in recent years many Western countries have learned a lot about thwarting terror attacks, often through bitter experience. Radicalisation within Muslim communities is a different though related problem. It is both rarer than demagogic politicians claim, and harder to prevent than they pretend.

A posting in China offered a glimpse of a model based on iron-fisted repression—a situation complicated by the fact that the Muslim religion and ethnic identities often overlap, notably among the Uighur minority in China's far west. The country has mostly avoided spectacular terrorist attacks, but it is a brutally secured, unhappy peace.

More pluralistic models were on view during years reporting in Europe. Some conservatives, especially in America, portray the continent as too decadent and enfeebled to defend itself against a stealthy Islamic conquest, growling that it has become "Eurabia". That is a gross exaggeration. Proud Dutch assumptions about their melting-pot, rather American model—multiculturalism with invisible partitions—were certainly shaken by the murder in 2004 of Theo van Gogh, the flamboyant maker of "Submission", a film accusing Islam of sanctioning violence against women, by Mohammed Bouyeri, a young Moroccan-Dutch man. Mr van Gogh was shot as he cycled to work, then had his throat slit as he begged for mercy.

Covering the murder trial in 2005 offered scenes resembling a parody of European softness, as when two policemen appeared in court to ask for €3,000 (\$3,360) to compensate them for emotional distress suffered when shot at by the killer: at their testimony Mr Bouyeri rolled his eyes in amusement. But in truth more

muscular law and order would not have deterred the killer. The court heard that he hoped to die in a gun battle with police, and would have begged for the death penalty if the Netherlands had it. Some on the left blame poverty and Western racism for extremism. In fact Mr Bouyeri once looked like an integration success story: he had helped to run a community centre, before quitting because men and women mixed there, and had even been consulted by officials about improving relations with the police. His radicalisation was his own work, accelerated by worshipping at a mosque favoured by extremists.

Belgium's model has for too long been non-benign neglect. Squabbling local, regional and federal governments ignored radical imams trained and funded from abroad, and allowed extremists to operate in plain sight. Bids to then impose secularism by fiat had unintended consequences. In 2009 the Dutch-speaking region of Flanders banned religious symbols, including headscarves, in hundreds of schools. A headmistress from the port city of Antwerp expressed relief at the ruling. Her school was eager to accommodate Muslim students. It was one of the last in the city to ban headscarves. Alas, that position attracted the most conservative Muslim families to cluster there, creating an oppressive atmosphere as older brothers policed their sisters' modesty. Young, moderate Muslims fretted that banning headscarves would make it harder for girls from conservative families to be "emancipated" through education in mainstream schools.

France's model promotes a secular, collective national identity, backed by draconian powers for counter-terror spooks, police and judges. President François Hollande says France is "at war" since terror attacks in Paris last year, deploying 10,000 troops on the streets. Yet the economy is divided between insiders and outsiders; immigrant-heavy suburbs seethe with distrust of the state.

Britain's model involves muddling around such questions as headscarves in schools, spasms of alarm that multiculturalism undermines British values, and trust in high-quality police and intelligence services. Still, an interview in 2004 with a remarkable FBI special agent, born in London to a Pakistani Muslim family that later emigrated to Chicago, offered a warning against British complacency. A counter-terrorism specialist, she found extremism's grip tighter in Britain than in America, with young Britons "a little vengeful...more anti-Western" than Americans.

### Anti-Muslim, anti-American

History helps to explain rates of radicalisation. It matters how Muslim immigrants arrived: some European governments recruited guest-workers en masse from specific source-countries to staff particular industries, creating jobless ghettos when those industries collapsed. This was not the case in America, whose Muslims made their own way and arrived mostly well-educated and ready to flourish. The country is fortunate that its 3.3m Muslims are notably diverse and integrated. In surveys they stand out for rejecting extremism by much larger margins than most Muslim publics around the world.

Such details leave the presumptive Republican presidential nominee, Donald Trump, unmoved. He claims, falsely, that "no system" currently exists to vet Muslim immigrants from the Middle East, or to prevent them "trying to take over our children". Mr Trump is not puzzling out how to make diversity work or to counter radicalisation. He is pretending that the non-Muslim majority can be rid of a minority that alarms them. To be clear: that is an un-American rejection of pluralism, not a bid to make it work. ■



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**Criminal justice in Mexico**

## Trials and errors

MEXICO CITY

**The right reform has been introduced, but perfecting it could take years**

**I**N 2005 José Antonio Zúñiga, a Mexican street vendor of computer services, was sentenced to 20 years in prison for murder. His conviction relied on the account of a lone witness, who did not mention Mr Zúñiga until his third statement to police. Other stallholders said he was at work during the murder. The court excluded statements supporting him, and ignored contradictions in the prosecution's case and a test that showed he had not fired the gun.

Mr Zúñiga had the good fortune to have two campaigning lawyers take on his case, who succeeded in overturning the verdict. In 2011 his story was featured in a documentary, "Presumed Guilty". But he is a rare exception among the wrongly convicted in Mexico. Overall, says an attorney in the film, "from the moment they accuse someone, the prosecution has won."

The message of "Presumed Guilty" would surprise most foreign observers of Mexico's drug war. The popular perception is that the country's courts fail to convict enough people. Around three-quarters of murders go unsolved, and the public has grown inured to the spectacle of masked soldiers parading recently arrested "traffickers" or "hit men" before the cameras, only to see them released days later.

But a hidden consequence of letting the guilty go free is that innocent people are often punished in their stead. Historically

around 95% of criminal verdicts in Mexico have been convictions. And 90% of those have been based on confessions, which police have a nasty habit of beating out of prisoners. A study of 80 suspects arrested in connection with the killing of 43 student teachers in September 2014 alleged that 17 had been tortured. Separately, three police officers and two soldiers are facing torture charges after an online video showed a female suspect being asphyxiated with a plastic bag. Security experts generally say that only by safeguarding defendants' rights and building public trust in the justice system can the state hope to amass the evidence necessary to capture and convict the real culprits and deter organised crime.

**A very long goodbye**

Felipe Calderón, Mexico's conservative president from 2006 to 2012, is best known for deploying the country's army against its drug gangs. But he simultaneously took these arguments to heart by launching a root-and-branch transformation of its courts, which is scheduled to be fully implemented by June 18th. Miguel Ángel Osorio Chong, the interior minister, has declared it bids "goodbye to impunity".

The new system scraps the "inquisitorial" approach, in which a prosecutor presents written evidence that the defence has little opportunity to contest, in favour

of a more transparent "adversarial" model, where lawyers argue their cases orally before a judge. It establishes basic rights for defendants, like the presumption of innocence and the provision of a lawyer, and excludes confessions from court unless a defence attorney was present when they were given. It allows alternative approaches to justice, such as mediation, for less serious cases. And it fights corruption by requiring the involvement of three separate judges: one to ensure the rights of the accused are observed before the trial, another to preside in court and a third to guarantee the sentence is carried out correctly.

The policy has been a long time coming. It became law in June 2008. When Mr Calderón left office in 2012, just under 30% of Mexicans lived in areas covered by the new rules. His successor, the centrist Enrique Peña Nieto, belongs to a different political party, but has proved an eager reformer. In addition to passing economic liberalisation that Mr Calderón supported but could not get through Congress, he increased federal transfers to the states to speed up the justice reform, and introduced a national penal code to ensure the uniform application of criminal law across the country. By June 7th 93% of Mexicans lived in regions where the new model has taken effect; the government says that figure will reach 100% by June 18th.

Evidence from states that have instituted the changes is encouraging. In particular, they seem to have streamlined the judicial process: the average time to resolve a case has dropped from 180 days to 34. In Mexico City, prison overcrowding fell by 70% in the system's first four months, mainly because many types of crime could be dealt with through mediation rather than by the courts. And three of the earlier- ▶▶

adopting states, Baja California, Morelos and Nuevo León, have reduced the share of defendants put in pre-trial custody—and thus housed next to convicted criminals—by around 20 percentage points. About 40% of Mexico's total prison population is awaiting trial, and the new availability of different bail measures (such as periodic reporting) and a presumption of innocence should grant many of them at least temporary freedom.

Nonetheless, Mr Peña will need to keep expectations in check now that the adversarial approach is in place. Even if implemented perfectly, it will not reduce crime

on its own: security in Morelos, one of the first to set it up, has been deteriorating. The emphasis on challenging evidence in court means that police officers will have to get better at protecting a crime scene and preventing contamination. Corrupt officers will gain a new means of sabotaging legal proceedings, by mishandling evidence and claiming it was a mistake.

Moreover, the roll-out has been patchy. Chihuahua, in the north, instituted its own reform in 2007, before the policy was adopted nationwide, whereas Sonora, its neighbour, only did so recently. Many states that developed their own codes will

have to adjust them to comply with new national standards. In some places the two systems will run in parallel, since crimes committed before the launch of the reforms will still be tried the old way. CIDAC, a think-tank, predicts it will take 11 years for the new model to operate effectively.

Yet despite such growing pains, there is wide consensus that the reforms are necessary if not sufficient to establish the rule of law in every corner of Mexico. Their implementation, says David Shirk of the University of San Diego, represents a “milestone in the marathon to a better criminal-justice system”. That is reason for hope. ■

## Bello | The Venezuela test

### Why Latin American governments refuse to stick up for democracy

AS THE police in Venezuela shoot hungry looters, the Organisation of American States (OAS) dithers. The world's oldest regional body, based in a grand mansion a few blocks from the White House, is supposed to uphold democracy in the Americas. Back in 2001 it adopted a high-flown Democratic Charter, committing the 34 active member states to representative government, and declaring that any country where the democratic order is interrupted or altered could be suspended from the body.

The aim was to prevent not only a repetition of Latin America's military dictatorships of the 1970s and 1980s but also the 1992 “self-coup” by Alberto Fujimori, a Peruvian president, who shut down his country's Congress. This week the OAS's General Assembly convened in the Dominican Republic facing a “self-coup” in Venezuela. But for various reasons, the assembled foreign ministers' resolve to apply their charter is about as stiff as a piña colada without the rum.

Nicolás Maduro, Venezuela's leftist president, has neutered the opposition-controlled National Assembly and locked up scores of political prisoners. He flatly refuses to allow a recall referendum against him this year, as the opposition demands and the constitution allows. (His electoral commission has disallowed more than 1m voters' signatures supporting one.) Food riots and looting are now almost daily events in Venezuela, thanks to the government's mismanagement.

All this prompted Luis Almagro, the OAS's secretary-general, to invoke the Democratic Charter last month as he called for a meeting that could lead to Venezuela's suspension. A former foreign minister of Uruguay and himself a left-winger, Mr Almagro has become a vocal critic of Mr Maduro. But has he done his



homework?

At the instigation of Argentina, the initial response of the OAS's permanent council was a declaration backing talks between the government and the opposition organised by a clutch of ex-presidents. Though an excellent idea in principle, it came as no surprise to observers of Mr Maduro, whose aim is to buy time, that this is going nowhere. That, too, may be the fate of bilateral talks agreed in Santo Domingo by John Kerry, the United States' secretary of state, and his Venezuelan counterpart.

Argentina has back-pedalled. Last year the country's new liberal president, Mauricio Macri, called for Venezuela's suspension from Mercosur, a trade group, for violating its democracy clause. But Susana Malcorra, Mr Macri's foreign minister, is a candidate for secretary-general of the UN. Venezuela is currently a non-permanent member of the Security Council and, her critics say, she doesn't want to offend it.

Yet the reasons for caution, from Argentina and others, go deeper. Latin Americans are allergic to intervening in each other's internal affairs, partly because the United States did so in the past. They have

invoked the democracy clauses in their various regional agreements only when left-wing presidents of small countries (Honduras and Paraguay) were pushed out. The region's culture of presidentialism makes them reluctant to punish an elected leader, however dictatorial.

Second, Latin American diplomats worry that suspending Venezuela from the OAS would not restore democracy. “They think that power in Caracas still lies with the regime,” says Matias Spektor, a professor of international relations in São Paulo. Polls show that Mr Maduro has the support of only a quarter of Venezuelans, but he has the backing of the army. Political changes in the region mean that Mr Maduro has fewer allies. But he knows that Barack Obama is on the way out in the United States and that Brazil's interim government is weak.

Third, much of South America is ambivalent about the OAS itself, seeing it as a cold-war anachronism. The organisation now shares the diplomatic stage with other regional bodies that exclude the United States and Canada. Even so, suspension from the OAS would matter to Mr Maduro. Himself a former foreign minister, he has been lobbying hard to prevent this outcome, says Michael Shifter of the Inter-American Dialogue, a think-tank in Washington, DC.

The OAS will decide on June 23rd whether to sustain Mr Almagro's initiative. He looks likely to fall short of the 18 votes he needs. Even Mr Kerry said he would not support Venezuela's suspension. The hope is that Mr Almagro's proposal will force Mr Maduro into a real dialogue, one based on respecting his own constitution. If not, the OAS will merely have demonstrated that Latin America's commitment to collective action to uphold democracy is a dead letter.

## Gay rights in the Caribbean

## Not everyone's island paradise

PORT OF SPAIN

Discriminatory laws have proved hard to repeal

A RAINBOW flag flew at half-mast alongside the Stars and Stripes on June 13th at the American embassy in Kingston, Jamaica. It honoured the 49 people killed the day before in a gay club in Orlando. Marlene Malahoo Forte, the island's attorney-general, took issue with the gesture. The rainbow banner was "disrespectful of Jamaica's laws", she tweeted.

Gay male sex in Jamaica carries a ten-year prison sentence, though the country graciously tolerates rainbow flags. The embassy tweeted back: "We're listening. Explain the legal reasoning? It was an attack of terror !!and!! hate." Ms Malahoo Forte later said she had been "misconstrued". But the incident drew attention to Victorian sexual laws in a region that lures tourists with a free-and-easy image—and to the failure of attempts to change them.

Organised religion has historically played a much larger role in Catholic Latin America than in the English-speaking Caribbean. But the islands are far less gay-friendly. Trinidad & Tobago and Belize prohibit homosexuals from crossing their borders (though they seldom check). Eleven countries in the region ban gay sex, and attacks on gay people often go unpunished. Last month two gay men were shot dead at home in Jamaica's tourist capital, Montego Bay. And three years ago Dwayne Jones, a teenager, was killed by a mob in the same city for wearing women's clothes to a party. No witnesses have come forward, and there have been no arrests.

Politicians in many countries admit in private that these laws are antiquated, and that openness is needed to fight HIV. But efforts to modernise them have flopped. In 2001 Guyana's legislature passed a constitutional amendment banning discrimination based on sexual orientation, but the

president blocked it. In a referendum on June 7th in the Bahamas, voters refused to ban discrimination by sex. Even though the proposal did not mention homosexuality, the "no" side, backed by fundamentalist Christians, warned that it might pave the way for gay marriage, and seems to have been widely believed. Caribbean governments have sought to block region-wide efforts to protect sexual minorities. At a meeting of the Organisation of American States from June 13th to 15th, Jamaica and Barbados formally objected to the gay-rights chunk of a human-rights resolution.

Frustrated at the ballot box, reformers have also been foiled in the courts. Belizean judges have yet to rule on a case they heard in 2013 seeking to overturn anti-gay laws. And on June 10th the Caribbean Court of Justice decided that bans on travel by gays can stay in place because they are not enforced. Ms Malahoo Forte's own department is now preparing to fend off a challenge to Jamaica's homophobic laws.

The political power of Caribbean churches frustrates gay-rights activists. Fundamentalist Protestants are well-organised and sometimes publicly subsidised. Politicians fear they can muster votes that can swing first-past-the-post elections in small countries.

Their distaste for homosexuals is widely shared. Following the recent murders in Montego Bay, one resident told a local newspaper that "we are really not into the fish [gay] thing around here...nobody [is] crying about it." Catchy, gay-bashing dance-hall tunes—like Sizzla's "To the Point", which declares "sodomite and baty boy me say a death fi dem"—have vanished from the radio, but remain popular at parties. Far from seeking to thwart the popular will, Andrew Holness, Jamaica's prime minister, has called for a referendum to validate its discriminatory laws. One 2014 poll found that 91% of respondents opposed repeal.

On June 23rd Bermuda, a British overseas territory, will vote on whether to allow civil unions, gay marriage or neither of the two. With the Orlando attack fresh in their minds, there is hope that islanders may buck the regional trend. ■

## Poverty in Latin America

## Don't look down

Escaping poverty was easy enough. Staying out of it looks harder

IN THE first decade of the new millennium Latin America grew more equal. A report on poverty published on June 14th by the United Nations Development Programme found that between 2003 and 2013 nearly half the region's population moved up the income ladder, and one in five joined the middle class, defined as having between \$10 and \$50 a day of purchasing power. Conversely, only 1% dropped into a lower group, and the share of people living on less than \$2.50 a day fell by half, to 11.5%. As a result, Latin America's Gini coefficient, which runs from zero (where everyone earns the same) to one (where a single fat cat gets all the cash), declined from 0.55 in 1994 to 0.49 in 2013.

Unfortunately, the end of the global commodity boom has spelled the end of Latin America's long growth spurt. In 2014-15, GDP increased by just 0.6% annually. As a result, the gains achieved by the region's lower classes now look precarious. In the past, a bit over 10% of people just above the poverty line have wound up falling beneath it. If the same proportion slide back in the coming years, more than a third of those who escaped poverty in the past decade will relinquish their progress.

The report's central message is that without robust economic growth, the policies that helped reduce poverty (such as conditional cash transfers, which give families money for vaccinating children and sending them to school) may not be enough to keep their beneficiaries from becoming poor again. It lists four factors that prevent downward mobility. Not all jobs are created equal: formal employment with benefits and severance provides a better cushion than piecemeal gigs. Owning assets, such as a car or house, is another buffer. Help with caring for children and old people is essential, whether by friends, family or the state. And formal safety nets, like pensions and unemployment insurance, do their jobs as advertised.

Such counsel would have been even more useful in 2006, when the region enjoyed windfall tax revenues. Today, these indicators look troubling. Most workers are either self-employed or in businesses with fewer than five staff. Nearly half of this group has no job-based pension. Just 12.5% of people in the region's bottom three wealth quintiles own a car. Without these safeguards, poverty reduction in Latin America could prove as fleeting as the commodity boom that made it possible. ■






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**Mass arrests in Bangladesh**

## Round up the usual suspects

**A spate of assassinations provokes a heavy-handed response**

OVER the past three years, Islamist terrorists have killed more than 40 people in Bangladesh, usually by hacking them to death with machetes. The victims had offended their murderers by being gay, non-Muslim or critical of Islamist parties. The government has done shamefully little to end the carnage.

However, a recent murder seems to have shocked it into action. On June 5th the wife of a police officer investigating a militant group was hacked and shot dead in front of her six-year-old son. Five days later Sheikh Hasina, the prime minister, promised to catch “each and every killer” and accused the main opposition party, the Bangladesh Nationalist Party (BNP), and its Islamist ally, Jamaat-e-Islami, of orchestrating the murders. A wave of arrests followed. By the time *The Economist* went to press more than 11,000 people had been rounded up.

In Dhaka theories about the “real reason” the government sprang into action abound. Some cite self-preservation: in May anonymous jihadists published a hit list that included not just secular bloggers and Hindu intellectuals but also the state telecoms minister and one of Sheikh Hasina’s closest aides, whose close ties to India led militants to brand him the “anti-Islam adviser”.

Some believe Sheikh Hasina ordered the arrests to please foreign governments that have complained about Bangladesh’s reluctance to pursue the assassins. Still others see the arrests as a sop to the police, who have been given a lucrative opportunity: the average bribe to spring someone after an arrest is between 8,000 and 20,000 taka (\$102-255), while up to 100,000 taka can be extracted from a Jamaat activist. The average policeman’s salary is just \$250 a month.

**Sticking to the script**

The arrests are politically convenient. BNP members say that this week’s dragnet caught more than 2,100 of its activists. The ongoing trial on corruption charges of the party leader, Khaleda Zia, who has twice served as prime minister, has left the BNP reeling. Many believe the government wanted to scoop up what was left of the enfeebled opposition before a verdict in Mrs Zia’s trial, expected in the coming months. Most expect her to be convicted and possibly jailed; many are furious.

A Bangladeshi official says the rising death toll and broadening range of targets made the crackdown “an absolute necessity”. On June 7th a Hindu priest was found dead, nearly beheaded, in south-western Bangladesh, just weeks after an elderly

Buddhist monk was hacked to death in the country’s south-east. But in private, senior police officers complain that mass arrests are no substitute for proper investigation.

Of the thousands arrested, only a few hundred at most are believed to be members of militant groups. Few high-ranking figures from Jama’atul Mujahideen Bangladesh or Ansarullah Bangla Team—the two outfits that have claimed most of the murders—have been arrested. Perhaps the police do not know who the leaders are, or where they are hiding. But some Bangladeshis speculate that they are deliberately leaving them alone. Hefazat-e-Islam, a fundamentalist group, has staged huge rallies calling for the murder of atheist bloggers. One of its followers was arrested for the killing of one such blogger, Washiqur Rahman. Yet Mufti Fayezullah, a Hefazat leader, says its activists were not targeted in the crackdown.

Nobody seriously suggests that the government is in league with the terrorists. But it has been slow to deal with the threat, long denying that al-Qaeda and Islamic State were active in Bangladesh, even as followers of both groups claimed credit for murders. Instead, the government has blamed the opposition party.

The ruling party, the Awami League, has allowed its own religious wing, the Olema League, to grow ever bolder. Earlier this year, with Hefazat, it campaigned to defeat a petition calling for the removal of a constitutional provision recognising Islam as the state religion. The challenge took 28 years to wend its way through the legal system; the country’s highest court spent all of two minutes dismissing it. Doubtless the judges did so for sound legal reasons, but had they come to a different decision, they ▶▶

▶ might have been murdered.

Zillur Rahman, an academic in Dhaka, says that the Awami League “wants to be seen as a champion of secularism and a protector of Islam”. It should be possible to be both. On June 14th around 100,000 Muslim clerics in Bangladesh issued a *fatwa* (Islamic religious edict) ruling the murder of “non-Muslims, minorities and secular activists...forbidden in Islam”. Yet still the government is reluctant to speak up for secularism and tolerance.

India, which almost completely surrounds Bangladesh, will be watching with great interest what happens next. Its border with Bangladesh has traditionally been as calm as its border with Pakistan is restive. It fears instability and radicalism on both sides.

India's government is also concerned for the safety of Bangladesh's Hindu population, which has declined markedly in recent years. Many have fled across the border; India has vowed to make it easier for them to claim citizenship. More may follow. Five days into the crackdown, a Hindu college teacher in a town near Dhaka answered the door at his home and was hacked nearly to death by three men with machetes. ■

## Indian elections

# The wrong ink

DELHI

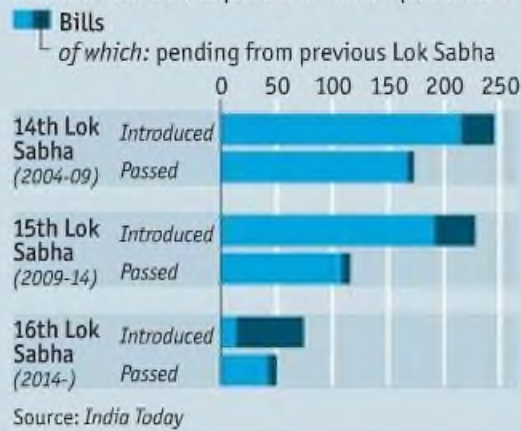
## What upper-house elections say about Indian democracy

FOR a country that votes as often and noisily as India, elections to the Rajya Sabha, its upper house of parliament, are oddly staid. The body's 245 members are not elected all at once to their six-year terms. Instead, each state renews one-third of its senators (whose total number depends on the state's population) every two years. And they are not elected by the public but indirectly by state assemblies, using a system so bafflingly complex that in practice parties often avoid a vote by agreeing among themselves how to apportion seats. In the election that ended on June 11th, 30 of the 57 contested slots were filled this way.

Even so, Rajya Sabha polls are seldom devoid of drama. If parties fail to make deals, or if their members rebel, the results can be unpredictable. This election season began with a scandal in the southern state of Karnataka. Posing as aides to a candidate, journalists secretly filmed four state assembly members demanding bribes of up to 100m rupees (around \$1.5m) each in exchange for supporting him. Those deputies are now under investigation.

## Slow down

Bills introduced and passed in India's parliament



Elections closed with a whiff of skulduggery in Haryana, a state adjacent to the capital, Delhi. Two of its five seats were in play. The first was a shoo-in for a candidate from the ruling Bharatiya Janata Party (BJP), which also governs Haryana. The second seat seemed sure to go to R.K. Anand, a lawyer with the backing of both a strong local party and Congress, the national rival to the BJP. Yet because of an odd procedural error it went instead to Subhash Chandra, a media mogul rated by *Forbes* magazine as India's 15th-richest man. He happens also to be a strong supporter of the BJP.

Mr Chandra was lucky indeed. Voting rules for the Rajya Sabha require state assembly members to vote in turn, filling out ballots with a particular kind of pen and ink. For some reason no fewer than 13 Congress party members in the 90-seat Haryana assembly used a single pen with the wrong ink, rendering their votes invalid. The unfortunate Mr Anand contends that someone switched the pen in the balloting booth, causing him to lose.

Both the cash-for-votes sting and the iffy ink point to wider problems with the Rajya Sabha. India's upper house is a powerful body. Even a prime minister as strong as Narendra Modi, who holds solid control of the Lok Sabha (lower house) has been unable to pass a goods-and-services tax, which economists see as crucial to India's fiscal health. The slow pace of change in the composition of the Rajya Sabha means that Congress, despite its waning influence nationally, can still block the tax in the upper house, just as Mr Modi's party blocked it when Congress was in power. India's parliament under Mr Modi, who came into office in 2014, has introduced and passed far fewer bills than the previous two (see chart). The biggest impediment has been the Rajya Sabha.

The Rajya Sabha was intended, like America's Senate, to represent the interest of states (its name means “states council” in Hindi). Following a 2006 Supreme Court ruling, however, its members no longer need to show ties to the states they ostensibly represent. Instead, national parties such as Congress and the BJP place

their own strongmen as state representatives. Manmohan Singh, a former prime minister from the western state of Punjab, has since 1991 “represented” the north-eastern state of Assam.

Parties are also understandably tempted to field wealthy donors as candidates. As a result the Rajya Sabha has become something of a rich man's club: a 2013 survey of members' declared assets found they averaged \$3m, in a country where the average annual per capita GDP is \$1,581.

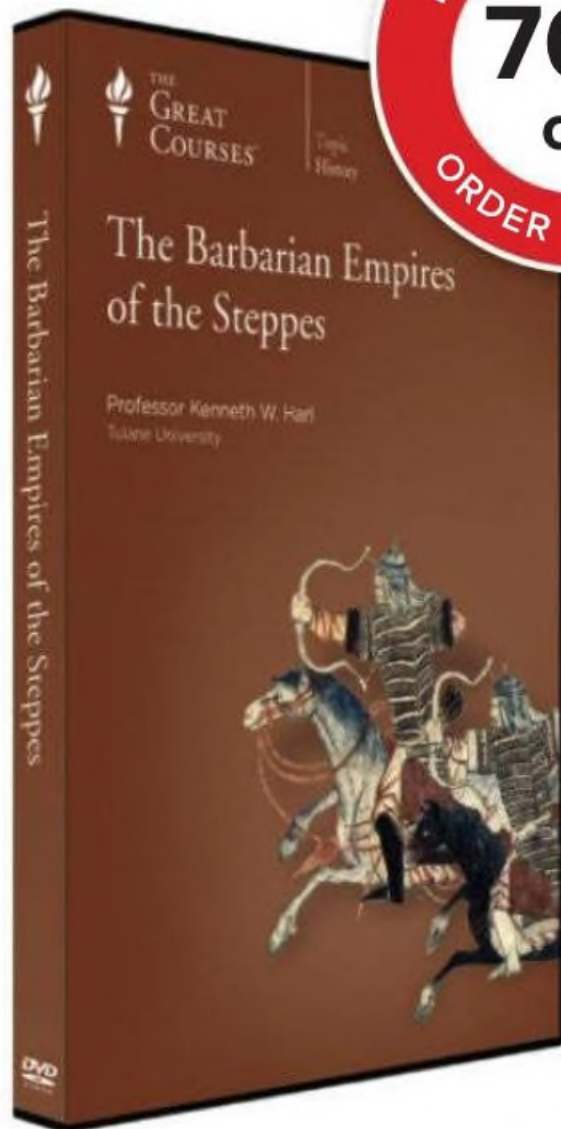
Despite their bitter rivalry, both Congress and the BJP supported the Rajya Sabha membership of Vijay Mallya, a beer and airline magnate whose flamboyant lifestyle caused him to be dubbed “The King of Good Times”. Elected in 2002, Mr Mallya conveniently served in committees on commerce and aviation until forced to resign from the legislature in May this year, following his sudden departure to London. Banks claim he owes them more than \$1 billion; India's attorney-general has called him a “fugitive from justice”. Mr Mallya says he plans to remain in “forced exile” in Britain.

As expected, this year's election produced a slight increase in upper-house seats for the BJP and a slight loss to Congress, with the balance held by regional parties. At this rate, Mr Modi's ambition to control both legislative houses will not soon be achieved—certainly not before India's next general election in 2019. It may be no bad thing that India's constitutional system puts brakes on such ambitions. But without some reform of the Rajya Sabha India risks what Baijayant “Jay” Panda, an MP, calls “a logjam of far too many checks and not enough balance.” ■





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### Politics in Papua New Guinea

## University challenge

WELLINGTON

**As student protests spread, a defiant prime minister digs in**

**C**ORRUPTION scandals are a familiar story in Papua New Guinea (PNG), a remote, mountainous country of 7.7m with an economy that depends on mineral resources and logging. One led to the suspension of the previous prime minister. Another threatens the current one, Peter O'Neill. On June 8th police opened fire on unarmed University of Papua New Guinea students protesting against Mr O'Neill's refusal to present himself for questioning on corruption charges. Dozens were injured, though none were killed.

Protests soon spread from Port Moresby, the capital, across the country, and show no signs of abating. Clashes have left students hospitalised in Goroka, the capital of the country's Eastern Highlands province, and Lae, PNG's second-largest city. Calls for Mr O'Neill to resign will probably grow louder in the run-up to general elections, scheduled for next June.

Many hoped for better from Mr O'Neill. In 2011 he set up an anti-corruption body called Taskforce Sweep. Its investigations led to dozens of officials being arrested. However, Mr O'Neill's enthusiasm for Taskforce Sweep waned when it started investigating him, alleging that he authorised fraudulent payments of 72m kina (\$22.8m) to Paraka Lawyers, a local law firm. Both deny wrongdoing.

In June 2014 arrest warrants were is-

sued for Mr O'Neill and his finance minister, James Marape. The prime minister responded by disbanding Taskforce Sweep and firing his attorney-general. When the courts resurrected the body Mr O'Neill simply cut its funding. In July 2015 an anti-corruption unit within the police force brought fresh charges against Gari Baki and Ano Pala, respectively the new police commissioner and attorney-general, alleging that they conspired with Mr O'Neill to scupper the Paraka investigations. Neither has been convicted.

In 2008 PNG's ombudsman looked into how Mr O'Neill's predecessor, Sir Michael Somare, had acquired a large apartment and a beach house in the Australian state of Queensland. In 2011 he was suspended from office for failing to submit required financial statements.

Since Mr Somare's time the stakes have grown. The past decade's commodity boom poured rivers of extra cash into public coffers. Lower oil and gas prices since 2014 have squeezed budgets just as the government was ramping up infrastructure spending, leading to severe cuts to health and education. Meanwhile, politicians have grown more adroit at using state institutions to quash investigations into their alleged misconduct. Incumbency confers big advantages. The fear is that some politicians may steal and take kickbacks not only to enrich themselves but also to buy protection and win elections.

The students' demands that the prime minister step down came just weeks before the last date when Mr O'Neill's government can be dislodged in a no-confidence vote before the next election. Mr O'Neill has easily defeated no-confidence challenges before, but this time his reputation is less shiny and his supporters may be less loyal.

Claiming that the protests were stirred up by "outside agitators", Mr O'Neill adjourned parliament until August 2nd—after the no-confidence risk passes. No doubt it seemed a shrewd move. But if Mr O'Neill's critics cannot make themselves heard in parliament, they may do so on the streets. ■



### A spending scandal in Tokyo

## Another one bites the dust

TOKYO

**A row over public funds topples Tokyo's governor**

**A**N ITALIAN meal costing ¥80,000 (\$752). Mystery novels, comic books, Chinese silk shirts and a holiday for his family. Antique art. The most expensive suite at the five-star Conrad London St James hotel. These were some of the uses to which Yoichi Masuzoe put public funds when he was governor of Tokyo.

At first Mr Masuzoe tried to apologise his way out of a scandal that gripped the city for weeks and filled the galleries of the Metropolitan Assembly, the city's parliament, with annoyed Tokyoites. The spending was not illegal, but a looming no-confidence motion in the Diet and warnings that he could hurt the Liberal Democratic Party (LDP) in impending upper-house elections prompted Mr Masuzoe to resign on June 15th. The LDP may be relieved, but his resignation is yet another embarrassment for the city as it prepares to host the Olympics in 2020.

He is the second consecutive LDP-backed governor to quit amid a row over money. Mr Masuzoe's predecessor, Naoki Inose, resigned after the propriety of a ¥50m loan he received from a medical institution was challenged. Ironically, Mr Masuzoe, a TV commentator and ex-cabinet member, entered office promising to run a clean administration and to restore the city government's tainted reputation ahead of the Olympics. ▶▶



▶ Koichi Nakano, a political scientist at Sophia University in Tokyo, said that had Mr Masuzoe remained in office, it would have “drawn more attention to the sort of old-fashioned money politics represented by the LDP, and they could have suffered” at the ballot box.

To the ire of many Tokyoites, Mr Masuzoe’s spendthrift ways will now trigger another city election this summer, projected to cost around ¥5 billion. His resignation complicates the city’s preparation for the Olympics. Three years ago the Japanese capital’s reputation for efficiency and its residents’ enthusiasm for the Games gave Tokyo’s bid an edge over rival applications from Madrid and Istanbul.

But the Olympic plans have been plagued by cost overruns and administrative bungling. Japan’s Olympic committee has been ensnared in a bribery investiga-

tion. The design for the Olympic stadium was scuppered last year by criticism that it was too grandiose and environmentally destructive. Mr Masuzoe and the central government fought bitterly over the city’s share of the price tag. He memorably compared the central government’s bland reassurances that the preparations were going swimmingly to Japan’s Imperial Army insisting that it was winning the second world war.

Among the candidates being touted as his successor is Yuriko Koike, a female LDP legislator who previously served as defence and environment minister. Kenji Utsunomiya, a former head of Japan’s bar association, is also expected to make a bid, as will others. But the appeal of overseeing an economy larger than the Netherlands’, could quickly fade if Olympic preparations continue to go awry. ■

## Australia’s election

# Time of Nick

WHYALLA

### Chasing votes in Australia’s rust belt

**E**LECTRICITY pylons on the long, barren highway leading north of Whyalla, an industrial city in the state of South Australia, are festooned with campaign posters. Australia is just weeks away from a general election: Malcolm Turnbull, the prime minister, is seeking a second term for his conservative Liberal-National coalition against a revived Labor Party, led by Bill Shorten. But most posters on the Whyalla highway depict neither of these major-party candidates. Instead, they show the grinning face of Nick Xenophon, an independent senator from Adelaide, the state capital, whose influence reaches far beyond his home state.

By calling an election for July 2nd, Mr Turnbull hoped to strengthen his position with a solid mandate. Strong leaders are in short supply: in the past decade Australia has had three governments and five prime ministers. Mr Turnbull began the campaign with a hefty lead, but polls have tightened. And South Australia—abundant in red desert, farms and mines, but with just 8% of Australia’s 24m people—has emerged as a fierce battleground.

For more than a century iron ore has been dug out of the state’s mountains. In recent years Chinese demand triggered a boom: when the financial crash eight years ago sent other countries into recession, South Australia kept building. Investors snapped up tidy little houses on the edge of the desert at Whyalla, then a boomtown. “We didn’t really feel the crisis here,”

says Peter Calliss, an estate agent.

That has changed: today South Australia is weathering a nasty downturn. Collapsing ore prices and a global steel glut pushed Arrium, a large steelmaker in Whyalla, into administration in April. The state shed thousands of manufacturing jobs in the past decade; no state has a higher unemployment rate (6.9%). More will go when General Motors leaves Adelaide next year, bringing to an end 69 years of



Mr X marks the spot

carmaking in Australia.

Mr Turnbull has promised to stanch the flow of job losses. Australia will build 12 new submarines in Adelaide, which will employ around 3,000 people. At a campaign stop in June, he vowed to bring “the jobs of the future” to the state. But many locals still blame his predecessor for destroying the jobs of the present: Tony Abbott, whom Mr Turnbull unseated as Liberal leader last September, refused the car industry’s pleas for more subsidies. The industry had long been uncompetitive, but to many South Australians it was part of their identity.

Enter Mr Xenophon. He first won election to state parliament in 1997 on an anti-gambling platform. Since moving up to the federal parliament eight years ago, he has emerged as a popular national figure. His views are eclectic: suspicious of foreign investment, free trade and carbon taxes; but resolutely pro-immigration. This year, for the first time, he is fielding candidates for all of South Australia’s lower house seats, and for the upper house in all six states.

A recent poll gave the Nick Xenophon Team 22% of first votes in South Australia. That may be enough to snatch at least Mayo, a prized Liberal lower-house seat near Adelaide. Mr Xenophon’s candidate there is Rebekha Sharkie, who once worked for the seat’s Liberal member.

She left the Liberals four years ago, amid what she saw as the party’s rightward drift: “They seemed to have forgotten middle Australia.” She was also dismayed by Mr Abbott’s speaking under a “Ditch the Witch” sign aimed at Julia Gillard, then the prime minister. Ms Sharkie reckons her moderate politics will play well in South Australia.

Polls show they may do so nationally, too. Mr Xenophon’s team could win enough Senate seats to hold bargaining power with whichever major party wins the lower house. Liberal and Labor, old archenemies, are even discussing deals that could involve asking their supporters to cast their second votes tactically to thwart Mr Xenophon and the Australian Greens, another small party, under the lower house’s preferential voting system.

Mr Xenophon ascribes his rising popularity to a “changing old order in politics”. He rails against free-trade agreements, blaming them for job losses and castigating Australia’s “lousy negotiators”. He wants the Trans-Pacific Partnership, a 12-nation trade pact that Australia has agreed to, but not yet ratified, “taken off the table”.

That is unlikely to happen. Still, his economic populism resonates in South Australia. Ian Walkden, who owns an office-supply business in Whyalla, predicts a swing towards Mr Xenophon’s slate. “Lost manufacturing is not just about Whyalla,” he says. “It’s about South Australia and the whole of Australia.” ■

# Banyan | The lost continent

## Europe's frustrating search for strategic relevance in Asia



WHEN American strategists role-play scenarios about a crisis with China—probably, these days, a flare-up in the South China Sea—they know they can rely on their friends in Europe. As America sends another carrier strike group and Chinese submarines slink out of their bases, the European Union (EU) stiffens the sinews, summons up the blood and proceeds to...issue a stiff statement. Europe's irrelevance to Asian security has been lamented for years at regional conferences and in countless papers. Given its size, wealth and ties with the region, including hefty arms sales, one might expect the EU to play a bigger role in the region's defence and security. But it is not clear either that it should, or that it will ever be willing to.

The EU itself sometimes displays a puppyish eagerness to have its military pretensions stroked: "Please, please, don't just look at us as a big free-trade area," pleaded Federica Mogherini, the EU's high representative for foreign affairs, at the annual Shangri-La Dialogue in Singapore last year. She insisted that the EU is also "a foreign-policy community, a security and defence provider". Its diplomats like to boast of the success of Operation Atalanta, in which, since 2008, an EU naval force has helped protect ships off the Horn of Africa from pirates.

So far that is a one-off. But at the Shangri-La Dialogue earlier this month, France's defence minister, Jean-Yves Le Drian, suggested a European role in the region's most pressing security worry: tension over China's territorial expansion in the South China Sea. Mr Le Drian proposed that European navies "co-ordinate to ensure a presence that is as regular and visible as possible in the maritime areas in Asia". So pleased was the minister with his idea that he intends shortly to explain it to his European colleagues. He would have been more convincing had he done this before unveiling it. If EU defence ministers cannot co-ordinate their statements, what hope for their navies? Many dismissed his proposal as an empty flourish that would soon be forgotten.

Cynicism about Europe is especially acute within ASEAN, the Association of South-East Asian Nations. It has a long history of bickering with the EU, first over Timor-Leste when it was under Indonesian rule, and then Myanmar under its former military junta. Former European colonies saw Europe's preaching about human rights as hypocritical. More generally, Asians were irked

that the Europeans appeared not to have grasped that their continent was in terminal decline. These perceptions have become even more entrenched as the EU has grappled with its internal agonies of economic distress, mass migration and the risk of Brexit. Europe, the story goes, is too preoccupied with its own woes to give thrusting, emerging Asia the attention and respect it deserves.

It does not help that the EU is excluded from the two ASEAN-centred groups that are establishing themselves as the most important forums for discussing security issues: the East Asia Summit and the clumsily named ASEAN Defence Ministers' Meeting Plus. Besides the ten ASEAN members, these include eight other countries, among them America, China, India, Japan and Russia, but not the EU. It is a Catch-22: the EU is not deemed sufficiently engaged in Asian security to qualify for membership; yet without it, contributing to the debate is difficult.

Asian EU-doubters point out that the tiny military presence in Asia is anyway not in the EU's name but in that of two member-states: France, which has 8,000 security personnel in the region to protect its territories in the Indian and Pacific oceans; and Britain, which maintains a Gurkha garrison in Brunei and some residual facilities in Singapore. The other European defence minister to speak at Shangri-La this year, Britain's Michael Fallon, did not mention the EU's security role in Asia, stressing instead the hope that it would "flex its financial, diplomatic and legal muscles, as it has been doing with Russia". He also spoke of Britain's pride in belonging to "the only formal multilateral defence arrangement in South-East Asia", the Five Power Defence Arrangements linking it with Malaysia, Singapore, Australia and New Zealand—a legacy of Britain's hasty withdrawal from "East of Suez" nearly half a century ago.

That points to another Asian complaint: that the EU is divided and cannot speak with one voice. ASEAN diplomats, for example, joke that Britain, in its determination to become China's "best friend in Europe", might thwart EU consensus at China's behest, just as small countries such as Laos and Cambodia sometimes do in ASEAN. This week, for example, ASEAN scrambled to retract a statement by its foreign ministers that implicitly criticised China's maritime expansionism. Similarly, some European officials worry that Chinese cash and favours to some of the EU's eastern members in particular may make those stiff statements a little more flaccid in future.

China will seek to lure the EU as a whole away from following America's China policies; and, as it does with ASEAN, it will seek to exploit internal tensions. A new paper by the International Institute for Strategic Studies, the London-based think-tank that organises the Shangri-La Dialogue, calls this "negative strategic spillover" from competition between EU members for China's commercial favour.

### Come on in, the water's lovely

None of this, however, seems a good reason either to exclude the EU from the forums where Asian security is discussed, or to react unenthusiastically when Europeans do suggest greater involvement. A European military presence in the South China Sea would show that what is at stake there is not just a competition between America and China: it is the future of a rules-based global system. Europeans, so used to talk of their sliding global standing, and so befuddled by their internal troubles, tend to forget that Asia needs them as much as they need Asia. ■




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**Also in this section**


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**44 Officials squirm on camera**


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**Traffic**

## The great crawl

BEIJING

### The Chinese love their cars but do not want to pay more for driving them

LATE last month a black-and-white photograph of a professor from Beijing Jiaotong University spread on social media. His image was edged by a black frame, like those displayed at funerals in China, and trimmed with white flowers of mourning. Though Mao Baohua is still very much alive, he had angered netizens enough to depict him as dead. His crime? To suggest that Beijing should follow the likes of London and Stockholm, by charging drivers 20-50 yuan (\$3-7.50) to enter the capital's busiest areas in the hope of easing traffic flow in the gridlocked city.

Most Chinese urbanites see buying a vehicle as a rite of passage: a symbol of wealth, status and autonomy, as it once was in America. Hence their outrage at any restraint on driving. Since car ownership is more concentrated among middle- and high-income earners in China than it is in richer countries, any attack on driving is, in effect, essentially aimed at the middle class, a group the Communist Party is keen to keep on side. That makes it hard to push through changes its members dislike.

Since 2009 officials in Beijing and the southern city of Guangzhou have repeatedly aired the idea of introducing congestion charges. Netizens have fought back, accusing their governments of being lazy, brutal and greedy. Many also gripe that the policy would be "unfair" because the fee would have less impact on the super-rich.

Complaints about the inequality of congestion charging echo those made in London and other cities before they launched such schemes. But the party, nervous of being accused of straying from socialism, is particularly sensitive to accusations that it is favouring the wealthiest.

Because of such objections, city governments have not pushed their proposals very hard. But that is now changing in Beijing, where officials face a dilemma. Traffic jams in the city and appalling air pollution—30% of which comes from vehicle fumes, by official reckoning—may end up causing as much popular resentment as any surcharge. The local government is trying to work out how close it is to this tip-

ping point. It is conducting surveys to "pressure test" how people would react to a congestion fee, says Yuan Yue of Horizon, China's biggest polling company (the results will not be made public). It is likely that a concrete plan for a congestion charge will be announced soon. Beijing's environmental and transport departments (not usual partners) are collaborating on a draft. State media have recently published a flurry of articles about this, not all in favour.

Public opinion is not the only challenge a congestion scheme faces. The urban planners who conceived Beijing's layout, and that of other Chinese cities, never imagined that so many people would want to drive. The capital now has 3.6m privately owned cars: the number per 1,000 people in Beijing has increased an astonishing 21-fold since 2000, according to our sister company, the Economist Intelligence Unit (see chart). On most days large tracts of the capital are now bumper to bumper amid a cacophony of car horns. Beijingers have the longest average commute of any city in China, according to data collected by Baidu, a Chinese search engine. The problem is not confined to Beijing. The capital has higher vehicle ownership than any other Chinese city, but car use is rising rapidly across the country. Many second- and third-tier cities are already clogged.

Beijing's congestion scheme would be the first outside the rich world, where a handful of cities now charge drivers to enter a designated area. (Singapore has a different form of road pricing, with tolls on individual arterial roads.) Such measures have been credited with reductions in downtown car-use, improved traffic flow and greater use of public transport. They have also cut pollution, including emissions of the tiny PM2.5 particles that are ▶▶

### Head over wheels



Source: Economist Intelligence Unit

particularly dangerous to health and abundant in Beijing's air.

Transport planners reckon a congestion zone would have similar effects in Beijing, and complement existing attempts to restrict car use. In 2008, after Beijing staged the Olympic games, the city launched the current system whereby each car is banned from the urban core one workday per week, depending on the last digit of its licence plate. Beijing is now one of 11 Chinese cities with similar restrictions.

But some drivers choose to pay the 100 yuan fine, which is far higher than the congestion charge that Beijing is now mulling (around the sums suggested by Professor Mao). People also drive without plates, or buy second cars, to bypass the rules. In 2011 the capital introduced a lottery for obtaining new licence plates (six other cities do this). In Beijing the scheme has slowed the increase in car ownership, but not enough to cut congestion; some residents use vehicles registered elsewhere. Also in 2011 the capital raised parking fees, hoping to deter drivers. But people often park on pavements and traffic islands instead, usually with impunity.

Making it easier for cars to drive on side streets through residential areas would help, but the middle class rebuffs this too. Many wealthier residents live in gated communities, which have become common since urban housing, once almost entirely state-owned, was privatised in the 1990s. Recent proposals to open these areas to through-traffic provoked an uproar on social media. Middle-class Chinese see living in a compound with private, quiet roads as a sign of their upward mobility.

If congestion charging in Beijing is to encourage the use of public transport, the city will have to work fast to enable this. It has spent a lot of money in recent years trying to make the transport system better: the metro network has expanded from three lines in 2002 to 18 now, making it one of the most extensive in the world. But these efforts have failed to keep up with demand. The subway is so overcrowded that on an average day the authorities limit entrance to more than a fifth of stations at some point. Public transport accounted for half of all journeys last year (despite a target of 65% set in 2010), compared with 85% of trips in London even before the British capital launched its congestion charge in 2003. Taxis are relatively cheap in China, making them a popular alternative. Middle-class people often look down on public transport as the poor person's choice. Some cities, including Guangzhou, have tried to tackle this (with some success) by introducing "bus rapid-transit" systems with modern-looking stops.

A congestion charge in Beijing may not do as much to cut pollution as some hope. The city says that only 4% of motor vehicles in Beijing are heavy-duty, but they con-

tribute more than half of the poisonous nitrogen oxides produced by the capital's traffic, and more than 90% of their emissions of PM2.5 and other toxic particles.

Congestion charging would certainly deter some drivers from using their cars in the city centre. It might even discourage others from buying cars: at the current rate of registration, there could be another half a million more in Beijing by 2020. Beijing could claim a victory of sorts just by managing to get such a scheme in place, against the wishes of a networked middle class. But that may prove harder than navigating Beijing's traffic-snarled streets. ■

### Reality television

## You're stir-fried squid

BEIJING

That is, "you're fired" in Chinese: officials meet "The Apprentice"

CHINA doesn't have free elections. It has reality television instead. The latest such show even has the flavour of a political contest: the competitors are all high-ranking officials. It has been a big hit.

Since May the programme, "Sights of Shanxi", has been airing live every Friday on a channel in the northern province of that name. In the show, local cities bid to play host to a tourism-development conference. The contestants have to tell four judges why their city is such a great place, in front of a studio audience of 100 people and a panel of experts. The judges grill the contestants, who advance or fail according to votes cast by the audience in the studio, the judges and internet users.

What makes this special is that, for the



first time, local bigwigs are not just speaking in public, which is rare enough, but competing against one another and being judged by ordinary folk, which is unheard of. One tourism official from Shanxi told a newspaper in Shanghai that "in the past all we had to do was hand in a report." But because it was on TV, he said, the process now had to be taken more seriously. "Top officials have to be involved." Of the 11 contestants, three are municipal Communist Party bosses, five are city mayors and three are vice-mayors.

For most of them, it has been their first experience of speaking to live cameras. They have taken to it like naturals. The mayor of Yangquan city learned a bit of English to spice up his bid ("Seeing is believing," he said. "Open and inclusive Yangquan people welcome you to come!"). The party chief of Yucheng suffered a slipped disc but soldiered on, rehearsing her speech flat on her back. The deputy mayor of Linfen handed out virtual-reality glasses to the judges as part of his pitch (it worked: he won his round).

Viewers love seeing judges take officials to task. "You would do better to tell us just one or two things instead of so many that we forget them," said one judge. "What did you mean by your slogan?" asked another. "I didn't get it."

"This is awesome," tweeted one micro-blogger. "Does CCTV [the national state-run broadcaster] want to pull together all the provinces and do something similar?" asked another commentator, hopefully. The show's director, Gong Qiaoli, called the officials "cute and friendly", terms not often applied to Chinese bureaucrats. So far 8.3m people have voted online.

The government itself is partly responsible for the show's success. The head of Shanxi television, Tao Yixiao, says that his colleagues originally wanted to limit the audience's contribution to the scoring. It was the provincial vice-governor, Wang Yixin, who insisted that the votes of the studio audience and panellists, as well as those of viewers at home, should be given more weight. When some of the cities started to get cold feet about taking part, Mr Wang urged them on.

The government has good reason to be encouraging them. Shanxi's economy is struggling; tourism is its favoured way of diversifying away from its traditional coal-mining business. In other words, appealing to an audience actually helps its broader aims. Perhaps the idea will catch on and some reality-television host will one day make the great leap into nationwide politics, perhaps even running for president. Oh, wait... ■

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**Prize:** Our correspondent in Beijing, Rosie Blau, has won the "excellence in lifestyle coverage" award from the Society of Publishers in Asia for her Christmas story "Park life", published in our December 19th edition.



## Between the borders

The idea of European unity is more complicated than its supporters or critics allow

**O**F ALL the glories contained in the French foreign ministry, the most glorious is the Salon de l'Horloge. Sumptuous in gold and marble, graced by chandeliers and silks, washed with light slanting up from the River Seine, this is where old men thrashed out the Treaty of Versailles after the first world war. The Kellogg-Briand pact was signed here in 1928, pledging to outlaw the aggressive resort to arms for ever. And, on April 18th 1951, exalted by the trappings of empire, ministers from West Germany, Italy, France and the three Benelux countries put their names to the Treaty of Paris, the founding document of what, four decades later, was to become the European Union.

Fitted out in the trappings of a scheme to manage the production of coal and steel, the treaty was at its heart a Franco-German peace accord. In keeping with its surroundings, its physical instantiation was sumptuous and symbolic. In his memoirs Jean Monnet, its progenitor, describes a document printed in France on Dutch paper with German ink, gathered in a binding from Belgium and Luxembourg and decorated with a bookmark woven from Italian silk. What Monnet does not say is that, because the negotiations had been so frantic, the sheet of paper the ministers actually signed had been left blank.

Were they alive today, those ministers would be amazed by how their successors have crammed that empty page full to bursting with institutions and countries. The community started out with six members, four languages, 177m people and (in 2014 money) \$1.6 trillion in annual output. Today's EU has 28 members, 24 languages, 505m people and a GDP of \$19 trillion.

More generous than Versailles and more practical than Kellogg-Briand, the Treaty of Paris has blossomed into a unique supranational form of government. The EU has a court, a parliament, an executive and a president (several presidents, in fact), an apparatus much of which can be traced back to that spring ▶▶

day in 1951. And it has been fundamental to a great historical shift. In a continent whose history is written in blood, the idea of France, Germany or any of the large European states taking up arms against each other has become unthinkable.

And yet those ministers would also be dismayed by how much today's Europeans have to complain about. A common currency they never envisaged has done great damage and provoked roiling discord. Unemployment in the euro zone has been 10% or more since September 2009 (excepting a blessed few months in 2011 when it dipped as low as 9.8%); among the young it hovers at around 20% across the EU. A flow of migrants comparable only to the post-war Exodus still fresh in the minds of those men in the Salon de l'Horloge is closing borders and deepening divisions. Euro-sceptic parties are rising across the continent, including in Germany. Last month in Austria a far-right, anti-migrant, Eurosceptic candidate only just missed being elected head of state. If Britain votes to leave the EU on June 23rd, it will break a European taboo; there will be growing pressure for similar referendums elsewhere.

Only a few years ago pundits were writing books with titles like "The European Dream" and "Why Europe will run the 21st Century". Yet today Jan Zielonka, professor of European politics at Oxford, reports that when he talks to European policymakers he is "stunned by their scepticism". In May the president of the commission, Jean-Claude Juncker, lamented that: "in former times we were working together...we were in charge of a big piece of history. This has totally gone." Donald Tusk, president of the European Council, is even bleaker, saying that: "the idea of one EU state, one vision...was an illusion."

It always was. The myth around which the EU has grown is that ministers and their officials always planned gradually, but inexorably, to subordinate the nation state to a higher European order. In the words of Vaclav Klaus, a former prime minister of the Czech Republic, countries would "dissolve in Europe like a lump of sugar in a cup of coffee". But although Monnet and some of those around him did indeed dream of a European superstate, the politicians who made use of their ideas did not. The pooling of sovereignty found in the treaties first of Paris and then of Rome—which created the European Economic Community in 1957—was designed to save the nation state, not bury it. Europe's governments have jealously guarded their powers ever since.

If one key aspect of Europe has stayed constant, another has come full circle. Monnet's scheme was an answer to the problem of Germany: too large to co-exist as a first among equals, too small to dominate its neighbours without resort to force. It was, for a long time, a good answer. For 65 years Germany has been prepared to subsume itself in Europe and, in exchange, has been allowed to act as a full member of the Western alliance. Today, by dint of unification and EU enlargement as well as its mighty economy, Germany runs Europe.

Nobody thinks Europe's great power is about to take up arms. But what sort of union does it want? What sort of union will its partners—especially France—be prepared to accept? And what sort of reform could bring such a new Europe about? The Treaty of Paris was made possible by an unrepeatable, galvanising set of circumstances born of two world wars and the new Soviet threat. No comparable external forces are at play today; nor is there any obvious internal dynamic that can replace them.

**“WHAT is Europe?”** asked Winston Churchill in May 1947. "A rubble-heap, a charnel house, a breeding ground for pestilence and hate."

The war in Europe had killed 36.5m people. In many countries more civilians had died than soldiers. In his epic account of the aftermath, "Postwar", the historian Tony Judt records that, in Yugoslavia, war destroyed 25% of vineyards, 50% of livestock, 60% of the roads, 75% of railway bridges, 30% of industry and 20% of homes.

Liberation and defeat had been hard. Allied victories over Ger-

many's occupying forces did not save the 16,000 people who starved in the Dutch "hunger winter" of 1944/45. In the three weeks after Soviet troops took Vienna 87,000 women were reported to have been raped. The daily ration in the American zone of occupied Germany in June 1945 was 860 calories, a third of what is recommended today. The intergovernmental arrangements that grew up in the 1950s would have been impossible without these enormities.

The post-war desolation was unlike anything since the Thirty Years War of the 17th century, a religious paroxysm which killed a similar share of the continent's population. The Treaty of Westphalia, signed at that war's end in 1648, shaped how Europe thought about conflict for the next three centuries: states should not interfere in each other's domestic affairs; the way to contain countries' ambitions was by maintaining a balance of power.

As the modern state evolved, that balance became harder to manage. In the 18th century Britain forged its constituent countries into a United Kingdom with imperial reach. Revolutionary France became the first nation to harness all the state's resources to the waging of war; Napoleon's Grande Armée conquered the continent. As the 19th century wore on, governments exploited *Blut und Boden*—blood and soil—as a tool to create national identities that increased their power. Compilations of folklore, tales of illustrious forebears, genealogies of language and theories of race were all put to work bolstering these identities. "The educated, multilingual cosmopolitan elite of Europe grew weaker," writes the historian Norman Davies, "the half-educated national masses, who thought of themselves only as Frenchmen, Germans, English or Russians, grew stronger."

After 1814 Germany invaded France five times. After 1914 the antagonisms and ambitions of European nation-states with colonies on almost every continent twice dragged the whole world into war. Far-fetched as it seems today, the dread in 1945 was that Germany would rise up yet again, as a Fourth Reich. Fear of Germany was compounded by fear of Russia, especially after the Soviet Union backed a Communist coup in Prague in 1948.

This, then, was the context for the Treaty of Paris. All across Europe states had failed their people. Some European countries had embraced Fascism. Others had crumbled. War had become total. The very idea of Europe had failed.

Beset by hunger, exhaustion and fear, governments desperate to ensure peace sought to extend their care of ordinary people. As a British historian, Alan Milward, has argued, to be legitimate in this fractured world the state had to strive to bring prosperity, employment and welfare to new voters—factory workers if they were not to be tempted by Bolshevism, and farm workers if they were not to be tempted by Fascism, as they had been when agricultural wages collapsed in the 1930s.

It was from this need to prevent war and safeguard the state that the European communities arose. The link was clearest in France. Prosperity required West German raw materials; France had depended on German coal since the 1890s, and by the 1930s had become the world's largest coal importer. At the same time Germany had to be kept from renewed aggression. In 1945 Charles de Gaulle felt the best way to meet these goals would be to put the coal and steel industries in the Ruhr and Rhineland permanently under French control. France would guarantee its own safety by keeping West Germany as an agrarian state.

This was vetoed by the Americans and the British, partly be- ▶▶



"A leap in the dark" – Robert Schuman on the Treaty of Paris

▶ cause they worried that a poor, suppressed West Germany would either rebel or fall under Soviet influence. As a fallback, in 1946 and 1947, France flirted with the Soviet Union about an alliance in the East, an old strategy based on the balance-of-power logic of the Treaty of Westphalia. Stalin was not interested.

So it was that in 1949 France's foreign minister, Robert Schuman, resorted to what European mythmaking casts as a bold new vision and history records as a third choice close to a last resort: Monnet's plan for a Coal and Steel Community. The scheme, which Schuman presented in a "declaration" in the Salon de l'Horloge, was a trade treaty with a novel twist. It created a High Authority, which stood above the six governments, to administer its provisions. All the participants were equal and the pact was open to new members.

Schuman told the press the plan was "a leap in the dark". Yet what is striking is not how far-reaching it was, but how tentative. The idea of European union had a long history—Victor Hugo had talked of a United States of Europe as early as 1849. Perry Anderson, a historian, has counted at least 600 publications between the wars proposing a united Europe. Next to almost all such schemes, the Treaty of Paris, with its focus on schedules of heavy-industrial output, was as dry as coal dust.

Why was it so modest? In part for the simple reason that the states wished to give up as little as possible. But in part, too, it was the tenor of the times. Grand schemes to remake society were tainted by Nazism and Bolshevism. In the second world war Albert Speer, Hitler's chief architect, had drawn up plans for a pan-European political order. Pierre Pucheu, executed for his role as a senior administrator in Vichy France, had called for a single currency. There was a general suspicion of politics and passion. Raymond Aron, a French philosopher, thought that modern society was "to be observed without transports of enthusiasm or indignation". "Where the first world war had a politicising, radicalising effect," Judt writes, "its successor produced the opposite outcome: a deep longing for normality."

**I**N THOSE early years the states guarded their privileges jealously—to the fury of Monnet and his band of federalists. Take, for instance, a proposal in 1950 to create a European army as an alternative to West German rearmament under NATO (which had been created the previous year). During the Korean war, seen as a sign of menacing Soviet ambition, the idea made progress. But the six governments found it hard to agree on how a European army should be run; French Gaullists hated the loss of sovereignty. America threatened an "agonising reappraisal" of relations if France voted against the defence treaty. Nevertheless in August 1954, after the Korean war was over, the French National Assembly rejected the European Defence Community by 319 votes to 264. The victors celebrated with a rousing chorus of the "Marseillaise".

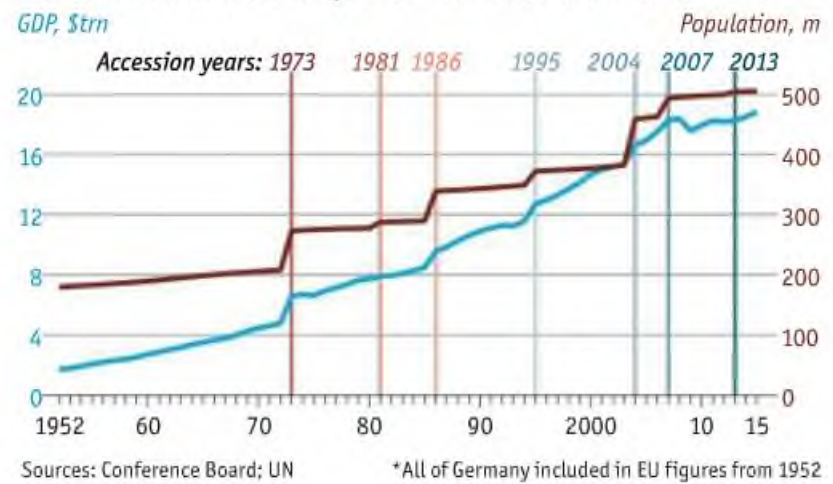
The same fate almost befell negotiations to broaden the Coal and Steel Community into the European Economic Community, a free-trade area known as the "common market". At a conference in Messina in 1955 the French agreed to study the plan only after a desperate late-night session between the enthusiastic Belgian delegate and his reluctant French colleague. A year later, the French prime minister, Guy Mollet, was still wavering. True to France's perennial concerns about where its energy would come from he wanted an agreement on nuclear power (known as Eur-



"People here feel deeply that they are European"  
— André Klein

### Monnet and momentum

The member states of the European communities, and later Union\*



atom), but he was unsure whether the common market was a price worth paying.

On November 6th 1956 Konrad Adenauer, West Germany's first post-war chancellor, visited Paris in an attempt to persuade the French to embrace the deal. He might have failed had it not been for the fact Anthony Eden, the British prime minister, telephoned Mollet during their meeting to say that Britain, under pressure from the Americans, had called off its military operation with the French and Israelis in Suez. Mollet was incensed; Adenauer seized the moment: "Europe will be your revenge."

Other American encouragements for European institution-building were more deliberate. Writing in 1948 the diplomat George Kennan summed up the view in Washington: if Germany was restored without European integration, there would be a German attempt to dominate. If Germany was not restored, there would be domination by Russia. America required a strong, prosperous Europe that settled the German question, and worked to that end. Without its support the enterprise might have failed.

So, too, might it have done without Monnet. He was a remarkable man. Born in the department of Charente in western France, he left school at 16 and went to work in the family cognac business in London. Later he became deputy secretary-general of the League of Nations, served a stint in Shanghai and, during the second world war, acted for the British in Washington (John Maynard Keynes thought his success at procuring arms and equipment shortened the fighting by a year). Time and again, Monnet was able to call on his formidable American diplomatic and political connections to help clear away obstacles to his plan.

But he was not able to turn the politicians who were gingerly using his ideas into true believers. De Gaulle, whom Monnet suspected of bugging his phone, was an early and enduring sceptic. He dismissed Europe as "ce machin"—this thingummy—and put a break on anything that diluted national governments' power that was to last long after the general retired to rural seclusion in Colombey-les-Deux-Eglises in 1969. In the early 1970s, the French foreign minister, Michel Jobert, asked Edouard Balladur, later to be finance minister and prime minister, what the term European Union actually meant. "Nothing," Mr Balladur replied, "but then that is the beauty of it."

Today the European project is seen through the haze of the 1980s, at a stage when the original common market had attracted new members in the north—Britain, Ireland and Denmark—and in the newly democratic south—Spain, Portugal and Greece. Jacques Delors, another French finance minister, oversaw a burst of integration during his tenure as president of the European communities. It brought the single market, the European Union, limits on the scope of governmental vetoes, extra powers for the European Parliament and, eventually, the single currency. The collapse of the Warsaw Pact and, later, EU membership for the former Communist countries only cemented the impression that Europe's advance was part of the order of things.

It suits the EU's devotees and its critics alike to treat the ▶▶

strengthening and deepening of the Delors years as a default condition. The period conforms to the founding myth of an ever-closer union run out of Brussels by a powerful bureaucracy, something devotees treat as inevitable and critics as conspiracy. In fact, though, Mr Delors was the exception. His achievements were possible chiefly because the member states wanted to use the EU machinery as a way of catching up with the economic liberalisation that was bearing fruit in America and Britain under Ronald Reagan and Margaret Thatcher. For her part, Thatcher went along; she saw the single market as the sort of Europe that Britain wanted.

The EU was not predestined, but makeshift. In the frantic politics of the post-war world other Europes were possible. But the one that actually came into being has been oddly durable. The fretful union of today, dominated by governments that scrap and bicker and backslide, is not an aberration. It is how things began. That blank piece of paper in the Salon de l'Horloge was not so much a symbol of Europe's unwritten potential as of how integration would be hard-fought and uncertain. Even if some countries are ready to give up certain powers from time to time, others are not, and nothing happens without a consensus. Leaders rarely act without a crisis to spur them on, and as a result their remedies are often inadequate.

Pro-Europeans look back to a golden age when statesmen were fired up by a common purpose. But such elite enthusiasm was never universal, and prevailed only briefly. Things might have been different had the idea of Europe won over Europe's people.

**O**VER lunch in an Alsatian restaurant, André Klein declares that nationalism is the disease and Europe the cure. A kindly man dressed in a round-collared Alsatian tweed jacket, Mr Klein is a native of the town of Colmar, where the cobbled streets are lined with half-timbered houses.

When he was born, in 1938, his home town was in France, as it is today; but for almost half the previous century it had been in Germany, and it soon was again. His first memory is of being dug choking from the rubble after an Allied bomb fell on his house. He was educated at the Ecole Nationale d'Administration—ENA—alma mater of many of the republic's top civil servants and politicians. Though he is too self-effacing to say so, he is a model citizen of the EU. "I am European more than French," he says. "People here feel deeply that they are European. It is necessary for peace. They and their ancestors have seen too much conflict."

For much of history his part of the world was a contested borderland. The Rhine, 20km east of Colmar, was the Roman frontier. The town has been part of the Holy Roman Empire and of a league of city states; in the Thirty Years War it was briefly conquered by the Swedes before the Treaty of Westphalia gave it to France. The subsequent centuries of turn and turnabout between Germany and France strengthened people's regional identity; their links to whichever capital city claimed them at the time never grew that strong.

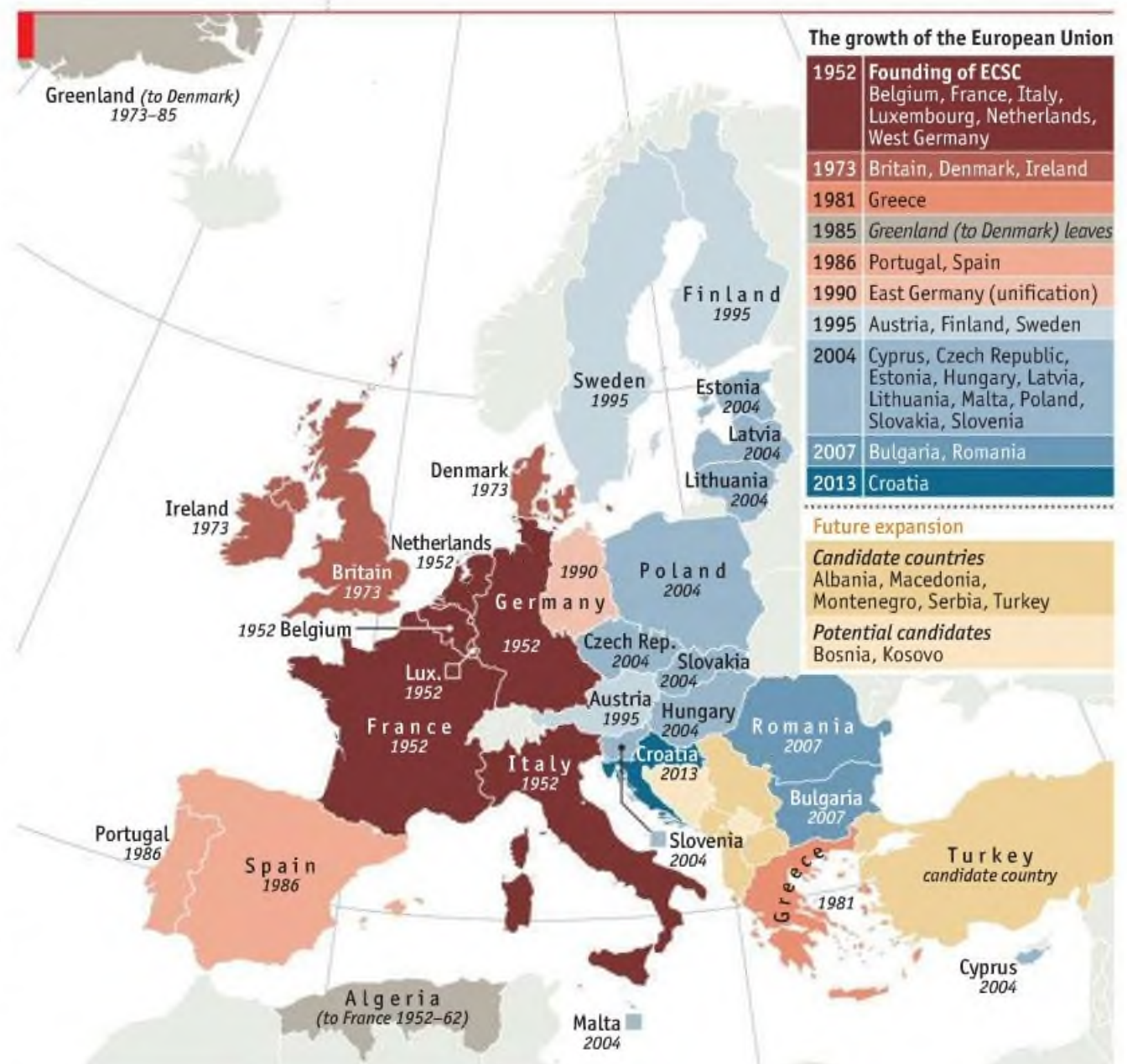
Now that this borderland finds itself in the heart of Europe, the fron-

tiers barely exist. Not far down the A35 is EuroAirport, serving France, Switzerland and Germany. On a recent Sunday French and German protesters met on the banks of the Rhine to demonstrate in two languages against the nearby nuclear power station at Fessenheim. "Radioaktivität kennt keine Grenzen", one banner read: radioactivity knows no borders.

One border that is pointedly ignored by subatomic particles lies between France and Switzerland at Meyrin, 300km from Colmar. The mighty accelerators of CERN, a joint European physics laboratory, straddle the frontier there, their beams of protons whirling between the two countries at almost the speed of light. For several years Mr Klein worked as an administrator at CERN. He reminisces about an international meeting at the lab during the cold war. The atmosphere was frosty, but when the chairman took off his jacket and the rest followed, Chinese, Russians, Americans and Europeans were suddenly just physicists. Mr Klein sees no conflict in multiple identities. He is simultaneously a native of Colmar, an Alsatian, a Frenchman and a European.

Marco Zanni often drives past Colmar on his way from Milan to the European Parliament in Strasbourg where, at the age of just 29, he is an MEP for Italy's Five Star Movement. He, too, sees himself as a European. He studied business in Barcelona alongside people from across Europe. He was an investment banker in Italy. He is polyglot.

But Mr Zanni thinks that the EU—and especially the euro—is driving Europe apart. His father, an engineer who worked for Italcementi, a building-materials multinational, had to delay retirement because of Italy's pension cuts during the euro crisis. He remembers a Greek student mocking a German classmate in the university in Barcelona, thanking him sarcastically for paying his taxes. The euro zone's one-size-fits-all regime, he says, means debtors cannot decide their mix of policies. An obsession with austerity is preventing countries from restoring economic growth. The ▶▶





▶ European Central Bank (ECB) is out of anyone's control. "This is the time to say the euro failed," Mr Zanni believes. The project is turning "Italians and Germans one against each other." There is "no community", he says. "We don't have a European people."

Somewhere between the 78-year-old from Alsace and the 29-year-old from Milan, Europe has lost its way. Plenty of people still support the EU, some with passion: young Balts who see it as a path to prosperity and a source of security; Belgians who hope for a way to cope with their divisions; Italians and Romanians who seek a bulwark against their own crooked politicians. But a European identity remains elusive.

When, in 1861, Massimo d'Azeglio, an Italian statesman, said "We have made Italy. Now we must make Italians," he was outlining what seemed like a reasonable project. Germany was doing much the same with Germans; Britain had done something similar with Britons. But the tools which forged nations in the 19th century—forebears, symbols, cultural achievements—look unacceptably clumsy when used by Brussels today.

The EU created a pantheon of European heroes. Erasmus and Galileo made it, but for some reason Grundtvig and Comenius never caught on. It has something that looks like a flag but which, according to Luuk van Middelaar, a Dutch historian, is officially a "logo", because the member states balked at flag-hood. It has borrowed an anthem, "The Ode to Joy", from Beethoven, but it remains a creature of the concert hall rather than the heart.

In 1977 the commission proposed "European Rooms" in museums, but was beaten back by member states. In 1990 "Europe—A History of its Peoples" was published simultaneously in eight languages, laughably depicting *Homo erectus* as "the first Europeans" and lamenting Europe's being "outstripped by the Neolithic revolution" in the Middle East in 8000BC. An accompanying textbook caused rancour: the British were upset that Sir Francis Drake, whom they see as a hero for sinking the Spanish Armada, was dismissed as "a pirate"; Germans found accounts of Gaul being raided by "barbarians" from across the Rhine degrading, and had the term replaced by "Germanic tribes".

For many years such silliness did not matter. After France rejected plans for a European army in 1954, Europe focused on what Mr Van Middelaar calls the "low politics" of tariffs and trade, rather than the high politics of grand strategy. Such an arrangement never needed much support from voters, and those voters did not care that the European project was technical and remote.

But the EU has since entered people's lives. Mr Delors's burst of integration began in 1986 with the Single European Act, the first ambitious reworking of the Treaty of Rome. This created a single market, with consumer protection and product regulation. Six years later, the Maastricht treaty, a flawed attempt to deepen the union as a response to the perceived crisis of German unification, provided for an end to the franc, the lira and the escudo. When the eastern countries joined the EU, the rules on freedom of movement brought Polish plumbers and Romanian roofers into everyday contact with Parisians and Londoners.

The EU therefore needed popular legitimacy. One approach to providing it has been to create new political power structures in the hope that political identity would follow. Thus in 2009 the directly elected European Parliament was given the role of adopting EU legislation alongside governments. It also now helps choose the president of the commission.

But a parliament does not produce a people. A survey in 2014, before the most recent elections, found that one in ten Britons could name their MEP in Strasbourg, compared with half who could name their MP in Westminster. Many voters treat elections to the European Parliament as national polls that offer a chance to register a protest against incumbent governments at home. As a result about a third of the institution meant to embody the spirit of European union turns out to be Eurosceptic. At the same time, the parliament knows that most of the clout still lies with the member states. It therefore obsesses about EU process and, as if it were a lobby group rather than a legislature, spends its time campaigning



"We don't have a European people."  
— Marco Zanni

scheme for the redistribution of oligarchic power". In 2005 voters in the Netherlands and—to the great surprise of their rulers—France roundly rejected it. It was then converted into the Lisbon treaty. Voters in Ireland gave that the thumbs down, too, before being bullied into ratifying it.

The changes that sprung from Maastricht and the creation of the euro could not be justified on the basis that a single European electorate had voted for them: such an electorate didn't exist. Instead, the EU has had to fall back on what is known as "output legitimacy"—the idea that Europe is justified by results. And it does indeed bring many benefits. Not only peace and markets, but weight in negotiations over such things as trade and climate change and influence in disputes with Iran and Russia, not to mention the automatic right to travel and work abroad.

But output legitimacy fades. Long-standing benefits like peace are soon taken for granted. Governments erode trust in "Brussels" by blaming the EU for decent but unpopular deals that they have signed up to. And output legitimacy is also by its nature weakest when most needed. The time when a system requires propping up is when it is resented—which is when any faith that it is doing good will be at a low ebb.

**W**RITING about world order, Henry Kissinger, a former American secretary of state, observes that a geopolitical system must balance power and possess legitimacy if it is to be stable. The system faces challenges when power shifts or the sources of legitimacy alter. The Soviet Union collapsed when Russian power declined; imperial China was overthrown when the Qing dynasty could no longer command loyalty.

As Europe developed, champions of Monnet's dream thought the source of its legitimacy should shift from governments to the citizens. But the citizens have resisted. At the same time power has shifted. After the fall of the Soviet Union first reunification and, later, the accession of the countries of central and eastern Europe increasingly put Germany in charge. The euro has strengthened Germany further. When the euro system has required someone to write a cheque, the pen has been brandished by Angela Merkel.

Monnet once said that Europe's six founding countries had produced "a ferment of change", starting "a process of continuous reform which can shape tomorrow's world more lastingly than the principles of revolution so widespread outside the West." It is an appealing vision; but the ferment has lost its fizz. A new settlement is needed. Unfortunately (in this respect) the forces at play today lack the nation-shaking urgency that brought the community together in the Salon de l'Horloge. And having failed to create enough Europeans like Mr Klein, the EU lacks the popular legitimacy it needs to bring about reform.

There is no lack of advice about how to make up for these deficiencies. One commentator thinks the missing ingredient is reli- ▶▶

religious faith. Another reckons the EU went awry when it stopped being “boring”. Despite many countries’ chilly welcome to Syrian migrants, some still believe in the EU’s importance as a moral exemplar for a world trapped in the zero-sum calculus of the Westphalian state. There are those who call for a dramatic transfer of powers and politics to the centre. They are countered by fans of a radical decentralisation, down to the level of the region and city. Still others are drawing up blueprints for the EU’s dismantling.

Brexit is not the EU’s greatest problem. Whether Britain stays or goes, the union will have to grapple with migration and the euro, which are even more complex. Its progress will be hampered by economic stagnation. Unemployment will continue to feed populism and frustration with the elites. The fight will go on between debtors and creditors over austerity, debt relief and the ECB. To the extent that people feel economically hard-pressed, they will be even less inclined to accept immigrants. The Germans won’t accept freeriding, the easterners won’t accept a collective response, and the migrants will keep coming.

Those who look to solve this with a leap of integration are likely to be disappointed. The politics of pooling sovereignty has rarely been easy. Delay usually prevails. But Eurosceptics who see the EU as a house of cards are likely to be disappointed, too. When faced with an inescapable choice, leaders usually find a compromise to tide themselves over until the next crisis. They value the EU greatly and they rightly fear the consequences of its failure.

As ever, France and Germany will play an outsize part in deciding whether the deep problems of migration and the euro culminate in the development of a new stability or in collapse. France did not sign up to Europe as the junior partner, but Germany’s pre-eminence has turned it into one. Perhaps, with its growing population, it will recover its vitality. Or perhaps, weighed down by economic stagnation and the burden of the far-right, anti-EU National Front, it will become a disgruntled and disruptive force. If France rebels, muddling through will fail.

More important still is Germany. It no longer needs Europe as absolution for the second world war, and it has become too big to be just one power among many. At the same time, it is too small to carry the EU’s burdens alone. This is the German question today. German voters balk at a “transfer union” that sees their savings used to bail out countries in trouble. If transfers and debt relief are the price for holding Europe together, will Germany pay up? Or will it go its own way, with a coterie of close, like-minded followers? What are the borders of the possible?

**I**F YOU take a train from Warsaw through the pine forests and the lakes to Poland’s frontier with Belarus, you come eventually to Krasnogruda. Once it was the family house of the poet Czeslaw Milosz. Today it is home to Fundacja Pogranicze, the Borderlands Institute, a place teetering on Europe’s rim.

Settled by Poles, Lithuanians, Russian Orthodox, Roma, Belorussians, Ukrainians and the odd Tartar, this soil has soaked up a lot of blood—as much as Alsace, maybe more. It is a long way from the statesmen and their aides wrangling over treaties and laying down history in the Salon de l’Horloge.

Krzysztof Czyzewski, the institute’s director, explains that nationalism here has separated families. People have had to decide whether they are, say, Polish or Lithuanian, when they are often a bit of both. When such borderlands are troubled, people are easily persuaded to retreat into their identities, seeing all others through narrow windows of hostility—as when Yugoslavia tore itself apart in the 1990s.

But in peaceful times, the borderlands are strong. Their people can navigate complex, nested identities that are ethnic, national—and European.

Mr Czyzewski calls himself a bridge-builder. His work is to bring people back together. Not for him the ossified culture of nation-states and the doomed, top-down schemes to create Europeans that fit the remit of Brussels. Other Europes are possible. He believes that people need an Agora, a common space where differences can coexist—a place of peaceful borders peacefully crossed, be it central, like Colmar, or liminal, like Krasnogruda.

Security and the slow accretion of confidence can help people move past nationalism to embrace a new European landscape of regions, cultures and cities. This is the Europe that is to be found in Colmar and CERN; in the student bars of universities—even, perhaps particularly, if the students from Germany and Greece mock and goad each other there; in old battlefields as well stocked with holiday homes as with past glory and in the football stadiums where Europe’s great clubs vie for the cup.

After more than 60 years of integration, nation-states persist, stubborn and seemingly immovable. They will not go away. But at its best, in its lasting peace, Europe reveals something between and beyond them. If the EU is to thrive, its supporters must have it take on something of the patchwork vision Mr Czyzewski lays out among the lakes and forests. Like him and Mr Klein, they must start to understand that the ethnic mosaic of the borderlands is the most European identity of all. ■



Between the water and the sky



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South Africa

# In need of an opposition

JOHANNESBURG

**The African National Congress is failing its people. Is there an alternative?**

ROWS of black marble headstones mark the graves of those who died in the Sharpeville massacre of 1960, when South African police fired into a crowd of demonstrators, killing 69 of them including James Buti Bessie, who was 12. It is a solemn yet peaceful place. Last month police invaded it. They were chasing looters who were hiding among the graves after a mob of 200 ransacked two nearby supermarkets.

The looting had spilled over from a day of what South Africans call “service delivery” protests—expressions of outrage at the government’s failure to provide housing, running water, acceptable schools or, as in Sharpeville, reliable electricity. Service delivery protests take many forms—roads, even motorways, can be blocked for hours, sometimes by burning tyres; buildings can become targets, too. In May protesters set fire to more than 20 schools in Limpopo province, in an argument over local-government boundaries.

South Africans have cause to be angry. The economy is in dire shape: thanks partly to slowing sales of iron ore and platinum, it shrank by an annualised 1.2% in the first quarter of this year, after growing by only 0.4% in the quarter before. The rand has lost about 15% of its value against the dollar in the past year; over the past five years it has halved. Unless there is a dramatic change in policy or circumstance, a downgrading of the country’s sovereign

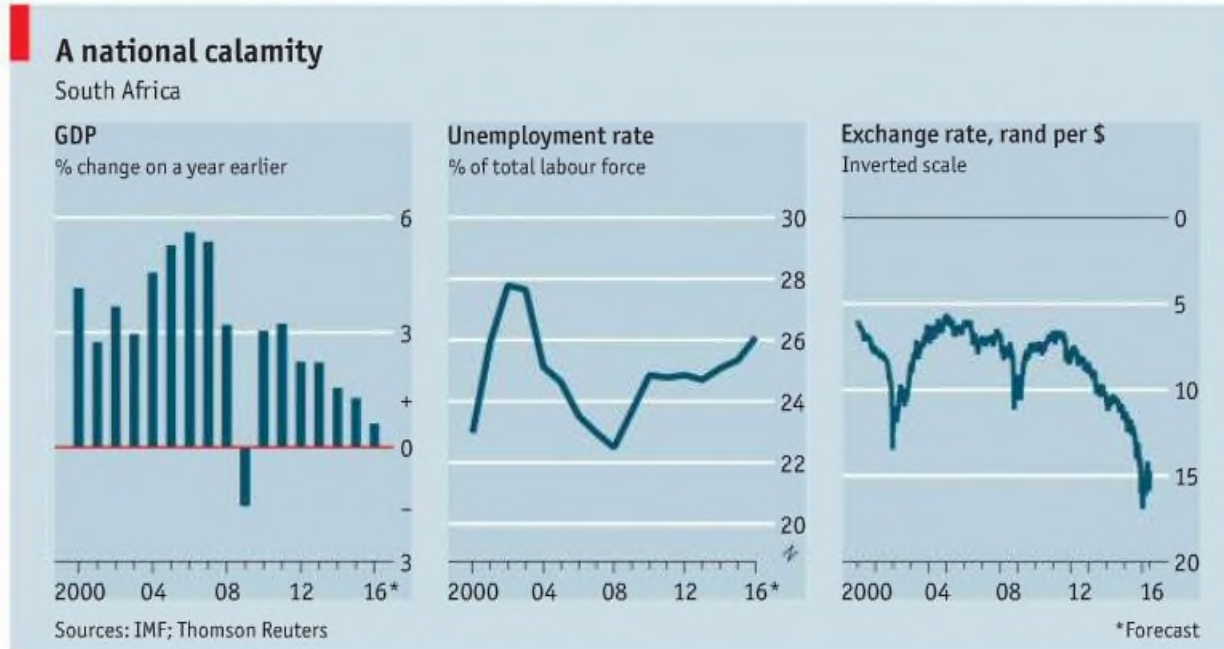
debt to junk is expected before the end of the year.

Own goals, like a new visa regime that makes it harder for tourists to take advantage of the cheap rand, are depressingly common. A new bill that will make it easier for the state to force whites to sell land for redistribution to blacks (paying a “fair” price that the government will determine) was passed by parliament last month. Mining investment has slowed to a trickle, in part because of “empowerment” rules that require mining firms to ensure that 26% of their shares are held by black investors. The appointment of political hacks (“cadre

deployment”) to state-owned firms has made them less efficient—and less able to supply South Africans with electricity, transport and unbiased television news.

Politically, the president is weakened: he has been condemned by the country’s Constitutional Court for failing to pay back public money he spent on his home, is at risk of having corruption charges against him reinstated, and at war with his own finance minister as the economy crumbles. It is said that the five most senior party officials below Mr Zuma have privately urged him to step aside. There are rumours that the party will try to push him out before his term ends in 2019, as happened to his predecessor, Thabo Mbeki.

All this ought to bode ill for the ruling African National Congress (ANC), which has held power since South Africa’s first democratic vote in 1994. National elections are not due until 2019, but municipal ones will take place on August 3rd. The largest opposition party, the Democratic Alliance (DA), hopes for a breakthrough that could



▶ set it on a path to a much bigger victory in 2019. The going, however, will be hard.

The DA's biggest problem is that most blacks see it as a white party. It won 22% of the total vote in 2014 but only about 6% of the black electorate, a serious weakness in a country that is 80% black. It governs Cape Town and the province that includes it, but it has yet to break out of that enclave, where the population is mostly coloured (mixed-race) or white.

The party hopes that things are about to change. A year ago it elected its first black leader, Mmusi Maimane, who is only 36. In previous local and provincial elections he helped boost the DA vote in Johannesburg and the surrounding Gauteng province, which also includes Pretoria, the capital. It has selected a slate of black candidates to run for mayor in most of the municipal elections in August, notably Herman Mashaba, a cosmetics magnate who is one of South Africa's most successful self-made black businessmen. He hopes to be mayor of Johannesburg.

But the fact remains that the DA's chairman and two of its three deputy chairmen are white, as are many other senior officials. "It's a white party with a black face," scoffs Zwelinzima Vavi, a trade union leader who has nonetheless turned against the ANC, which he says "is neither pro-worker, pro-poor nor pro-business. It is only pro-Zuma."

The DA insists that it is neither white nor black, but that thing that South Africa most badly needs: a non-racial party. It has steadily increased its vote share at election after election since democracy arrived. "We are now challenging the ANC in its heartland, in Pretoria, in Johannesburg, in Port Elizabeth," Mr Maimane says. "I'm angry about the failure of black South Africans in this country—but our record in the Western Cape shows that we can deliver better services for South African people than anyone else."

Opinion on that is divided. Much of Cape Town is as sleekly prosperous as anywhere in the developed world, but it also includes some of the most deprived and dangerous districts in the country. In Khayelitsha township, for instance, Virginia, a trader in the scruffy marketplace behind the main road complains that at the age of 46 she still lives in a corrugated-iron shack with no running water, no power and only a communal toilet. "The DA have done nothing at all for us," she says. A rival seller, though, disagrees. "Mmusi is young, he's modern: we need new blood in this country, we've had enough of the old men who have been stealing from us for so many years."

The DA's hopes are highest in Nelson Mandela Bay, the municipality that contains Port Elizabeth. The party has a strong chance of winning outright or coming close enough to form a mayoral govern-

### A virtual turf war

## The scramble for .africa

### Lawyers in California are denying Africans their own domain

THE ruler-straight lines and strange squiggles of Africa's borders are a reminder of how the continent was carved up by European powers around a conference table in Berlin at the end of the 19th century—with scant regard for the wishes of its inhabitants. (Several squiggles represent the shifting of a port or mountain into a different country.) Now a virtual version of this scramble for Africa is taking place in a court in California, over ownership of the continent's internet address, or technically its "generic top-level domain" (gTLD).

The .africa name, which would grace the end of web and e-mail addresses, was meant to have joined existing ones such as .com about two years ago, when the web's address book was opened up to thousands of new names. These included some flippant ones such as .cool or .rich as well as company brands such as .barclays. It would have joined regional names such as .asia or .eu that had been allocated a few years earlier. But a dispute over who should control the .africa address has dragged on for years and

been further delayed by a recent ruling.

At issue was a decision by the Internet Corporation for Assigned Names and Numbers (ICANN), a non-profit organisation that manages the web's address book, to give control of the name to ZA Central Registry (ZACR), a South African non-profit that was one of two applicants for the name. ZACR's ace was not just that it had the support of almost three-quarters of African countries (it needed 60%) but that it had been chosen by the African Union to look after the address book for the continent.

The other applicant, DotConnect-Africa (DCA), a Mauritius-registered non-profit, was turned down because, among other things, it could not prove that it had enough support and because several African governments objected to it. Although it was clearly the weaker of the two applicants, DCA was thrown a legal lifeline when ICANN blundered, failing to halt its selection process when DCA appealed against the decision. Instead it went ahead and gave the rights to ZACR, opening the way to a further string of appeals and reconsiderations that have finally landed before a court in America. Judges there ordered ICANN not to hand out the name to anyone while the case drags tortuously on.

At stake is more than the money that would flow to whoever gets the right to sell .africa website addresses, but also an important principle over who should control regional names that are, in a sense, a virtual commons. African states have every right to feel aggrieved that, having decided who should control the web address of the continent, they are as powerless to enforce their wishes as they were in Berlin in 1884.



ment there with the help of some of the dozen or so tiny parties that snap at the heels of the larger ones. Port Elizabeth is the sixth-largest city in the country.

The really important battles will come in Tshwane, the metropolitan area centred on Pretoria, the capital, and the Johannesburg municipality, the country's largest, which includes South Africa's commercial capital and its far poorer (and all-black) sister city, Soweto. No one expects the DA to win either of these contests outright. But it still may be able to form local administrations there, if only it can settle the trickiest problem the DA now faces: what to do about the Economic Freedom Fighters (EFF), a recently-formed party led by a ren-

egade ANC leader, Julius Malema.

Mr Malema's EFF is hardly an ideal fit for the DA, which likes to project itself as sober, economically responsible, tough on corruption and wedded to the rule of law. Mr Malema, who was turfed out of the ANC in 2012, is none of these things. He is given to disrupting parliament with protests, once called on his supporters to "kill the Boer" (a reference to white South Africans of Dutch ancestry) and recently urged them to burn down ANC offices. He was once indicted for corruption, which he denies; the charges never came to court. Whereas the DA espouses liberalism, Mr Malema offers revolutionary swagger. He vows to nationalise mines and banks, seize ▶▶

white land without compensation and build bigger houses for the poor so that they can have sex without being disturbed by their children. Formed only the previous year, his EFF won 6.4% in the 2014 election, and is on track nearly to double that in August. The DA's internal polls say it is running at 35% or so in its target areas. Together, the DA and the EFF have a chance of breaking the ANC's majorities in Johannesburg and Pretoria.

What then? Opinion within the DA is divided. Going into local coalitions with the EFF could be a disaster, alienating the DA's core vote and perhaps leading to chaotic government followed by spectacular divorce. Mr Maimane refuses to say much about it. "The time for talking about coalitions is after the election," he says, adding that if the party were to form any with the EFF it would insist on holding the jobs of mayor and municipal treasurer. The DA has co-operated with the EFF on a case-by-case basis in parliament, he notes.

The DA has a golden opportunity to show South Africans that it can govern outside the Western Cape. Until it can do this, its chances of national office will remain slender. So a lot is at stake in August. ■

### Nigeria floats its currency

## Free at last

LAGOS

### A slumping economy and high inflation prompt a much-needed reform

**B**ARE shelves in supermarkets and soaring inflation would worry any central-bank governor. For Godwin Emefiele in Nigeria, the added twist is that both problems are partly his fault. The central bank's policy of trying to maintain the value of the naira, Nigeria's currency, in the face of a slump in the price of oil, which used to account for about 90% of the country's export earnings, has failed miserably. Now it is being scrapped.

Mr Emefiele tried heroically to conserve the country's dwindling reserves of foreign exchange. In effect, he banned the import of a huge range of goods, from tinned fish to toothpicks; arbitrarily rationed the supply of dollars from the central bank to importers; and threatened to clamp down on people trading dollars on the black market. Mr Emefiele maintained this policy even as other oil exporters such as Russia, Angola and Kazakhstan allowed their currencies to slide to make exports more competitive and to dampen demand for imports.

Despite the central bank's best efforts to defend the peg of 197 naira to the dollar, it continued its slide on the black market,

where a dollar costs more than 360 naira. Since most importers have to get their dollars on the black market, rather than through the tiny allocations released by the central bank, the price of almost everything in Nigeria has soared. In May annual inflation jumped to almost 16%.

Foreign investors have pulled back, and reserves have slumped. Factories have closed their rusty doors, shedding tens of thousands of jobs. In recent weeks airlines including United, an American carrier, and Iberia, a Spanish one, have stopped flying to Nigeria because they cannot take money from ticket sales out of the country. Ramming home the foolishness of the policy was the revelation that the economy shrank in the 12 months to March, its first contraction in over a decade.

On June 15th Mr Emefiele finally relented. After patting itself on the back for "eliminating speculators" (in reality only those with pals in the central bank had access to cheap dollars they could sell for a quick profit on the black market) and stoking domestic production (manufacturing contracted by 7% in the 12 months to March), the central bank explained that it would introduce a "flexible interbank exchange-rate market" starting on June 20th. If the currency is allowed to find its natural home, it may settle somewhere between 280 and 350 naira to the dollar, traders reckon.

Many people were surprised by the extent of the currency's liberalisation after so much talk of the central bank introducing some sort of two-tiered exchange rate. Some see the hand of the president, Muhammadu Buhari, in the new policy. Mr Buhari had previously blocked proposals to devalue the currency, saying it would "kill" the naira and hurt the poor. Yet in recent weeks he has softened his stance, and is thought to have insisted that the central bank should go for a fully-floating exchange rate rather than some sort of dual rate, which would only have fuelled yet more corruption.

Even so, private-sector bankers are wary. They fret about lingering controls. The central bank says it will intervene in the market "as the need arises". The new

policy "sounds almost too good to be true," says Alan Cameron, an economist at Exotix, a bond-trading firm in London. "Having seen so many false dawns in the past six months, I think many will need to see the new system operating before they believe it."

But if Nigeria does what it says it will, it can expect a surge of investment. Some big private-equity firms say they have been eyeing up deals, but waiting for news on the currency. Nigeria will have an easier time borrowing \$1 billion abroad to help meet a budget deficit of about 2% of GDP. A second quarter of negative growth looks inevitable, and with it a recession. But the worst may soon be over. ■

### The Muslim Brotherhood

## Sibling rivalry

CAIRO AND ISTANBUL

### Egypt's main Islamist movement is tearing itself apart

**W**HOM does one call when one wants to talk to the Muslim Brotherhood, Egypt's main Islamist group? Most of its leaders are in prison, many of them sentenced to death. Other members are in hiding from the regime of Abdel-Fattah al-Sisi, the general-turned-president who toppled the Brotherhood-led government in 2013 and then banned the group over alleged terrorism. Hundreds more have fled Mr Sisi's persecution for more sympathetic countries such as Turkey and Qatar.

To make matters more difficult, the Brotherhood cannot agree on who speaks for it these days. Late last year Muhammad Montasser, a pseudonym for the group's combative spokesman, was sacked by some of its leaders. But other leaders rejected the move, which, they said, did not follow procedure. The disagreement is symptomatic of a deep conflict inside the Brotherhood over its leadership and priorities. After 88 years of religious, political and social activity, which inspired the creation of similar groups across the region, the Brotherhood is tearing itself apart.

On one side are several members of the Brotherhood's old governing council, known as the "guidance office", such as Mahmoud Ezzat, the acting "supreme guide", and Mahmoud Hussein, the secretary-general. Referred to as the "old guard", they have prioritised the group's survival and advocated a gradualist approach to changing the state. But many members want to take a more confrontational stance. They are represented by new (though still old) leaders such as Ahmed Abdel-Rahman, who heads a Brotherhood office in Istanbul, and Muhammad Kamal ▶





The Brotherhood bemoans the loss of its leader

► in Egypt, whose place in the guidance office was suspended by the old guard.

Whereas some members of the Muslim Brotherhood turned to violence after Mr Sisi's coup, the old guard publicly opposes such action—and implies that its rivals do not. That is “totally wrong”, says Amr Darrag, a leader living in Istanbul who sides with the more confrontational wing of the organisation. He sees the group's “stagnation” under old leaders as being a force pushing young people towards violence. Others accuse the old guard of negotiating with the regime, a charge it denies.

There are echoes of old debates over how to take on Egypt's past authoritarians, such as Gamal Abdel Nasser and Anwar Sadat. The Brotherhood's founder, Hassan al-Banna, favoured violence in some circumstances; but during its long history the group has mostly preferred a peaceful approach. Even during the uprising against Hosni Mubarak in 2011, the Brotherhood's leaders kept a low profile. Many members, though, joined the protests. The division appeared again after the coup that ousted the Muslim Brotherhood government of Muhammad Morsi, as many of the rank and file rejected their leaders' gradualism.

The new leaders say they want to reform the group's centralised decision-making process and empower women and young members. But the divide does not fall neatly along generational lines. Many members are fed up with both sides, which have traded accusations in public. Mr Hussein, for example, has been accused of taking bribes from the Turkish government. Others invoke the blood of Brotherhood martyrs to rally support. “The narratives used are very polarising,” says Abdelrahman Ayyash, a former member. “There is no chance of reconciliation.”

That might please Mr Sisi, who seems intent on crushing the group. But his actions are driving people towards extrem-

ism, say members. When the internal debate over violence heated up last year, Mahmoud Ghozlan, a member of the old guard, wrote a forceful response titled “Our Strength is Our Peacefulness”. Several days later he was arrested along with a Brotherhood cleric who had denounced violence. Both face a possible death sentence. Members inside Egypt must wonder if there is any other way to confront such a ruthless regime. ■

#### Arabic publishing

## Plus de kutub, please

BEIRUT

The industry is even more troubled in the Middle East than elsewhere

TO JUDGE by Librairie Antoine in Beirut, books are faring well in the Middle East. The bright, airy branch in Beirut Souks, a shopping centre, has ceiling-to-floor shelves on all three levels. Yet even if the bookshop is as swish as any on a British or American high street, publishing in Arabic is struggling.

One reason jumps out: most of Antoine's books are in foreign languages rather than Arabic. French and English each account for about 40% of sales; Arabic, for only 20%, according to the company. “People aren't reading as much in Arabic, not just here but across the region,” says Emile Tyan, Librairie Antoine's commercial director, who also heads HachetteAntoine, a joint venture with a French publisher.

Most books in Arabic are written in a formal variant that is rarely spoken, difficult and often taught badly. Mastering it takes a lot of study—and that is time many parents think would be more usefully

spent learning English. HachetteAntoine has improved sales of Arabic books by using glossy covers and attractive fonts—something that has been rare for local books. But that cannot turn the tide.

Piracy is another huge problem. Few Middle Eastern countries have copyright laws or the will to pursue people when they violate them. “As soon as we publish a bestseller, five or ten companies will pop up and reprint it, in paper and online,” says Rana Idriss, the director of Dar al-Adab, a Lebanese publisher that represents famous Arabic writers such as Adonis, a pseudonymous exiled Syrian poet, and Elias Khoury, a novelist, as well as holding the rights to foreign authors including the Italian Elena Ferrante.

As with so much else in the region, the turmoil since 2011 has shaken things up—mostly for the worse. Arab authors are producing some cracking, if depressing, tales of imprisonment, war, the loss of relatives and life in exile. But on the whole, people are now reading and buying less. Iraq used to be a huge market (a Middle Eastern saying goes that books are written in Cairo, published in Beirut and read in Baghdad). Syria and Egypt were big, too although the latter makes little money because books have to be priced so cheaply.

One bright spot for publishers is, surprisingly, the Gulf; particularly its women. A growing middle class and a big community of bored expats are hungry for diversion. They read everything from romance (especially popular in Saudi Arabia) to non-fiction tracts such as self-help books. Yet publishers face big problems there from censorship. “It's the big three—sex, politics and religion,” says Ms Idriss—the stuff a lot of good stories are made of.

The biggest challenge is that Arabs simply do not read much, whether about war or peace, in English or in Arabic, despite having achieved near-universal literacy since the 1960s. Statistics are missing or misleading. But anecdotally, the situation is getting worse. Mr Tyan says that, in a region of 380m people, the book market is about a quarter as big as Belgium's (a country of about 11m people). Rania Zagher, an author and publisher of children's books (in Arabic only) blames poor schooling. “Education is dull and archaic, and leaves children with a bad relationship with books from an early age,” she says.

Ms Zagher is trying to change that—which also helps her find ways of making money. She knocked on the door of NGOs to persuade them to buy books to distribute to refugees, of whom there are over 1m in Lebanon. She encourages young readers by holding events, readings and puppet shows based on her books. “You have to be creative to make sure reading is loved,” she says. “I consider myself Bookwoman, like Superwoman, rather than an author or publisher.” ■




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**Drugs in Europe****Not mind-stretching enough**

AMSTERDAM, LISBON AND PRAGUE

**Liberal drug policies have spread across Europe. But some early adopters are slipping behind**

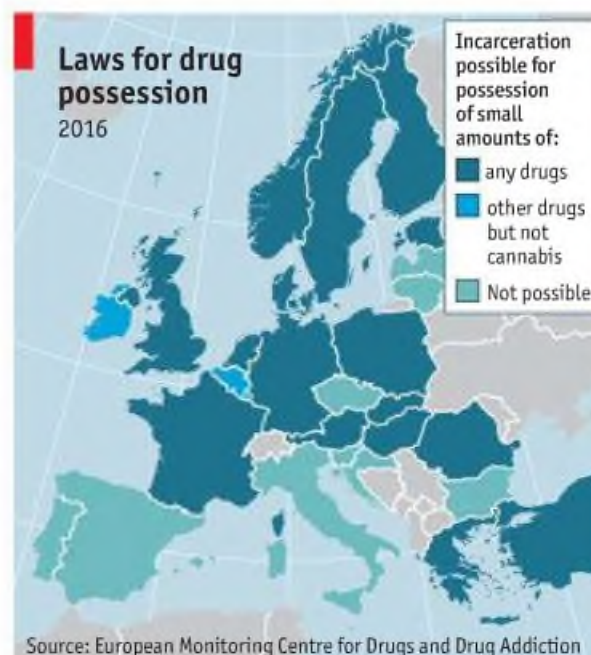
ON A cobbled street lined with tourist shops in central Prague, a darkened storefront advertises cannabis-flavoured beer and absinthe ice cream. Inside, chocolate bars featuring Bob Marley's face are for sale alongside "mushroom cookies" and glass bongs. Nothing stronger is on offer. But in a country where the possession of drugs is mostly tolerated, it is not hard to find the real stuff elsewhere: dealers loiter in the city's main square, and barmen sell cannabis under the counter.

On paper, most European countries still have strict laws on drug-taking (see map). But over the past few decades most have relaxed their enforcement of those laws, fining or warning recreational drug users rather than sending them to jail. Three countries have led the way. In the Netherlands, although possession of drugs is technically illegal, cannabis has been officially tolerated since the 1970s, and is sold in around 600 "coffee shops" across the country. In the Czech Republic possession of small amounts of any illicit drug (one gram of cocaine, around ten grams of cannabis) was decriminalised in the 1990s. Portugal decriminalised the possession of all drugs for personal use in 2001.

Yet over the past few years these countries' reforms have lost momentum, or even slipped backwards. Most drug-policy experts consider this a shame. The reformist countries' experiences not only show how well liberal drug policies work; they

suggest they need to go further.

Countries adopt liberal drug policies for different reasons. In the Netherlands policymakers responded to a sharp increase in heroin consumption in the 1970s by drawing a line between hard and soft drugs. A similar heroin epidemic in Portugal in the 1980s and 1990s caused a steep rise in HIV/AIDS rates, so the government decided to treat drug-taking as a public-health problem. By contrast, the shift in the Czech Republic was made quietly by reformers after the Velvet revolution of 1989. Drugs such as heroin and cocaine were always rare there; the chief hard drug remains homemade speed known locally as



"pervitin", after the brand name of the methamphetamines distributed to Nazi soldiers in the second world war.

Those opposed to decriminalising drug-taking have always argued that it will lead to more consumption, or that soft drugs such as cannabis are gateways to harder drugs. Evidence for both is shaky. Lifetime cannabis use—a measure of whether adults have ever tried it—is high in the Czech Republic, but in the Netherlands it is around the European Union average; in Portugal it is far lower. The French, who have some of the toughest cannabis laws (users can get up to a year in jail or a hefty fine), are the biggest tokers in the EU. The lifetime prevalence of illicit drug-taking among adults has been falling in Portugal, from 12% in 2007 to 9.5% in 2012. Among those between the ages of 15 and 34, the year-on-year evidence is also mixed. After Portugal introduced lighter controls, cannabis use among youngsters dropped slightly; in some other places that introduced lighter punishments it fell steeply (see chart, next page).

Even more cheering data come from the public-health side. In 2014 there were just 40 new HIV cases associated with injecting drugs in Portugal, compared with 1,482 in 2000. In the Czech Republic a mere 0.3% of HIV infections are related to drug-taking, compared with 30% in Italy and 6% in France. Figures on drug-related deaths can be under-reported, but in the Netherlands, Portugal and the Czech Republic, rates of drug-induced fatality are far lower than in countries such as Britain and Sweden that have harsher drug laws.

This has helped encourage others to go further. A handful of American states and Uruguay have legalised cannabis production and consumption; from next year Canada will follow suit.

But Europe's trailblazers are falling ▶▶

### Highs and lows

Share of 15- to 34-year-olds who have used cannabis in the past year  
Selected countries that have lowered the penalty, %



Source: European Monitoring Centre for Drugs and Drug Addiction

back. One reason is the squeeze on public finances. In Portugal in 2012, in the throes of an EU and IMF bail-out, the government closed the autonomous drug agency and merged its staff of 1,700 with the national health service—a move which was criticised by specialists as potentially weakening harm-reduction services. In the Czech Republic cash for prevention services, such as school programmes, fell from €2.5m in 2010 to €1.5m in 2014, and funds for harm reduction, such as needle exchanges, fell in 2011. Money for treatment facilities and sobering-up stations was also trimmed.

Those funds are sorely needed. In a suburb of Prague, the city's largest drug contact centre offers a needle-exchange system, mostly for methamphetamine addicts. With pictures of Gandhi and Sid Vicious on the walls, the place looks a little like a youth hostel. Each day around 100 people visit and around 3,500 needles are exchanged, says David Pesek, who runs the

centre; every week, a few users move into abstinence programmes. But there are an estimated 10,000 hard-core injecting drug addicts in Prague, and the existing centres cannot keep up.

The second problem is complacency—meaning that politicians in countries with harm-reduction policies often think the drug problem has been solved—or even a backlash against liberal reforms. In the Netherlands cultivation of cannabis remains illegal and much of the country's production is done by organised criminals. In recent years some municipalities have tried to force coffee shops to serve only residents with Dutch ID cards to prevent the influx of foreign drug-takers, but the policy has largely failed. In Portugal and the Czech Republic many who work with drug-takers worry that, now that most of them are off the streets, non-users will resent public funds being spent on them.

This is a bad time to be turning back the clock. In America and elsewhere, opioid consumption has reached epidemic levels, largely because of overprescription of painkillers. Europe has not seen such a resurgence yet, though there are some worrying signs. European countries remain strangely divided over drug policy, ignoring the continent's successes. Few countries are pushing for new reforms, says Tom Blickman, a drug-policy expert in Amsterdam. In Europe, where thanks to open borders each country's policies affect its neighbours, "everyone is keeping each other in check," he says. This results in harsh (but spottily implemented) penalties in some places, looser laws elsewhere and a sense that Europe is no longer a place where policymakers can take risks. ■



More popular than the president

trooper with Ukrainian peacekeepers in Iraq, and later became the first female pilot in Ukraine's air force. When protests broke out in Kiev in late 2013, Ms Savchenko began going there on weekends from her base in western Ukraine. What drew her to the Maidan were not calls for European integration but anger that the then president, Viktor Yanukovich, had sent riot police to attack his own people.

After Mr Yanukovich fled and fighting erupted in eastern Ukraine, Ms Savchenko decided, like many at the time, to make for the front line on her own. She joined up with the Aidar Battalion, a volunteer force that would later become notorious for human-rights abuses. In June 2014 she was taken prisoner during a botched mission, smuggled into Russia and arrested for allegedly directing artillery fire that killed two Russian television journalists.

Her defiance of her captors made her a cause célèbre. In the autumn of 2014 political parties recruited her to join Ukraine's parliament. Ms Savchenko did not take the offers seriously ("I never expected to return alive"), but agreed to join the party of a former prime minister, Yulia Tymoshenko, out of "female solidarity". After she was elected, her trial became a diplomatic flashpoint, and her eventual release was the product of high-level international negotiations. (In return for Ms Savchenko, Ukraine freed two Russian soldiers captured in eastern Ukraine last year.)

During her first weeks back, she has displayed an independent streak and a tireless work ethic. She admits that she knows little about economics or world affairs: "I've never been to Europe; I've only been abroad at war in Iraq, and in prison in Russia." She says she gets along best with a group of young reformist MPs who call themselves the "EuroOptimists". Yet she ▶▶

Nadia Savchenko

## The maid of Kiev

KIEV

**She was a soldier, a pilot and a prisoner in Russia. Now she is an MP, and a force in Ukrainian politics**

AT THREE o'clock in the morning on May 25th, guards roused Nadia Savchenko in her prison cell in southern Russia, told her to pack her things and whisked her to an airport. "I didn't know if I was flying to Ukraine or to Siberia," says the Ukrainian military pilot, who spent nearly two years in Russian captivity on fabricated charges. Only when she saw yellow and blue stripes on the plane did she realise that she was heading home.

Ms Savchenko descended on Ukraine a ready-made heroine. She tops polls as the most trusted politician in the country, far above the president, Petro Poroshenko. Supporters have created "Savchenko for

President" Facebook groups, and she has not demurred: "If you want me to be your president," she said at her first press conference, "I will become the president." Russian commentators have gleefully predicted she might bring down Mr Poroshenko and his government. Yet the 35-year-old Ms Savchenko is neither saviour nor saboteur; she is a soldier in an unexpected position.

Revolutions often thrust people into unforeseen roles, but few are forced to make leaps as audacious as Ms Savchenko's. Born in Kiev, she initially studied design (she passed the time in prison with origami). But childhood dreams of flying led her to the army. She served as a para-



## Orthodox Christian summit

## The autumn of the patriarchs

Amid shrieking family rows, the Christian east strives to find its voice

IN THE early centuries of eastern Christian history, when doctrines were hammered out at seven disputatious bishops' councils, theological arguments were on everyone's mind. As one account of Constantinople put it: "Ask the price of bread, and you are told that the Father is greater than the Son; ask about your bath, and you are told the Son was made out of nothing."

This month, as the 270th Patriarch of Constantinople, Orthodoxy's first among equals, flew to Crete to convene the first full-blown gathering of the world's Orthodox bishops for many centuries (some would say nearly 1,300 years), he hoped for a calmer spirit. The intention was for the leaders of the 14 churches which make up global Orthodox Christianity to send a message of encouragement and concern, not only about theology but about earthly woes from pollution to inequality.

But before the Holy and Great Council was due to open on June 16th, a consensus which had been carefully built by Patriarch Bartholomew, an ethnic Greek who lives in Istanbul, began to fray. On various grounds, the patriarchates of Bulgaria, Georgia and Antioch (which is based in Syria) pulled out. Antioch is at odds with the Patriarchate of Jerusalem over who has jurisdiction over a handful of faithful in Qatar. The Patriarchate of Moscow, the largest, said it too would opt out unless the absentees could be wooed back. It sought an emergency session to revise the agenda, or a postponement.

The hosts said they were "astounded". In liberal-minded church circles that approve of Bartholomew's bridge-building diplomacy, there were fears that Moscow was egging on the rejectionists. But theological niceties aside, Moscow has geopolitical reasons to avoid a rupture with Constantinople. Many Ukrainians want Patriarch Bartholomew to bless the existence of an independent

Ukrainian Orthodox church; Moscow, which now oversees the biggest church structure in Ukraine, would abhor that. The betting was that Moscow's representatives might make an appearance in Crete without taking part in the council.

As the depleted council began, Metropolitan Kallistos Ware (also an emeritus professor at Oxford University) said he still hoped it could avoid being mired in Orthodoxy's internal woes and "speak in a firm, prophetic voice" to humanity. He thought the council could be the first in a series of global Orthodox gatherings rather than a once-in-a-millennium affair.

One of the problems, though, is that Orthodoxy's own vocabulary (including the refusal of some Orthodox to use the word "church" of any organisations but their own) is now arcane to a world where the Trinity has ceased to be bath-time conversation. Outsiders may still be fascinated by the spirit of Orthodox Christianity, as expressed through cultural mediums like art or liturgical chants. But when the Orthodox speak in prose, even sympathetic listeners find them hard to understand.



▶ also took a trip back to the front, donning a flak jacket alongside Dmytro Yarosh, a far-right nationalist leader. (Ms Savchenko's views on what makes someone a Ukrainian—"it's in the genetic code of a people"—sound highly nationalistic.)

If anything, the hopes pinned on Ms Savchenko point not so much to her promise but to Ukraine's dearth of leaders. Aware of how risky politics can be, she seems keen not to miss her chance. She has told parliament she will not let them forget

those "who died for Ukraine on Maidan" and in Donbass, and suggested negotiating directly with the leaders of the separatist republics to free prisoners—a position that would be anathema for most Ukrainian politicians. She has come out against the Minsk peace agreements in their current form, putting her at odds with Mr Poroshenko. Yet she says it is too early for her to chide the president: "In order to criticise someone, you have to do something yourself first." ■

## Migrant-smuggling

## Tracking traffickers

ROME

Catching people-smugglers is hard, convicting them even harder

WHAT'S in a name? For an Eritrean man hauled before a judge in Palermo, Sicily, on June 10th, the answer could be many years in an Italian jail. If, as he claims, he is Medhanie Tesfamariam Berhe, he is a refugee and a victim of mistaken identity. But if, as the prosecution maintains, he is Medhanie Yehdego Mered, then—according to British and Italian investigators—he is a ruthless criminal, one of the masterminds behind the best-organised route funnelling migrants from Africa to Europe. Britain's National Crime Agency (NCA) said it had tracked him to the Sudanese capital, Khartoum, where he was arrested on May 24th.

Mr Mered (or Mr Berhe) was extradited to Italy and jailed. Prosecutors in Sicily, who first identified Mr Mered as a key figure in the migrant-smuggling business, want him tried on charges of running an operation in 2013 that ended in the deaths of 359 people, when a boat capsized off the Italian island of Lampedusa. Yet defence witnesses say the jailed man fled Eritrea for Sudan in the hope of joining relatives in Europe or America. The defendant's counsel has asked the court for a scientific comparison of his client's voice with that of Mr Mered, who was wiretapped by Italian police in 2014.

The arrest of migrant-smugglers is not unusual. According to the Italian interior ministry, more than 500 were taken into custody in each of the past two years, having been discovered escorting irregular migrants across the Mediterranean. But those detained were minor players in an illegal business with an annual turnover which the European border agency, Frontex, puts at €4 billion (\$4.5 billion).

The real challenge has long been to disrupt the organisers. That is what makes the case in Palermo so important: it is either a farce, or the most important breakthrough so far in the war on migrant-smuggling.

The difficulties of bringing a people-smuggling kingpin to book are immense. Peter Roberts of the Royal United Services Institute, a think-tank, has studied the smugglers' methods. He says their networks involve up to 25 layers of intermediaries and facilitators, among them an ever-changing cast of lorry drivers, travel agents, money changers, people with access to safe houses and fishermen, along with bribeable officials, soldiers and police officers. In Libya they also involve the warring militias through whose territory ▶▶

▶ the migrants pass. Identifying individuals is difficult. "You have to be on the ground, and there are going to be a lot of dead ends," says Mr Roberts.

In recent years almost all the migrants reaching Italy have set off from the Libyan coast. Some, notably Bangladeshis, came to work in Libya but decided that the risk of staying in a country that has descended into anarchy was greater than that of crossing the Mediterranean in a fragile boat. According to Frontex, the others—asylum-seekers and economic migrants—arrived from east Africa via Sudan, or from west Africa through Niger.

The transit areas include violent places where a Western investigator would be dangerously conspicuous and where officials are often in the pay of the smugglers. One theory about the latest operation is that Sudanese officials might have pointed investigators to the wrong man. Against this background, and given that terrorism has been a higher priority for many European police forces and intelligence agencies, it is easy to understand why the war on migrant-smugglers has so far yielded modest results.

The operation against Mr Mered shows that could now be changing. "For the first time, they are using the tools they have," says Kristina Touzenis of the International Organisation for Migration. Chief among these is the UN Convention against Transnational Organised Crime, which came into force in 2003. It allows states to prosecute activities that took place abroad, but were carried out with a view to committing a crime on their territory. And while unauthorised immigration is not a criminal offence in most countries, facilitating it for gain is.



Kingpin or pawn?

The involvement of the NCA suggests Britain has moved the investigation of migrant smuggling up its agenda. The same may be true of France, which is concerned about links between the trade in human beings, terrorist funding and arms trafficking. Yet experts say much still needs to be done. No one European agency is responsible for fighting the people-smugglers. That might be worth changing. ■

### The Balkans' EU dreams

## Applications deferred

BRUSSELS AND BUDVA

**A region still enthusiastic about the European Union is being rebuffed**

FOR all the Euroscepticism that has swept across the continent in recent years, there is one region where majorities still long to join the European Union: the western Balkans. From Sarajevo to Skopje, governments all want in. Even Serbs, who resented European countries' role in the wars of former Yugoslavia in the 1990s, now want to join their club: polls show a plurality would vote for accession, though support has declined in recent years.

But although the Balkans may be eager to join the EU, the converse is not necessarily true. The region has slipped "below the radar and is neglected", worries Tanja Miscevic, Serbia's chief accession negotiator. Brussels has no vision for the Balkans. And whatever the result of Britain's Brexit referendum, the tensions it has unleashed may put any further EU enlargement on indefinite hold.

Most Balkan countries that want to join the club are doing well at fulfilling the criteria. Officials in Brussels list many advances made by Serbia, Montenegro, Kosovo, Bosnia and Albania. (Macedonia is going backwards.) The glass is "more than half full", says an EU official. The union's member states, however, are increasingly sceptical about admitting new members. Balkan governments were alarmed by Dutch voters' rejection of an EU association agreement with Ukraine in April. What if their countries meet all of the EU's arduous requirements, only to have accession scuppered by a referendum in one state?

Meanwhile, says Ms Miscevic, the EU has been losing its credibility in the region. Macedonia has been in a deep political crisis for more than a year; a deal negotiated by an EU mission did not stick, and an exasperated Germany is now sending its own envoy to sort out the mess. Kosovo's government has tried to curb the powers of the EU's police and justice mission in the country. In Serbia pro-government media have accused the EU of being behind anti-

government protests. Aleksandar Vucic, the prime minister-designate, says Serbia aims to join the union, but relations with Brussels have been frosty.

The country which has made the most progress towards joining the EU is Montenegro. According to Daliborka Uljarevic, a civic activist, the EU integration process is the most powerful motor of reform in the region. But, she adds, while her country has assiduously changed its laws to meet EU requirements, it is only fitfully applying them: "When it comes to the rule of law, then we are failing." This applies in varying degrees across the Balkans.

For all its shortcomings, the EU integration process has done much good. Some changes are diplomatic: Serbia's relationship with Kosovo, which declared independence from it in 2008, has been transformed by EU-led talks, although many of the agreements negotiated have not yet been implemented. Others have to do with governance. In Montenegro one of the country's most powerful figures was convicted last month of corruption in his hometown of Budva; several associates were arrested with him. They may simply be scapegoats intended to show the EU that the country is serious about tackling corruption. But it is also possible that real change is afoot.

What is clear is that the western Balkan states, an enclave surrounded by the EU, need friends. If the EU is too preoccupied by its own problems to accept them, Russia is ready to step in. Serbia is negotiating a trade agreement with the Russian-dominated Eurasian Economic Union. In a planned visit to Serbia, Dmitry Medvedev, the Russian prime minister, will discuss expanding a Russian-funded humanitarian emergency centre to include an abandoned airport in the country's north.

Western officials fear that Russia's real aim is less to help put out forest fires than to create a potential military airbase. If the EU's Balkan enlargement process becomes nothing more than words, others will move in to fill the political and economic vacuum, to Europe's disadvantage. ■



# Charlemagne | The sleep of union

Brexit will not kill European Utopianism. It was already dead



WHAT a difference a couple of opinion polls make. Few brows in Brussels have remained unfurrowed by the declining fortunes of the campaign to keep Britain inside the European Union. The prospect of Brexit, which to the panjandrums of the EU was always such a patent absurdity that it could never come to pass, has suddenly roared into plain view. “We’re reaching the point of no return,” says one diplomat.

Some Europeans have already begun to draw harsh lessons from the British experience. Wolfgang Schäuble, Germany’s finance minister and a decades-long champion of European integration, says that a Brexit, or even a narrow vote to “Bremain”, would be a warning to the EU “not to continue with business as usual”. Donald Tusk, who as president of the European Council chairs meetings of EU leaders in Brussels, argues that Utopian calls for a federal Europe are hastening the EU’s disintegration. Even Jean-Claude Juncker, the increasingly absent president of the European Commission (the bit of the EU that proposes laws) and a dyed-in-the-wool federalist, admits that the EU has become a meddlesome presence in the lives of its citizens.

Such debates will have no effect on the British referendum: the campaign is now locked into a domestic political logic that intersects only occasionally with reality. But in wider Europe they will resonate beyond June 23rd, regardless of the vote’s outcome. Britain’s is not the only European ruling class to have been shocked by a jolt of populist rage. Governments in Denmark and the Netherlands have lately lost referendums on EU matters; others, notably in France, conduct EU policy with at least one eye on their own Eurosceptic forces. Belatedly, and partially, Brussels is waking up to the threat.

A Brexit might not lead to a cascade of membership referendums, but it would be a huge fillip to anti-EU forces elsewhere, not least by demonstrating that membership is reversible. (This is one reason why other EU countries would offer Britain a lousy trade deal if it votes to leave.) Post-Brexit, Eurosceptic governments seeking concessions from the EU could also threaten to quit the club. Mainstream politicians would see political mileage in taking on Brussels: recent polls show anti-EU sentiment growing all over Europe. All this would give pause to the centralisers Mr Tusk decries.

Then again, the federalists’ strength has always been exaggerated, especially in Britain. The history of the EU is not, as supporters and detractors sometimes suggest, a Whiggish march towards ever-closer union, marked by a steady accretion of powers and a withering of the nation-state. As described in “The European Union: A Citizen’s Guide”, a provocative new book by Chris Bickerton, a Cambridge academic, the EU’s integration has proceeded in fits and starts, consumed by crises like de Gaulle’s “empty chair” of 1965, or even reversals, like the failed attempt to construct a west European army in the early 1950s. The great push came in the 1980s, when Jacques Delors, a French Socialist in charge of the European Commission, joined forces with Margaret Thatcher, Britain’s right-wing prime minister, to create the single market, a product of a peculiar alliance forged in unusual times.

It has been a bumpy ride since then. The single currency and the Schengen system of open borders are the most potent symbols of European integration. But each has been sorely tested by crises that have set nation against nation. Indeed, in recent years, as the EU has become largely a crisis-management forum, power has flowed back from Brussels institutions to national governments, particularly to a visibly reluctant Germany. “More Europe,” once the clarion call for federalists across the continent, now carries the quaint ring of an ancient hunting cry. Nightmares long ago replaced dreams as the nocturnal currency of Brussels.

The EU’s legislative machinery has largely been halted during the referendum campaign, lest it rouse Britain’s fearsome tabloids to anger over kettle regulation or another matter of vital national interest. It will soon kick back into gear, but at nothing like the pace of previous eras. Sometimes lost in the Brexit debate is the fact that the EU simply does a lot less these days. Much to the chagrin of green groups and other NGOs, the commission has slashed its number of legislative proposals. The increasing number of empty “resolutions” issued by the European Parliament tells you something about the lightening workload of MEPs. The EU budget is tiny—around 1% of GDP—and likely to remain so. The Brexiteers that rail against the insatiable appetites of Brussels are pushing at an open door.

### Can’t live with the EU, can’t live without it

Britain is not in the euro, and has little to do with EU migration policy. But the rest of Europe faces a conundrum: to prevent crises, it needs more of the centralisation that Eurosceptics hate. The euro zone, particularly the banking union, remains half-built and may not withstand another financial crisis. The layers of dust grow thicker on last year’s Five Presidents’ Report, a stalled road map for euro-zone integration. On migration, last year’s drama exposed the weakness of a borderless space with wildly varying asylum policies. Naval patrols and foreign deals can go only so far; in time the EU will have to integrate its asylum policies.

Do not expect drastic action if Britain votes to leave. The differences between creditors and debtors that have long stymied euro-zone integration are as entrenched as ever: Germany firmly opposes a common deposit-insurance scheme, for example. Upcoming elections in France and Germany will stay politicians’ hands for at least 18 months. If Brexit unleashes financial chaos the euro zone will, as always, turn first to the European Central Bank. Still, whether or not Britain remains, the dilemma confronting the EU is growing more acute. To see off the next crisis, the train of integration will have to keep moving. But ever more voters are standing athwart the locomotive, yelling “Stop!” ■




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**Retailers in trouble****High noon on the high street**

**Many shops are struggling to survive in Britain's fast-changing and ruthlessly competitive marketplace**

THE original Hard Rock Café still occupies the same incongruous spot in Mayfair, a posh district of London, that it did in 1971, when it opened. Remarkably, the Hard Rock has survived the vagaries of pop fashion and still pulls in a youthful mix of tourists and locals to eat, buy T-shirts and swoon over John Lennon's glasses. Hamish Dodds, its worldwide boss, says that the restaurant business is doing fine. The retail side, however, is distinctly "soggy".

This is a common refrain now on Britain's high streets, although other retail executives will use words such as disappointing or weak. The first few months of this year were unseasonably poor, with a slight pickup in May. But that small improvement cannot mask the more ominous longer-term trend, that since mid-2014, according to the British Retail Consortium (BRC), a trade group, sales growth has been slowing. Non-food sales have been particularly worrying (see chart), and some sectors, such as clothing, have been contracting. BDO, an accountancy firm, runs a High-Street Sales Tracker that measures the performance of about 85 high-street chains. This recorded the biggest drop in sales in April since the depths of the recession in 2009, and overall BDO's figures have shown a decline since early 2015.

Partly as a consequence, there have been some prominent high-street casualties this year, such as Austin Reed, a menswear brand, and BHS, a chain of depart-

ment stores. But these two are only the most visible of the crop. By May there had been 14, affecting 989 stores and over 20,000 employees, already more than in the whole of 2015. If the current rate of attrition is kept up, this could be the worst year since 2012, when the economy was still struggling to come out of recession. Furthermore, all this has been happening as disposable household income has been rising, with median household income and GDP per person recovering last year to pre-recession levels.

Fear of a Brexit has probably dampened consumer spending in the very short term, but retailers acknowledge that deeper secular trends are at work that will reshape the British high street for ever, and quickly. The nimble ones who adapt to these

trends will survive; Sir Ian Cheshire, the new chairman of Debenhams department stores, for example, says that he could be operating on a very different business model within just ten years. But many will probably not—the BRC has predicted that thousands of shops and almost 1m retail jobs could go by 2025.

So what is going on? One profound change is that consumers now want to spend their money on "experiences", such as eating out, holidays, cinema or going to the gym, rather than products such as clothes or food—hence the differing fortunes of the restaurant and retail businesses at the Hard Rock Café. Figures show a strong rise in spending on recreation and culture in the first nine months of last year, compared, for instance, with the fall in spending on food and drink. At Debenhams two of the best performers now are swimwear and holidays, bought from in-house travel shops.

Online shopping is also transforming the high street. Consumers, especially the young, now expect "omnichannel" retailing, to be able to switch seamlessly between purchasing on their laptops, on their mobiles and in bricks-and-mortar stores. Retailers that are slow to develop a good online offering will struggle, or worse. Indeed, appearing before a parliamentary committee on June 15th, Sir Philip Green, the former boss of BHS, highlighted the store's slowness to embrace the internet as the reason for its recent collapse (see next article).

Britain's struggling supermarkets, such as Tesco, have done reasonably well online, but they now face a new challenge from AmazonFresh, a potentially dangerous rival, which launched on June 9th. This is a British version of the online giant's fresh-food service in America. The initial roll-out has been confined to parts of London, but shoppers will be able to choose ▶▶

**Everything must go down**

Value of non-food sales, 3-month moving average  
 % change on a year earlier



Source: BRC-KPMG Retail Sales Monitor May 2016

from a surprisingly large range of products, including about 20,000 items.

Britain's online grocery market was worth £8.6 billion (\$12.2 billion) last year, and is expected to grow to £15 billion by 2020, so AmazonFresh's move had been widely expected. Responding to it, however, will cost supermarkets yet more money in a very competitive environment, where market share is often maintained by slashing prices. That's nice for customers, who have been enjoying shop-price deflation, but means that companies will strain to be profitable. The government has added to the pressure on retail margins by introducing a "living wage", which came into effect on April 1st, and a levy to pay for apprenticeships.

To survive at all, retailers have to be clearer than ever about who their customers are. Sir Ian argues that it is possible to make money from clothes, but only in certain precise categories; at the high end, at

the discount end (such as Primark) and in specialist brands. The rest are "getting hammered". Equally, retailers could still do more to stay in touch with their increasingly fickle customers, argues Fiona Davis of Women in Retail, a lobby group. It published research on June 7th, in conjunction with Elixirr, a consultancy, showing that despite the fact that 85% of all retail purchases are made or influenced by women, only 20% of executive teams and only 10% of executive boards are female. The latter figures were based on a survey of all retailers in the FTSE 350.

This might explain, argues Ms Davis, why fashion stores, in particular, lose their way. "Having more women around the board table means you have more customers around the table," she argues. Indeed, more diversity in general would help. Many retailers have not kept up with Britain's evolving consumer market, and the results are all too evident. ■

### Trump comes to Britain

## Waiting for Donald

ABERDEEN

Scotland prepares to welcome a controversial investor

THE MacLeod House and Lodge, just outside Aberdeen, is what a poor man might imagine a rich man's hotel to look like. Owned by Donald Trump, many of its fittings—the lamps, the bed-covers, the radiators—are golden.

The cleaners are making everything even shinier in anticipation of the arrival of the man himself, who is expected in Scotland on June 23rd. Mr Trump's visit coincides with Britain's referendum on the EU; he says he is coming for the official reopening of another of his hotels, in Ayrshire.

Many Scots are not looking forward to hosting Mr Trump, whose mother was born on the tiny Isle of Lewis in the Outer Hebrides. Nicola Sturgeon, the first minister, is likely to avoid meeting him. Organisers of the Scottish Open golf tournament were rumoured to be considering his hotel as their venue for 2017, but have announced they are going elsewhere. In January members of Britain's Parliament spent three hours trashing him, as they debated whether to try to ban him from the country (they decided not to).

Despite all this, Mr Trump has a few cautious fans around Aberdeen. The golf course attached to the hotel is "really tough to play", enthuses one local golfer. In the Beachside Coffee Shop in nearby Balmedie, another says Mr Trump's investments have drawn tourists, benefiting the local economy.

Most of all, though, Mr Trump has become an ally of conservationists. For

years there have been plans to build turbines in the sea near to the golf course. Mr Trump's interests dovetail with those of the activists: he fears the turbines will spoil the views from his hotel.

In 2012 he appeared in front of a Scottish parliamentary committee. The nation's pro-wind policy led to other people "laughing at what Scotland is doing", he said, while the turbines themselves were "made in China" who then got Scotland to pay it "a lot of money". Last year the Supreme Court ruled against him, however, and the turbines will go ahead. Mr Trump himself is likely to continue generating controversy, at home and abroad.



A wood in the rough

### The demise of BHS

## Green sees red

MPs learn more about showbiz than business from the former head of BHS

IT WAS billed as the heavyweight confrontation of the season. In one corner, Sir Philip Green, the perma-tanned billionaire king of retail, who controlled BHS, a chain of department stores, for 15 years until last year, collecting £600m (\$850m) in dividends, rent and interest payments while he was at the helm before selling it for £1 to a former bankrupt and seeing it collapse soon afterwards. In the other, Frank Field, Labour MP, soft-spoken pensions expert and chair of a parliamentary committee investigating BHS's failure.

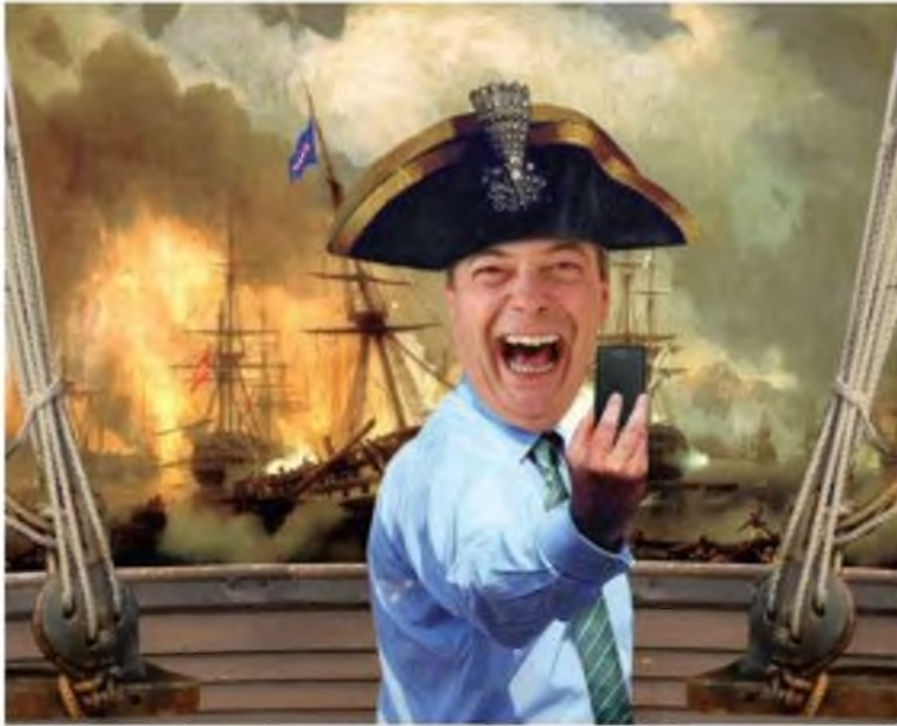
There was plenty of trash-talk beforehand. Sir Philip had demanded the resignation of a "biased" Mr Field. The Labour politician had said he would laugh at any suggestion that the Monaco-based capitalist could offer less than £600m to plug BHS's pensions gap. Other MPs had demanded that Sir Philip be stripped of his knighthood. No one was sure whether he would even turn up for the bout. When he did, on June 15th, it was a six-hour wrangle on the ropes with few knockout punches.

Sir Philip prefaced many of his replies "with due respect", or "respectfully, sir", clearly suggesting that in fact he had very little respect for any of his parliamentary interrogators. At one point he demanded that an MP stop staring at him as it was "really disturbing". By turns playing the victim and the ingenu, he castigated another MP for rudeness, responding "I don't remember" to many questions. In all, it was a masterclass in bluster, with little explanation of how a very successful retailer actually runs any of his businesses, or of what went wrong at BHS. "Nothing is more sad than how this has ended," he proffered.

Sir Philip did, however, promise that he would sort out BHS's pension fund, which was in surplus when he bought the business in 2000 but is now £571m in deficit. This was the main reason why he had been hauled before the committee. Although he said he did not know how that deficit had come about, he accepted blame for the "mess" that now affects 20,000 people in the scheme. He said his plan would offer BHS pensioners a "better outcome" than compensation available from the Pension Protection Fund, the scheme that helps finance pensions after company insolvencies. He offered no details. Mr Field will no doubt be following up on Sir Philip's pledges, especially as it seems the pensions regulator has, as yet, also received no details of any resolution. ■

# Bagehot | The Nigel Farage Show

Parochial and vacuous, Britain's dismal referendum campaign has been a populist's dream



**H**ITLER did it with gas! Merkel does it with paperwork!" From the bow of his trawler, bespangled with anti-EU banners and bobbing on the grey Thames outside the Houses of Parliament, a rubicund fisherman bellowed at the crowds on Westminster Bridge. Baffled tourists posed for selfies as he ranted in the background. Leave supporters cheered and babbled: "When will Nigel arrive?" Word rippled through the assembly that the leader of the UK Independence Party (UKIP), along with his pro-Brexit flotilla of fishing boats, had been held up at Tower Bridge. Yet another establishment stitch-up. "We want our country back!" they chanted.

Then it was glimpsed around the bend in the Thames: a Dunkirk of trawlers, barges and dinghies, buzzed by speedboats with "In" flags ("Cameron paid them," a matronly Middle England type informed Bagehot as others cried "Traitors!") and a cruiser from which Sir Bob Geldof, an ageing Irish rocker, yelled "Farage! You're a fraud!" Last of all came the flagship, emitting a boozy whiff as, to loud cheers, it swooshed under the bridge. Holding court on deck, surrounded by cameras and wine-slurping, blazer-wearing "Kippers", was the man himself: a male Britannia with a ciggy between his fingers and a smirk across his face. This was "The Nigel Farage Show", and he knew it.

Such has been Britain's EU referendum. David Cameron first promised the vote in 2013, spooked by UKIP's success in local elections and importuned by UKIP-inclined MPs on his Conservative benches. The result has been an unedifying campaign that has both bolstered Mr Farage and carried his imprint. It has been divisive, misleading, unburdened by facts and prone to personality politics and gimmicks. What might have been a hard-nosed debate about Britain's future, about the pros and cons of EU membership, has turned into a poisonous row about the merits of what is ultimately Mr Farage's vision of England: a hazy confabulation of content without modernity; of warm beer, bowler hats, faces blackened by coal dust; of bread-and-dripping, fish-and-chips, hope-and-glory.

The outcome has been a contest with the logical architecture of an Escher drawing: Remain and (in particular) Leave issuing assertions that double back on themselves, Möbius-strip arguments that lead everywhere and nowhere. Knowledge has been

scorned ("I think people in this country have had enough of experts," huffs Michael Gove, the pro-Leave justice secretary). Basic facts have fallen by the wayside: Mr Cameron claims Brexit would help Islamic State; Leave implies Turkey, with its 77m Muslims, is about to join the EU. The complicated reality of an evolving union and Britain's relationship with it has been ignored.

Instead that chant on Westminster Bridge—"We want our country back!"—has echoed through the campaign. Back from whom? Johnny Foreigner, mostly, as well as a conniving, cartoonishly evil establishment; at a recent Leave event your columnist witnessed Tories and Kippers urge their supporters to take pens into the polling booth on June 23rd to prevent the intelligence services from doctoring their votes. The referendum has been marked by a pin-striped nihilism dressed up as common sense.

Thus it is easy to forget that it was meant to reunite the Tory tribe. Mr Cameron issued his pledge in 2013 to "settle" the Europe issue. Today that aspiration reads like a joke. As trawlermen outside the Palace of Westminster came alongside Sir Bob's craft and attempted to board it (prompting an intervention from policemen in a speedboat), inside the House of Commons Mr Cameron was skirmishing with his own buccaneering MPs. David Nuttall, one of the 131 (of 330) to back Brexit, pointedly asked when the prime minister would meet his pledge to cut net immigration to tens of thousands (from over 300,000 today).

The mood in the Conservative base is even more vitriolic. Most members want to quit the EU. Many of them hold their leader in utter contempt following a campaign in which they believe he has betrayed his principles and abused his position. On June 12th your columnist attended a pro-Brexit Tory rally in Leigh-on-Sea, in Essex, organised by David Amess, the local MP. The star speaker was Ann Widdecombe, the sturdy doyenne of the Conservative right, who paraded about the hall badmouthing the prime minister: "The claims Cameron has been making do not stand up!" she trilled, to applause and shouts of "hear, hear!"

To some extent the referendum has revealed things that were already present: the growing void between cosmopolitan and nativist parts of the country, the diminishing faith in politics, the rise of populism, the inadequacy of the left-right partisan spectrum in an age when open-closed is a more salient divide. Yet it is hard not to conclude that the campaign has exacerbated all of these trends. Polls suggest that trust in senior politicians of all stripes has fallen. And that is just the start. If Remain wins on June 23rd, Brexiteers will tell voters they were conned. If Leave wins, Mr Cameron will go and his successor will negotiate a Brexit that does not remotely resemble the promises of the Leave campaign, which trades on the lie that Britain can have full access to the European single market without being bound by its regulations and free-movement rules.

## The neverendum never ends

Either way, politics is coarsened. Voters will believe their leaders less. Short of a total reconfiguration of the party-political landscape (possible but unlikely), the existing Westminster outfits will look increasingly at odds with political reality. The currency of facts will be debased, that of stunts inflated, that of conviction sidelined. It will be *de rigueur* to question an opponent's motives before his arguments, to sneer at experts, prefer volume to accuracy and disparage concession, compromise and moderation. Mr Farage's style of politics has defined this referendum. It will live on in the muscle memory of the nation. ■

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64 Why American boys are circumcised



Female genital cutting

# The unkindest cut

DJIBOUTI AND JAKARTA

A rite of passage ranges from symbolic to awful. Where should the line be drawn?

AT a midwife's clinic in Jakarta, Indonesia's capital, services for baby girls include an incision with a needle to the fold of skin above the clitoris. The clinic's laser, popular with well-off clients, is out of action. Other midwives prefer a needle-prick to draw a drop of blood. Some just dab on iodine. About half of Indonesian girls have had one of these procedures, collectively known as *sunat*, the local term for ritual female circumcision. Some midwives offer it free as part of their delivery package.

Santinam, a security guard in Jakarta, took his infant girls to a traditional circumciser in the village he comes from. They were not hurt, he says, just cut a little, "nothing even like the way boys are circumcised." The UN disagrees with his take. It counts such cuts and pricks as female genital mutilation (FGM), even if they cause no lasting harm to health or sexual sensation.

Globally, over 4m girls a year undergo ritual tampering with their genitals, the UN estimates. This ranges from the symbolic, such as rubbing with turmeric or other herbs, through singeing or excising part of the clitoris, to grotesque mutilation (see chart 1). About 400,000 suffer infibulation, in which the vaginal lips and external parts of the clitoris are removed, and the vagina stitched almost closed.

Groups as disparate as the Masai in Kenya, Jews in Ethiopia and Coptic Christians in Egypt practise FGM in some form. Cutting is often done in the name of Islam,

even though the Koran does not mention it. It is commonly believed to "tame" a girl's sexual drive—ensuring that she remains a virgin until marriage and is faithful to her husband. A common myth in Sudan is that an uncut clitoris will grow into a third leg.

FGM is one of the toughest social norms to change because a girl's marriage prospects depend on it. Many parents know it is harmful but have it done for fear that they or their children will be ostracised. In Djibouti, says Fathia Hassan of UNICEF, the UN's children's agency, parents hardly ever admit that their daughter is intact. Research among Somalis living in Sweden found that women were convinced the men favoured infibulation; in fact, men were opposed—but never spoke about it.



The limited data that exist suggest that FGM is becoming less common (see chart 2 on next page) and may be shifting to less harmful forms. This is thanks partly to education and urbanisation, and partly to decades of campaigning by the UN and activists publicising the harms. Progress, however, is slow: most girls in Somalia and Djibouti, for example, will probably see their daughters cut, too.

One approach is to try to persuade entire villages to pledge publicly that they are abandoning the practice. In many countries, UNICEF has recruited volunteers to explain the risks to women. Mariam Mohamed is a volunteer in Djibouti. Only the youngest of her four daughters has not been cut, she says. "We had no idea that this was hurting the girls' health." But change is slow: the campaign reaches less than 3% of women a year. Many refuse to listen; some take their daughters to Somalia, where no one questions the procedure.

Indonesia's most senior clerics support *sunat*. In Bandung, the third-biggest city, an Islamic charity organises group circumcision ceremonies. Elsewhere, religious leaders are increasingly vocally opposed, but their words often fall on deaf ears. In Egypt 61% of girls are cut in defiance of a decade-old *fatwa* (religious edict) by senior Islamic clerics. Djibouti's Islamic High Council also plans to issue a *fatwa* this year, reiterating a statement in 2014. The problem is that, in private, some imams stray from the official line, says Abdurahman Ali, the head of its *fatwa* department.

In most places FGM is against the law. Though campaigners think that without a shift in attitudes laws can do little, they push for prosecutions to make parents think twice. In Djibouti, though FGM has been illegal since 1995, nearly 80% of women are cut and no cases were brought to court until last year when a circumciser and a mother were given symbolic sen- ▶▶

## Everyday barbarity

Women and girls who have undergone genital cutting, 1997-2011, selected countries, %



tences. Egypt also saw its first court case last year, after a 13-year-old girl died from complications. Her father and the doctor were given prison sentences.

Activists worry that cutting is becoming increasingly medicalised. In Egypt, where the usual practice is to remove part of the clitoris, four-fifths of procedures are now done by doctors; in Sudan over half are done by health workers. Campaigners are partly to blame, says Vivian Fouad, who works on Egypt's national programme to abolish FGM: for years they intoned that cutting causes deadly infections, which led parents to assume that all is fine if done by a doctor, instead of a traditional circumciser (who, very often, is an old woman with poor eyesight and a rusty blade).

### Failure to protect

The survival of FGM despite 30 years of eradication efforts has led some to suggest a different strategy: focusing on the types that cause long-term harm and permitting the rest, if carried out by medical personnel. But every time the idea is raised, it is scuppered by a storm of outrage.

The debate goes back at least 20 years. In 1996 a doctor in Seattle's Harborview Hospital asked a pregnant woman, a recent immigrant from Somalia, a routine question about her labour and delivery plans: did she want the baby circumcised if a boy. "Yes," she said, "and also if it's a girl." After discussions with local Somali parents, the hospital decided to offer a ritual nick—to avoid greater harm if the parents looked elsewhere. But after widespread criticism, it withdrew the offer.

In 2004 a similar attempt by a hospital in Florence met the same fate. In 2010 the American Academy of Paediatrics supported Harborview's approach—only to retract less than a month later. Similarly, Indonesia has issued and then withdrawn guidelines for doctors.

The latest row is about a paper pub-

lished earlier this year in the *Journal of Medical Ethics*. The authors, gynaecologists Kavita Arora and Allan Jacobs, argue that some types of cutting, such as those common in Indonesia, do not harm physical functioning and should not be described as "mutilation". Some, they say, are less invasive than male circumcision, which is near-ubiquitous in America (see box); others, though more severe, resemble labiaplasty, a surgical reduction of the vaginal lips that some Western women undergo for cosmetic reasons. Applying the "yuk factor" to all pricks and cuts is unhelpful, says Dr Arora. If even a few parents switched from major to minor forms of cutting, great suffering would be averted.

Nafissatou Diop of UNFPA, the UN's population agency, disagrees. Accepting cutting by doctors would grant spurious respectability to all forms of FGM, she says. And the agency knows of girls who have already been cut being subjected to further mutilation at the insistence of relatives unsatisfied with the initial result.

In Indonesia, opinions on whether the practice should be regulated are split. In 2010, pressed by Islamic organisations that lobbied for medicalisation to prevent in-

fections, the health ministry issued guidelines telling doctors to give a light scratch to the skin covering the clitoris. Four years later, under pressure from anti-FGM activists, it withdrew the guidelines but stopped short of a ban. Eni Gustina, of its family-health department, doubts that a ban can achieve much while *sunat* is such a popular tradition. But guidelines, she says, may distract health workers from pressing the message that *sunat* has no health benefits.

Emi Nurjasmii of the Indonesian midwives' association sees things differently. The methods used by midwives vary, she says, because the procedure is not taught in midwifery school and there is no official standard. The association tells midwives to advise mothers against *sunat* and, if pressed, to dab the genitals with iodine.

The issue is becoming ever more urgent in the West, as rising numbers of immigrants arrive from places where FGM is common. Some girls are taken to their countries of origin for the procedure; school holidays have been dubbed "the cutting season". There is no easy way to protect all girls from the custom. But re-drawing the line to separate the harmless and atrocious might help. ■

### Male circumcision

## Snip snap

### Why more than half of newborn boys in America are circumcised

SEXUAL, health and aesthetic norms do not vary much across the West. Male circumcision is an exception. Over half of American boys are snipped, compared with 2-3% in Finland and Britain. The procedure is justified in America on grounds given little credence in Europe: that it makes genitals cleaner, nicer-looking and more socially acceptable.

Circumcision first became popular in the late 19th century as a supposed cure for masturbation—and health problems from headaches to tuberculosis. After the second world war it became associated in America with hygiene and wealth; in other rich countries governments (which paid for most health care) were unconvinced of its merits.

Over 80% of American men are circumcised. Parents worry that uncircumcised boys will be teased in the changing rooms; fathers often want their sons to look the same as them "down there". Many parents think foreskins are hard to clean, says Georganne Chapin of Intact America, a group lobbying against infant circumcision. But if men can become astrophysicists or master carpenters, she says, surely they can learn to wash?

American doctors routinely ask new mothers whether they want their sons

circumcised before they go home. Insurers often pay, so providers have an incentive to promote it. Parents who want to decide on rational grounds get little help. The American Academy of Paediatrics says the benefits "outweigh the risks" but also that they are too low to justify routine circumcision. Most parents go with the flow.

European doctors' associations take a different line. The Nordic ones insist that there are no health benefits for young boys. The Royal Dutch Medical Association urges a "strong policy of deterrence"; it stops short of recommending a ban only for fear of driving circumcision for religious reasons underground.

On the whole, European countries view the snip as an infringement on the child's bodily integrity that cannot be justified on medical grounds. It is true that circumcision can help prevent some sexually transmitted infections—but the evidence is from African countries where HIV/AIDS is common. Other infections can be fought in other ways, for example with vaccines or antibiotics. America puts parents' wishes first—even if future generations may find their reasons as odd as the Victorians' desire to check "excessive lust".





## Technology deals

## LinkedUp

SAN FRANCISCO

**Microsoft's purchase of LinkedIn is one of the most expensive tech deals in history. It may not be one of the smartest**

“IMAGINE a world where we're no longer looking up to tech titans such as Apple, Google, Microsoft, Amazon and Facebook...because we are one of them.” So wrote Jeff Weiner, boss of LinkedIn, in an open letter on June 13th. Not much imagination is necessary. Microsoft had just announced it would pay \$26.2 billion to buy the professional social network, making it the third-largest acquisition in the history of the tech industry. The deal was accompanied by substantial promises from Mr Weiner and Microsoft's boss, Satya Nadella, that the deal would transform businesses' and workers' productivity worldwide. Those pledges seem fanciful.

Microsoft is paying a high price for a firm that has suffered its fair share of setbacks. Although LinkedIn is the largest professional social network by far, with around 430m registered users and 100m visitors to its site each month, some analysts have questioned how much bigger it can become. LinkedIn makes most of its money by selling subscriptions to corporate recruiters, who prowl through its database of executives looking for prospective employees. Revenue growth has been slower than expected, and rolling out new businesses and improving existing ones has proved pricey.

Concerns over the pace of progress came to the fore in February, when LinkedIn's share price sank by more than 40% in a

day, shedding \$11 billion from its market value, after the firm reported that forecasts of revenues for 2016 were lower than expected. LinkedIn had also revealed that it made a net loss of around \$165m in 2015, despite revenues of \$3 billion, in large part because of excessive stock-based compensation. The decline was the biggest one-day fall since the company went public in 2011. Its share price has not fully recovered.

Despite these worries, Microsoft paid a generous 50% premium over LinkedIn's share price to acquire the firm. Michael Cusumano at MIT's Sloan School of Management reckons that the social network would have cost considerably less in a year's time. Mr Nadella may have felt that

## The get-work network



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he could not wait.

Unassailable during the desktop-computing era, Microsoft is still the world's largest software-maker, but now has to compete with rivals such as Google and Amazon as computing shifts towards mobile devices and the cloud. Unlike his predecessor, Steve Ballmer, who was slow to invest in these areas, Mr Nadella has a grand scheme to reposition Microsoft. This involves putting less emphasis on Windows, the firm's flagship operating system, as well as beefing up cloud computing and putting the firm at the forefront of advances in machine learning and artificial intelligence.

Acquiring LinkedIn is an element of this masterplan. The social-network firm has an enviable team of data scientists, a commodity coveted by tech firms. These boffins design algorithms to find patterns in big piles of digital information. LinkedIn will be useful to Microsoft for other reasons, too. The firm gathers detailed information about its users, including their employment history, education and whom they know. These data could prove valuable to Microsoft as it attempts to build offerings for managing relationships with customers and to compete with Salesforce, a firm it reportedly tried to buy last year.

The two firms could not agree on a price at the time. Salesforce's current market value is around \$55 billion. LinkedIn is a cheaper substitute. It will also dovetail with Microsoft's existing products in Office, its collection of business applications and services that includes Word, Excel and Outlook, an e-mail system. The latter might gain in popularity if LinkedIn keeps users' details up to date and offers alerts if a contact moves firms. Such extra features should, in theory, encourage companies to buy new cloud services from Microsoft. ▶▶

Even so, the deal's rationale looks questionable. Mr Nadella has suggested that with LinkedIn, Microsoft will become the platform for managing workers' personal details from around the web. He also promises that Microsoft will become better at predicting what information users might find useful, suggesting news articles related to a project someone is working on or recommending a friend of a friend online who might be able to help an employee with a task at work. In this vision, LinkedIn's "newsfeed" will become a focus for information-sharing at the office.

### Is it worth it, let me work it

There are three hitches in Microsoft's plans. The first is financial. It is shelling out the equivalent of around \$260 for each monthly active user of LinkedIn. To keep shareholders happy, it will need to add users to LinkedIn's platform more quickly or be clearer about how it can make more money from their data.

The second is operational. Microsoft's record with big deals is poor. Its purchase of Skype in 2011 for \$8.5 billion has been no runaway success. Microsoft squandered over \$6.3 billion on aQuantive, an online-advertising firm that it bought in 2007, and \$7.6 billion on Nokia's handset business in 2014. Both misfortunes happened before Mr Nadella took over, but "the historic playbook says it's not going to work," reckons Brent Thill, an analyst at UBS, a bank. Mr Nadella intends to keep LinkedIn as an independent company, perhaps because he has seen the pitfalls of integrating large acquisitions at first hand.

The third hitch is behavioural. Mr Nadella wants LinkedIn to become the place to go for news and other details about people's work lives, but firms are unlikely to want to give their employees more of an excuse to spend time on social media. Some bosses regard LinkedIn with hostility because it makes money from recruiters out to poach their staff. They will not want to let LinkedIn further embed itself at their companies. Already some large firms block or restrict access to LinkedIn on their networks. Users may also grow uncomfortable if Microsoft deploys their data elsewhere and could stop using the service. Mr Nadella has acknowledged they will have to treat what they know about users "tastefully".

The deal has been welcomed for other reasons, however. It could signal an impending tech buying spree. In the days after LinkedIn's purchase, investors looked around to see which other firms Mr Nadella and his peers might have their eyes on. Optimists pushed up the share price of Twitter, another social-media firm whose growth prospects have been questioned, in the hope that a buyer might make a move. But not every tech firm is lucky enough to have Mr Nadella coveting it. ■

## The internet

# Reweaving the web

### A slew of startups is trying to decentralise the online world

TIM BERNERS-LEE ends "Weaving the Web", a book written in the late 1990s, on an optimistic note: "The experience of seeing the web take off by the grassroots effort of thousands gives me tremendous hope that...we can collectively make our world what we want." Nearly two decades later the inventor of the web no longer sounds as cheerful. "The problem is the dominance of one search engine, one big social network, one Twitter for micro-blogging," he declared on June 7th at a conference in San Francisco.

Mr Berners-Lee's observation that the internet has become heavily centralised is not new, yet in recent months warnings such as his have grown louder. Pundits estimate that Google's many sites attract an estimated 40% of all traffic on the web. Facebook's apps are similarly dominant on smartphones. Together these two firms will soon rake in two-thirds of all online-advertising revenues. The takeover of LinkedIn, a social network for professionals, by Microsoft, a software and cloud-computing giant (see previous article), will only reinforce such worries.

In recent years, other "control points" have emerged, according to Yochai Benkler of Harvard University. Smartphones, which now generate more than half of online traffic, are not as open a platform as the internet: access to the two dominant mobile operating systems, Android and iOS, is regulated by Google and Apple, respectively. Cloud computing, too, is a centralised affair, with Amazon leading the pack, followed by Microsoft and Google. These same companies, as well as Facebook, are in control of ever-growing piles of personal and other data. Such information may ultimately allow these online giants "to predict, shape and 'nudge' the behaviours of hundreds of millions of people," notes Mr Benkler in a recent paper.

Now a new band of entrepreneurs and venture-capital firms is emerging with a mission to "re-decentralise" the internet. This is not the first time that new technology has pushed against the centralising forces of the internet. In the early 2000s "peer-to-peer" services such as Napster and Kazaa, for instance, allowed users to share music files rather than download them from a central server. But lawsuits from record labels and, in some cases, a failure to find ways to profit from these services meant these technologies ended up being limited to a few services, such as



Skype, which offers free internet calling.

If decentralisation is now making a comeback, it is largely because of the rise of bitcoin, a crypto-currency, and its underlying technology, the blockchain. This is a globally distributed database, which is maintained not by a single actor, such as a bank, but collaboratively by many.

Bitcoin and the blockchain have "shown what is possible," says Juan Benet, who invented the InterPlanetary File System, one of a number of efforts to build an infrastructure for a more decentralised internet. IPFS eliminates the need for websites to have a central server; instead, files are stored all over the web. BigchainDB, another such project, is developing a globally distributed database, which is faster and bigger than the blockchain (although it also makes use of it). And Storj offers a form of collaborative cloud storage: data are spread over the computers that have signed up to the service.

Distributed applications are cropping up, too. Blockstack Labs' offering, called Onename, which is also based on the blockchain, allows users to register their online identity; the idea is that they do not have to rely on log-ins provided by Facebook or Google. IndieWeb allows people to maintain information they want to share with the world without using centralised social networks. OpenBazaar is a collection of independent online shops.

Such services are likely to multiply. One reason is that investors are showing interest. BlueYard, a venture-capital firm, recently invited other venture capitalists and entrepreneurs to a conference in Berlin. "We used to spend a lot of time investing in ▶▶

firms with network effects," explained Brad Burnham of Union Square Ventures, referring to the mechanics of online markets, which allow successful firms to become dominant. "Now we are spending a lot of time figuring out how we could undo those effects." His firm has invested in both Blockstack Labs and OpenBazaar, in the hope that they will curb the momentum of Facebook and Amazon.

The second is that the technology to build decentralised applications, which is still in its infancy, will get better. For instance, bitcoin's blockchain is no longer the only game in town. It now competes with Ethereum, a similar system that offers more scope for developers to write applications. They can, for instance, design "smart contracts", business rules encoded in programs that execute themselves automatically: funds are transferred, for example, only if the majority of owners have digitally signed off a transaction. Consensus, a firm that designs such contracts, has used them to create a local marketplace for renewable energy in Brooklyn without the need for a central utility.

Whether these new businesses will

take the world by storm is unclear. A big hurdle—which previous efforts at decentralised technology failed to clear—is to be as convenient and seductive as centralised incumbents. Regulators are likely to mount resistance against projects that transcend national jurisdictions. Initiatives such as the DAO, a novel investment vehicle that lets its shareholders vote on how to spend their money, is not based in any country—not even a tax haven—but on Ethereum's blockchain.

Then there is the question of how decentralised services will earn their keep. Most are based on open-source software, which anybody can use without charge, so startups will have to make money with add-on services, such as updates, maintenance and subscriptions. More fundamentally, an internet that eschews control points may be one that affords firms less opportunity to build profits. To create a return that makes venture capitalists happy, the new tech firms will almost certainly come under pressure to get ever bigger. Decentralisation might fit the vision of the web's founding father, but the internet became centralised for a reason. ■

ling stake), much hangs in the balance.

Disney faces several hurdles. The first is China's economy, which has slowed since the project was conceived. Household incomes are still rising, however, and interest is healthy. Even before the official opening, 1m punters had turned up for a look. Over 300m people live within three hours by car or train, a huge catchment area for a park that hopes to attract 10m to 12m people in its first year.

A second challenge is politics. China has turned the screws on foreign firms of late and is squeezing all media companies through tighter control of content. This led to regulators scuppering Disney's joint effort with Alibaba, a local e-commerce giant, to promote its content online in China. Clearly, the firm is not untouchable.

Still, Mr Iger deserves credit for his deft dealings with government. No other firm has persuaded Chinese officials to shut down over 150 factories, clear nearly 1,000 acres of prime land, build a new metro link and paint its mascots on commercial jets. In November, regulators launched a year-long campaign to stamp out counterfeiting of Disney merchandise. President Xi Jinping even revealed last year that in party meetings, "I voted for Disney."

Not everyone is as welcoming. Disney "shouldn't have entered China," declares Wang Jianlin, a well-connected property and entertainment magnate. Dalian Wanda, his firm, has just opened a \$3 billion theme park in Nanchang in south-eastern China, and recently started work on its 11th park. Dozens of other theme parks are now under construction across the country.

The formidable Mr Wang believes that Disney cannot succeed in China as a "lone tiger" against a pack of local wolves that understand Chinese consumers far better. But Carl Yin, general manager at Spring Tour, one of the country's biggest travel agencies, argues that many Chinese consumers will favour Disney over Wanda be- ▶▶

## Shanghai Disneyland

# Lord of the jungle

SHANGHAI

## Disney takes a big gamble with a new theme park in China

**A**BOLD reimagining of the tale of Tarzan is one of the principal attractions at Shanghai Disneyland, a theme park twice the size of California's original Disneyland, that opened on June 16th. Even more impressive than the acrobatic stunts on display are the gyrations performed behind the scenes by Robert Iger, chairman of the Walt Disney Company, to ensure that his firm's vast investment in China brings equally huge rewards.

In pursuit of bumper returns Mr Iger boasted this week that the new park is "by far the most creatively ambitious and technically advanced" his firm has ever built. As evidence, he pointed out that it has the world's tallest Storybook Castle; puts on more live shows than any new Disney park, all in Chinese; and that its heart-stopping "Tron" and "Pirates of the Caribbean" rides (based on blockbuster films) feature advanced technologies that Disney is launching in China. Disney has certainly had long enough to conjure this up; over 15 years has passed from inception to opening day.

After such a long wait, will it make money? Disney already runs four of the world's five biggest theme parks. But de-

spite its expertise, it has occasionally misfired outside America. Disneyland Paris was initially snubbed for being too American and Hong Kong Disneyland has suffered from being too small. With \$5.5 billion invested by Disney and its Chinese partners (state entities that hold a control-



The magic middle kingdom

▶ cause it offers them an “authentic experience of a lifestyle” and not “just rides”.

That points to the third and thorniest problem: balancing cultures. Having learned from its earlier fumbles (Euro Disney initially refused to serve wine, a cardinal offence in France), Mr Iger has bent over backwards to respect local culture in the Shanghai resort. The food on sale is 90% Asian. The park is stuffed with traditional gardens and tea houses. The peony, China’s national flower, and other local totems are found everywhere.

Ask park-goers why they have come, however, and none mentions savouring local culture. They want more burgers and pizzas. At the premiere in the park of the Mandarin version of “The Lion King”, a glamorous celebrity couple glided by on the red carpet until the lady suddenly broke free of her beau and her bouncers, muttering something about cake. She had just spotted the Cheesecake Factory, an American dessert chain with a cult following whose first outlet in the country is in the resort.

The risk is that Disney goes too far in localising the park as it grows—Mr Iger confirmed this week it will expand soon—and strays from its winning formula. Wolfgang Puck, an Austrian-born celebrity restaurateur, was inspecting his massive new eatery inside the resort this week. Asked if Chinese culture will influence his offerings, the dapper chef said no: “You must be true to who you are, that is what people expect.” Disney might do well to take note. ■

## The Panama Canal

# Wider impact

PANAMA CITY AND ROTTERDAM

## What the expansion of Panama’s waterway means for world trade

**W**ORKERS at a fish market in Panama City disagree on the benefits of the country’s newly widened canal. One optimistically hopes the government will have more funds to pay for air-conditioning in their broiling workplace. Another draws a finger across his throat and says, “The people will get nothing.” A third calls it “the biggest opportunity” in Panama. The last verdict is certainly true of the government’s take. The revenue it receives each year from the Panama Canal Authority (ACP) is expected to double to around \$2 billion in 2021. This is a country that knows how to reap the benefits of its geography.

The ACP will be able to charge more for passage to bigger ships now that massive new locks have been built at both the Pacific and Atlantic ends of the canal and channels have been deepened and widened.



Pulling power

The \$5 billion venture will be inaugurated on June 26th when the first vessel officially sails through. The widening of the canal was initially mooted before the second world war, but became more urgent as ever larger ships were unable to use it.

Over 960m cubic metres of cargo passed through the canal in 2015, a new record and an amount that Francisco Miguez of the ACP calls “the maximum we could do in the existing locks”. The expansion increases capacity to 1.7 billion cubic metres. The biggest container ships that could use the old canal, known as Panamax, can carry around 5,000 TEUs (20-foot equivalent units, or a standard shipping container). Neo-Panamax ships that will squeeze through the new locks can carry around 13,000 TEUs. Although the world’s largest ships have space for nearly 20,000 TEUs, the majority of the global fleet will now fit through the canal.

The expansion will not only fill the coffers of the ACP and the Panamanian government. It will also change how freight moves around the world. Traffic could divert from the Suez Canal. Larger vessels, which currently ply that route between Asia and America’s east coast, now have the option of going through Panama. America’s east-coast ports should get busier. In the past, many containers heading from Asia to the eastern seaboard would arrive at west-coast ports, such as Los Angeles and Long Beach, and then travel to their destinations by road or rail. Bigger ships may now sail directly to ports in the Gulf of Mexico or the east coast, though shipping times will be longer. And vessels carrying liquefied natural gas from America’s shale beds will be able to pass through the locks for the first time, heading to Asia. They are expected to account for 20% of cargo by volume by 2020.

East-coast ports are preparing for the

windfall, says Mika Vehvilainen of Cargotec, a maker of cargo-handling equipment. Ports in Baltimore, Charleston, Miami, New York and Savannah are updating facilities to accommodate the Neo-Panamax. The Port Authority of New York and New Jersey plans to spend \$2.7 billion on enlarging its terminals and shipping lanes, and a further \$1.3 billion to raise a bridge by 20 metres.

Shipping lines’ costs will also fall, in part through economies of scale but also because ports are automating facilities at the same time as preparing them for Neo-Panamax, says Kim Fejfer, boss of APM Terminals, the ports division of Denmark’s Maersk Group, the world’s biggest shipping firm. Ports in the Gulf of Mexico are already embracing these new technologies.

Customers may not, however, benefit much from the reduction in shipping costs. Rates have already fallen over the past two years—by up to 40% for containers on some routes, and slightly less for bulk commodities such as coal. The response, industry consolidation, may mute incentives to pass savings on. Earlier this year China’s two biggest shipping lines merged to form the world’s fourth-largest operator. Firms are also building alliances to manage capacity. In January 2015 Maersk and MSC, the world’s largest shippers, launched 2M, an alliance to share space on their vessels. In May this year, six other shipping lines with a global market share of 18% launched “The Alliance”. There are rumours of a huge tie-up between several medium-sized firms.

Widening the Panama Canal may not bring cool air to sweaty fishmongers. But it should certainly give some parts of the shipping industry a boost. Whether the benefits of lower costs trickle down to consumers will depend on the internal machinations of the shipping industry. ■

## Nuclear power

## Keeping on the northern lights

## Sweden's tax cut provides a rare bit of cheer for the nuclear industry

THE list of candidates for the most beleaguered part of Europe's nuclear-power industry is long. But since last year Sweden, which generates about 40% of its electricity through nuclear energy, has been a strong contender. A tax increased to punitive levels in 2015 by the anti-nuclear Green Party hit its operators so hard that they threatened to close all ten of the country's plants unless it was scrapped. On June 10th the government, including the Greens, caved in and threw them a lifeline. It has promised to phase out the tax from next year and will allow operators to replace ageing reactors with new ones.

This was a rare piece of good news for an industry that looks like it is on its last legs in much of western Europe. Germany is decommissioning all of its reactors and France is cutting the share of nuclear in the energy mix to half, from 75%, by 2025. The country's main power provider, Electricité de France (EDF), is under fire for the shortcomings of the as-yet-unfinished European Pressurised Reactors (EPRs) under construction in Finland and France. Its proposed EPR scheme at Hinkley Point in Britain has become a political embarrassment on both sides of the Channel. Unsurprisingly no one trumpeted the news from Sweden more loudly than Jean-Bernard Lévy, EDF's chairman. It will not pull the nuclear industry out the mire, however.

The immediate beneficiaries are Sweden's three nuclear-energy providers, Vattenfall, a state-owned utility, Uniper, carved out of Germany's Eon, and Fortum, a Finnish utility. The so-called capacity tax on nuclear installations cost the equivalent

of about €7 (\$7.90) per megawatt hour, around a third of current wholesale electricity prices in the region. Fitch, a ratings agency, said the tax made Swedish nuclear plants unprofitable at current prices.

Despite their losses, operators still needed to make big investments in upgrading the cooling systems of their nuclear-power plants by 2020, ordered after Japan's Fukushima disaster in 2011. Last year they shocked the country by announcing the closure of four of the ten plants in operation because they could not afford to keep them running. It sent a message, says Roland Vetter of CF Partners, an investment firm, that unless operators were spared the tax, baseload electricity supply in Sweden was in jeopardy. The country generates the rest of its power from hydro schemes and renewables, which are subject to weather conditions. "In the short run it was all about keeping the lights on," he says.

Whether it actually leads to the construction of new power plants is another matter. The agreement to support the nuclear operators included a pledge to generate all electricity from renewable sources (which excludes nuclear) by 2040. That may have helped win over the Greens, but it is unlikely to generate enthusiasm for building new plants, not least because renewables will continue to be subsidised and the bigger their role in the energy mix, the more they suppress wholesale prices.

On June 15th Vattenfall announced that it was upgrading safety features on three reactors at its Forsmark plant following the tax cut, enabling them to continue producing electricity until the 2040s. Uniper says

it has no plans to build new plants. "No investor would risk private money on building new nuclear today," a spokesman says. "But who knows about the future."

In fact there are few places in the rich world where there is an appetite to build nuclear-power plants. Even in Britain, which is offering a huge subsidy to EDF, the French firm is unable to commit to going ahead with Hinkley Point.

It may be different in the developing world. This month India reaffirmed a decision, taken in 2013, to buy six nuclear-power plants from Westinghouse, owned by Japan's Toshiba, after talks between India's prime minister, Narendra Modi, and Barack Obama. But in reality the deal remains stuck, as long as it remains unclear whether Westinghouse (or any other supplier) would have to accept liability in case of a nuclear accident. Nowhere is nuclear a particularly cheap and easy option. ■

## The economics of Broadway

## No business like show business

## Our analysis of the art and science of creating a hit show

"HAMILTON", a hip-hop musical about one of America's founding fathers and the architect of its financial system, is an unlikely smash. Lin-Manuel Miranda's creation has been the hottest ticket on Broadway since the show started in July last year. On June 12th it won 11 Tony awards, theatre's equivalent of Oscars. Michelle Obama called it "the best piece of art in any form that I have ever seen in my life". Its success is widely credited with convincing the Treasury to keep Alexander Hamilton on the \$10 bill. But if its cultural heft is clear, its commercial achievements may be just as remarkable.

"Hamilton" serves as a reminder that although Broadway is rarely regarded as a big business in the same way as Hollywood is, the most successful musicals can outperform the silver screen. No film has ever banked \$1 billion at the box office in North America, but three musicals—"The Phantom of the Opera", "The Lion King" and "Wicked"—have exceeded this benchmark on Broadway, admittedly over long runs. The gap widens further when counting performances worldwide. Andrew Lloyd Webber's "Phantom", began life on the London stage in 1986 before transferring to Broadway and beyond. It has earned \$6 billion globally, more than twice the worldwide take of "Avatar", the film industry's record-holder.

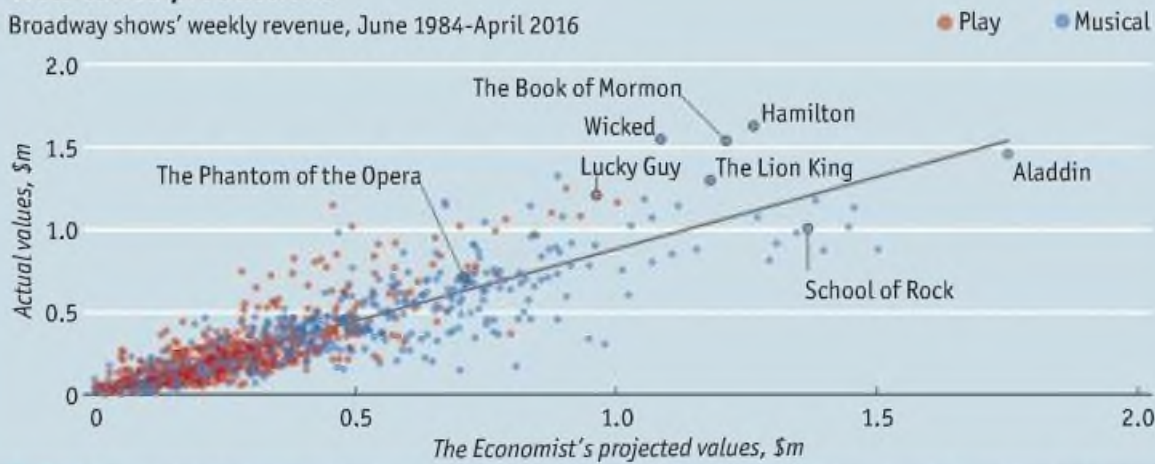
"Hamilton" may cement Broadway's lead. Revenues of \$80m since opening last ▶▶



An unusual glow

### Well-tuned productions

Broadway shows' weekly revenue, June 1984-April 2016



Online: To see a list of sources and an account of our methodology, please visit: [Economist.com/broadway-business](http://Economist.com/broadway-business)

► summer, averaging \$1.7m a week, put it on track to break the billion-dollar barrier in just over a decade. Once productions open in Chicago, Los Angeles and London, returns could triple for the show's creators and backers.

At first glance, it is hard to fathom how theatre can compete with film's economies of scale. Many more people can see a movie; the biggest venues on Broadway seat fewer than 2,000 people a night. But scarcity also means prices are high: \$100 a ticket for two hours of entertainment is common, about five times what it costs to go to the cinema. And popular shows run and run. "Phantom" still takes over \$1m in a good week.

Theatre is a risky business, however. Just one in five shows make a profit and musicals, though usually far more lucrative than straight theatre, are lucky if they run for six months. Actors and landlords must be paid regardless of how many seats are filled. Even popular shows can shut down early if cash is tight after a few bad weeks. That makes investing a gamble.

So what can would-be backers trying to replicate the success of "Hamilton" learn from Broadway's biggest hits and misses? The data are detailed enough to make some suggestions. The Broadway League, a trade group, has published weekly revenue and attendance figures for every show going back to 1984. *The Economist* has analysed data from past shows alongside various attributes, including genre, cast size, reception by critics and star-quality of actors involved, to estimate the probability of a show selling out in a given week and potential revenues in that week. We limited our data mostly to those available to investors at the start of a show's run.

Given what people knew about "Hamilton" when it first launched, there was little hope of foreseeing the scale of its success. Two approaches appear relatively reliable paths to triumph on Broadway. One is to put successful films on the stage. Disney's "The Lion King" has delivered steady profits since 1997. Musicals based on films have grossed \$145,000 more on average during their opening weeks than those

that were not. "Hamilton", by contrast, is based on a stodgy 832-page biography.

A second tried-and-tested approach is to bring in a Hollywood star: "Lucky Guy", with Tom Hanks, rapidly sold out its entire three-month spell in 2013. James Ulmer, an entertainment analyst, has compiled an index which rates Hollywood actors on their "bankability". Using those data, we were able to calculate the total star power of the casts for each of the Broadway shows in our database. The presence of a well-known actor can be expected to elevate a musical's probability of selling out in its opening week from 21% to 59%, while an A-list actor can bring the odds up to 92%. Yet "Hamilton" has no big stars.

One thing that "Hamilton" does have is a proven hitmaker in Mr Miranda. His previous musical, "In the Heights", won four Tony awards and its total revenues exceeded \$100m. But the past success of a show's writers and composers matters little. Even Broadway's biggest winners have trouble repeating past glories. Lord Lloyd Webber's "School of Rock", has played to houses that are just over 70% full since it opened in De-

cember. For a typical musical, a celebrated impresario increases the probability of selling out in its opening week by just four percentage points.

Good reviews do not contribute as much to success as the critics would like. Data from Jeffrey Simonoff of New York University and DidHeLikeIt.com, a review aggregator, show that, all else being equal, a musical with a rave review in the *New York Times* is less than six percentage points more likely to sell out in a given week than one with a neutral review.

Our model would have projected a reasonable performance for Hamilton at best, taking perhaps \$1.3m a week while paying rent, wages, marketing and the like of around \$600,000. Despite not conforming to the template for commercial triumph, it has achieved the highest average weekly revenues of any Broadway show ever and is one of the biggest outliers of the past 30 years (see chart).

The reason it has not done even better is Broadway's squeamishness over charging high prices. Demand for "Hamilton" far exceeds supply but the additional revenues either go to scalpers or are not realised at all, as lucky theatregoers enjoy a bargain.

In order to "take the air out of" brokers, on June 9th Hamilton's producer, Jeffrey Seller, raised the price of "premium" tickets to \$849, and cranked up most seats closer to \$200. Coincidentally, the next week "Hamilton" broke the \$2m-a-week barrier for the first time. One producer estimates the show could quintuple its revenue if it charged what the market would bear. Such pricing would bolster the industry's economics just as Hamilton solidified America's financial system. And by paving the way for bigger profits, more shows would get funded in the hope of achieving Hamiltonian riches. ■



Bastard, orphan, hero, scholar

# Schumpeter | The imperial CFO

Chief finance officers are amassing a worrying amount of power



THE days of imperial CEOs have long gone. Today's chief executives do their best to contain their egos and, instead, project a modest image. They talk about "servant leadership" and make a point of cultivating their "stakeholders". Many bosses leave the limelight to company founders and big-name investors. And yet a new authority figure has emerged within companies, much less exuberant than old-fashioned autocratic CEOs but just as determined to amass power: the imperial CFO.

Chief financial officers barely existed 50 years ago: company accounts were administered by mysterious people called "comptrollers". Today, CFOs are at the heart of all the world's big firms. They are the only corporate officers other than the boss who are able to monitor every corner of an organisation. They are the only executive other than the chief who is feared by everybody: a "no" from the CFO means that your precious project is dead. Russell Reynolds, a search firm, calls them "co-pilots". At one high-profile company, Twitter, the CFO, Anthony Noto, is arguably doing most of the piloting.

Finance chiefs play a growing role in shaping the scope and direction of a company. They no longer wield the red pen just on the basis of what they see in the accounts. They do so through the prism of corporate strategy, which they are deeply involved in setting. They allocate capital with a view to bringing that strategy to life—evaluating how well a particular scheme fits into a firm's long-term vision and counting out the beans accordingly.

CFOs also play a growing role in overseeing corporate operations. Two decades ago, they seldom took their noses out of their spreadsheets. They now spend much of their time inspecting operations—dropping in here, there and everywhere to see what the accounts mean in practice. This detailed knowledge of the corporate landscape increases their influence.

The other province colonised by CFOs is external relations. They spend plenty of time talking to investors, board directors, regulators and other stakeholders. Analysts will often pay more attention to the views of the finance supremo than to those of the ultimate boss. Ruth Porat, who is currently CFO of Alphabet, Google's parent company, and previously had the same job at Morgan Stanley, a bank, is particularly influential on Wall Street. The same can even be true of boards: Leo Apotheker's days as CEO of

Hewlett-Packard were numbered when his CFO, Cathie Lesjak, told the board that she strongly opposed his decision to buy Autonomy, a software company.

These rising powers are well rewarded for their growing clout. In 2014 the median pay for a CFO at an S&P 500 company was \$3.8m. (The highest-paid, Patrick Pichette, Google's CFO until last year, took home \$43.8m.) Though this was lower than the top dog's remuneration, the gap is narrowing, with CFOs winning slightly larger pay increases than their bosses, particularly in bigger companies. CFOs are also gaining power within what might be called the shadow ruling class—a network of boards, chairmanships and quangos that hire the CEOs and mark their report cards. EY, a consultancy, says that in 2012 almost 50% of CFOs at the 350 largest global firms sat on the boards of other companies, compared with a figure of 36% in 2002.

Several things explain the rise of the CFO. The shareholder-value movement played a role in promoting them and giving them a bigger role in setting corporate goals. Andrew Fastow, who was convicted for his role in the demise of Enron, was an ominous early occupant of the co-pilot's seat. The Sarbanes-Oxley legislation that was brought in to clear up that mess codified the CFO's role as the CEO's partner at the top of the corporate pyramid. The financial crisis of 2008 focused even more attention on managing costs. CFOs also have more powerful tools than ever to monitor what is happening in their organisations. They have access to lots of data and computing power, which allow them to build up a timely picture of what is going on.

It is hard to work out whether an imperial CFO is a good thing. Encouragingly, there is growing diversity and professionalism. Women hold 13% of CFO positions at America's leading companies, against only just under 5% of the top jobs. Today's finance chiefs are better trained than their predecessors, and more likely to have degrees and experience in a broad range of corporate functions. Sarbanes-Oxley and other legislation has forced CFOs to be more careful about following the rules.

## Emperor's new clothes

But the example of Mr Fastow should serve as a warning. CFOs have shorter job tenures than CEOs—a little over five years on average at American listed companies, compared with seven years for the boss. They also owe a higher proportion of their pay to performance than any other corporate officer other than the CEO. At the same time they are subjected to a welter of conflicting pressures—acting as spin-doctors and bean-counters as well as corporate strategists and auditors. EY, in a recent report on finance bosses, begins with a warning that "it's become a job that may be too big for any one individual to do well." The growing number of tools at a CFO's disposal may allow them to measure corporate performance more accurately but it also enables them to shuffle figures to produce the best results.

In 2013 Mr Fastow explained his behaviour on the ground that he thought "that's how the game is played... You have a complex set of rules and the objective is to use the rules to your advantage." Finance chiefs may expend more of their efforts nowadays satisfying regulations, but they also spend a great deal of time using devices such as "internal charges" (transfer pricing) to concentrate the company's profits in countries with the lowest taxes. The term "imperial" is never a good thing when applied to a corporate officer—in particular when that individual's principal job is to keep his company on the straight and narrow. ■



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Oil supply

# Rigonomics

## Is \$50 a barrel enough to revive global oil production?

IN THE wilds of western Texas, a flicker of life has returned to the fracking, or hydraulic-fracturing, industry. In the past four weeks nine idled oil rigs have been put back to work in the Permian basin, the richest of America's shale-oil provinces. That is only a tiny fraction of the 429 that had been taken out of service over the previous 18 months as the oil price plunged, at one point hitting a low of under \$30 a barrel. But it is the first four-week rise in a year.

In recent weeks the oil price has recovered to around \$50 a barrel (see chart). Scott Sheffield, boss of Pioneer Natural Resources, one of the top producers in the Permian, points out that futures prices for delivery in a year's time have also risen above \$50 a barrel, which allows him to lock in a decent profit on any new wells he can bring into production by then. Hence he may soon raise the number of rigs his firm has drilling in the Permian from 12 to at least 17 and perhaps as many as 22. "The Permian has bottomed out," he says.

In addition to drilling more wells, some firms are planning to frack mothballed ones—wells that have been drilled but not yet pumped full of sand, water and chemicals to open up fissures allowing oil trapped in shale to flow out. Others are simply pushing their pumps harder, which uses more energy but may be worth it at \$50 a barrel.

All this supports the claim that fracking

has brought a new dynamic to global oil markets: the ability to flex output up and down more quickly than conventional oil drilling, rather like factories responding to changes in demand. Conventional oil fields take years to develop and then produce oil for decades, leaving oil output relatively unresponsive to short-term price movements. Shale wells, in contrast, take just a few weeks to drill and frack, and have a lifespan of only a few years, so production quickly falls if drilling abates.

Shale-oil supply did indeed prove more elastic than the conventional sort when prices were falling, albeit with a delay. When the rout started in 2014, it took the shale-oil industry months to accept the fact

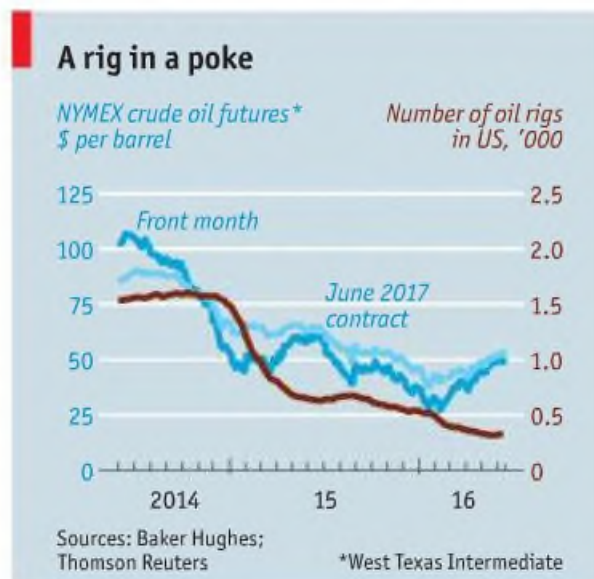
that it was more than a temporary decline. But the number of rigs, and hence production, eventually plummeted, helping to bring the market closer to balance.

Shale-oil seems to be moderating prices on the way back up, too. On June 10th, the day Baker Hughes, an American oil-services provider, reported that for a second week in a row there had been a tiny uptick in drilling in America, West Texas Intermediate (WTI), the American crude-oil benchmark, fell back below \$50 a barrel. If shale-oil is indeed acting like the valve on a pressure cooker, regulating the market when it gets too hot or cold, the result should be a less volatile oil price.

But the valve may not function perfectly. One question is the sustainability of the recent price rise. Shale-oil executives remember with chagrin the false rally of early 2015, which led them to maintain output longer than they should have. They note that the oil industry is still producing almost 1m barrels a day (b/d) more than the world is consuming. The International Energy Agency, an industry forecaster, said on June 14th that demand will not match supply until next year. "You don't want to add rigs and then bring them back down again," says Mr Sheffield.

Another concern is how quickly supply can really be ramped up. Rigs have been idled for so long that it may take months of maintenance before they can be brought back into service. Workers may also have found new jobs, making it hard to entice them back. Financial strains are considerable, too: about 70 shale-related firms have gone bust in America since the start of last year, and those on financial life support will focus more on paying down debt than on investing in more production.

If production does start to race ahead, the recent decline in shale-oil firms' costs ▶▶



may reverse. Per Magnus Nysveen of Rystad Energy, a consultancy, says producers have become so much more efficient and drilling contractors so much cheaper that American shale firms can, on average, make a healthy 10% return with WTI at \$39 a barrel, down from \$82 in 2013. But he reckons there is little room left to squeeze out additional costs. What's more, shale-oil firms' service contracts are of short duration, so if rigs or workers become scarce, prices can rise very quickly. For every \$1 increase in the oil price, Mr Nysveen expects a \$1 increase in costs.

Mr Sheffield disputes this. He says the

number of unused rigs is so high that the industry will be able to restart several hundred before costs start to rise. But he agrees that \$50 is not enough to boost output significantly. R.T. Dukes of Wood Mackenzie, a consultancy, says that if the price stays at \$50 until the end of the year, investment in shale production will remain "flat to down". If it is between \$50-60, investment will be "flat to up". Only above \$60 a barrel will it be "up across the board", he says. "We don't expect supply to turn on a dime, but we do think declines will slow down."

Even if America's oil industry does revive, it is still only about 1m b/d below its

peak last June, meaning higher production could be dwarfed by cutbacks elsewhere in the 95m b/d global oil industry. Wood Mackenzie calculates that oil and gas producers have promised to cut at least \$1 trillion from their planned investment in exploration and production in 2015-20, reducing projected output by the equivalent of a whopping 7 billion b/d.

Industry bulls, including top executives among the biggest producers, believe that in focusing on smaller shale firms as potential swing producers, the markets are missing a longer-term supply drought caused by the evaporation of investment in con- ▶▶

## Buttonwood | Feeling low

### Bond markets keep defying expectations

WHATEVER happened to the power of the bond markets? Bond traders were supposed to act as "vigilantes", keeping spendthrift governments in check. But despite high levels of government debt, they have not been selling bonds, pushing yields higher. In fact, the cost of government borrowing is as low, or lower, than it has ever been. In many countries, investors have driven the price of government bonds so high that they are, in effect, paying for the privilege of lending to the government. Around \$10 trillion-worth of bonds now have negative yields.

Bill Gross, a veteran bond manager at Janus Capital, warned recently that negative yields were a "supernova" that would explode at some point. He is not the first to argue that bonds have become ridiculously overvalued. Pessimists have been calling the top of the bond market since 2011.

In January almost two-thirds of global fund managers were gloomy about the outlook for government bonds. So far, however, this year has been another disappointment for the bears. Since the start of 2016, ten-year Treasury yields have dropped from 2.27% to 1.59%, British gilt yields of the same maturity have fallen from 1.96% to 1.24%, and the equivalent German yields have plunged from 0.63% into negative territory.

This was supposed to be the year when the economic recovery was so well established that monetary policy, in America at least, returned to normal. But after pushing up rates last December, the Fed has since stood pat. A month ago there were growing expectations of a rate rise in June; it didn't happen. America's GDP growth rate in the first quarter was disappointing. The latest non-farm payroll numbers showed the economy gener-

ated only 38,000 net new jobs in May.

It is not just the Fed that has boosted bond markets. Both the European Central Bank and the Bank of Japan continue to purchase bonds through their quantitative-easing (QE) programmes. Just as importantly, both central banks have imposed negative rates on at least some of the reserves commercial banks keep with them. In that context, even a marginally negative nominal bond yield may look attractive.

Investors tend to head for the perceived safety of government bonds when they judge the political or economic outlook to be risky. Toby Nangle of Columbia Threadneedle, a fund-management group, says that investors, contemplating the short-term dangers of Brexit, a Trump presidency and a China slowdown, are opting for the safety of government bonds despite their low yields.

The approach of Britain's referendum on EU membership on June 23rd has focused minds. Recent opinion polls have suggested that Britain may well vote to leave the EU, with one showing the Leave camp ten points ahead. In the gambling

markets, the probability of a Leave vote has risen from a low of 17% to 37%.

Donald Trump's erratic policy statements make it hard for investors to get a handle on what will happen if the businessman wins the White House in November. His stated intention to reduce taxes without compensating spending cuts seems likely to inflate the deficit; that should be bad news for bonds. In the short term, however, those worries are offset by the broader uncertainty about what a Trump presidency would mean—and uncertainty is good for bonds.

On China, the recent data have been rather mixed. Investment in fixed assets was up by 7.5% in the year to May, the second-lowest reading since 2012. Investment in manufacturing grew by only 1.3%, says Société Générale, a bank. The IMF recently warned about the economic impact of China's rising corporate debt. But the Chinese consumer looks strong: retail sales were up by 10% in the year to May.

If Britain votes to remain in the EU, if the American economy perks up (and the Fed tightens policy), and if the Chinese economy stabilises at a growth rate of 6.5-7%, then it is not hard to imagine bond yields heading back to their levels at the start of the year. But Japan has shown that bond yields can stay low for a very long time. There is no sign yet of the sustained rise in inflation or in productivity that would bring GDP growth, or bond yields, back to what were seen as normal levels a decade ago. And there is a lot of demand for government bonds—from pension funds, insurance companies and central banks, and as collateral for interbank transactions. There may be a few bond-market vigilantes around, but they have been effectively neutered.

### Limbo champions

Ten-year government-bond yields, %



Source: Thomson Reuters

ventional wells. This, they add, may be exacerbated by a recent upswing in demand in America, China and elsewhere, fuelled by lower prices. This could cause a sudden surge in prices, to as much as \$80 a barrel.

Yet not everyone has discounted the possibility that oil prices will plummet again. A lot depends on whether Saudi Arabia has the capacity to raise production substantially, as its deputy crown prince, Muhammad bin Salman, has indicated it will. Some argue that ahead of the planned

initial public offering of Saudi Aramco, the state oil company, it would make sense for the kingdom to pump more oil to increase the company's value. What is more, with copious reserves still in the ground, the Saudis may see logic in stepping up production in order to extract as much value as they can before technology and climate change dampen the world's appetite for oil. A price of \$50 a barrel may well be sustainable, but the battle of the sheikhs and the shalemens is not over yet. ■

## India's central bank

# A governor with a view

MUMBAI

There are challenges ahead if Raghuram Rajan stays at India's central bank

**R**AGHURAM RAJAN need not even leave his office atop the Reserve Bank of India's (RBI) tower in Mumbai to gauge two factors central to India's prosperity. Looking down, the ships sailing to nearby docks provide clues as to the buoyancy of foreign trade: the imposition of steel tariffs earlier this year, a knock-on effect from China's slowdown, all but stopped traffic for a time, he notes. Looking up, the skies also offer troubling portents. Mumbai should have been drenched by seasonal rain for over a week by now. The belated onset of the monsoon has already pushed up food prices, hampering the central bank's crusade against inflation.

Indian policymakers have no control over the weather or the health of the global economy. But they can eliminate a third source of concern. Mr Rajan's three-year term expires in September, but the government has prevaricated about granting him a second one. Both locals and foreign in-

vestors are wondering whether they are dealing with a lame-duck central banker. The rupee has gyrated, bond investors have quailed and tongues have wagged despite the admonition of Narendra Modi, the prime minister, to pay no attention to "this administrative subject".



Though a relative newcomer to the cut and thrust of Indian policymaking, Mr Rajan (pictured on the left below, with Mr Modi) knows better than to offer any comment on his reappointment. "What is important is to not personalise this office. It will survive any governor, it is bigger than any governor," he says.

Yet he has suffered a spate of ad hominem attacks, some from within the ruling BJP party. One complaint hinges on his supposed lack of patriotism, as evidenced by his American work permit (he is on leave from the University of Chicago). Another depicts him as a stooge of the Congress party, which appointed him to the job but is now in opposition. Amid all the jibes, relatively little attention has been paid to Mr Rajan's performance in the job. His record so far is good—though many of his reforms have yet to be tested.

Shortly before he took over in 2013 the "taper tantrum" struck. The Federal Reserve held out the prospect of tighter monetary policy in America, prompting money to flee emerging markets. The rupee was falling, causing inflation to rise. Wary Indians were importing more gold as a result, putting further pressure on the exchange rate. Mr Rajan's arrival, and prompt adoption of an informal inflation target, helped to restore calm.

Progress towards meeting that target—essentially halving inflation from 10% to 5% (see chart)—has been made easier by tumbling commodity prices, especially oil. Despite a recent jump, food prices are lower than they might be after two years of drought thanks to sound government policy. But many wonder if the structural rigidities that make India's the highest inflation rate in Asia have been tackled.

Mr Rajan favours incremental reforms over wholesale ones. He has made it easier to move money in and out of India, but not abolished capital controls in the way you might have expected from a former IMF chief economist. He does not try to dictate the level of the rupee, but still stage-manages it. Licences for new banks are no longer rationed in the manner of the "licence raj"; they are instead awarded to all those who show they are fit and proper. But the existing banks, which the RBI oversees, are in grim shape.

Lenders remain bound by intricate rules that dictate what assets they can hold (over half must consist of government bonds, reserves at the central bank or loans to particular industries, such as agriculture). Meanwhile state-owned lenders, which make up 70% of the banking system, have huge problems with bad loans. Some will breach regulatory standards on capital absent promised new money from government. Even healthy banks are foiling monetary policy by not passing lower interest rates on to clients. But Mr Rajan largely inherited this mess and has at least forced ▶▶



You cut the deficit, I'll cut rates

bankers to admit to their bad debts.

Mr Rajan's stature has helped attract investors. Domestically, it has given him a confidence to speak his mind. When government ministers gloat that India has the world's fastest-growing economy, he likes to point out how low a bar that is. When ministers publicly urge him to cut interest rates, he pushes back by demanding a more balanced budget first.

The RBI is not technically independent, which makes the process of appointing its boss especially sensitive. The governor's three-year term is the shortest of any G20 country. Recent governors have been given second terms as much as seven months in advance. If Mr Modi wants to curb speculation about the job, he could do so easily by reappointing Mr Rajan now. It would be a deserved extension. ■

### Investment banking

## Diving into the mire

NEW YORK

### Wells Fargo leaps into a swamp from which most banks are retreating

WHEN Wells Fargo's competitors were spending fortunes building up big investment-banking operations in the 1980s and 1990s, the bank's chief executive at the time, Richard Kovacevich, refused to follow suit, joking that the business would be a good one to get into were it not for all the people who worked in it. Instead he concentrated on building up a nationwide network of branches ("stores" in Wells-speak) to take in deposits and sell mortgages, credit cards and insurance. This strategy was vindicated when the financial crisis struck, turning once lucrative investment-banking franchises into millstones. Wells, meanwhile, became the most profitable big bank in America.

But an odd thing happened in the process. Wells's strength during the crisis allowed it to snap up Wachovia, a regional bank whose dense network in the eastern part of country perfectly complemented Wells's in the west. Wachovia also happened to have a sizeable investment bank.

Many assumed Wells would promptly sell the unit, or shut it down. Instead, it has expanded it, even as other banks have been hacking away frantically at their investment-banking arms. In the first quarter of 2007, before the takeover of Wachovia, Wells had no investment-banking revenue at all; Wachovia underwrote \$831m-worth of share offerings, putting it twelfth in the American rankings. In the first quarter of this year, Wells underwrote \$1.23 billion of share offerings, putting it ninth in the rankings (see chart). It recently bought six sto-

ries of a skyscraper under construction in Manhattan, which will include two big trading floors.

Wells's investment-banking operation is still far smaller than those of the giants of Wall Street: JPMorgan Chase, Goldman Sachs, Morgan Stanley and Bank of America. But its equity underwriting in America has surpassed that of Deutsche Bank, which had sought to elbow in to the top ranks. Jamie Dimon, the boss of JPMorgan Chase, recently noted that Wells was "actively", "aggressively" and "successfully" building an American investment bank.

There are clear limits to Wells's ambition. The Wachovia deal notwithstanding, it is not fond of takeovers, which it believes bring unforeseen problems and employees who will bolt unless rewarded (those dreadful investment bankers again), at a cost that would make its existing staff bitter. It also has limited interest in expanding abroad, since it does not want to have to navigate multiple regulatory regimes. Fully 95% of the employees of its investment bank are in America; 90% of its revenues originate there.

Instead, Wells hopes to grow in America by helping more of its corporate customers buy derivatives, issue debt or equity, or navigate takeovers. Investment banking currently produces about 5% of the bank's revenues; it says it would like the number to rise to as much as 15%, but no higher.

Wells's sudden enthusiasm for the business may seem counterintuitive, but it has always sold itself as a fast-growing company. Retail and commercial banking are competitive businesses; last year Wells's revenues were up by a mere 2%—and that was still better than most of its rivals. Regulators are also trying to discourage Ameri-

ca's biggest banks from growing much bigger (Wells is already the third-biggest by assets, with a balance-sheet of \$1.8 trillion). There is talk of requiring the biggest ones to hold even more capital, beyond the surcharge already imposed on "systemically important" ones. In that sort of climate, a business which could make more efficient use of existing clients and which holds out the promise (often forlorn) of higher returns on capital is hard to ignore. ■

### International data flows

## Priceless

Trade in data seems very important, but there are no good, er, data on it

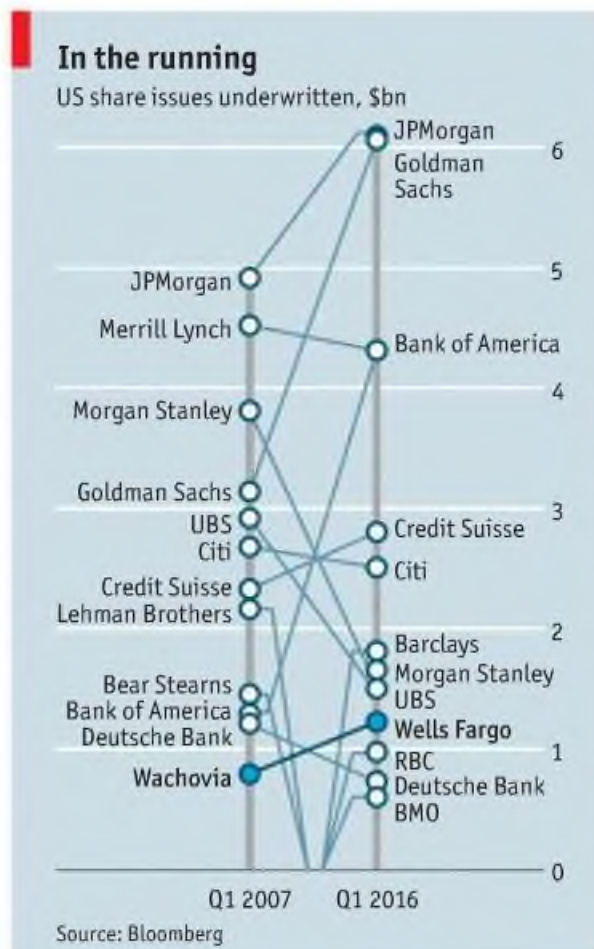
ALTHOUGH trade in goods and services is sluggish, international flows of data are exploding. According to the McKinsey Global Institute, a think-tank within a consultancy, data zipped across borders at a rate of 211 terabits per second in 2014. That is equivalent to 1.3 Libraries of Congress per second, and 45 times more than in 2005. McKinsey reckons that this torrent contributed more to global growth in 2014 than trade in goods.

The data deluge is changing trade in three main ways. First, it is spurring conventional trade in goods and services, through orders on internet platforms like Amazon and eBay. Second, a growing share of the products being traded is digital, from music files to insurance policies. And third, data are increasingly important lubricants for global supply chains. Companies ship vast datasets around the globe, using them to improve the efficiency of their operations.

Yet quantifying and valuing these flows is difficult. The McKinsey study yields impressive numbers, but relies on rough measures, which are valued using statistical correlations rather than precise measurements. Experts agree that data flows are growing at an amazing pace, but also that measuring them is dispiritingly difficult.

Statisticians face three big problems. First, current trade data does not usually record how services are provided. On May 25th America's Bureau of Economic Analysis published new estimates showing that around half of American exports of services could be delivered digitally, and that the fraction was increasing. But whether they actually are or not is unknown.

Second, there is no clear correlation between the volume of data and its value. Twitter feeds are not as valuable as digital design files. According to Cisco, a maker of networking gear, video accounted for 70% of global internet traffic in 2015, a share it ▶▶





► thinks will increase to 82% by 2020. If growing data volumes reflect growing cat-video consumption, then “So what?” asks Robert Atkinson of the Information Technology and Innovation Foundation. On top of that, there may be lots of double-counting. Data flowing through America could be in transit from Canada to Mexico.

Finally, identifying where exactly data are adding value is nightmarish. International e-commerce, which accounts for as much as 12% of all trade in goods and services, according to McKinsey, is enabled by international data flows. But none of that value is attributed to the data involved.

More fundamentally, bytes shuttling across borders are mostly unpriced. Data are rarely valuable in themselves; they tend to generate value only indirectly. Google relies on global data flows to support e-mails and its search engine, but generates revenues from clicks on adverts. Companies like Caterpillar or Boeing use data transmitted by sensors in their products to improve efficiency, but the data is not priced as it flows. When cash is so disconnected from data, teasing out the latter's value requires lots of head-scratching.

For now, policymakers have to rely on anecdotal evidence from companies claiming to use data to make savings and generate value. Another hint is the willingness of companies like Microsoft and Facebook to invest in new cables to carry data around the world. (Telegeography, a research firm, estimates that a transatlantic cable costs \$200m-300m to build).

Knowing what to measure and how to

## Emerging-market indices

# Stocks and stones

HONG KONG

Emerging markets can be rich or poor, as long as they are liquid

**I**N JULY 2008 outraged investors in Karachi, Pakistan's commercial capital, pelted the local stock exchange with stones after a plunge in share prices. In Lahore investors blocked the road to the city's exchange with burning tyres. In Islamabad a mob set fire to share certificates. The panicked exchanges simply prohibited further declines, imposing a “floor rule” that barred prices from falling below the level of August 27th 2008.

Emerging markets are, by definition, edgier places to invest than developed ones. But not anything goes. A prominent emerging-market benchmark compiled by MSCI, an index provider, includes only 23 stockmarkets that satisfy its criteria for size, liquidity and openness to foreign investors. Those that do not make the cut are relegated to an index of “frontier markets” or left out of MSCI's international indices altogether. That was Pakistan's fate in December 2008, when it was stripped of emerging-market status.

The countries that still carry that status are an odd mix. Some are surprisingly wealthy: Qataris are richer than Americans. Others are strikingly poor. India, for example, has a GDP per person of only \$1,600 at market exchange rates, lower than all but two of the frontier markets (see chart). Indeed MSCI does not take income per person into account when distinguishing emerging from frontier markets. India qualifies for other reasons. Because of its sheer size and institutional sophistication, its stock-market is relatively vast. It boasts no fewer than 73 listings that meet MSCI's criteria for heft and liquidity.

China is the biggest emerging market by far, accounting for about a quarter of the index's value. But only Chinese stocks listed in Hong Kong and America

qualify for inclusion. Mainland shares will remain ineligible for now, MSCI decided on June 14th, largely because China permits foreign investors to repatriate only 20% of their holdings each month and insists on vetting all products linked to its shares.

Other emerging markets suffer from smallness. Only three of Peru's listed companies are big enough (with a market capitalisation of at least \$1.27 billion) and liquid enough (with at least 15% of its shares changing hands each year) to qualify. If the number of eligible firms falls below three, MSCI said this week, Peru would be ejected from the emerging-market club.

What about Pakistan? It long ago rescinded the floor rule, and now boasts nine eligible firms. This week, therefore, MSCI said it would readmit Pakistan to its emerging-market index in May 2017. It will be the poorest member. The news was enough to lift the Karachi Stock Exchange to a record, over 322% higher than the floor set back in 2008.

### Mixed bags

GDP per person, 2015, \$'000



Source: IMF

measure it both present huge headaches for statisticians. Governments and international agencies are increasingly focusing on this informational black hole: they are considering options from simply asking firms how much their data are worth to demanding more detailed information on the nature of data flows from internet firms. It does not help that such flows are constantly evolving: at the moment, most data traffic is to people, but this may soon be superseded by inter-gadget traffic.

The volume and value of data are not just academic concerns. Governments around the world, keen to protect their citizens' privacy or bolster national security,

are restricting flows in various ways with little sense of the economic consequences. China, India, Indonesia and Russia, among others, have imposed rules about where firms can store data about their local customers. A better sense of the costs of such moves might prompt a change of heart.

One thing is clear: there is a gulf between the experience of firms, which insist data flows are crucial, and policymakers, who have no sense of their macroeconomic importance, says Joshua Meltzer of the Brookings Institution, a think-tank. The present situation, in Mr Atkinson's view, is “like setting tariffs without knowing how much you're exporting”. ■

# Free exchange | A history of violence

## Evidence is growing that gun violence in America is a product of weak gun laws

WITH awful, numbing regularity Americans use high-powered, high-capacity firearms to carry out mass shootings. And with awful regularity, efforts to reform America's gun laws in the wake of such tragedies fail. (Indeed, a recent paper published by the Harvard Business School found that a mass shooting leads to a 75% rise in measures easing gun control in states with Republican-controlled legislatures.) More than 30,000 people die in shootings in America each year; no other rich country suffers anywhere near that level of gun violence.

Opponents of gun control argue that such figures have things backwards. In their view, widespread gun ownership deters crime, and thus benefits society. Advocates of tighter restrictions on gun ownership disagree: they believe the spur to gun crime from the ready availability of weapons far outweighs the deterrent effects. Social scientists have long struggled to adjudicate, since, on the surface at least, the data are ambiguous.

Pro-gun groups point out that rates of gun ownership tend to be highest in rural, sparsely populated states, where crime rates are low. By the same token, over the past two decades, as the number of guns in America has risen sharply, crime rates have fallen. Yet even as the number of guns in America has grown, the share of households with a gun has dropped steadily. Research published in 2000 by Mark Duggan of the University of Chicago concluded that the homicide rate had been falling in tandem with the proportion of households where guns were kept. What's more, the homicide rate was falling with a lag, suggesting that reduced gun ownership was causing the decline, and was not simply a side-effect of a falling crime rate.

Other studies have reached similar conclusions. An analysis published in 2014, for example, using detailed county-level data assembled by the National Research Council, a government-funded body, suggested that laws that allow people to carry weapons are associated with a substantial rise in the incidence of assaults with a firearm. It also found evidence that such laws might also lead to increases in other crimes, like rape and robbery. A recent survey of 130 studies concluded that strict gun-control laws do indeed reduce deaths caused by firearms.

Links between gun ownership and violence are less well established than they might be, in part because lobbyists for gun rights have pushed to reduce public funding for research on the issue. In 2013 the *Journal of American Medicine* published an article on this phenomenon, describing how in 1996, for instance, Con-

gress ordered the Centres for Disease Control to spend less money contemplating how to reduce shootings.

The main difficulty for academics studying the link between guns and gun crime, however, is the lack of a true counterfactual. A researcher cannot hold all other things constant while varying the stringency of gun laws in order to isolate the effect of those laws on the incidence of violence. That leaves open the possibility that any reductions in crime following a tightening of gun laws may be rooted in other, unrelated causes. Crime rates have tumbled in many rich countries in recent decades, complicating any analysis of the role of guns.

Nonetheless, some events can come close to offering an informative counterfactual. The aftermath of a mass shooting in Australia provides one example. In 1996 a gunman killed 32 people with a semi-automatic weapon much like the one used in the Orlando shooting on June 12th. Australia's lawmakers quickly passed strict and sweeping gun-control rules. Semi-automatic rifles and pump-action shotguns were banned, and the government offered to buy weapons already in circulation from their owners (a programme of comparable scale in America would reclaim an estimated 90m guns).

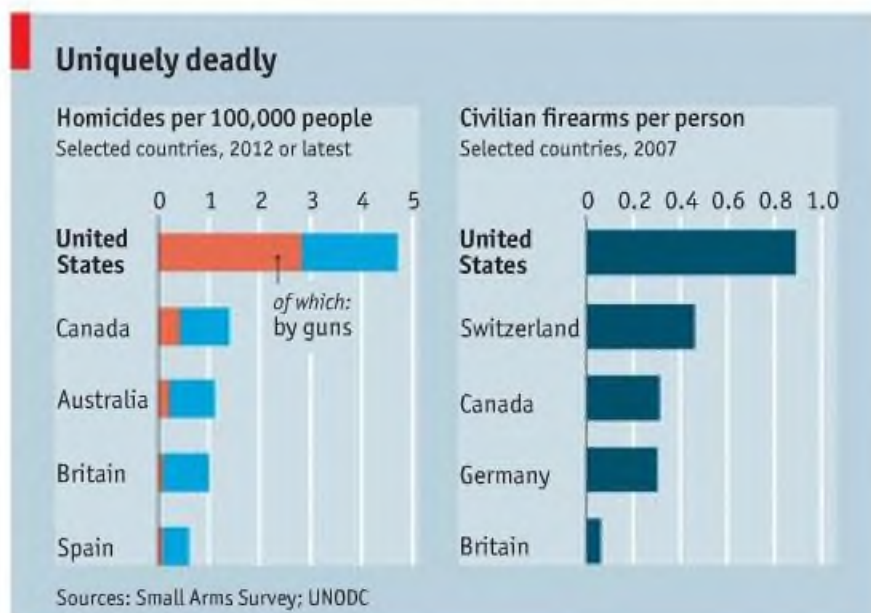
Australia has suffered only two shooting sprees since then, claiming a total of seven lives. A decline in the rate of killings with guns, which was already under way before these rules came in, accelerated rapidly. Total gun deaths including suicides also fell. Before the change in the law the rate of deaths from firearms in Australia was about a quarter of that in America; afterwards, it fell to about a tenth of the American rate. In 2014 America suffered about 10.5 fatal shootings per 100,000 people; Australia recorded just 1.

### The safety catch

It is not just the relationship between gun ownership and gun violence that is becoming clearer. Evidence is also building that even relatively modest gun-control measures reduce gun deaths. An analysis published in 2015 in the *Annual Review of Public Health* noted that state laws banning possession of a gun by individuals under a restraining order for domestic violence reduce the incidence of "intimate partner homicide" by 10%. The same analysis reports that firearm homicide rates rose by 25% in the five years after Missouri repealed its law requiring permits to purchase a gun, even as the national rate nationwide fell.

Public-opinion surveys show widespread support for tighter controls on gun-ownership in America. Indeed, nearly half of Republicans, the party most sympathetic to gun ownership, favour a ban on "assault-style" weapons. Their will is frustrated, however, by a political system that enables passionate minorities to stymie legislation.

In 2013, in the wake of the Sandy Hook massacre, in which 20 schoolchildren were shot dead, two senators, one Democrat and one Republican, introduced a measure that would have required background checks on most gun sales. It failed to move forward despite a majority vote in its favour, because supporters were unable to assemble the supermajority needed to overcome a procedural hurdle. Seemingly intractable disputes in American politics do sometimes give way to overdue reform. More probably, America will make scant progress in dealing with its gun problem until it begins to resolve its broader political problem. ■





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Software

## Engines of creation

**The slick graphics of modern video-games are spreading ever further outside their native industry**

JUNE 22nd is the 20th birthday of “Quake”. Its release, by a Texan firm called id Software, was a milestone in the history of video games. “Quake”, a grim and gory fantasy “shoot-’em-up”, pioneered many now-commonplace features of computerised play. Its most striking innovation was its fully three-dimensional world. This was drawn by a piece of software, called a game engine, regarded at the time as jaw-dropping.

These days “Quake” looks like a muddy brown mess. Two decades of advances in processing power, allied with cut-throat competition between games designers, have advanced the art tremendously. Game engines are now a product in their own right. Besides drawing the graphics, they handle tasks like simulating physics (such as gravity, say, or object collisions) and connecting players to each other online. They are, in other words, the platforms upon which games are built. Most games companies buy them pre-made, off the shelf. And not just games companies. Game engines have become so good at creating high-quality facsimiles of reality that they are attracting the attention of firms that, until now, have had nothing to do with video gaming at all.

One such outsider is PLP Architecture, a big London partnership. PLP has been experimenting with two leading game engines, Unity (made by Unity Technologies, of San Francisco) and Unreal (made by

Epic Games, of Cary, North Carolina). Architecture businesses have long used graphics to give their customers virtual tours of as-yet-unbuilt edifices. But, says Richard Woolsgrove, who is in charge of “visualisation” at PLP, these were often just pre-cooked animations. Game engines, by contrast, let clients wander wherever they like. Mr Woolsgrove’s group has created virtual versions of proposed buildings using one or other of the engines it is testing, and invited people to walk around and inside them, using a video-game controller to do so. The ability to explore a virtual building in this way, Mr Woolsgrove says, gets clients much more excited than they were by the old approach.

**Game on**

Architects are not the only non-gamers interested in extending the uses of game engines. NASA, America’s space agency, is a fan. It is experimenting with a virtual-reality (VR) system based on Unreal to train astronauts for stunts on the International Space Station. And this year’s Game Developers’ Conference, an industry shindig held every March in San Francisco, featured an eclectic range of firms, from McLaren, a British sports-car company, to Disney, an American entertainment giant, talking about how they were using game engines either to sell products or to help design those products in the first place.

According to Clive Downie, Unity Tech-

nologies’ chief marketing officer, the main advantage game engines give organisations is the ability to do instantaneously what used to take minutes or even hours. Before such engines were applied to the task, creating high-quality renderings required computers to crunch tediously through the calculations needed to simulate how light rays bounce around rooms and interact with objects. Some individual frames of “Toy Story”, the first fully computer-animated film, took 30 hours to produce. Game engines avoid all that by employing a host of mathematical shortcuts to make images 30 times a second or more. The price is a lower-quality image. But as computing power has grown, the trade-off between speed and quality has become less and less noticeable (see picture: the game-engine version is above, the photograph from life is below).

If artists want to add to the renderings, speed also lets them tweak their creations on the fly. If the lighting is not quite right, or a piece of virtual furniture is made of the wrong material, that can be changed without waiting while the scene is laboriously redrawn. This dramatically speeds up the production process.

One way to think of a video game is as a primitive sort of virtual reality, in which a consistent, computerised world is generated and then presented to the player through a screen. “Proper” virtual reality, in which the illusion is made all-consuming by being supplied through a headset that blocks out the real world, is all the rage this year. Two retail headsets, one from Facebook and one from HTC, have already been launched; a third, from Sony, is expected before the end of the year. For now, VR is aimed mostly at gamers. But Tim Sweeney, Epic’s founder, points out that even non-gaming VR applications—such as a relaxing beach simulation or a shared ▶▶

▶ virtual workspace—require slick, fast, computer-generated imagery of exactly the sort that his company sells.

The same is true of VR's cousin, augmented reality (AR), in which computer-generated imagery is painted on top of the real world. Again, big firms are cooking up consumer products. Google is working on a new version of its delayed Glass headset, and Microsoft is preparing for the release of an AR product dubbed the HoloLens. Game engines could become to VR and AR what Windows is to the PC—the base layer on which other products are built.

Nor need those products be intended only for retail consumers. Ncam is a special-effects firm based in Soho, an arty district of London. It makes its living developing game-engine-based technology that lets film and TV directors drop virtual objects straight into scenes in real-time. A recent demonstration involved Nic Hatch, Ncam's boss, setting up one of the firm's special cameras in the lobby of its office and pointing the lens at the empty middle of the room. A TV connected to the camera showed the same lobby, but with a convincing-looking McLaren sports car sitting in it. This was generated by Unreal from computer models supplied by McLaren's designers. The firm also has clips of commentators walking around other virtual vehicles, explaining the finer points to viewers, and of weather forecasters sharing studios with computer-generated tornadoes that are, apparently, crossing the American Midwest.

The killer app of this sort of technology, though, will probably come in the film industry, on the “green screens” in front of which actors have to perform when computer-generated scenes are to be added later in a process called post-production. Green-screening requires actors to move around obstacles that are not there, and to interact with empty space where computer-generated characters will eventually stand. This is hard. Done badly, the results can look wooden and artificial. Technology like Ncam's lets directors see what the special effects will look like while scenes are being filmed. They can thus manage the actors sensibly, telling them exactly where to look and how to behave.

### I'm the king of the swingers

Ncam's products have already been employed in big-budget films such as “White House Down”. A remake of “The Jungle Book”, released this year by Disney, used Unity. Mr Downie points to “Adam”, a short sci-fi movie shot entirely in Unity, and speculates that the first feature film made from start to finish in a game engine may not be far away. Mr Hatch thinks game engines may one day make conventional post-production obsolete.

Game engines may arrive on TV screens even quicker, though, if Future Uni-

verse, a small company based in Oslo, has its way. Future Universe plans to use game engines to merge video games with live television. According to Bard-Anders Kassin, one of the firm's founders, their first endeavour will be a green-screened game show, with a game engine drawing a virtual world around the contestants. When the result is broadcast, viewers with tablets or smartphones will be able to jump into the action—such as a car race—and play alongside those in the studio.

Future Universe's approach has attracted interest from TV networks. Mr Hatch says he knows of at least ten big TV companies that are actively experimenting with game engines. He speculates about using the engines to do everything from training car mechanics to building theme parks. “Imagine,” he posits, “if your kids could drop into a scene with Olaf and Elsa [a snowman and a princess from “Frozen”, a Disney film released in 2013].” Parents, worried about the costs of film spin-offs, may be less than delighted by that particular augmentation of reality. The prospect of a virtual sunlounger on a Caribbean island of their choice may help to ease the pain. ■

### Microbes and autism

## Gut feelings

### The theory that bacteria are involved in some cases of autism gets a boost

ONE of the less-known problems of obesity is that obese mothers are 50% more likely than those of normal weight to give birth to children who go on to develop autism. This correlation is perplexing, but some suspect it is connected to differences between the gut bacteria of the overweight and of those who are not. One researcher who thinks this way is Mauro Costa-Mattioli of Baylor College of Medicine, in Houston. He has just published evidence in *Cell* that, in mice at least, a clear relationship does exist between gut flora, obesity and social behaviour. What is particularly intriguing is that the culprit seems to be a single bacterial species.

Dr Costa-Mattioli and his colleague Shelly Buffington set up a series of experiments, each of which involved feeding 100 female mice a normal diet or a high-fat diet for eight weeks, getting those mice pregnant and then examining both the behaviour and the gut flora of their offspring. To monitor behaviour, the researchers put the pups through tests that measured how long they spent interacting with strangers and with inanimate objects. To study the gut floras, they used a test called ribosomal-RNA sequencing to identify which spe-



Bacterial protection service

cies the animals' faeces contained.

Dr Costa-Mattioli and Dr Buffington found that the offspring of mothers on the high-fat diet (which made these mothers obese), tended to have problems socialising. On average they interacted with other mice for only 22 seconds during a ten-minute test. Offspring of normal-weight mothers, by contrast, interacted for an average of two minutes. Similarly, when pups were given a choice of interacting with another mouse or with an empty cup, 55% of the offspring of obese mothers preferred the cup. All the pups of normal-weight mothers preferred the company of their fellow rodents.

As expected, the gut bacteria of the obese mothers and their offspring were quite different from, and less diverse than, those of other mice. The researchers' question was whether restoring a normal set of bacteria to the pups of obese mothers might improve their behaviour. To do this, they took advantage of a tendency mice have to eat each others' faeces. By housing the offspring of obese mothers with those of normal mothers, they thus reset to normal the gut floras of the pups. That done, they found the pups' social interactions developed normally, too.

### The socialiser

This is an extraordinary result. It suggests that a mouse's gut bacteria are regulating its behaviour. And further investigation showed how. A close examination of which species are missing from the guts of obese mice and their offspring flagged up one in particular, *Lactobacillus reuteri* (pictured), which was nine times more abundant in the pups of normal mothers than in those of obese mothers. This, the researchers felt, was worth investigating because *L. reuteri* was shown, three years ago, to promote the release of oxytocin, a hormone that plays an important role in controlling ▶▶



## Detecting scientific sloppiness

## Come again?

## A surprisingly simple test to check research papers for errors

“HOW extremely stupid not to have thought of that!” Many statisticians, confronted with the GRIM test might find themselves echoing Thomas Huxley’s words when he read about the idea of natural selection. The GRIM test, short for granularity-related inconsistency of means, is a simple way of checking whether the results of small studies of the sort beloved of psychologists (those with fewer than 100 participants) could be correct, even in principle. It has just been posted in *PeerJ Preprints* by Nicholas Brown of the University Medical Centre Groningen, in the Netherlands, and James Heathers of Poznan University of Medical Sciences, in Poland.

To understand the GRIM test, consider an experiment in which participants were asked to assess something (someone else’s friendliness, say) on an integer scale of one to seven. The resulting paper says there were 49 participants and the mean of their assessments was 5.93. It might appear that multiplying these numbers should give an integer product—ie, a whole number—since the mean is the result of dividing one integer by another. If the product is not an integer (as in this case, where the answer is 290.57), something looks wrong.

There is a wrinkle, though. Usually, the published value of the mean is rounded to two decimal places, for convenience. That rounding clearly affects whether the product of it and the sample size will be an integer. The GRIM test gets around this by rounding the product itself to the nearest integer (ie, 291), which is what the result would have to have

been if the original numbers were accurate and the mean had not been rounded. That rounded product is then redivided by the sample size and the result of the calculation rounded to two decimal places. If this figure is not exactly the same as the original mean (and it is not, for it is 5.94) then either the original mean or the sample size is incorrect.

When Mr Brown and Dr Heathers test-drove their method on 71 suitable papers published in three leading psychology journals over the past five years, what they found justified the pessimistic sounding label they gave it. Just over half the papers they looked at failed the test. Of those, 16 contained more than one error. The two researchers got in touch with the authors of these, and also of five others where the lone errors looked particularly egregious, and asked them for their data—the availability of which was a precondition of publication in two of the journals. Only nine groups complied, but in these nine cases examination of the data showed that there were, indeed, errors.

The mistakes picked up looked accidental. Most were typos or the inclusion of the wrong spreadsheet cells in a calculation. Nevertheless, in three cases they were serious enough to change the main conclusion of the paper concerned.

That, plus the failure of 12 groups to make their data available at all, is alarming. But if knowledge that the GRIM test might be applied to their work makes future researchers less careless and more open, then Mr Brown’s and Dr Heathers’s maths will have paid dividends.

## ▶ mammalian social behaviour.

The next experiment was therefore obvious. Dr Costa-Mattioli and Dr Buffington added *L. reuteri* to the drinking water of both sorts of mouse pup. As controls, they gave similar pups either pure water or water that had heat-killed *L. reuteri* in it.

Among the offspring of obese mothers, those given the live bacteria developed normally while the control mice developed social problems. This suggested *L. reuteri* does indeed promote the release of oxytocin in the developing brain, which then helps mice to develop normal social behaviour. To reinforce their case, the investigators dissected the brains of the animals involved in the last experiment and counted up the number of oxytocin-producing cells therein. As they suspected, offspring of obese mothers that were in the

control arms of the experiment had 29% fewer such cells than did offspring of normal mothers. Those given *L. reuteri* in their water, by contrast, had only 13% fewer. That, apparently, was enough to abolish detectable behavioural differences.

Whether *L. reuteri* plays anything like a similar role in human beings is unknown. But this research suggests it would be well worth looking into. Lack of interest in social interaction, of the sort displayed by the mice Dr Costa-Mattioli and Dr Buffington have been studying, is certainly symptomatic of human autism. If examining the gut floras of autistic children and their mothers (whether or not those mothers are obese) even hinted at something homologous happening in human beings, then dosing infants who might be at risk with *L. reuteri* could be a sensible idea. ■



## Presenting scientific results

## Graphic details

## A scientific study of the importance of diagrams to science

A PICTURE is said to be worth a thousand words. That metaphor might be expected to pertain *a fortiori* in the case of scientific papers, where a figure can brilliantly illuminate an idea that might otherwise be baffling. Papers with figures in them should thus be easier to grasp than those without. They should therefore reach larger audiences and, in turn, be more influential simply by virtue of being more widely read. But are they? Bill Howe and his colleagues at the University of Washington, in Seattle, decided to find out.

First, they trained a computer algorithm to distinguish between various sorts of figures—which they defined as diagrams, equations, photographs, plots (such as bar charts and scatter graphs) and tables. They exposed their algorithm to between 400 and 600 images of each of these types of figure until it could distinguish them with an accuracy greater than 90%. Then they set it loose on the more-than-650,000 papers (containing more than 10m figures) stored on PubMed Central, an online archive of biomedical-research articles.

To measure each paper’s influence, they calculated its article-level Eigenfactor score—a modified version of the PageRank algorithm Google uses to provide the most relevant results for internet searches. Eigenfactor scoring gives a better measure than simply noting the number of times a paper is cited elsewhere, because it weights citations by their influence. A cita- ▶▶

tion in a paper that is itself highly cited is worth more than one in a paper that is not.

As the team describe in a paper posted on *arXiv*, they found that figures did indeed matter—but not all in the same way. An average paper in PubMed Central has about one diagram for every three pages and gets 1.67 citations. Papers with more diagrams per page and, to a lesser extent, plots per page tended to be more influential (on average, a paper accrued two more citations for every extra diagram per page, and one more for every extra plot per page). By contrast, including photographs and equations seemed to decrease the chances of a paper being cited by others. That agrees with a study from 2012, whose authors counted (by hand) the number of mathematical expressions in over 600 biology papers and found that each additional equation per page reduced the number of citations a paper received by 22%.

This does not mean that researchers should rush to include more diagrams in their next paper. Dr Howe has not shown what is behind the effect, which may merely be one of correlation, rather than causation. It could, for example, be that papers with lots of diagrams tend to be those that illustrate new concepts, and thus start a whole new field of inquiry. Such papers will certainly be cited a lot. On the other hand, the presence of equations really might reduce citations. Biologists (as are most of those who write and read the papers in PubMed Central) are notoriously maths-averse. If that is the case, looking in a physics archive would probably produce a different result.

### Figuring it out

Dr Howe and his colleagues do, however, believe that the study of diagrams can result in new insights. A figure showing new metabolic pathways in a cell, for example, may summarise hundreds of experiments. Since illustrations can convey important scientific concepts in this way, they think that browsing through related figures from different papers may help researchers come up with new theories. As Dr Howe puts it, “the unit of scientific currency is closer to the figure than to the paper.”

With this thought in mind, the team have created a website ([viziometrics.org](http://viziometrics.org)) where the millions of images sorted by their program can be searched using key words. Their next plan is to extract the information from particular types of scientific figure, to create comprehensive “super” figures: a giant network of all the known chemical processes in a cell for example, or the best-available tree of life. At just one such super-figure per paper, though, the citation records of articles containing such all-embracing diagrams may very well undermine the correlation that prompted their creation in the first place. Call it the ultimate marriage of chart and science. ■

## Cleaning the environment

### It's the pits

#### Syrian researchers use date stones to suck up toxic materials

**T**O DISCOVER how to use a waste material to clean up hazardous chemicals is a notable achievement. To do so while working in a war zone is doubly impressive. But that, with a little help from some foreign friends, is just what Abdulsamie Hanano of Syria's Atomic Energy Commission, in Damascus, has done. Over the past four years Dr Hanano, who works in the commission's molecular-biology department, and his colleagues have developed a way to use the stones (or pits) of dates, a waste product of the fruit-packing industry, to clean up dioxins, a particularly nasty and persistent type of organic pollutant that can lead to reproductive and developmental problems, damage the immune system, and even cause cancer. Dioxins are produced mainly as a by-product of industrial processes.

Dr Hanano lit on date stones for this task for three reasons. One was that they are rich in oils of a sort that have an affinity for dioxins. The second was that, though they are not unique in this oil-richness, unlike other oil-rich seeds (olives, rape, sesame and so on) they have no commercial value. The third was that, despite lacking commercial value, they are abundant.

It was not the oil *per se* that Dr Hanano wanted, though. Rather, he intended to extract in one piece the droplets into which this oil is packaged within a stone. Besides oil, these droplets contain special proteins that help to hold them together. And each droplet is surrounded by a membrane composed of a substance called a phospholipid which, unlike oil, is attractive to water. This means that when the droplets are shaken up with water, they form a stable emulsion.

To gather the droplets, Dr Hanano and his colleagues first softened up their date stones by soaking them in water for two weeks. That done, they ground them up and centrifuged the result. This process separated the droplets from the rest of the gunk as a creamy emulsion. It was then a question of testing the emulsion's ability to extract dioxins from water. As the group report in *Frontiers in Plant Science*, it did this well. The droplets' phospholipid membranes proved no barrier to the passage of dioxins, which accumulated satisfactorily in the oil. One of Dr Hanano's collaborators, Denis Murphy of the University of South Wales, in Britain, describes the droplets as acting like little magnets for dioxins. “Within a minute,” he

says, “virtually all the dioxins are sucked out of a solution. It is very fast.”

In particular, the droplets absorbed 2,3,7,8-tetrachlorodibenzo-p-dioxin, an extremely toxic herbicide that was one of the constituents of Agent Orange, used to destroy vegetation by American forces during the Vietnam war. And, once the dioxins are inside the droplets, their affinity for the oil is such that they never leave. Disposing of them is just a matter of scooping up the droplets (which will eventually rise to the top of any water containing them) and destroying them safely in, say, a furnace.

Dr Hanano's first idea for a practical use for his creation is to clean up fish farms. Though dioxin pollution in most parts of the sea is fairly low level, it tends to be higher near the coast, where fish farms are located, because of run-off from the land. Moreover dioxins, like certain other marine pollutants such as mercury and cadmium, are never destroyed or excreted, so accumulate progressively in the flesh of fish and shellfish. Cartridges containing dioxin-absorbing droplets, through which the impounded water of a fish farm was cycled, would help to stop that happening.

Remediating polluted land might also, the researchers hope, be on the cards, although they have yet to work out how to recover the droplets once the emulsion has been sprayed on the affected ground. If they can do so, however, the group are likely to have plenty of customers. Substances like 2,3,7,8-tetrachlorodibenzo-p-dioxin are so long-lived that even today the Vietnamese are still trying to clean up the mess Agent Orange created. ■



Tinker, tailor, soldier, cleaner




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### The Venetian ghetto

## Hidden secrets

**The Venice ghetto gave the world an odious word, but its synagogues should be restored**

**I**N 1516, when the Venetian authorities ordered the city's Jews into an area near a foundry, they gave them just 48 hours to move. They also forced them to pay their new landlords 30% more rent than the outgoing Christian tenants. A Venetian word meaning "foundry" may have given rise to the term "ghetto", which over the years has taken on wholly negative connotations. The 500th anniversary of that fateful event scarcely invites celebration. Yet it has inspired in Venice itself several intriguing, and controversial, initiatives of which the highlight is an exhibition opening at the Doge's Palace on June 19th.

Some visitors will find the show surprising, even shocking. The curator, Donatella Calabi, argues that viewing the Venetian ghetto through the prism of the Nazi-imposed ghettos of the Shoah is misleading. Her exhibition shows how the ghetto was created at a time of crisis in the old Venetian republic, or La Serenissima, when its governors became wary, not just of Jews but of all deemed to be outsiders. In confining them, they were doing what they also did to non-native merchants including Greeks, Turks, Armenians, Persians and, ironically, Germans. The Turks particularly, says Ms Calabi, were subject to rules "stricter perhaps than those imposed on the Jews". Quarantining foreigners was

done partly for their own safety (murderous clashes between merchant communities were not uncommon) and was "the same as the discrimination exercised at the time in all the great commercial cities: London, Seville and Antwerp".

But, as some Venetian Jews have argued, most of their forebears were not outsiders (some arrived in the 14th century). Nor were they citizens of an empire, the Ottoman, intermittently at war with Venice. Moreover, with the passage of time, the confinement of Venice's Jews continued, though the original motive was gone.

The exhibition does not gloss over the hostility they attracted. Two unobjectionable depictions of Jews by Carpaccio alongside Bellini's "Drunkenness of Noah" highlight the latter's anti-Semitism: the patriarch's sons have caricature Jewish noses and the bulbous tip of Ham's is cruelly emphasised by light. Another exhibit tells of the Jews' Channel in the lagoon, dug so they could remove their dead for burial without crossing the centre of Venice, where louts would stone the waterborne hearses.

It is evidence of how much worse conditions became for Jews elsewhere in the Mediterranean that successive waves of refugees fled to the Venetian ghetto. In the 17th century its population reached 6,000.

The intermingling of different Jewish traditions produced five synagogues, each with its own rites, and the development of a rich, hybrid cultural life made even more varied by contact with the surrounding Christians. The first complete edition of the Babylonian Talmud was published in Venice, by a Christian (Jews being forbidden to work as printers). And among the ghetto's residents was Sara Copia Sullam (c.1592-1641), a poet and essayist whose literary salon was open equally to Jewish and Christian intellectuals. The exhibits at the Doge's Palace include an ornate Venetian Jewish marriage contract which has an imagined representation of Jerusalem. But this Jerusalem has a canal in it with a bridge under which a little boat is about to disappear.

Beit Venezia, an NGO set up to breathe new life into the ghetto's multicultural heritage, has seized on the quincentenary to sponsor an international symposium on the ghetto as a global metaphor and, more provocatively, to put on the first staging in the ghetto of "The Merchant of Venice". The play opens on July 26th. On the second day of its run, a mock court hearing is to be held, with real lawyers and a jury led by Ruth Bader Ginsburg of the American Supreme Court.

From the square where the play will be staged, the dome of the Scola Canton, one of the synagogues, can be seen tilting alarmingly. It is the most visible sign of the deterioration of what David Landau, an arts philanthropist who settled in Venice seven years ago, calls "the most important Jewish heritage site in Europe".

The wall behind the German synagogue, the oldest and arguably prettiest, is crumbling into an adjoining canal. A crack ►►

has opened in the floor that Marcella Ansaldo, the curator of the nearby Jewish Museum, says is growing alarmingly. Woodworm is eating at the timber skirting boards. "We may soon have to stop visits," she says. At the Italian synagogue, the windows can no longer be opened because the frames are so crooked they could not be shut again.

Restoring three of the five synagogues and linking them to the museum would cost an estimated €12m (\$13.5m). Venetian Heritage, an American NGO, has raised €1m. The city's Jewish community has asked Mr Landau to help find the rest. Persuading anyone, let alone fellow Jews, to pay for the preservation of a locality with such hateful associations as a ghetto will not be easy. But it would be tragic to lose to decay and neglect such a beautiful and culturally variegated corner of Europe. ■

### The Arab unravelling

## Tales of spring and winter

**A Rage for Order: The Middle East in Turmoil, from Tahrir Square to ISIS.** By Robert Worth. Farrar, Straus and Giroux; 259 pages; \$26. To be published in Britain by Picador in September; £20

IT HAS become fashionable to trace the turmoil of the Arab world back to the deal hashed out a century ago by Mark Sykes of Britain and François Georges-Picot of France. As the first world war raged, the two diplomats proposed to carve up the Arab lands of the Ottoman empire. Their countries would each get a sphere of influence, which they outlined in blue and red

pencil on a now notorious map of the Levant. The modern borders of the Middle East were thus set, with little regard for local concerns, thereby sowing the seeds of future ethnic and sectarian conflict.

That, at least, is what many pundits said on the deal's centenary last month. In fact, the Sykes-Picot agreement did not establish any borders: the contours of the modern Middle East emerged as a result of several conferences and conflicts, many of which took place after the Great War ended. To be sure, the West deserves much blame for the region's crumbling geopolitical architecture. But indigenous forces are most responsible for the Arab spring and its bloody aftermath. So the best way to make sense of the past six years is to ask the Arab people what happened.

Robert Worth has done just that. In his new book, "A Rage for Order", he shares many of the stories that he collected while covering the Arab uprisings and their fallout as a reporter for the *New York Times*. Today's conflicts are often viewed through wide-angle lenses: for example, that Sunnis are seen fighting Shias, secularists fighting Islamists or rebels fighting regimes. Mr Worth narrows the field of view, using personal narratives to illuminate the larger dynamics. This is a common technique, but Mr Worth does it better than most.

Much of the fighting now seems inevitable. But consider the story of Aliaa Ali and Noura Kanafani, two young Syrian women who used to laugh off their sectarian differences. Ms Kanafani, a Sunni, had even rejected a marriage proposal from a man who was intolerant of Alawites, an offshoot of Shiism to which Ms Ali—and Bashar al-Assad, Syria's dictator—belong. Only after their country sank into civil war in 2011 did they too begin to turn on each other. It started with little arguments over politics. Each clung to a sense of victimhood, inflamed by the voices around them. As the violence escalated, they retreated into their sects and gradually redefined each other as enemies.

Others, though, moved in the opposite direction, towards understanding. The Tunisians were first to topple their dictator. But their democracy got off to a rough start under the quasi-Islamist Ennahda party, which alienated much of the electorate. It was saved, in part, by the budding alliance, then friendship, between Rachid Ghannouchi, the septuagenarian leader of Ennahda, and Beji Caid Essebsi, the octogenarian leader of the secularist opposition (pictured). Mr Worth tells this story beautifully. Over the course of many meetings the two leaders "were edging toward each other, sideways, like two ancient crabs". In the end, Mr Ghannouchi's party relinquished power, and he later supported the presidential run of Mr Essebsi.

Mr Worth weaves together his stories with subtlety. The story of Mr Ghannouchi

runs naturally alongside that of Muhammad Beltagy, a member of the Egyptian Muslim Brotherhood, who could not convince his colleagues to compromise. After a tumultuous time in office, the Brotherhood was forced from power in 2013 and later banned by Egypt's new authoritarian regime. After a show trial, Mr Beltagy was sentenced to death last year, along with dozens of other Brotherhood leaders, including the first democratically elected president, Muhammad Morsi.

Other stories relate the aspirations of Arab revolutionaries, who "had dreamed of building new countries that would confer genuine citizenship and something more: *karama*, dignity, the rallying cry of all the uprisings", writes Mr Worth. But when most of their efforts failed, some looked elsewhere for *karama*. One of the final subjects of the book is Ahmed Darawi, a former spokesman for the Egyptian youth movement, who disappeared in 2013. He resurfaced months later in Syria. "I found justice in *jihad*, and dignity and bravery in leaving my old life for ever," he wrote on Twitter. A short time after pledging his allegiance to Islamic State, he blew himself up in Iraq. ■

### The boundaries of science

## Circle in a circle

**What We Cannot Know.** By Marcus du Sautoy. 4th Estate; 440 pages; £20. To be published in America by Viking Penguin in April 2017

"EVERYONE by nature desires to know," wrote Aristotle more than 2,000 years ago. But are there limits to what human beings can know? This is the question that Marcus du Sautoy, the British mathematician who succeeded Richard Dawkins as the Simonyi professor for the public understanding of science at Oxford University, explores in "What We Cannot Know", his fascinating book on the limits of scientific knowledge.

As Mr du Sautoy argues, this is a golden age of scientific knowledge. Remarkable achievements stretch across the sciences, from the Large Hadron Collider and the sequencing of the human genome to the proof of Fermat's Last Theorem. And the rate of progress is accelerating: the number of scientific publications has doubled every nine years since the second world war. But even bigger challenges await. Can cancer be cured? Ageing beaten? Is there a "Theory of Everything" that will include all of physics? Can we know it all?

One limit to people's knowledge is practical. In theory, if you throw a die, ▶▶



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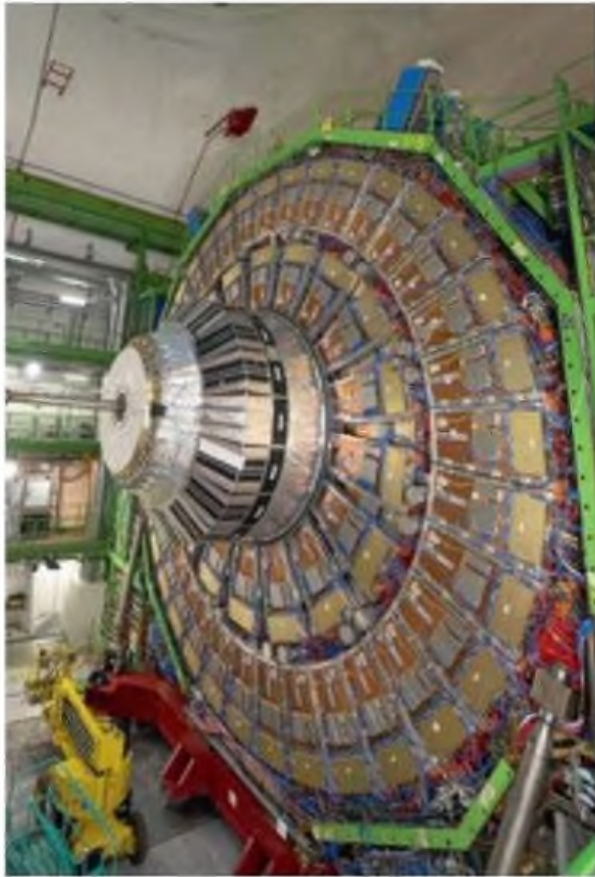
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### A smashing scientific success

▶ Newton's laws of motion make it possible to predict what number will come up. But the calculations are too long to be practicable. What is more, many natural systems, such as the weather, are "chaotic" or sensitive to small changes: a tiny nudge now can lead to vastly different behaviour later. Since people cannot measure with complete accuracy, they can't forecast far into the future. The problem was memorably articulated by Edward Lorenz, an American scientist, in 1972 in a famous paper called "Does the Flap of a Butterfly's Wings in Brazil Set Off a Tornado in Texas?"

Even if the future cannot be predicted, people can still hope to uncover the laws of physics. As Stephen Hawking wrote in his 1988 bestseller "A Brief History of Time", "I still believe there are grounds for cautious optimism that we may be near the end of the search for the ultimate laws of nature." But how can people know when they have got there? They have been wrong before: Lord Kelvin, a great physicist, confidently announced in 1900: "There is nothing new to be discovered in physics now." Just a few years later, physics was upended by the new theories of relativity and quantum physics.

Quantum physics presents particular limits on human knowledge, as it suggests that there is a basic randomness or uncertainty in the universe. For example, electrons exist as a "wave function", smeared out across space, and do not have a definite position until you observe them (which "collapses" the wave function). At the same time there seems to be an absolute limit on how much people can know. This is quantified by Heisenberg's Uncertainty Principle, which says that there is a trade-off between knowing the position and momentum of a particle. So the more you

know about where an electron is, the less you know about which way it is going. Even scientists find this weird. As Niels Bohr, a Danish physicist, said: "If quantum physics hasn't profoundly shocked you, you haven't understood it yet."

Mr du Sautoy probes these limits throughout his book. He talks about the origins of the universe in the Big Bang, the discovery of subatomic particles (starting with the positron in the 1930s) and the disappearance of matter and information into black holes. There are also fascinating details about the human brain, where his discussion ranges from the structure of neurons to the problem of consciousness.

Eventually, he turns to his own field of mathematics. If people cannot know everything about the physical world, then perhaps they can at least rely on mathematical truth? But even here there are limits. Mathematicians have shown that some theorems have proofs so long that it would take the lifetime of the universe to finish them. And no mathematical system is complete: as Kurt Gödel, an Austrian logician, showed in the 1930s, there are always true statements that the system is not strong enough to prove.

Where does this leave us? In the end, Mr du Sautoy has an optimistic message. There may be things people will never know, but they don't know what they are. And ultimately, it is the desire to know the unknown that inspires humankind's search for knowledge in the first place. ■

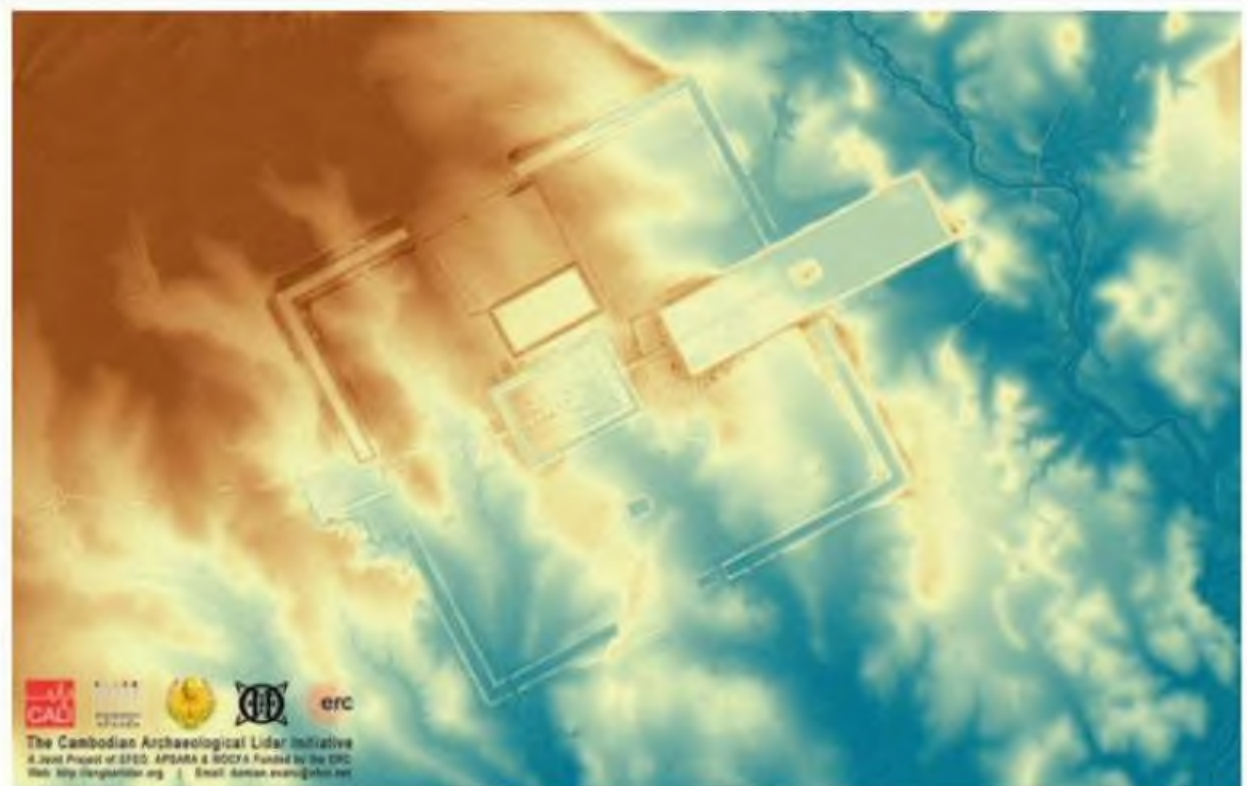
### American fiction

## Axemen

**Barkskins.** By Annie Proulx. *Simon & Schuster*; 717 pages; \$32. *Fourth Estate*; £18.99

ANNIE PROULX'S new work is a tribute to the world's boreal forests, an intricately detailed narrative of geography, history and humanity that is both exhilarating and mesmerising. "Barkskins" spans 320 years and swoops from North America to France, the Netherlands, China and New Zealand, interweaving two families and their descendants. But readers must work for their reward; this is not a novel to peck at or flick through, but one to read slowly and to savour as a long and fulfilling feast.

The book took Ms Proulx five years to write, but it was born some 30 years ago when the now 80-year-old Pulitzer prize-winning author saw a Michigan road sign that proclaimed the surrounding bare scrub landscape to have once been the finest white pine forest in the world. The result, based on years of research, is a brutal portrayal of three centuries of man's desire to make money from the forest, a resource mistakenly perceived as having no beginning or end and which "twists around as a snake swallows its own tail".



### Cambodia

It may not look like much now, but in the 12th century, Preah Khan of Kompong Svay (pictured) was part of the world's largest urban settlement and one of its most powerful empires. Found beneath the forest floor near Angkor Wat using lidar (like radar, but with lasers), these cities of the Khmer Empire show complex water systems built centuries before the underlying technology was believed to have existed, as well as highways connecting major settlements. The lack of evidence of a substantial relocated population nearby casts doubt on the widely accepted theory that the Khmer Empire collapsed when the Siamese invaded. More maps will be published in the coming months.

▶ “Barkskins” starts in 1693 with the arrival of two Frenchmen, René Sel and Charles Duquet, in New France, the colonial territory that France held in North America, to wrest a living as indentured woodcutters, or barkskins, in exchange for land. Sel settles to the thump of his axe, marries Mari, a native Mi’kmaq woman, and fathers three children with her. Duquet, disillusioned by the hardship, runs away, and goes on to plant the sapling that will eventually yield Duke & Sons, one of the biggest logging companies in the world.

The chapters alternate between the achievements and disappointments of

Sel’s and Duquet’s descendants. They combine scenes of intimate domesticity—to do with relationships, houses and food—with issues that still make headlines today. Ms Proulx ranges across land ownership, the exploitation of natural resources, immigration, inheritance, international trade, mechanisation, and economic booms and busts. Deeply moving is the story of the decimation of the native Mi’kmaq people, “whose customs had fallen off like flakes of dead skin”.

Clearly the author still possesses the descriptive powers that characterised her earlier books, especially “The Shipping

News” (1993), in which she paints in great detail the bleak, claustrophobic winters of Newfoundland. In “Barkskins” a river is so full of fish it “seemed made of hard muscle”; shadows of moonlit trees have a “blackness so profound they seemed gashes into the underworld”; the life and body of a woodsman is “shaped to the pleasure of the axe”.

Vivid characters people this bold, visionary novel as dark humour mixes with vengeance and violence and the “smoke-thickened” decades slide by. Standing watch is the forest, its “cold purity” defiantly proud in the face of destruction. ■

## Johnson | Double-plus effective

### Why Donald Trump’s rhetoric—with apologies to Orwell—works so well

IT IS easy to make fun of the way Donald Trump uses the English language. His tweets tend to follow the same structure: two brief statements, then a single emotive word or phrase and an exclamation mark. (On June 12th, after the Orlando shootings: “We must be smart!”) He invents playground nicknames for his opponents (Little Marco, Lyin’ Ted, Crooked Hillary). His vocabulary is earthy: “big-league”, to describe how he would do things, or “schlonged”, for someone beaten badly. During the primary campaign, his swearing was so criticised that he promised to stop (and actually did).

How did this man become the presidential nominee of the party of Abraham Lincoln? He must be doing something right: after all, language is virtually all a politician has to wield influence with (handshakes and hugs aside). Something about the way he talks and writes swept more experienced politicians aside.

First, he keeps it simple. Journalists sometimes attack politicians for simple language, even going so far as to use a misleading scale used to estimate the difficulty of a reading passage in American schools. These critics say Trump “uses the simple language of a ten-year-old”. But the “Flesch-Kincaid” reading-level test measures only the length of sentences and words, and says nothing about content. At worst, it measures exactly the wrong thing in political speech: short sentences containing common words are, all things being equal, a good thing. “Never use a long word when a short one will do,” Orwell wrote in “Politics and the English Language”. Simplicity is not stupidity; making language easy to apprehend is intrinsic to making it appealing. Countless psychological studies have shown that what is easy to process is seen as more truthful. “I’m going to build a big,



beautiful wall and Mexico is going to pay for it” may be preposterous, but it is easy to understand, and the human brain, in its weakness, likes easy things.

Another Trump tactic is repetition. This, too, may be incorrectly seen as childish. Trump does often say exactly the same thing several times in a row in a crude, hammer-blow fashion. But in more sophisticated guise, repetition is a venerable rhetorical tool. Mark Antony sarcastically repeats the taunt that Brutus is “an honourable man” after Brutus murders Caesar. Winston Churchill rallied Britain with, “We shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets...” And the most beloved rhetorical repetition of the 20th century is the great refrain, “I have a dream.” Mr Trump is certainly no Martin Luther King, but he knows how to leave an audience remembering what he said.

Yet the most effective way Trump be-

gules his audience is perhaps the simplest: he does not give speeches. Instead, he talks. (Only rarely, when even he realises that his mouth can get him into trouble—as in his first speech after the Orlando shootings—does he resort to a teleprompter.) He does not even seem to have a “stump speech”. Bored reporters following ordinary candidates on the trail know that, even though they speak without notes, politicians rehearse the same hash in town after town. Mr Trump, as noted above, repeats many tropes. But he also genuinely speaks off the cuff, avoiding the standard sunny string of clichés, which makes him fascinating to journalists. A Trump speech may actually make news. This is what happened when a barely planned digression about a fraud case generated a controversy: Mr Trump rambled that the judge ruling against him was conflicted because he was “a Mexican” (actually an American-born son of Mexican parents).

This unscripted quality is powerful. Even a valid argument is weakened if it sounds canned. Even an invalid one sounds stronger if it appears spontaneous, especially to voters disgusted with the professional politicians. This reveals a dangerous double edge to Orwell’s famous rules for clear and honest English. An honest speaker would do well to keep words and sentences short and concrete, and to avoid clichés, as Orwell advises. But a demagogue can use these tools, too. Orwell believed in the talismanic power of clear language to make lies and appalling talk plain. But some voters cannot recognise a lie, and others want to hear appalling things. If there are enough of these, then a looseness with the facts, a smash-mouth approach to opponents and a mesmerisingly demotic style make a dangerously effective cocktail.






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**OFFICE OF THE PROJECT DIRECTOR (WATER)  
GWADAR DEVELOPMENT AUTHORITY**
**GOVERNMENT OF  
BALOCHISTAN (PAKISTAN)**
**NOTICE INVITING TENDERS**

1. Gwadar Development Authority (GDA) intends to invite Professional and Eligible Contractors or Firms to participate in the Bidding process of "Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution Gwadar" Phase-I (Water Transmission Main from Swad Dam to Gwadar City), Balochistan (Pakistan) which is being financed by the Government of Pakistan.

2. As the time is an essence for the completion of this Project, it is envisaged that the Project will be executed in Two Packages:

1. Water Transmission Main from Swad Dam to Darbella (CP-01) 2. Water Transmission Main from Darbella to Gwadar City (CP-02)

3. Qualification Criteria (Applicable for Both Contract Packages separately):

4. METHOD OF PROCUREMENT: Single Stage-Two Envelopes, under Balochistan Public Procurement Authority Rules 2014 ([www.bppra.org.pk](http://www.bppra.org.pk))

5. The Bidding Documents are also available on GDA Website: [www.gda.gov.pk](http://www.gda.gov.pk) and BPPRA Website: [www.bppra.org.pk](http://www.bppra.org.pk) from the Date of Publication of this Advertisement.

6. Documents are available during OFFICE HOURS, on Payment of a NON-REFUNDABLE TENDER FEE of Rs. 5,000/- Per Package. The Tender Fee should be in the form of Pay Order or Demand Draft in favour of Project Director (Water), Gwadar Development Authority. Submission of Applications for issuance of Bid Documents along with Copy of Valid PEC Registration Certificates in Category C1, Discipline CE-04, CE-09 and CE-10 are mandatory for issuance of Bid Documents. Foreign Firms shall meet the requirements of Rules for participation in the Bidding process as stipulated in PEC Bye Laws ([www.pec.org.pk](http://www.pec.org.pk)).

7. Bid Validity is 120 Days. 8. The Applicant, who will download the Documents from the Website, should submit the Fee of Documents as mentioned in Para 06 above at the time of submission of Documents. 9. All Technical Bids must be accompanied by Original Bid Security amount of PKR 45 Million for Each Package separately in the shape as stated in the Bidding Documents.

10. PRE-BID MEETING: Pre-Bid Meeting will be held as per schedule provided in the Bidding Documents.

11. The Procuring Agency will NOT be responsible for any Costs or Expenses incurred by the Bidders in connection with the preparation and delivery of Bids, including the Cost and Expenses incurred by the Bidder in connection with Site Visits. 12. Procuring Agency reserves the right to annul the Bidding Process, as per BPPRA Rules 2014. 13. Last Date for Submission of Bids is THURSDAY, JULY 21, 2016 up to 11:00 am. Technical Bids shall be opened on the same day at 12:00 pm.

14. Place of Issuance, Submission, Enquiries and Opening shall be the Office of PD (Water) as mentioned below.

Project Director (Water)  
Gwadar Development Authority

Marine Drive, Gwadar (Pakistan) Tel: +92 (86) 920 1021

S.No	Description	Requirements
1.	<b>ELIGIBILITY:</b> Valid Registration with Pakistan Engineering Council in relevant Category and Discipline	Category C1, Discipline CE-04, CE-09 and CE-10. Foreign Firms should strictly follow the Pakistan Engineering Council Bye-Laws ( <a href="http://www.pec.org.pk">www.pec.org.pk</a> )
2.i	<b>QUALIFICATION:</b> Similar Assignments with Cost (One Similar Project), undertaken over in the Past Ten (10) Years	Rs. 1,400 Million
2.ii	Annual Turnover Construction for the Last Three (3) Years	Rs. 2,000 Million
2.iii	Average Net Worth for the Last Three (3) Years	Rs. 400 Million
2.iv	Average Networking Capital for the Last Three (3) Years	Rs. 200 Million
2.v	Income Tax Returns for the Last Three (3) Years	Must Meet
2.vi	List of Litigation/s (If Any), their Nature and Status / Outcome	Must Meet
2.vii	Affidavit that the Firm has never been Blacklisted	Must Meet
3.i	Requirements of Manpower and Equipment	Provided in Bidding Documents


**CALL FOR NON-BINDING EXPRESSIONS OF INTEREST IN THE PURCHASE OF NEW WIND TURBINE GENERATORS AND RELATED ACCESSORIES ("THE ASSETS") BELONGING TO KINANGOP WIND PARK LTD (IN RECEIVERSHIP)**

Expressions of Interest ("EOIs") are invited in respect of 38 new Wind Turbine Generators ("WTG") and related accessories (together "The Assets"). The General Electric ("GE") designed turbines have a capacity of 1.6MW each and are in excellent condition.

**Background**

Kinangop Wind Park was a proposed 60.8MW wind park based in the Kinangop region in Central Kenya. It however faced various financial and operational challenges leading to the recent appointment of Receivers by the company's secured lenders, in order to realise the various charged assets.

The Receivers would now like to invite interested parties to submit their non-binding EOIs in the purchase of The Assets.

**Details of the Assets**

Each of the WTG consists of the following parts:

- 3 Blades;
- 3 Tower Sections;
- 1 Nacelle;
- 1 Hub;
- 1 Padmounted Transformer; and
- Various Accessories

Further details of The Assets to be sold may be obtained from the office of the Joint Receiver and Manager on all working days from 20 June 2016 up to 7 July 2016.

**Procedure of Sale**

The sale process shall be done in two stages: (1) a pre-qualification of the non-binding EOIs; and (2) the request for proposal ("RFP") and submission of firm offers for purchase of The Assets.

Only pre-qualified bidders will be invited to participate in Stage 2 that will entail inspecting The Assets, undertaking requisite due diligence and submission of firm bids for the purchase of The Assets.

**Required documents and information**

Parties interested in The Assets are required to submit EOIs which should include the following:

- Profile and structure of company including: Shareholding and directorship of the company and relevant related entities (Group structure), Copy of Certificate of Incorporation, Principal business activity(ies), Country(ies) of establishment and operation and duration of business activities;
- Indication on local, regional or international experience in wind power generation, renewable energy or other relevant projects experience;
- Demonstration of financial capacity of the entity/consortium to undertake the transaction and at a minimum provision of relevant audited financial statements for the last three (3) years, provision of letter of support from a financier undertaking to support acquisition of The Assets and/or indication of how you intend to finance the acquisition of The Assets; and
- An indication of your internal process to submit a firm financial bid for the purchase of The Assets and an indication of the length of time (in weeks).

**Submission of EOIs**

Interested parties are asked to send their EOIs no later than Thursday, 7 July 2016 to:

The Joint Receivers and Managers  
Kinangop Wind Park Limited (in Receivership) c/o  
P. O. box 43963 - 00100 Nairobi, Kenya

All queries or requests for additional information should be addressed to Bonventure Lumula or Brenda Guchu on Tel: +254 (20) 285 5000 or on email to [bonventure.lumula@ka.pwc.com](mailto:bonventure.lumula@ka.pwc.com) or [brenda.guchu@ka.pwc.com](mailto:brenda.guchu@ka.pwc.com)



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Ministry of Industry

**Setting up Regional Industrial Clusters in Ethiopia:  
Preparation of Master Plan**

The Ministry of Industry of the Federal Democratic Republic of Ethiopia, in collaboration with its partners, would like to develop a Cluster Master Plan to facilitate the growth and development of a large number of SMEs in textiles, agro-processing, metals fabrication, furniture, construction materials, electric and electronic goods.

The Contractor in coordination with relevant government departments and stakeholders will be expected to conduct an in-country assessment and examine various factors such as geography, infrastructure, access to raw materials, environmental and social implications in order to develop a Cluster Master Plan. The assignment, which requires international and national expertise, will commence on 25th July 2016 and be completed by 14th October 2016

The Ministry of Industry invites eligible organisations to submit proposals to carry out this work to the Private Enterprise Programme Ethiopia (PEPE).

*Interested organisations may obtain the detailed terms of reference for this work by contacting*

[smeclusters@enterprisepartners.org](mailto:smeclusters@enterprisepartners.org)

**Deadline for applications: 30th June 2016**

## EXPRESSION OF INTEREST



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### Rapid Deployment of Seawater Desalination Facilities

**Invitation to register expression of interest in the Tender Process leading to contract(s) for the provision of Rapid Deployment Seawater Desalination Facilities; both sea-going barge mounted and/or portable land-based plants for the temporary supply of portable water.**

Oman Power and Water Procurement Company SAOC ("OPWP") a member of Nama Group is responsible for the procurement of new electricity generating capacity and water in the Sultanate of Oman in accordance with the requirements of the law for the regulation and privatization of the electricity and related water sector promulgated by Royal Decree 78/2004 and the OPWP licence.

OPWP is assessing the feasibility to procure a contract(s) for the long-term hire of seawater desalination facilities, being, as a first priority, sea-going barge mounted plant(s) and as an alternative, land-based portable units, either of which can be rapidly deployed from time to time to various water demand centres within the Sultanate. The capacity of a single unit is envisaged to be from 10,000 to 25,000 m<sup>3</sup>/day, with the total requirement of 100,000 m<sup>3</sup>/day.

In advance of OPWP releasing the Request for Proposals, OPWP wishes to give notice of the intended process, to allow companies with a proven record in similar projects to submit a formal statement to register their interest with OPWP and to provide details of their experience with the provision and operation of sea-going barges and/or land based portable desalination plants for potable water. The details of experience to be included in the statement are available by requesting it by email from OPWP via [Barge.iwp@omanpwp.com](mailto:Barge.iwp@omanpwp.com).

Interested parties are encouraged to submit the statement including Expression of Interest in a sealed envelope marked with the project title 'Rapid Deployment Seawater Desalination Facilities' and deposited in the Tender Box at the OPWP Main Office located at Floor 5, Building 5, Muscat Grand Mall, Tital Complex (Office), Al Khuwair Al Janubiyah by **29th June 2016 at 11.00 hrs (Muscat time)**. The EOI should clearly state the contact details of the representative person with email address for the receipt of a notification of release of the tender documents by OPWP.

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## Economic data

% change on year ago

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	latest	qtr* 2016†	2016†		latest	2016†		latest 12 months, \$bn	% of GDP 2016†			Jun 15th	year ago
United States	+2.0 Q1	+0.8	+1.8	-1.4 May	+1.1 Apr	+1.4	4.7 May	-484.1 Q4	-2.5	-2.5	1.60	-	-
China	+6.7 Q1	+4.5	+6.6	+6.0 May	+2.0 May	+1.9	4.0 Q1 <sup>§</sup>	+293.5 Q1	+2.7	-3.1	2.79 <sup>§§</sup>	6.59	6.21
Japan	+0.1 Q1	+1.9	+0.6	-3.3 Apr	-0.3 Apr	nil	3.2 Apr	+157.2 Apr	+3.4	-6.1	-0.18	106	123
Britain	+2.0 Q1	+1.4	+1.8	+1.6 Apr	+0.3 May	+0.7	5.0 Mar <sup>††</sup>	-146.9 Q4	-4.8	-3.6	1.33	0.70	0.64
Canada	+1.1 Q1	+2.4	+1.5	-0.2 Mar	+1.7 Apr	+1.6	6.9 May	-47.6 Q1	-2.7	-1.6	1.08	1.29	1.23
Euro area	+1.7 Q1	+2.2	+1.5	+2.0 Apr	-0.1 May	+0.3	10.2 Apr	+357.1 Mar	+3.0	-1.9	-0.01	0.89	0.89
Austria	+1.6 Q1	-0.7	+1.3	+2.5 Mar	+0.5 Apr	+1.1	5.8 Apr	+9.6 Q4	+2.2	-1.9	0.38	0.89	0.89
Belgium	+1.5 Q1	+0.9	+1.3	+1.2 Mar	+2.2 May	+1.5	8.7 Apr	-0.1 Dec	+1.2	-2.4	0.45	0.89	0.89
France	+1.4 Q1	+2.6	+1.4	+1.9 Apr	nil May	+0.2	9.9 Apr	-21.9 Apr <sup>†</sup>	-0.5	-3.5	0.43	0.89	0.89
Germany	+1.6 Q1	+2.7	+1.6	+1.2 Apr	+0.1 May	+0.4	6.1 May	+301.0 Apr	+8.0	+0.4	-0.01	0.89	0.89
Greece	-1.3 Q1	-1.9	+1.2	+2.9 Apr	-0.9 May	+0.4	24.1 Mar	+1.1 Mar	+2.1	-3.9	8.18	0.89	0.89
Italy	+1.0 Q1	+1.0	+1.0	+1.8 Apr	-0.3 May	+0.2	11.7 Apr	+41.4 Mar	+1.9	-2.5	1.43	0.89	0.89
Netherlands	+1.4 Q1	+1.9	+1.7	+2.8 Apr	nil May	+0.5	7.8 Apr	+68.8 Q4	+9.7	-1.6	0.26	0.89	0.89
Spain	+3.4 Q1	+3.1	+2.8	+8.9 Apr	-1.0 May	-0.4	20.1 Apr	+17.1 Mar	+1.2	-3.5	1.54	0.89	0.89
Czech Republic	+2.6 Q1	+1.4	+2.7	+4.2 Apr	+0.1 May	+1.3	5.4 May <sup>§</sup>	+2.7 Q1	-0.1	-1.5	0.46	24.1	24.2
Denmark	+0.1 Q1	+2.2	+1.2	+2.0 Apr	+0.1 May	+0.7	4.3 Apr	+18.5 Apr	+6.0	-2.8	0.21	6.62	6.63
Norway	+0.7 Q1	+4.0	+1.5	+6.0 Apr	+3.4 May	+2.5	4.7 Mar <sup>††</sup>	+29.3 Q1	+11.2	+6.8	1.10	8.31	7.77
Poland	+2.5 Q1	-0.4	+3.5	+6.0 Apr	-0.9 May	+1.2	9.2 May <sup>§</sup>	-2.3 Apr	-1.9	-2.1	3.27	3.93	3.69
Russia	-1.2 Q1	na	-0.9	+0.6 Apr	+7.3 May	+7.5	5.9 Apr <sup>§</sup>	+51.3 Q1	+3.3	-2.5	8.67	65.5	54.5
Sweden	+4.2 Q1	+2.0	+3.5	+3.5 Apr	+0.6 May	+1.0	7.3 Apr <sup>§</sup>	+28.2 Q1	+5.6	-0.5	0.47	8.33	8.19
Switzerland	+0.7 Q1	+0.4	+1.2	+1.0 Q1	-0.4 May	-0.6	3.5 May	+75.9 Q4	+9.6	+0.3	-0.47	0.96	0.94
Turkey	+4.8 Q1	na	+3.3	+0.6 Apr	+6.6 May	+7.7	10.1 Mar <sup>§</sup>	-28.6 Apr	-4.6	-1.8	9.78	2.93	2.74
Australia	+3.1 Q1	+4.3	+2.6	+4.8 Q1	+1.3 Q1	+1.6	5.7 May	-62.3 Q1	-4.0	-2.0	2.05	1.35	1.29
Hong Kong	+0.8 Q1	-1.8	+2.0	-0.3 Q1	+2.7 Apr	+2.6	3.4 Apr <sup>††</sup>	+9.6 Q4	+2.7	-0.4	1.15	7.76	7.75
India	+7.9 Q1	+9.6	+7.5	-0.8 Apr	+5.8 May	+5.1	4.9 2013	-22.6 Q4	-1.1	-3.7	7.52	67.1	64.1
Indonesia	+4.9 Q1	na	+5.1	+1.6 Apr	+3.3 May	+4.3	5.5 Q1 <sup>§</sup>	-18.2 Q1	-2.4	-1.9	7.59	13,373	13,335
Malaysia	+4.2 Q1	na	+5.5	+3.0 Apr	+2.0 May	+2.8	3.5 Mar <sup>§</sup>	+7.0 Q1	+2.6	-3.7	3.90	4.10	3.76
Pakistan	+5.5 2015**	na	+4.8	+6.7 Mar	+3.2 May	+5.1	5.9 2015	-2.4 Q1	-0.9	-4.6	8.03 <sup>†††</sup>	105	102
Philippines	+6.9 Q1	+4.5	+6.2	+10.5 Apr	+1.6 May	+2.6	6.1 Q2 <sup>§</sup>	+8.4 Dec	+3.5	-1.9	4.43	46.4	45.2
Singapore	+1.8 Q1	+0.2	+2.3	+2.9 Apr	-0.5 Apr	+1.0	1.9 Q1	+54.8 Q1	+20.6	+0.9	2.05	1.35	1.35
South Korea	+2.8 Q1	+2.1	+2.6	-2.8 Apr	+0.8 May	+1.3	3.7 May <sup>§</sup>	+103.1 Apr	+7.0	+0.4	1.62	1,173	1,117
Taiwan	-0.7 Q1	+3.1	+2.1	-4.1 Apr	+1.2 May	+1.0	4.0 Apr	+74.8 Q1	+12.4	-0.9	0.79	32.4	31.0
Thailand	+3.2 Q1	+3.8	+3.5	+1.5 Apr	+0.5 May	+2.4	1.0 Apr <sup>§</sup>	+39.6 Q1	+3.0	-2.2	2.15	35.3	33.7
Argentina	+2.3 Q2	+2.0	-0.7	-2.5 Oct	— ***	—	5.9 Q3 <sup>§</sup>	-15.9 Q4	-2.6	-2.8	na	13.8	9.04
Brazil	-5.4 Q1	-1.1	-3.7	-7.2 Apr	+9.3 May	+8.3	11.2 Apr <sup>§</sup>	-34.1 Apr	-1.4	-5.7	12.86	3.48	3.10
Chile	+2.0 Q1	+5.3	+3.1	-3.4 Apr	+4.2 May	+3.6	6.4 Apr <sup>§††</sup>	-4.7 Q1	-1.4	-1.8	4.54	685	635
Colombia	+2.5 Q1	+0.6	+3.3	+1.3 Mar	+8.2 May	+4.4	9.0 Apr <sup>§</sup>	-18.9 Q4	-5.2	-1.9	7.94	2,986	2,529
Mexico	+2.6 Q1	+3.3	+2.3	+1.9 Apr	+2.6 May	+3.0	3.9 Apr	-30.5 Q1	-2.9	-3.0	6.11	18.9	15.4
Venezuela	-8.8 Q4~	-8.4	-7.7	na	na	+220	7.3 Apr <sup>§</sup>	-17.8 Q3~	-1.7	-15.5	10.55	9.99	6.30
Egypt	+4.0 Q4	na	+3.8	-11.9 Apr	+12.3 May	+9.8	12.7 Q1 <sup>§</sup>	-16.8 Q4	-2.7	-9.8	na	8.88	7.62
Israel	+1.7 Q1	+0.8	+3.5	-0.5 Mar	-0.8 May	+1.2	4.9 Apr	+13.8 Q4	+4.2	-2.5	1.69	3.87	3.83
Saudi Arabia	+3.5 2015	na	+2.8	na	+4.2 Apr	+3.8	5.6 2015	-53.5 Q4	-1.8	-9.3	na	3.75	3.75
South Africa	-0.2 Q1	-1.2	+0.7	+1.8 Apr	+6.2 Apr	+6.4	26.7 Q1 <sup>§</sup>	-13.4 Q1	-4.2	-3.3	9.13	15.2	12.4

Source: Haver Analytics. \*% change on previous quarter, annual rate. †The Economist poll or Economist Intelligence Unit estimate/forecast. ‡Not seasonally adjusted. §New series. ~2014 \*\*Year ending June. ††Latest 3 months. †††3-month moving average. §§5-year yield. \*\*\*Official number not yet proved to be reliable; The State Street PriceStats Inflation Index, March 34.88%; year ago 27.1% †††Dollar-denominated bonds.

The Economist



Thinking ahead

Markets

	Index Jun 15th	% change on		
		one week	Dec 31st 2015 in local currency terms	in \$ terms
United States (DJIA)	17,640.2	-2.0	+1.2	+1.2
China (SSEA)	3,022.0	-1.4	-18.4	-19.6
Japan (Nikkei 225)	15,919.6	-5.4	-16.4	-4.9
Britain (FTSE 100)	5,966.8	-5.3	-4.4	-8.0
Canada (S&P TSX)	13,923.5	-2.7	+7.0	+15.2
Euro area (FTSE Euro 100)	960.3	-6.2	-12.3	-9.3
Euro area (EURO STOXX 50)	2,830.3	-6.3	-13.4	-10.4
Austria (ATX)	2,124.3	-5.4	-11.4	-8.3
Belgium (Bel 20)	3,321.7	-6.3	-10.2	-7.2
France (CAC 40)	4,171.6	-6.2	-10.0	-7.0
Germany (DAX)*	9,606.7	-6.0	-10.6	-7.5
Greece (Athex Comp)	575.5	-11.8	-8.8	-5.7
Italy (FTSE/MIB)	16,514.0	-7.8	-22.9	-20.3
Netherlands (AEX)	419.6	-6.8	-5.0	-1.8
Spain (Madrid SE)	830.5	-6.7	-14.0	-11.0
Czech Republic (PX)	817.6	-6.5	-14.5	-11.8
Denmark (OMXC20)	829.1	-6.8	-8.6	-5.1
Hungary (BUX)	26,318.1	-3.9	+10.0	+14.4
Norway (OSEAX)	647.2	-5.0	-0.3	+6.2
Poland (WIG)	44,916.5	-3.5	-3.3	-3.0
Russia (RTS, \$ terms)	910.1	-5.7	+7.8	+20.2
Sweden (OMXS30)	1,304.1	-4.2	-9.9	-8.8
Switzerland (SMI)	7,679.5	-5.7	-12.9	-9.4
Turkey (BIST)	76,237.3	-3.3	+6.3	+6.0
Australia (All Ord.)	5,230.4	-3.9	-2.1	-1.1
Hong Kong (Hang Seng)	20,467.5	-3.9	-6.6	-6.7
India (BSE)	26,726.3	-1.1	+2.3	+0.9
Indonesia (JSX)	4,814.8	-2.1	+4.8	+8.1
Malaysia (KLSE)	1,628.0	-1.8	-3.8	+0.8
Pakistan (KSE)	38,559.9	+3.0	+17.5	+17.7
Singapore (STI)	2,774.3	-3.1	-3.8	+0.8
South Korea (KOSPI)	1,968.8	-2.9	+0.4	+0.3
Taiwan (TWI)	8,606.4	-1.3	+3.2	+4.5
Thailand (SET)	1,434.9	-0.7	+11.4	+13.7
Argentina (MERV)	13,116.2	-3.7	+12.3	+5.7
Brazil (BVSP)	48,914.7	-5.3	+12.8	+28.4
Chile (IGPA)	19,583.9	-1.1	+7.9	+11.6
Colombia (IGBC)	9,722.8	-2.4	+13.8	+20.9
Mexico (IPC)	45,011.2	-2.7	+4.7	-4.1
Venezuela (IBC)	14,492.8	-6.3	-0.7	na
Egypt (Case 30)	7,414.8	-4.7	+5.8	-6.7
Israel (TA-100)	1,235.0	-1.3	-6.1	-5.6
Saudi Arabia (Tadawul)	6,566.7	-0.6	-5.0	-4.9
South Africa (JSE AS)	52,026.7	-3.6	+2.6	+4.3

World GDP

The world economy grew by 2.7% in the first quarter of 2016 compared with a year earlier, according to our estimates. The growth rate rose for the first time since the third quarter of 2014, largely owing to a livelier performance by the BRIC economies (Brazil, Russia, India and China), whose contribution to world GDP rose from 1.4 to 1.6 percentage points. But the gloom could return if Britain votes to leave the European Union on June 23rd. In the past five years Britain has contributed the most to EU GDP growth. According to the OECD, a think-tank, GDP growth in the EU would be one percentage point lower in 2018 than it would be if Britain chooses to remain. By common consent, Britain's economy would suffer, too.

Contribution to growth, percentage points



\*Estimates based on 55 economies representing 84% of world GDP. Weighted GDP at purchasing-power parity. Sources: Haver Analytics; IMF; The Economist

Other markets

	Index Jun 15th	% change on		
		one week	Dec 31st 2015 in local currency terms	in \$ terms
United States (S&P 500)	2,071.5	-2.2	+1.3	+1.3
United States (NASComp)	4,834.9	-2.8	-3.4	-3.4
China (SSEB, \$ terms)	344.9	-1.9	-17.9	-19.1
Japan (Topix)	1,277.1	-5.5	-17.5	-6.2
Europe (FTSEurofirst 300)	1,271.5	-6.0	-11.6	-8.5
World, dev'd (MSCI)	1,630.4	-4.1	-1.9	-1.9
Emerging markets (MSCI)	803.1	-4.7	+1.1	+1.1
World, all (MSCI)	392.8	-4.1	-1.6	-1.6
World bonds (Citigroup)	950.1	-0.2	+9.2	+9.2
EMBI+ (JPMorgan)	763.6	-1.3	+8.4	+8.4
Hedge funds (HFRX)	1,162.5 <sup>§</sup>	-0.8	-1.0	-1.0
Volatility, US (VIX)	19.4	+14.1	+18.2 (levels)	
CDSs, Eur (iTRAXX) <sup>†</sup>	86.5	+18.2	+12.2	+16.0
CDSs, N Am (CDX) <sup>†</sup>	84.1	+14.1	-4.8	-4.8
Carbon trading (EU ETS) €	5.9	-3.3	-28.7	-26.3

Sources: Markit; Thomson Reuters. \*Total return index. <sup>†</sup>Credit-default-swap spreads, basis points. <sup>§</sup>June 13th.

Indicators for more countries and additional series, go to: [Economist.com/indicators](http://Economist.com/indicators)

The Economist commodity-price index

2005=100

	Jun 7th		Jun 14th*		% change on	
	one month	one year	one month	one year	one month	one year
<b>Dollar Index</b>						
All Items	140.9	141.8	+3.1	+1.3		
Food	171.2	172.7	+5.0	+10.2		
Industrials						
All	109.4	109.6	+0.2	-10.6		
Nfat	119.4	118.1	-1.7	-6.2		
Metals	105.2	106.0	+1.2	-12.6		
<b>Sterling Index</b>						
All items	176.0	184.2	+6.6	+13.0		
<b>Euro Index</b>						
All items	154.3	157.3	+4.3	+1.5		
<b>Gold</b>						
\$ per oz	1,241.4	1,285.9	+0.5	+9.1		
<b>West Texas Intermediate</b>						
\$ per barrel	50.5	48.6	nil	-19.2		

Sources: Bloomberg; CME Group; Cotlook; Darmann & Curl; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Thomson Reuters; Urner Barry; WSJ. \*Provisional <sup>†</sup>Non-food agriculturals.

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## Raising the temple

**Manohar Aich, India's first Mr Universe, died on June 5th, aged 104**

**H**AD you wandered in 1950 past Seal-dah railway station in Kolkata, weaving through the newspaper-hawkers, basket-carriers and mule-drivers, you might have spotted Manohar Aich sitting under a tree. He was selling green coconuts from a great pile beside him, their tops chopped off to expose the white meat. You might have haggled with him, as with any street merchant. What you could not have ignored, if you came close, was the 46-centimetre bicep that rippled under his shirt, and the perfect v-shaped chest that gleamed as he tossed the waste rind aside. For Mr Aich had started his day at the wrestlers' training ground, doing thousands of press-ups, sit-ups and leg-raises, and the rupees he was now accumulating were to pay for his trip to the Mr Universe contest in London—which, in 1952, he won.

In the short-height category, to be sure. He was only 4 feet 11 inches (1.5 metres) tall, and weighed seven stone (44.5kg); but he could break a spring of 275lb tension, and rip up a 1,500-page book with his small bare hands. After winning the Mr Hercules title in 1950, he had become “the pocket Hercules”. He was neat for a bodybuilder, nothing freakish, because his diet and training were all natural. No carb-loading or miracle supplements: just rice, pulses, milk, fish and vegetables. (“A small

amount of rice doubles up power,” he declared; “a full portion may bring doom.”) As for equipment, he had almost none, extolling instead the jack-knifing press-ups and deep knee-bends of *dand baithak* on an earth floor. He shook his head over modern gyms and fitness clubs with their motorised treadmills, even though his sons eventually ran two of them out of his house in Kolkata. Young bodybuilders, he thought, were just lazy.

Discipline and exercise were the mantra of his life. At 12 he had black fever; his parents, being poor villagers of Bengal, could not afford medicine for him, so he began to do exercises instead, feebly copying the older boys with their dumb-bells. That was the start of it. At the end of his school career, to make some sort of living, he joined forces with P.C. Sorcar, the great magician; so after Sorcar had mysteriously filled the stage with birds, silk scarves and chairs, cut a lady in two with a buzz-saw and vanished a Ford car full of passengers, the bodybuilding boy would come in to bend metal bars with his neck and recline on the points of swords. That show went all round India, and made him famous.

Still, he could barely afford the London trip in 1951; an awful lot of coconuts had to be shifted to finance it. So when he came second in the contest that year, he stayed

on to try again, “annealing myself in the flame of my strong will”, and working as a guard for British Rail to get by. (To his delight, when he secured the title, BR paid for his ticket home.) And so it went. When he was Mr Universe and touring everywhere, it was still a struggle to put his four children through school. There was no money in bodybuilding, he would sigh.

What he found instead was respect. The body—though illusory, changeable and subject to decay, as the “Bhagavad Gita” taught him—was nonetheless the holy shrine in which the spirit lived. As such, he worshipped it. By improving his body with every stretch and squat, tearing muscle to increase it, he built a perfect temple around his true Self. Moreover, by controlling the body he controlled the equally unruly mind, keeping it pure from “ignoble strife”. By repeating “Strong, and strong, and strong” he was ill no more than twice in his life, and never lost his cool.

Except once. That happened when he had joined the Indian Air Force, an arm of Britain's Royal Air Force, in 1941, as a physical-training instructor. He was well-liked by the officers, but the Quit India movement was already stirring in him; and when one of the Britishers made some comment about Indians needing their colonial rulers, he slapped him. The result was a five-year spell in jail. Yet even prison, once he had accepted it, could be used to advantage: he discovered weights there, and trained with them for 12 hours a day. The man who emerged from the Alipore Presidency Jail was no starveling, but glistening and bulged with perfect tone.

### Chants to the drum

The stardom that soon arrived was greeted with the same equanimity. Posters of him posing filled his simple house, together with his gold medals from three Asian championships. When not touring, he taught, passing on his techniques to future champions. As a national hero, he could have eased up; instead, the discipline continued unsparingly, with bodybuilding until he was 93 and, as a centenarian, 90 minutes' exercise each morning. And first things first: he began each day at 4am with songs or chants to the shoulder drum.

On his 100th birthday he was given an award, as he had long hoped he might be, by the state of West Bengal. If anyone asked—and many did—he would roll up his sleeves and mischievously flex his biceps for them. He had loved his bodybuilder's life, and in his next one hoped to do the same thing again. But this particular body, so exhaustively perfected, he would now leave to the R.G. Kar Medical College to make what use they could of it before it was thrown away; as the green coconut grew to perfection, gave up its goodness and ended in the gutter, with the rest. ■

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