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## After Elizabeth

A special section on  
the British monarchy  
and its future

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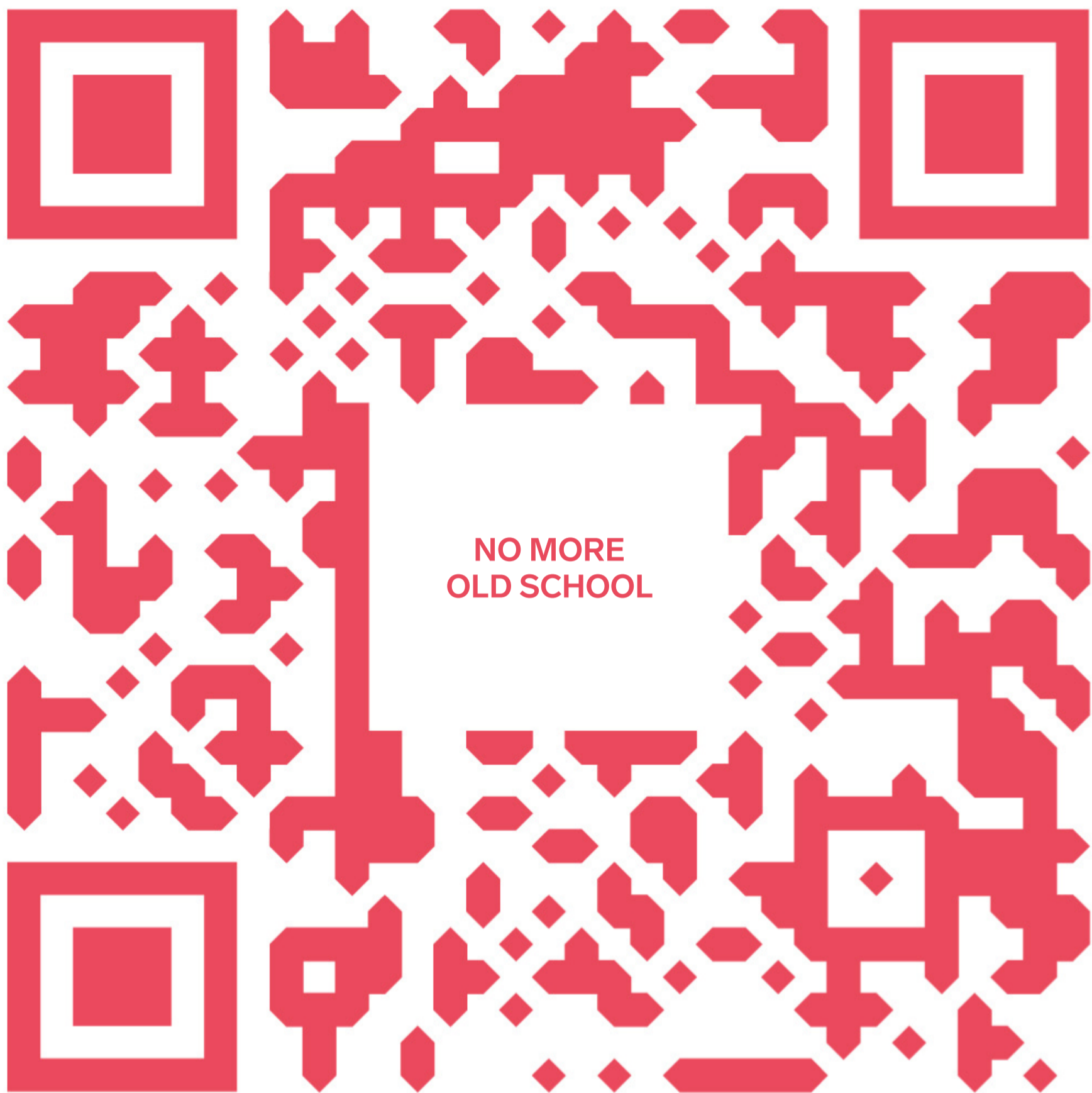
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# GETTING THE JOB DONE

How Ukraine can win





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### After Elizabeth

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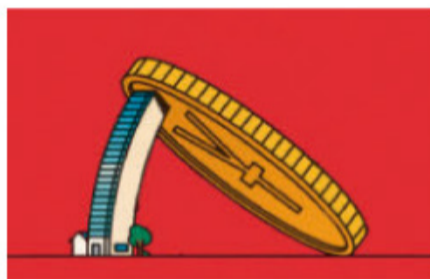
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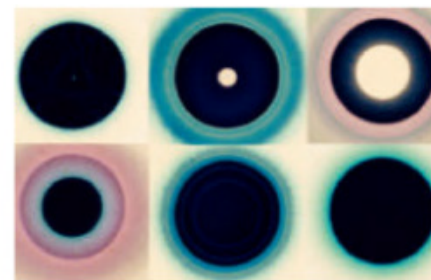
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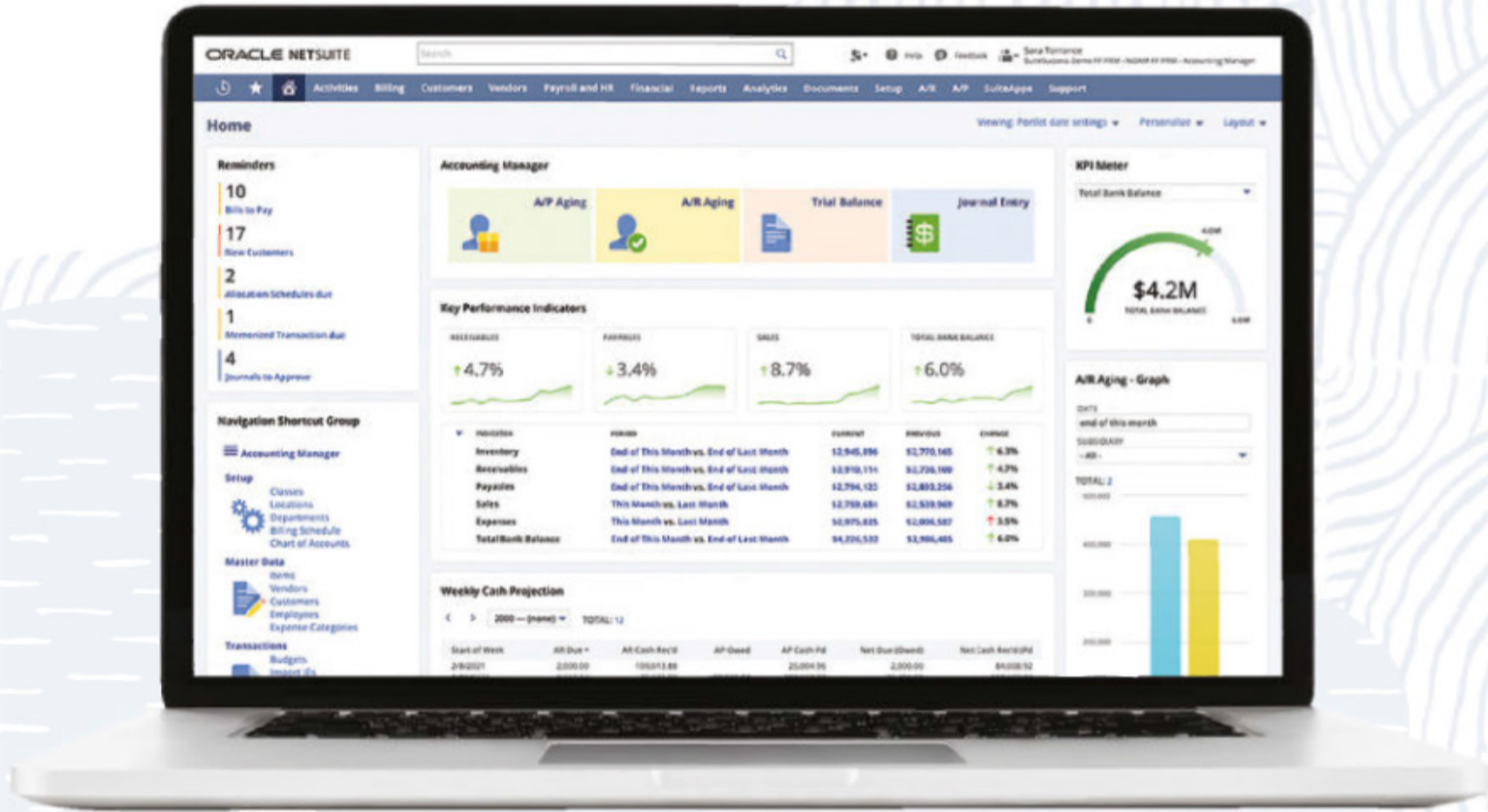


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Hundreds of thousands of people were expected to file past the coffin of **Queen Elizabeth II** as she lay in state in Westminster Hall in London ahead of her funeral. The 96-year-old monarch died on September 8th at her Scottish home, Balmoral Castle. Charles III was proclaimed king in the four nations of the United Kingdom, and in the 14 countries where the British monarch is also head of state. Millions of people in Britain and across the world paid their respects to the queen.

## Run away, run away!

A **Ukrainian** counter-offensive in Kharkiv province won back more land in a week than Russia's army had occupied in five months. Russian soldiers were caught off-guard. Many fled in disorder, abandoning their guns, trucks and even tanks to the advancing Ukrainians. It was the biggest setback for Vladimir Putin since he failed to capture Kyiv, the capital, at the start of his war.

Ukraine's president, **Volodymyr Zelensky**, visited the front line to cheer his country's troops. Mr Putin visited a Ferris wheel in Moscow, which broke down. Hawks on Russian state media started to question the conduct of the war. A few brave local politicians in Russia called for Mr Putin to resign, and even accused him of treason.

Troops from **Armenia** and **Azerbaijan** clashed at their border. Scores were killed on each side. It was the worst conflict between the two countries since 2020, when they fought over the disputed area of Nagorno-Karabakh. Turkey

reiterated its support for Azerbaijan. Russia, which is allied with Armenia, called for calm.

Fighting also erupted between troops guarding the border between **Kyrgyzstan** and **Tajikistan**, killing two Tajik guards. The skirmish was over an outpost in a non-demarcated area. The two countries have scrapped before over the border. Last year more than 50 people were killed in clashes.

In **Sweden's** general election the Sweden Democrats, a nationalist party that frets that immigrants are draining the welfare state, came second. Since the Sweden Democrats hold the balance of power they may participate in creating a new government of the right, though probably not as full members of a new coalition.

Pierre Poilievre became the head of **Canada's** opposition Conservative Party. Mr Poilievre, who is 43 and has been an MP since he was 25, likes small government and decries wokery. He supported the "Freedom Convoy" led by lorry drivers that paralysed Ottawa earlier this year. "Canadians are hurting, and it is our job to transform that hurt into hope," he said.

The Mexican Congress voted to put the National Guard under military command. The guard was created in 2019 as a civilian force to replace the federal police. Andrés Manuel López Obrador, **Mexico's** president, has increased the powers of the army, arguing that it is less corrupt than the police.

**Colombia's** relations with **Venezuela** continued to thaw. Gustavo Petro, the new leftist president of Colombia, has re-established diplomatic relations with his despotic neighbour, Nicolás Maduro. The two countries' shared border will re-open to cargo traffic later in September. Flights will also resume. However, Colombia refused to extradite Venezuelan dissidents to face brutal justice back home.

Don Bolduc, a retired general who says Donald Trump won the presidential election of 2020 and covid-19 vaccines contain microchips, won a Republican primary in **New Hampshire**. He will be the party's candidate for the United States Senate in November. Democrats think their odds of retaining the seat have now improved.

Lindsey Graham, a Republican, introduced a bill in America's Senate that would ban **abortion** nationwide after 15 weeks of pregnancy. It has no chance of passing.

The Supreme Court backed an emergency injunction on **Yeshiva University** in New York that forces it to recognise a gay students' club, and said it should thrash the case out in lower courts. Yeshiva, an Orthodox Jewish college, welcomes gay students, but says it should not have to approve a club that is "inconsistent with the school's Torah values".

Negotiators trying to delineate a maritime border between **Israel** and **Lebanon** under American mediation said they were close to an agreement. If so, investment in finding and extracting oil and gas could accelerate.

Germany is in talks about buying a new **air-defence system** from Israel. Since Vladimir Putin invaded Ukraine, Germany has been anxious to beef up its defences.

**Egypt's** president, Abdel-Fattah al-Sisi, flew to **Qatar** to meet the emir, ending a long period of estrangement. During the Arab spring of 2011 Egypt's government was angered by Qatar's support for Islamist groups. One such group later won an election in Egypt and formed a government, but it was overthrown by the army, then under Mr Sisi.

The UN halted aid shipments to Tigray, a northern region in **Ethiopia** suffering starvation because of a blockade, after

fighting resumed between government forces and those loyal to Tigray's ruling party.

After a close and disputed election, William Ruto started his first day in office as **Kenya's** president with some serious policy announcements. He said he would simplify rules for importing goods through Kenya's main port and end fuel subsidies that could cost the government 0.8% of GDP this year, according to the IMF.

**Benin** has asked Rwanda's government to send troops to help it fight jihadists spilling over its northern borders from Burkina Faso and Niger. The first of about 700 Rwandan soldiers are expected in October. Rwanda has also deployed its forces to fight jihadists in Mozambique.

## A meeting of minds



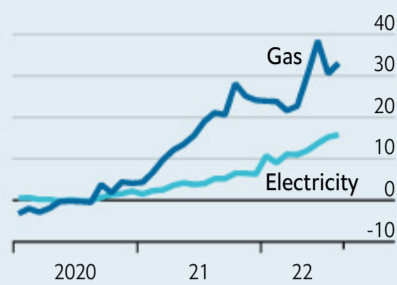
**Xi Jinping** prepared to meet **Vladimir Putin** in Uzbekistan, where they are attending a summit of the Shanghai Co-operation Organisation in Samarkand. The presidents of China and Russia will discuss the war in Ukraine, among other things. It is Mr Xi's first trip abroad since the start of the pandemic.

In **Thailand** a political activist was jailed for two years under *lèse-majesté* laws for dressing like the country's queen at a pro-democracy event in 2020. The activist denied the charges and said she had merely worn a traditional Thai dress. At least 210 people have been charged with insulting the royals over the past two years, according to Thai Lawyers for Human Rights.



**US consumer prices**

% change on a year earlier



Source: Bureau of Labour Statistics

America's annual **inflation** rate dipped in August to 8.3% from 8.5% in July, but month-on-month the consumer-price index unexpectedly rose by 0.1%. The government had hoped that falling petrol prices, now at a six-month low of \$3.70 a gallon, would ease inflationary pressures. But core inflation, which does not include volatile energy and food prices, rose sharply. Household electricity bills were up by 15.8%, year on year, the biggest jump since 1981, and natural gas by 33%.

Inflation did fall in **Britain** for the first time in nearly a year, to 9.9%, mostly because of the decrease in petrol prices. The rate is expected to fall again, given the government's massive energy-relief package, which will cap household bills.

**Stockmarkets** were rattled by the inflation data, which point to another big rise in interest rates by the Federal Reserve. The S&P 500 dropped by 4.3%, the Dow Jones Industrial Average by 3.9% (all 30 stocks that make up the Dow fell) and the NASDAQ by 5.2%. They were the biggest one-day declines in the indices for two years.

Ursula von der Leyen, the president of the European Commission, gave details of a proposed **windfall tax** on energy companies to help households struggling with rocketing bills. Ms von der Leyen aims to raise €140bn (\$140bn) from electricity companies, and said that oil, gas and coal firms would have to make a "crisis contribution". She also promised that the commission would undertake a comprehensive reform of the electricity market.

Meanwhile, the **French** government said it would cap increases to household energy bills at 15% next year, and provide direct payments to those on low incomes. **Uniper**, Germany's biggest distributor of gas, was in talks with the government that could see it nationalised.

**Will it make a dent?**

The International Energy Agency said that **Russian oil production** will have dropped by 1.9m barrels a day by February, compared with the start of Russia's invasion of Ukraine, after an EU embargo kicks in later this year. Since the war began Russian output has barely fallen, because oil bound for America and Europe has been rerouted to China, India and other places.

**Twitter's** shareholders approved Elon Musk's takeover offer at \$54.20 a share, a deal that he now wants to terminate. The company's share price has tanked since Mr Musk made the offer in April, to around \$40. A court hearing on the dispute is due to begin on October 17th. Meanwhile, a whistleblower who claims that Twitter is lackadaisical about security and has misled regulators testified to the Senate.

Mr Musk will use the evidence to bolster his case at the trial. Twitter said the allegations were "riddled with inconsistencies and inaccuracies".

The EU's General Court upheld almost all of the fine imposed on **Google** in 2018 for illegally restricting the market for search on its Android devices. It did shave 5% off the €4.3bn penalty (\$4.3bn) after it overturned one part of the competition regulator's ruling.

**Goldman Sachs** was reportedly preparing to lay off hundreds of employees amid a decline in revenues. The news sent a chill throughout the financial industry. Meanwhile, Kwasi Kwarteng, Britain's new chancellor of the exchequer, was said to want to remove the cap on **bankers' bonuses** that was imposed on the City by the EU in 2014. Mr Kwarteng apparently thinks the move will improve economic growth.

**Chips with everything**

Foxconn, the Taiwanese contract manufacturer that assembles the iPhone and other devices, and Vedanta, an Indian industrial group, announced a venture to build a \$19.5bn **chipmaking factory** in the Indian state of Gujarat.

India has joined America, the EU and others in subsidising the domestic production of semiconductors as a means of protecting technology and supply chains. If the plant is built it will be a boost for plans by Narendra Modi, the Indian prime minister, to industrialise the country.

Jeff Bezos's **New Shepard rocket** was grounded until federal regulators finish their investigation of a launch failure in which flames engulfed the rocket about a minute after take-off. The capsule, which is designed to carry paying passengers, detached itself and floated safely down to earth; Blue Origin, Mr Bezos's space firm, described it as a successful separation.

The **flight** carrying Queen Elizabeth II's coffin from Edinburgh to London was the most tracked ever, according to Flightradar24. More than 5m people followed the plane on its website and YouTube. The previous record was held by Nancy Pelosi's flight to Taiwan in August, which was tracked by 2.2m people. Flightradar24 has been used extensively since the start of the war in Ukraine to observe the movements of Russian oligarchs in their private jets.





# Getting the job done

**Vladimir Putin's war is failing. The West should help it fail faster**

ONE OF THE many excuses Vladimir Putin has given for invading the country next door is that Ukraine and Russia are “one nation”, which should be united under his benign rule. “Do you still think that?” asked Ukraine’s president, as his troops swept thousands of Russian invaders from Kharkiv province this week. Volodymyr Zelensky’s triumphant sarcasm was justified. The Kharkiv counter-offensive, which began on September 5th, marks the most dramatic Russian reversal since Mr Putin abandoned his effort to seize Kyiv, the Ukrainian capital, at the end of March (see Europe section).

Its significance is not just the liberation of 6,000 square kilometres of territory in a few days—more than Russia had gained in the previous five months. Nor is it Ukraine’s seizure of the tanks, guns and boxes of ammunition that the Russian soldiers left behind as they fled in disorder. Ukraine has also recaptured two transport hubs, Izyum and Kupyansk, which Russia needs if it is to complete its conquest of the Donbas region and integrate it into Russia. Mr Putin’s plans to stage phoney “referendums” on annexing occupied parts of southern and eastern Ukraine are now on hold, as Ukraine counter-attacks in both areas. Predictions in war are always risky, but the tide seems to have turned. Russia’s occupation is everywhere held in check, and Ukraine is gradually—and sometimes suddenly—rolling it back.

Ukraine’s battlefield advances rest on two pillars; materiel and men. In hardware it has an ever-increasing edge. America and other friendly states have sent it rockets with enough range and accuracy to shift the terms of engagement. Ukraine can see and reliably hit enemy ammunition dumps, command centres and logistics nodes far behind the front lines; Russia cannot. Russia’s supposed air superiority has been suppressed by mobile air defences. And whereas Russia is running down its stocks of weapons, Ukraine’s are growing both more plentiful and more powerful, as superior NATO equipment replaces its old Warsaw Pact kit.

Ukraine’s manpower advantage is growing, too. Mr Putin’s original invasion force of 200,000 was never big enough to occupy Ukraine. (He imagined, apparently, that the Ukrainian opposition would obligingly collapse.) Russia’s losses have been terrible; by one estimate 70,000-80,000 of its soldiers have been killed or wounded. Despite raiding jails and offering huge bonuses, Mr Putin is struggling to replace them.

Ukraine, by contrast, has its entire adult male population to call on. Their morale is sky-high and, thanks partly to NATO, they are well-equipped and increasingly well-trained. They will only gain in confidence as Russia falters. They are fighting for their homes and fellow citizens. Russia’s troops are fighting for a basket of lies: that Ukraine is run by “Nazis”, that it poses a threat to Russia, that its people want to be “liberated” by Russia. Mr Putin could in theory order a general mobilisation and force many more young Russians into battle; but he knows this would be wildly unpopular, which is why he has not yet done it. Even if he did, it would take many months to recruit, train, equip and deploy the reluctant and terrified reinforcements.

Victory for Ukraine is not yet certain, but a path is discernible. Evicting Russia entirely from Ukraine will be hard. It will mean pushing it out of territory where it is far better dug in and organised than in Kharkiv. A general collapse of the Russian forces cannot be ruled out, but is improbable.

The West should, therefore, reinforce success. Ukraine has shown that it can use Western weapons to regain territory; the West should send better ones, such as longer-range ATACMS munitions for the HIMARS launchers that have proved so effective, which it previously hesitated to supply. To avoid escalation, advanced NATO weapons should not be fired into Russia; Ukraine will surely comply rather than alienate its arms supplier. It will also need a reliable flow of ammunition for future offensives and armoured vehicles to move forces fast. The West should also consider what Ukraine might need next year—and vastly expand the scale of training for Ukrainian troops abroad.

Momentum in war can be self-sustaining. If Ukrainians in occupied towns believe that the invaders are there to stay, some may eventually acquiesce or even collaborate. If they think the Russians will be booted out in a few months, they have the opposite incentive: resisters will expect to be on the winning side; collaborators, to be locked up. So the more stolen land Russia loses, the harder it will find it to hold on to the rest.

All the more reason for Europe to resist Mr Putin’s energy blackmail. Since he cut off Russian gas supplies, European governments have vowed to dig deep to prevent their citizens from freezing this winter, even as they scour the world for alternative energy supplies. You can quibble about the policy details, but the main thing is to maintain solidarity despite the pain.

Meanwhile, Mr Putin is suffering the first cracks in his carefully cultivated aura of invincibility. He has smothered most dissent, yet disquiet is being aired. Hawkish voices are criticising the conduct of the war. Ramzan Kadyrov, a fearsome Chechen warlord whose men have fought and terrorised Ukrainians, has called the situation on the ground “astounding”. A nationalist on Russian television suggested tactfully that Mr Putin had been badly advised. A few brave local politicians in Moscow and St Petersburg have even called for the man in the Kremlin to resign.

## An old man’s delusions

Russia’s economy has weathered the sanctions better than expected, but it is slowly stagnating and the energy prices that benefited Russia have fallen. The West should try to drive a wedge between the regime and the Russian people. Western leaders should stress that their quarrel is with Mr Putin, not his subjects. Western countries should welcome Russian defectors, especially the most educated. Russians who serve the regime, by contrast, should be denied visas. With luck, Russia’s elite will eventually tire of isolation, as its security forces tire of being thrust into an unwinnable war by a tyrant with delusions of historical grandeur. Russia can end this conflict any time it chooses. But peace will not be on the terms Mr Putin originally envisaged. ■



After Elizabeth II

# Into the Carolean era

**The monarchy is an anachronism, yet it thrived under Elizabeth II. That holds lessons for all democracies**

ON SEPTEMBER 19TH, as Queen Elizabeth II is laid to rest, London will briefly become the centre of the world. In a distant echo of Britain's imperial standing of a century ago, heads of state from dozens of countries, including President Joe Biden, will witness funeral rites and flummery in Westminster Abbey, while perhaps a billion or more of their citizens watch at home. That is a function of Elizabeth's longevity. Her 70 years on the throne began in the twilight of that now-vanished era and were packed with state visits and receptions. But it is also a measure of her success. As King Charles III begins his reign amid strife in Britain, populism in the West and a challenge to democratic systems led by China and Russia, this success bears examination.

On the face of it, the British monarchy runs against the spirit of the times. Deference is dead, but royalty is built on a pantomime of archaic honorifics and frock-coated footmen. In an age of meritocracy, monarchy is rooted in the unjustifiable privilege of birth. Populism means that elites are out, but the most conspicuous elite of all remains. Identity politics means that narratives are in, but the queen kept her feelings under her collection of unfashionable hats. By rights, support for the crown should have crumbled under Elizabeth, as *The Economist* has sometimes imagined it might. Instead, the monarchy thrived.

One reason is that it was a platform for her individual strengths (see Britain section). Chief of those was a self-denying vision of public service. Elizabeth worked out how the monarchy could help weave unity and a sense of national purpose in all parts of an ever-more-disparate nation. Just as assiduously as she held weekly audiences with the prime minister in her palaces, she also sought to show that ordinary Britons matter too, by criss-crossing the country, cutting ribbons, listening, waving and asking: "Have you come far?"

Abroad, she had a sure touch. On a state visit in 1961 she danced with Kwame Nkrumah, Ghana's first president and a former political prisoner, signalling to Ghanaians that they were sovereign and to Britons back home that times had changed. When in 2011 she became the first monarch to visit Ireland in its 90 years since bloody independence, and 32 years after the IRA assassination of her husband's uncle, she became an unlikely symbol of harmony. Her diplomacy did not atone for Britain's imperial wrongs—how could it?—but it was a step forward.

Nobody knows how Charles will match up. At 73, he has always lived in the shadow of others: the dazzling Diana, his first wife; and his dutiful mother. In the past the "Prince of Wails" said too much, too much of it self-pitying. But some of his early themes, notably the environment, no longer seem like the obsessions of a crank. And this week he signalled that he understands that he must henceforth muffle his opinions.

Yet the new king does not have to be a statesman to succeed. And that is the second reason Britain's constitutional monarchy has thrived. His powers will be as circumscribed as a starched collar on loan from the nation. The more assertively he exercises them, the less potent they will be.

Writing in the 1860s, Walter Bagehot, *The Economist's* greatest

editor, noted that under Britain's constitutional monarchy "A republic has insinuated itself beneath the folds of a monarchy." The executive and legislative powers of government belonged to the cabinet and Parliament. The crown was the "dignified" part of the state, devoted to ceremony and myth-making. In an elitist age, Bagehot saw this as a disguise, a device to keep the masses happy while the select few got on with the job.

Today, when the franchise is universal, nobody in Britain believes Bagehot's fiction, any more than they do in Australia, Canada or any other country where Charles will be a distant head of state. We have argued in the past that Britain should, therefore, vote on whether to become a republic. However, Bagehot's insight still has force. Grubby politicians come and go, they cut deals and win elections by dividing their countries. The king helps keep politics and nation separate and woe betide him if he confuses the two. Contrast that with America, Brazil and Turkey, poisoned by the fusion of head of state and head of government in Donald Trump, Jair Bolsonaro and Recep Tayyip Erdogan.

You do not need a monarchy to pull off the separation, obviously. Countries like Ireland rub along with a ceremonial president instead. He or she comes from the people and has, in theory, earned the honour. A dud or a rogue can be kicked out or prosecuted. To a degree, history lays down the choice—it would be comic to invent a monarchy from scratch.

However, constitutional monarchy has one advantage over figurehead presidencies that is the final reason behind Elizabeth's surprising success: its mix of continuity and tradition, which even today is tinged with mystical vestiges of the healing royal touch. All political systems need to manage change and resolve conflicting interests peacefully and constructively.

Systems that stagnate end up erupting; systems that race away leave large parts of society left behind and they erupt, too.

Under Elizabeth, Britain changed unrecognisably. Not only has it undergone social and technological change, like other Western democracies, but it was also eclipsed as a great power. More than once, most recently over Brexit, politics choked. During all this upheaval, the continuity that monarchy displays has been a moderating influence. George Orwell, no establishment stooge, called it an "escape-valve for dangerous emotions", drawing patriotism away from politics, where love of country can rot into bigotry. Decaying empires are dangerous. Britain's decline has been a lot less traumatic than it might have been.

## Crown empirical

Elizabeth's sleight of hand was to renew the monarchy quietly all the while, and Charles's hardest task will be to renew it further. The prospect is daunting. The legacy of empire festers and could imperil the Commonwealth. Fights over Scottish independence loom. Brexit exposed holes in Britain's piecemeal constitution; even the status of Britons' fundamental rights is in doubt. Charles does not have the power to resolve these issues alone, but he has a part to play in resolving them peacefully. He is fortunate that Elizabeth showed him the way. ■





## Consumer prices in America

# The perils of wishful thinking

To fix America's inflation problem, the Federal Reserve must go big

OVER THE SUMMER a wild hope took hold among investors. Inflation seemed to be falling gently even as America's economy stayed in rude health. Perhaps the worst bout of inflation since the 1980s would be easily quelled, without interest rates rising much further or much economic pain. Now the dream has been dashed. Figures published on September 13th show that the pace of underlying inflation in August was fast and furious. Stockmarkets fell by the most since the early months of the pandemic; the price of junk bonds dropped; and short-term Treasury yields spiked. America still has an inflation problem. To fix it, the Federal Reserve must go big.

The good news is that America has been spared the worst of the gas crisis that is wreaking havoc in Europe. As Vladimir Putin has turned off the taps, inflation in some places has crossed into the double digits. America does not rely on Russian energy. Its inflation rate peaked at 9.1% in June and fell to 8.3% in August as oil prices eased. Prices of petrol at the pump have fallen for 13 consecutive weeks. That in turn has helped bring down consumers' expectations of inflation.

Strip out volatile food and energy prices, though, and underlying "core" inflation is still roaring. Prices rose at an annualised rate of 7.4% in August, exceeding economists' forecasts and well above the Fed's target for overall inflation of 2%. It is tempting to sift through the components of the inflation basket in an endeavour to find signs of cooling. At one point inflation was driven by stratospheric prices for second-hand cars and gummed-up supply chains, as locked-down Americans splurged on goods. These pressures have since eased. The increases today reflect a surge in the prices of some services, such as housing, which could eventually slow down, too.

Yet when underlying inflation has been this high for this long

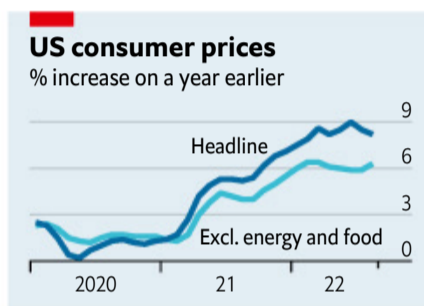
the simplest explanation is the most obvious, no matter what happens to individual components: the economy is still overheating. The effects of generous fiscal stimulus, which stoked demand during the pandemic, linger today. According to Goldman Sachs, a bank, households in aggregate are still sitting on more than \$2trn in excess savings accumulated during lockdowns, equivalent to 10% of annual GDP.

A tight labour market is buoying demand still further. At 3.7% the jobless rate remains remarkably low; there are still around two vacancies for every unemployed person. The severe shortage of workers has led to heady wage growth, which in turn has sustained consumer spending. By one gauge, median earnings

in America are rising by 7% at an annualised rate, a pace not seen in at least the past two decades. Whereas inflation in Europe should plunge as the energy shock fades, American inflation, rooted as it is in home-grown demand, is far stickier.

The Fed's job is to set interest rates so that inflation reaches its target. With the economy still overheating, its work is far from done. Although the central bank has raised interest rates faster than in past tightening cycles, it has been so far behind the curve that every reminder of inflation's stickiness is jolting markets—the opposite of what good monetary policy is supposed to achieve.

Rather than continuing the cycle of tardiness and surprises the Fed should act in bigger increments, by bringing forward to this year the interest-rate rises it had planned for 2023. The odds that a painful recession can be averted, meanwhile, look woefully long (see Finance & economics section). Only in the rosier of worlds will a mild rise in unemployment suffice to slow down price rises substantially. The worst of the fight to tame inflation is yet to come. ■



## China's property crisis

## House on fire

China's deepening housing crisis threatens upheaval

WEEKS AHEAD of the Chinese Communist Party's 20th congress, at which Xi Jinping, the country's president, is expected to secure a third term as party leader, an already big problem is becoming even more alarming. More than two-thirds of urban households' wealth is tied up in property and the industry underpins a fifth of GDP. The housing market is slumping into a deepening hole, dragging the economy down and even causing small outbreaks of social unrest.

Our reporting shows how bad the crisis has become (see Finance & economics section). The frenetic pace of house building used to be emblematic of China's rise. Now confidence in the model has collapsed. Buyers are dropping out, borrowers are on mortgage strikes and developers face a liquidity squeeze. In July

the value of new home sales fell by 29% compared with a year earlier. Country Garden, China's biggest developer, has reported that its profits have collapsed and says the market "has slid rapidly into deep depression".

Two years ago, in an attempt to tame the property monster, the government imposed limits on borrowing by developers, known as the "three red lines". The reforms carried the imprimatur of Mr Xi, who insisted that "Housing is for living in, not for speculation." The original idea was that tougher rules would lead property firms to be more restrained and deter speculative buyers, allowing house building to slow to a sensible pace.

Things started to go wrong last year with the default of Evergrande, a giant developer. A year later Mr Xi's strategy lies in tat- ▶▶

ters as activity has faltered. The crisis is now a political, as well as economic, problem. In parts of the country, distress is turning into defiance. Mortgage-holders have banded together, threatening to stop repaying their loans if work does not resume on long-overdue homes.

Part of the problem is Mr Xi's fixation with zero covid. In trying to suppress outbreaks with lockdowns—Chengdu, with a population of 21m, is the latest mega-city to be put through the wringer—the state has stomped on confidence.

Another part is that the government's original plan did not resolve the conflicts between growth and financial prudence, and between citizens' needs and the incentives of crony officials and developers. The three red lines have deprived property firms of the cash they need to finish building flats that they had sold in advance. Delays in finishing past projects have in turn made it harder to sell new ones to disgusted buyers. Weak sales have worsened the cash crunch. And the absence of a coherent bankruptcy process has left firms like Evergrande in limbo.

The central government has been trying quick fixes. It has cut interest rates and allowed local governments to ease restrictions

on who can buy property and how. It has also encouraged local bail-outs of unfinished construction projects. But local authorities lack the resources to ease the distress, not least because property downturns hurt their revenues from land sales.

China's property market needs to be redesigned. Local governments need other sources of revenue to lessen their dependence on selling land. The receipt of money in advance for unbuilt properties must be better policed, to prevent fraud and collapses. As the population peaks and migration to the cities slows, the property industry needs to shrink. Attention should turn to getting the most out of China's existing housing stock.

In the short run, however, officials have little choice but to undertake a bigger bail-out. The government wants state-directed lenders like China Development Bank to lend to local-government entities, which can in turn help developers that post collateral. The three red lines may be smudged, if not erased. Ambitious restructuring will be put off. The property crisis is a calamity in its own right. It is also another example, along with zero covid and a purge of tech firms, of Mr Xi botching the big calls over the world's second-largest economy. ■

### Policing in America

## Getting away with murder

**Reforming police forces is the only way to reduce the slaughter on America's streets**

**W**HAT A DIFFERENCE a couple of years makes. In spring 2020 the murder of George Floyd, an unarmed black man, by a police officer in Minneapolis brought millions of people out of covid-19 lockdowns all over the world and onto the streets. After a wave of furious protests, and riots, some politicians on the American left adopted the protesters' slogan: that the way to ensure that black lives mattered was to "defund the police". The Democratic mayors of New York and San Francisco, among others, promised to cut police budgets.

Today, few people think that is a good idea. As our special report in this issue explains, murders have surged in America. In 2020 the number of people killed was 28% higher than it was in 2019—the single biggest increase recorded in more than a century. In 2021 many cities saw further rises. Almost nowhere has been spared, including suburbs and rural areas.

By rich-world standards, America is a staggeringly violent country. The murder rate is six times higher than it is in Britain, France or Germany and 20 times higher than in Japan. In 2020, one in 700 black men aged 18 to 24 was murdered. Violence is now not only cutting short the lives of over 24,000 people a year. It is also devastating entire communities, as businesses and middle-class people leave crime-ridden neighbourhoods. Plausible estimates put the social cost of murder at over \$400bn per year, around 2% of America's GDP.

Republicans campaigning for the midterm elections have tarred Democrats as tough on cops and soft on crime. No serious Democratic politician now promises to defund the police. Last month President Joe Biden proposed to direct \$37bn to tackle crime, partly through the hiring of 100,000 more police officers. Though some activists, such as the American Civil Liberties Union, which criticised Mr Biden's plan, pretend otherwise, this is

a problem that cannot be solved without investment in policing.

The rise in violence since 2020 has many causes. Gun sales have soared; the pandemic shut many social services. But the fact that violence has not risen as much in any other comparable country suggests that the American public's loss of faith in their police that summer played a part. People in high-crime areas became more reluctant to call or co-operate with the cops. Many officers, sensing a loss of political support, pulled back from such places, or stayed in their cars.

The share of murders that result in an arrest or identification of a dead suspect has dropped from about 70% in the 1980s to 54% in 2020. If criminals get away with murder, others will resort to "street justice".

As Robert Peel, founder of London's police, argued, good policing requires "the willing co-operation of the public".

The protesters who raged that hot summer were right to demand change. But that should mean reform, not retrenchment. Mr Biden's programme to hire more cops is a necessary start. Though it spends vastly more on prisons, America devotes roughly 20% less as a share of

its GDP on policing than the European Union average.

However, more money will produce lasting improvement only if it is coupled with sustained reform aimed at rebuilding trust in the police. In the 1990s New York and Los Angeles both proved that policy change can reduce violence dramatically. Police chiefs should devote more of their officers to investigating and prosecuting serious violence. Training should focus more clearly on teaching police officers that they are public servants, not warriors. Mayors and prosecutors should not back down from firing and indeed locking up those who use unjustifiable violence. And cops who do not want to get on board should find another profession. ■







## OPEC Fund Administrative Tribunal Call for Applications for Membership

The OPEC Fund is accepting applications for membership of its Administrative Tribunal. The Tribunal is an independent body that hears matters within its competence as defined by the Statute of the Tribunal, and makes final and binding decisions.

The Tribunal is composed of five members appointed by the OPEC Fund's Governing Board, who serve for a period of 5 years (renewable once). It is governed by the Statute and Rules of the Administrative Tribunal approved by the Governing Board, as well as any supplementary documents approved from time to time. The Tribunal is non-resident and its judges are appointed on a retainer basis. It convenes only when there is an appeal to be decided.

Interested and qualified candidates are invited to apply. Applications from female candidates are highly encouraged.

<b>Type of Appointment:</b>	Fixed Term Retainer
<b>Duration:</b>	5 years (renewable once)
<b>Location:</b>	Virtual
<b>Compensation:</b>	Annual retainer and sitting fees for hearing cases

**For key information and guidance on the application process (including eligibility criteria and required qualifications), please refer to our website page: <https://opecfund.org/administrative-tribunal>**

Applications should be sent only to [AdministrativeTribunal@opecfund.org](mailto:AdministrativeTribunal@opecfund.org) no later than *October 16, 2022 at 23:59 Vienna Time (CEST)* and should contain the following information:

- a) Curriculum Vitae
- b) Statement of Interest
- c) Overview of track record
- d) Any other information or document the applicant considers relevant



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### The U.S. Department of the Treasury, Office of Financial Research (OFR) Accepting Applications for its Financial Research Advisory Committee (FRAC)

The purpose of the OFR is to support the Financial Stability Oversight Council (Council) in fulfilling the purposes and duties of the Council and to support the Council's member agencies. The FRAC was established to advise the OFR on issues related to the responsibilities of the office. The advisory committee provides advice, recommendations, analysis, and information directly to the OFR. The OFR may share the Committee's advice and recommendations with the Secretary of the Treasury or other Treasury officials.

The OFR is currently accepting applications for advisory committee membership. The OFR invites applications from experts in the fields of:

- economics, financial institutions, and markets,
- statistical analysis, financial market analysis, and econometrics,
- data management, information standards, technology,
- emerging risks to financial stability, such as cryptocurrency, cybersecurity, and climate change,
- or other areas related to OFR's duties and authorities.

New members of the advisory committee will typically serve three-year terms. Committee members are not compensated; however, they do receive reimbursement for travel, lodging, and other expenses.

#### How to apply

To apply, an applicant must submit an appropriately detailed resume and a cover letter describing their interest, reasons for application, and qualifications.

In accordance with Department of Treasury Directive 21-03, a clearance process includes criminal and subversive name checks or fingerprint checks with the Federal Bureau of Investigation for proposed advisory committee members, as well as pre-appointment tax checks with the Internal Revenue Service for all proposed and reappointed members.

The application period for interested candidates will close on *September 30, 2022*. Applications should be submitted in sufficient time to be received by the close of business on the closing date and should be sent to [ofr\\_frac@ofr.treasury.gov](mailto:ofr_frac@ofr.treasury.gov).

**Digital enforcement**

Charlemagne (September 3rd) hit the nail on the head by highlighting how the European Union may lead the world in making rules for big tech, but that these rules are pointless unless it enforces them. Unfortunately, as things currently stand, the EU seems unlikely to devote enough of its budget to fund such enforcement, or to allocate sufficient staff or expertise to do so. Meanwhile, big tech companies are spending fortunes on employing extra lawyers and experts to delay and circumvent effective enforcement of the new rules. Unless the EU faces up urgently to the enforcement challenge, millions of European consumers will continue to be denied the benefits of choice and innovation online. And the EU's reputation of leading the world in big tech regulation will be in tatters.

URSULA PACHL  
Deputy director-general  
European Consumer  
Organisation  
Brussels

**The fall of an empire**

The bald assertion in your leader on the death of Mikhail Gorbachev that "Boris Yeltsin empowered the kleptocrats" ignored the glee with which Western ideologues swept into the crumbling Soviet Union to impart the blessings of capitalism ("The man who ended an empire", September 3rd). They did this without bothering about the more challenging nuisance of institution-building. Healing the scars of history requires the co-operation of losers as well as winners.

G.H. LEWIS  
Reston, Virginia

**Share the artefacts**

A lot of debates about objects of cultural heritage hinge on the perception of permanent and eternal nation-states with defined territories and identities, such as the debate raging about Britain returning the Rosetta Stone to Egypt ("Hard

as stone", September 3rd). But what we think of today as "Greek" or "Egyptian" or even "British" are the contingent outcomes of centuries of interactions. Is the Hagia Sophia in Istanbul representative of the legacy of the Greek people, the eastern Romans or Byzantines, Greece, Christianity, Constantinople, the Turkish people, the Ottoman Empire, Turkey, Istanbul, or Islam? How fair would it be to strip any one of those layers entirely away?

I think it would be better to ask what gives value to a work of art. There are probably several answers; aesthetic appeal, historical reflections and national or cultural identity among them. How can those valuations be best appreciated and conveyed? The large point of museums is to do exactly that instead of narrowing the assessment of a piece into one dimension.

Perhaps museums in London, Athens, Cairo and elsewhere could work together and display originals and copies of contentious pieces on a timetable throughout the year. That way, works could be seen and understood through their various layers by the many communities who cherish them. Moreover, such an arrangement would underscore the shared heritage of a given object and the importance of global collaboration in celebrating human civilisation.

NAREG SEFERIAN  
Arlington, Virginia

**Farming for today**

Agroecological practices have a great potential to make agriculture more sustainable and resilient against climate change ("Dusty weather", September 3rd). However, far too often agroecology has become synonymous with a movement that rejects any form of modern agricultural technology and that judges agricultural practices on the basis of their naturalness, rather than on their sustainability. You suggested that "industrial" fertilisers break down soil structure. But there

is no evidence at all for this when they are applied wisely, and together with a sufficient supply of organic fertilisers such as compost and manure. Feeding 9.7bn people in a sustainable way by 2050 will require smart combinations on farms of agroecological practices and technology.

OLIVIER HONNAY  
Professor of agronomic and conservation ecology  
Katholieke Universiteit Leuven  
Leuven, Belgium

**Planning for the future**

I disagreed with the thrust of your criticism of Britain's planning system ("Free the bulldozers", September 3rd). The system seeks to strike a balance between competing interests, most glaringly between private and public and local and national, and it does this well. The picture you painted is one that has delivered nothing but stagnation. This is far from the case. London's skyline has been radically transformed and towns and cities regenerated, admittedly sometimes with mixed results. At the same time, it has preserved much of our historic heritage and protected our green spaces and biodiversity.

Planning needs a degree of consensus to work effectively. This has been in short supply of late and not helped by the muddled thinking of the government. The Oxford to Cambridge arc, once trumpeted as globally significant, was shelved in favour of "levelling-up", whatever that means. Strategic regional planning and the Infrastructure Planning Commission were dropped in favour of "localism", with predictable results. Aiming for net-zero carbon emissions while at the same time banning new onshore wind development is quite frankly daft. And goodness knows what the current plans are for Heathrow airport.

There is certainly scope for planning reform but politicians of all stripes need to be clear-eyed that reform in itself cannot dodge the issues. Plan-

ning decisions of any scale involve trade-offs and hard choices.

DAVID EVANS  
Colchester, Essex

The economic purpose of the British planning system is to restrict the supply of new housing. All other planning constraints are collateral damage to this goal. For most Britons, their home is their primary asset. The result is intense political pressure to drive up house prices. The state does this by manufacturing structural shortages; divesting from social housing and restricting new planning permissions. As long as private-home ownership dominates British tenure it will not be possible to solve the housing crisis or reform the planning system.

JACK SELF  
Architect  
London

So Britain's woes are all the fault of NIMBYS (Not in My Back Yard)? Well I am a GOMMBY (paid Good Money for My Back Yard). What do I do when I encounter a GROSPY (Getting Rich On Spoiling People's Yards) with a GRAB (the Goal of Raising Awful Buildings)? There's no hint of a CRILBY (Compensation for Real and Intangible Loss on Back Yards). So of course I am ANGRY.

GEOFFREY PLANER  
Winchester, Hampshire

Your despair of British planning delays brings to mind an exchange at a planning convention. A French practitioner had been invited and was asked why projects in France completed more quickly. Her reply was, "In France, when we decide to drain a swamp we do not consult the frogs."

ROD TIPPLE  
Cambridge

Letters are welcome and should be addressed to the Editor at The Economist, The Adelphi Building, 1-11 John Adam Street, London WC2N 6HT  
Email: [letters@economist.com](mailto:letters@economist.com)  
More letters are available at: [Economist.com/letters](https://www.economist.com/letters)





The mood and the monarchy

## Something in the ether

BIRMINGHAM, EDINBURGH AND STEEPLE BUMPSTEAD

Our special section begins by examining Britons' strong sentiments towards their head of state. With Elizabeth II's 70-year reign over, they seem likely to weaken

**THE QUEEN**  
1926—2022



HALF A DOZEN middle-aged and old women are loitering after the end of an Anglican church service in Steeple Bumpstead, a village in Essex. All of them are feeling rather shaky. They have just sung the national anthem, with the unfamiliar line “God save the king,” and it brought them up short. Besides, the death of Queen Elizabeth II has changed Britain in some way, says Edna Jackson: “There’s something floating around in the ether that’s completely different.”

In Edinburgh and London, the machinery of royal commemoration has clattered along, following plans worked out long before the queen’s death on September 8th. Amid much ceremony, her coffin has been transported to St Giles’ Cathedral in Edinburgh, then to Westminster Hall. Grieving Britons have arrived in London with flowers and food to sustain them as they queue

to pay their respects. A few protesters have been unnecessarily hassled by the police.

Britain can put on a good show. But the capital pomp matters less than the provincial mood. A monarchy stripped of almost all its powers is important less for what it does than for how it makes people feel. The essential thing is what floats around in the ether: the sentiments and understandings about the head of state that help bind Britons together. Though strong now, these seem likely to weaken.

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In Steeple Bumpstead many people use exactly the same words when talking about the queen: “She’s always been there.” The queen was rather like an old-fashioned slide rule: a fixed object against which they position their own histories. As a young child, Sue Dare was dressed as a doll for the coronation in 1953, and won a prize. “She’s always been in my life,” she says.

A 70-year reign provided many excuses for gatherings. During the Platinum Jubilee festivities in June the village put on a classic car show, Morris dancers, a procession, a blazing beacon, live music, a scarecrow competition and much cake—an impressive schedule for a settlement of fewer than 2,000 people. At such events, opinions about the monarchy are almost irrelevant. Kerry Barnes, chairman of the parish council, says the point was less to celebrate the monarch than to bring people together: “I don’t want to give the impression that we’re a bunch of royalists here.”

The queen connected Britons from very different backgrounds. Beverly Lindsay, a businesswoman and deputy lieutenant of the West Midlands (an honorary position), was taught to speak “the queen’s English” as a child in Jamaica. She describes Elizabeth II as a glue holding Britain together. Joan Hunter, who also grew up in Jamaica, took comfort from the queen’s televised speech during the covid-19 lockdown in 2020. On September 9th she brought flowers and a Jamaican flag to St Philip’s Cathedral in Birmingham.



► The messy, bloody process of decolonisation continued into Elizabeth II's reign. But Ms Lindsay and Ms Hunter argue that she helped to reset the relationship with Commonwealth countries like Jamaica (which became independent in 1962). For post-war migrants, the queen's evident devotion to the Commonwealth was helpful because it implicitly informed white Britons why they had come to the country. They were not mere immigrants seeking jobs, but members of a community moving within a union.

Heaven Crawley of the UN University Centre for Policy Research, a think-tank, finds that the monarchy is one of the few things that asylum-seekers tend to know about Britain (football is another). Royal tours can linger in immigrants' minds long after Britons forget about them. At a mosque in Birmingham, a Sudanese man who arrived in Britain 15 years ago says he felt well disposed towards the queen because she visited Sudan. That was in 1965, when he was a baby.

The queen also helped bind the countries of the United Kingdom. "Scotland was special to her and she was special to Scotland," declared Nicola Sturgeon, the country's first minister. During the campaign for Scottish independence in 2014, the Scottish National Party that Ms Sturgeon now leads said that the queen could remain head of state if Scotland left the UK. But many SNP members (and indeed about two in five Scots) are republicans, and this position might change. "Once things have settled, it may be the time is right for the party to discuss whether a monarchy would be best for an independent Scotland," says one of Ms Sturgeon's colleagues, delicately.

Only about a quarter of all Britons are republicans. Young people are far less fervent in their support for the monarchy than others—the British Social Attitudes Survey found in 2021 that 14% of 18- to 34-year-olds thought it was very important for the country to have one, compared with 44% of people aged 55 or older. But people seem to become keener on royals as they age. It is worth remembering that middle-aged and old Britons once listened to anti-royal songs by the Sex Pistols, the Smiths and the Stone Roses.

It seems unlikely that a majority of Britons will soon conclude that the monarchy should be abolished. But they may pour less affection into the monarch. Charles III, who is 73, will struggle to connect with as many people as Elizabeth II did, simply because he has less time. In 2018 YouGov, a pollster, found that 31% of people (and 49% of over-64s) had seen the queen in person, against 16% for him.

Anabelle Byron, a student who is rehearsing with her K-pop group near Birmingham Central Library, thinks of the

queen almost as a pop-culture figure. She was amused by a video made for the Platinum Jubilee which featured the queen and Paddington, a talking animated bear. (Others have evoked the same video by bringing jars of marmalade to commemorations of the queen, to the authorities' distress.) Ms Byron is not opposed to the monarchy. She just finds it uninteresting now that the queen is gone.

Others have sharper views. In Steeple Bumpstead, Kathleen and Peter Anderson have laid flowers from their garden at a memorial for the queen. "We're quite big royalists," says Mrs Anderson. She goes on

to explain that she cannot forgive Charles for his treatment of Diana, his first wife, and would not have been distressed if the crown had bypassed him.

The new king has made a strong start. Three-fifths of Britons saw or heard Charles III's first televised speech, in which he pledged to serve the country and said that he would have less time to devote to his charities and causes—a nod to his famously opinionated past. Of those hearing the speech, 94% approved. That Britons need to judge a monarch's performance at all is something of a novelty, however. He has not always been there. ■

Northern Ireland

## Neighbourly relations

BELFAST

The queen helped with the process of reconciliation



**I**N JUNE AN opinion poll for the *Sunday Independent*, an Irish newspaper, revealed that Queen Elizabeth II was more popular than any Irish political leader. The founders of the republic would have been astonished. But the queen did much to improve relations between Britain and Ireland, and between nationalists and unionists in Northern Ireland.

In 1979 the Irish Republican Army killed Lord Mountbatten (Prince Philip's uncle) and three others with a bomb. In 1977 Sinn Féin, the IRA's political arm, denounced as psychological imperialism a decision to close schools in the Northern Ireland city of Derry for the queen's Silver Jubilee. In 2011 the party boycotted her visit to Ireland—the first by a British monarch since independence in 1921.

Five words spoken during that visit began to melt centuries of animosity. At a state banquet in Dublin Castle, once the seat of British rule in Ireland, the queen began: "A Uachtaráin agus a chairde",

Irish for "President and friends". Speaking a few words in the native tongue did not seem twee in Ireland, as it might elsewhere. The Irish language was repressed by the British and remains contentious with unionists in Northern Ireland. The queen proceeded to bow at a memorial to the Irishmen who fought her grandfather's soldiers.

Sinn Féin realised it was out of touch with the public mood. A year later the former IRA commander Martin McGuinness, then deputy first minister of Northern Ireland, shook hands with the queen. After her death, nationalist leaders offered condolences and praised her efforts for peace. Coarser sentiments welled up elsewhere: at a football match in Dublin and a pub in County Down (in the North), the queen's death was followed by raucous chants of "Lizzie's in a box". But such behaviour is now at the fringes of respectable society.

Meanwhile, in the loyalist Shankill Road in Belfast, locals laid a sea of flowers beneath a gable mural honouring the queen. The British connection, embodied by the monarch, is at the core of their identity. After a series of political blows to unionism and growing talk of Irish unity, losing a head of state who was immovable for 70 years is unnerving.

When members of the Stormont Assembly paid tribute to the queen, a subtle division remained. Unionist leaders pledged their loyalty to King Charles III; nationalists did not. And nationalists' warm words for the queen could be seen as part of a campaign to convince unionists to support Irish unity with the implicit promise that their British identity will be incorporated into a new state. Still, a display of unity and respect is much better than its opposite.



## King Charles III

## What sort of king will Charles be?

## He seems likely to model his monarchical style on his mother's

HE CAME TO praise his mother—and to bury suspicions. On September 9th King Charles III gave his first public speech as monarch. Explicitly, it honoured the queen—“my darling mama”—for her dedication, service and duty. Implicitly, it answered questions about what kind of king he is going to be and spoke, quietly, to some of the many criticisms levelled at him while he was heir apparent.

The man who is now called king has long seemed uneasy about, perhaps even unsuited to, the job that 73 years ago he was born to do. Charles once described the realisation that he was going to become king as dawning with “the most ghastly, inexorable sense”. Others echoed his doubts: Princess Diana, his first wife, said the role of king would be “suffocating”. The British people seemed to share this cool appraisal of him. A poll carried out in May 2022 put his popularity rating at 54%, far below the late queen's at 81%.

Little of this is unusual. Transitions from one monarch to the next are, as Tracy Borman, a royal historian, has pointed out, notoriously uneasy moments. Henry VII's courtiers so feared his death would lead to the downfall of the Tudors that they hid his body in his rooms and brought his corpse meals for two days. When Elizabeth II came to the throne she was derided as a “priggish schoolgirl”, while her coronation was dismissed by John Osborne, an angry young playwright, as a “gold filling in a

mouthful of decay”. Will her reign, asked the *Daily Mail*—not known for doubts about the monarchy—“be a flop?” Both the Tudors and Elizabeth II survived.

And if Charles did view his new role with dread he is not alone. Few modern monarchs, even those who reign with success, have regarded their task with enthusiasm (see next article). That is not unreasonable. The role of king or queen is hard, its duration long (death or abdication offer the only possible exits) and its form ill defined. The closest thing to a monarchical handbook that exists is a century and a half old: Walter Bagehot's “The English Constitution” (see our Bagehot column). It advises monarchs in broad but authoritative strokes: they must be decorative; they must guard their privacy closely; they must know their constitutional place. On the last two points, Charles has repeatedly given cause for anxiety.

Whereas his mother was scrupulously neutral, Charles has not been. In his “black spider” memos (letters written to politicians in his scrawling script) and in his speeches Charles has spoken out about everything from the “carbuncles” of modern architecture to the culling of badgers. He lobbied Tony Blair over fox-hunting, which Sir Tony's government banned but Charles wanted to preserve. His absence from a state banquet for China in 2015 was noted, and considered pointed. These things did not look like regal impartiality.

They looked, to many, like overstepping.

And there has been little privacy: during Charles's long period as heir, daylight was let in not merely on the magic but also on the mess. His miserable schooldays are public knowledge; his disastrous marriage to Diana is known in unsparing detail. His emotions have been similarly ill-concealed—they still are. Mere days into his reign, a camera caught him losing his temper over a “bloody” leaking pen.

The national mood, for the moment, feels forgiving: a recent YouGov poll showed that those who think he will do a good job has doubled from 32% in May to 63% since his mother's death. Her reign may have been untarnished, but clearly new kings cannot be as easily minted as their coins can. As Edward VIII wrote: “Heirs apparent cannot be stamped out of sheet metal.” Charles is clearly trying: in his first speech as king he strongly implied that his aim would be to replicate Elizabeth's style rather than deviate from it.

That includes matters of religion. Each British monarch bears the title “Defender of the Faith”, meaning of the Anglican variety: the monarch is the Supreme Governor of the Church of England. In 1994 Charles, who has long shown interest in numerous other religions, including Islam and Greek Orthodoxy, remarked that he “personally would rather see it as ‘Defender of Faith’, not the Faith”, since religious exclusivism is something that causes “a deal of a problem.” As if to prove his point, a protracted kerfuffle promptly occurred. Charles's first speech as monarch was mollifying, noting his “responsibility towards the Church of England” in which “my own faith is so deeply rooted”.

One area in which he might excel—and win support among younger people—is environmentalism. Charles capitalises the word “Nature”, champions rewilding, was an early advocate of organic farming—even founding a brand of organic food—and is obsessive about waste. Far from indulging in fast fashion, he wears suits until they are patched beneath the pocket. Once, such passions seemed peculiar; today, they seem prescient.

Despite the long run-up, no one really knows what Charles's reign will mean. For kings, like stocks, past success is no guide to future performance. Edward VIII was at first thought to be thrillingly modern—so modern, it turned out, that he abdicated. The dissolute Edward VII—“Dirty Bertie”, or “fat vulgar Edward” as Henry James called him—was expected to be a failure. Yet today the teatime of the Edwardian era outshines the stodgy Victorian in popular memory. Quite how the Carolean era will be viewed is impossible to say. But so far, the head that wears the crown seems to be wearing it far more easily than many of his subjects expected. ■



The new king on the block





Queen Elizabeth II

## The end of an era

**Despite social and political upheaval, Britain's longest-reigning sovereign strengthened the monarchy**

**I**DECLARE BEFORE you all that my whole life, whether it be long or short, shall be devoted to your service and the service of our great imperial family, to which we all belong." The film is blurred, the soundtrack scratchy, the face obscured by bad lighting and the clipped vowels from another era. Even so the vow, made in a high, clear voice that seems too young for its solemnity, rings out in unmistakable tones. The woman looks straight at the camera for a while, and then her eyes slide sideways, uncertainly, for she is not much more than a girl.

It was Princess Elizabeth in 1947, speaking to the Empire on her 21st birthday in South Africa. The fervour with which she made her promise was born of her experience—of living through a war in which so many people had sacrificed so much, and of watching her uncle, who abandoned his duty to marry the woman he loved, and her father, who was thus thrust into a job he did not want and was not suited to. More than seven decades later, in a world dedicated to individualism, in which duty is an archaic notion and self-fulfilment is the

greatest good, her promise sounds anachronistic and formulaic. But she meant it.

Keeping it was hardly easy. The royal role involves being constantly in the public eye while keeping personal views entirely private. Any sign of partiality would have undermined her ability to represent all her compatriots; instead she appeared always to be interested, without ever saying anything of interest. That unwavering professionalism helped ensure the survival of the British monarchy.

At the start of the 20th century, class tensions were so high that many predicted the crown's demise, including those who had to wear it. Edward VII was so depressed by the national mood that on one occasion he introduced his son, the future George V, as "the last king of England". When George VI, Elizabeth's father, became king he feared that the crown would "crumble" under the strain of the abdication crisis.

The country she was born into, like the one she leaves, was turbulent and divided. The home secretary, who was required to be present at the birth of a royal, even a relatively minor one like her, was called to 17

Bruton Street on April 21st 1926, in the midst of negotiations to avert a general strike. There was plenty of interest when she was born, for the press was eager for good-news stories at a bad time. But since she was only the niece of the unmarried heir to the throne, her birth was not regarded as of great significance. Queen Victoria had decreed that those in direct line to the throne should be christened after her or Albert, but given the new baby's low chances of acceding, "I hardly think it necessary," wrote George V to his wife.

Elements of her childhood, which was quite normal for an upper-class girl then, would be regarded now as, at best, bizarre. When she was less than a year old, the king dispatched the Duke and Duchess of York to Australia for six months, and she was left behind. Elizabeth's routine in her parents' absence involved daily promenades in Hyde Park with her nanny during which, as a famous baby, she was constantly greeted by strangers, to whom she waved back enthusiastically. According to the duchess's authorised biographer, Lady Cynthia Asquith, when her mother returned, the child was "almost as pleased" to see her as if she had been "quite a large crowd".

Her younger sister Margaret soon arrived, and the royal foursome made a happy little family. Her parents were as domesticated as her glamorous uncle was social. "We four", as they referred to themselves, were written up in magazines as the ideal version of the nuclear family to which modern Britons aspired. The girls did not go to school, but had lessons from their nanny, Marion Crawford; those were later supplemented by tutorials from a vice-provost of Eton who kept a pet raven that would peck at his ear. Even for the time, Elizabeth's education was somewhat lacking. Until she was 11, the four seemed destined to be one of Britain's many comfortable, privileged and fairly unremarkable upper-class families.

### An unsought inheritance

Then in 1936 the thunderbolt struck. Elizabeth's uncle, the heir to the throne, was determined to marry Wallis Simpson; the prime minister, Stanley Baldwin, concluded that because she was a divorcee, he could not do so and remain king.

In earlier times, the crown was something that members of the royal family murdered and fought for. Not in the 20th century. Edward VIII gave it up willingly. The Duke of York recorded in his memoir that when he told his mother the outcome of his brother's negotiations with the government, he "broke down and sobbed". According to her grandmother, when Elizabeth heard that her father was to be king, she began "ardently praying for a brother".

Yet she submitted willingly. The only matter on which she proved intractable ▶▶



► was love. She met Philip of Greece when she was a teenager and became smitten. He was a penniless young royal who as a baby had slept in an orange crate when his itinerant family was evacuated from Corfu. The British aristocracy was not much impressed—it was noted at their engagement party that his naval uniform was shabby—but she had made her mind up to have him, and she did.

They had only five years of married life before the event she had dreaded came to pass. In 1951, after years of heavy smoking, her father was diagnosed with lung cancer. In February 1952 he died. The queen and Prince Philip were on a visit to Kenya at the time. After she was told the news, Lady Pamela Mountbatten, her cousin, came to console her. Her reaction was characteristic: “Oh, thank you. But I’m sorry it means we have to go back to England and it’s upsetting everybody’s plans.”

And so her job for the next 70 years began. Its formal core is the role of head of state, which requires the monarch to preside over the nation’s grand occasions: the opening of Parliament, the changing of the guard, visiting and being visited by other heads of state. As what Walter Bagehot called the “dignified”, rather than the “efficient” arm of government, the monarch provides pageantry and diplomacy (see Bagehot): the face that Britain shows to the world, and just occasionally a little more than that. She communicated clearly her attitude to Ian Smith’s racist government in Rhodesia: she made the governor-general who had tried to sack him as prime minister a Knight Grand Cross of the Royal Victorian Order, an honour more personal to her than the standard knighthood.

Her visit to Ireland in 2011, after the signing of the Good Friday Agreement that brought an end to the conflict in Northern Ireland, had huge political significance. The last time a reigning British monarch had set foot on the republic’s soil was in 1911, when it was still part of the United Kingdom. The visit marked the normalisation of relations between the two countries. Her few words in Irish at the start of her speech went down a treat.

But the queen’s principal focus was domestic. Her vision of the monarchy was that its purpose is to bolster the country’s sense of both unity and continuity. It represents the idea of a nation to which everybody, not just the glossy influential people in the capital, belongs and in which every citizen has as much value as any other. It represents the notion that while generations of people and politicians come and go, while governments rise and fall, while great social and economic change sweeps the country—it is still the same nation.

She did the job by going about, opening things and meeting people, as visibly as possible. The bright clothes in which she

## ➔ More on Elizabeth II

Further coverage, including a leader, a podcast, articles explaining the line of succession to the British throne and royal finances, and a suggested reading list on the monarchy, can be found at [economist.com/queen-elizabeth](https://www.economist.com/queen-elizabeth)

dressed were chosen so that the television cameras could pick her out in a crowd. “I must be seen to be believed,” was one of her favourite phrases.

The snipping of ribbons and shaking of hands is neither here nor there. What matters is getting across to people the message that they matter. “Why does she endlessly visit small towns, industrial estates, colleges and relatively minor firms?” asks Andrew Marr in his biography, “Diamond Queen”. “Because nobody else does.” For the same reason, receptions at Buckingham Palace were far more socially, racially and geographically diverse than those at Downing Street or other political venues.

### Invested with importance

The mass investitures, at which councillors and cleaning ladies from all over the country turned up in their best frocks, met the queen, had a ribbon pinned on them and took tea at the palace, were an initiative of hers. She said that they were the most important part of the job. The weekend before investitures, she received a fat briefing paper with several paragraphs on each individual. She picked out a few key words about each person to be honoured, and learned them; an equerry whispered in her ear as the person approached.

The queen’s identification with ordinary people came fairly easily to her. Although the country’s top aristocrat, she in many ways had more in common with the

commoners than with the elite. Her family are not intellectuals. And her recreations were ordinary: her favourite leisure pursuits were walking her dogs and going to the races.

These were also old-fashioned pursuits, which raises a subtle aspect of the job. The monarchy must represent the country’s traditions, yet not seem stuck in the past. And although superficially the institution looks remarkably unchanged—pretty much everything the queen wore, for instance, would have been more fashionable in the 1950s than in the 2020s—it has changed a lot.

The big invisible changes were brought about by David Ogilvy, the 13th Earl of Airlie, a former banker who had known the queen since the five-year-old Elizabeth was brought to his fifth birthday party. In the mid-1980s, things were financially rocky. “We were simply running out of money,” according to a palace official. At the same time, the state’s control of the monarchy was increasing, through an annual agreement with the Treasury regarding how much money it should get, and growing public resentment of the fact that the queen did not pay tax.

Ogilvy employed consultants who went through the palace’s accounts and did a deal with the Treasury. The monarchy would cut its expenses and the queen would pay for most of her family members from her private wealth. In return the monarchy’s income would be agreed on for ten years on the basis of the expected inflation rate, and the royal household would reclaim control over the management of the palaces from the government. “To a degree that has never been fully understood,” notes Mr Marr, “they privatised the queen.” Henceforth, the queen would also pay income tax.

But the queen’s principal method of avoiding potential hostility was discretion. The public silence that she maintained over seven decades on all but the most anodyne subjects is central to the job of representing the country as a whole, for to express a view that endeared her to one lot of Britons would be to alienate another, and to express political views publicly would be to contradict the notion that the British monarch’s job is above politics. This self-effacement is anachronistic in the era of selfies, but it was central to her vision of her role. “Her authority derives from her respect and care for her own office,” says Robert Lacey, one of her biographers, “which she never forgets is greater than herself.”

That nobody knows what she thought about anything shows how discreet she was, even in private, for things do get out. David Cameron, a former prime minister, revealed in 2019 that he had asked whether the queen could do anything in response to ►►



Dancing queen

▶ the vote on independence in Scotland in 2014, like “a raising of the eyebrow...even a quarter of an inch”. During the campaign she said she hoped that people would “think very carefully about the future”, to which not even Scottish nationalists objected. But the palace made clear its fury with Mr Cameron, saying that “it serves no one’s interests” for private conversations with the queen to be made public.

Although the queen was mistress of the art of discretion, she did not pass this skill on to most of her children. Her offspring have, in one way, been pillars of the institution. They trek around the country carrying out official duties. Like her, they snip ribbons, shake hands and scatter monarchical fairy dust wherever they go. But although they did their bit for the Elizabethan monarchy, they also caused most of its problems.

The long, painful, public unravelling of her eldest son Charles’s marriage to Diana saw the monarchy sink to its lowest ebb since the abdication crisis. In 1997 a nation hysterical with unBritish grief turned against the queen for her apparent indifference towards her former daughter-in-law’s death. Charles’s robustly expressed views on architecture, medicine, climate change, conservation and genetically modified foods—all issues with political ramifications—have riled his opponents, as well as those who believe that the monarchy should be apolitical.

Her youngest son, Edward, briefly a television producer, led the family to perform in a toe-curling television game show known as “It’s a Royal Knockout”. Only the daughter, Anne, has done the job almost as impeccably as her mother, working assiduously at her charities, avoiding bad company and keeping her counsel.

The most profound problems have come from the child often said to have been the queen’s favourite: Andrew. At first, her middle son seemed set to provide merely standard offspring embarrassments: namely, divorce and indiscretions.

Things took a more serious turn when his friendship with Jeffrey Epstein, an American financier convicted of procuring for prostitution a girl aged under 18, became the subject of international interest. In 2021 Virginia Giuffre, an Australian-American woman, filed a civil lawsuit against Andrew, alleging that she had been made to have sex with him when she was 17. As a result, Andrew, who has repeatedly denied the allegations, was, in effect, sacked: he was stripped of his royal patronages and military titles, and lost the right to style himself “HRH” (His Royal Highness). He and Ms Giuffre settled out of court for an undisclosed sum.

Yet support for the monarchy has stayed remarkably stable, varying between 60% and 80% over the past 30 years. Nobo-

dy knows whether that support is for the institution, or for the woman who came to embody it. Very few Britons have any idea what the monarchy, and the country, will feel like with a different incumbent.

The importance of luck is often underestimated, and Britain lucked out in 1952. It got a monarch who was wise enough to understand that she had to put her duty before herself, and selfless enough to do so.

### Another country

## Fewer children, fewer coalminers, less cabbage

### How Britain changed socially and culturally under Elizabeth II

SOMEWHERE IN BRITAIN, half a dozen people gathered at a farm to watch Queen Elizabeth II’s coronation on television. “It’s a tiring day for her. Two and a half hours in the abbey. It’s the whole day really,” said one. “I expect she packs herself up a couple of sandwiches,” commented another. Someone added: “I wish some of the ladies-in-waiting would trip over—give us a bit of fun.” Then: “They put a canopy over her when she’s anointed, that’s nice for her.”

This scene, which was recorded by an informant for Mass Observation (a kind of benign sociological spy network), could be a clip from “The Royle Family”, a 1990s sitcom in which people sit around watching TV, or a more recent variation, “Gogglebox”. In 1953, as today, British viewers could not help but focus on the most mundane matters—sandwiches and the canopy. They were snarky, though they stopped short of outright irreverence. In some ways they

The skill with which she did her job propped up the reputation of a declining country with elected politicians who have often let it down. Her small, solid, brilliantly coloured frame topped with an unlikely hat, her metronomic wave and her anachronistic outbursts of delight at the racecourse were central to her nation’s sense of self. Elizabeth II will be an extraordinarily hard act to follow. ■

have not changed greatly since.

Their country, however, has been transformed. In 1953 Britons lived and worked in ways that seem as peculiar today as the late Victorians would have seemed to those watching the coronation on fuzzy black-and-white television screens. Because Britain has such good historical data, it is possible to see just how different it was (see charts on the next page).

The young queen ruled over a less populous, younger country. Of Britain’s 50.6m people in 1953, fully 21.6m were under the age of 30, and 8m were 60 or older—a ratio of 2.7 to one. Look at film from that era, and the hordes of children are as striking as the ubiquity of hats. The population has since grown, to more than 67m, and aged. The ratio of young to old is 1.4 to one and falling.

The queen had married at the age of 21 and given birth to her first child, Charles, at 22. In that she was fairly typical. In 1953, 65% of births were to women younger than 30, compared with 40% today. A mere 5% were outside marriage; today the proportion is 51%. But Elizabeth went on to have three more children, which made her unusual. The average woman born, like her, in 1926 had 2.2 children. Monarchs are wise to overdo it: English history is littered with examples of the havoc caused when the line of succession is unclear.

Elizabeth was also unusual in having a job, albeit a singular one. Women were 32% of the employed population in 1953; today, they are 48%. It was especially rare for a mother of young children to work outside her home. The 1951 census revealed that only about one in six did.

Her first public role, before the speech-giving began, was in the Auxiliary Territorial Service, where she learned to repair and drive ambulances and jeeps. And she spent much of her life in the company of current and former servicemen. In that sense, she was typical of her generation. In ▶▶

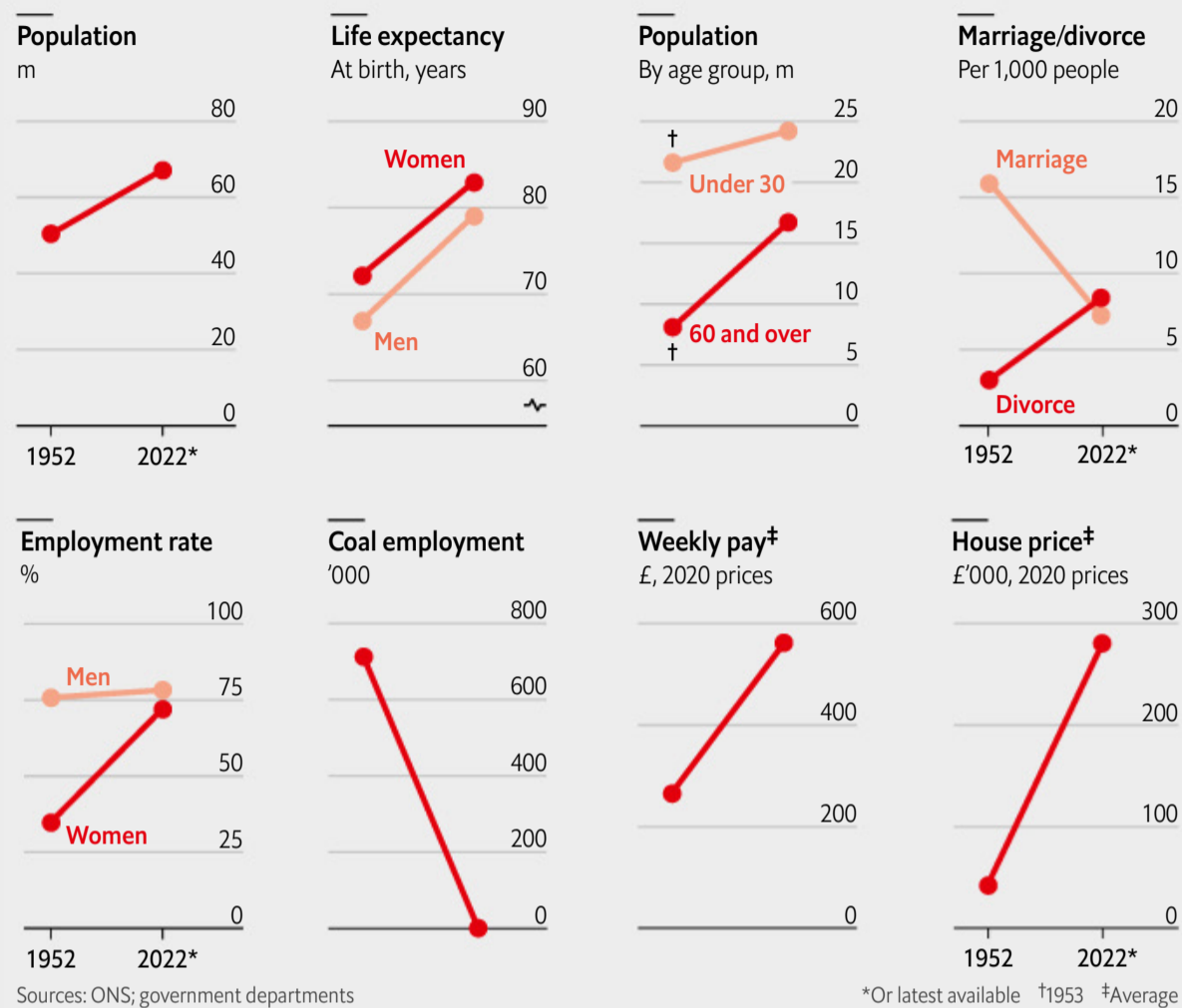


Go home and eat your sprouts



## A changed world

Britain, 1952-2022



▶ the coronation year the British government still expected men to do national service. That would continue for another decade. The armed forces sucked up an enormous share of state spending. In 1953-54, fully 9% of national income went on defence—one and a half times as much as on the National Health Service and public education combined.

A few foods, particularly meats and dairy products, were still subject to wartime rationing in 1953. And British diets were unremittingly stodgy. The average person—man, woman and child—ate 63 ounces (1.8kg) of fresh potatoes per week, almost five times as much as they do today. The second-most-important vegetable was cabbage. People got through six ounces of the stuff per week, six times more than modern Britons. Kitchens must have smelled sulphurous.

People may not have noticed that, because two other smells were everywhere. One was burning tobacco. Almost all men and many women smoked: a survey in 1951 found that 87% of male doctors over the age of 35 indulged. The other was burning coal. The rock powered Britain's factories and trains, generated its electricity and heated its homes. In 1953 the country mined 230m tonnes—more than four tonnes per person. Fully 700,000 people worked in the coal industry. But by 2021 Britain hewed just 1m tonnes.

Britain has changed profoundly in a few

ways that are not recorded. It was, for example, a much whiter country in 1953. But it is not known precisely how white, because the census did not ask about race until 1991. Less was known about people's faith in the mid-20th century than is known today, although religion was much more important. Same-sex partnerships were shrouded in secrecy.

In just a few ways, British society seems to be moving back to the patterns of 1953. Then divorces were rare: only 30,000 took place. The number rose relentlessly, peaking at just over 160,000 in 1992—the year that two of the queen's children separated from their spouses. But divorce has become rarer again, probably largely because people hesitate to marry until they are pretty sure of their partner. These days the annual number of divorces hovers around 100,000. London's population is about the same today as it was in the mid-20th century. In the interim it lost 2m people (as working-class people were moved out to suburban new towns) and then regained about the same number.

Elizabeth II's seven decades on the throne set a record that seems unlikely to be surpassed. As a result, successive coronation-watchers may never again be so different. Barring dramatic social upheaval, or inventions that greatly prolong life, Britain will surely change less during the reigns of Charles III, William V or George VII than it did under Elizabeth II. ■

## Charles III and the Commonwealth

# Realms and republics

Will the new monarch keep his mother's favourite club going?

WHEN ELIZABETH II inherited the throne in 1952, great swathes of the world map were bedecked in imperial red. Britain still ruled—or had a predominant influence over—some 50 dominions, colonies and protectorates, including at least 15 in Africa, more than a dozen in the Caribbean and a maritime gaggle in the Pacific.

Seven decades later only the tiniest of places, most of them islands, are still under direct British rule, while a clutch of 14 independent states choose to keep the queen as their ceremonial monarch. At the grander end of the imperial spectrum, at the time of her death she was still head of state of Canada, New Zealand and, more controversially, Australia. Under Charles III, more Commonwealth countries—probably Jamaica, possibly Australia—are likely to turn republican. Irrespective of whether his image remains on its members' postage stamps, the new king will strive to hold the club together.

In Malta in 2015 Britain was nervous before a Commonwealth Heads of Governments Meeting (known in diplo-speak as a CHOGM, pronounced "choggum"), when it seemed uncertain that Charles would succeed his mother as titular head of the show. But a consensus was reached that he would do so as king. His position is not immutable, however. He will have to match his mother's enthusiasm for the club.

He is well equipped. He must have visited more Commonwealth countries than any other head of state. He lived in Australia as a student. His well-aided interest in religion, including Islam, will go down well in a club that embraces all the world's main faiths. He has supported many environmental and conservation causes, especially in Africa. His big charity, the Prince's Trust, has encouraged racial diversity.

Most of Britain's dependencies broke free in the first few decades of Elizabeth's reign. Created in 1949, the Commonwealth was promoted as a kind of post-imperial alternative under Britain's cosy patronage. It dropped the prefix "British" before she took the throne. These days its boosters make much of its demographic and geopolitical reach. It encompasses a third of the world's population, more than a quarter of the UN's membership, a fifth of the world's land mass and more than a third of its waters under national jurisdictions. Most of its members speak English and have systems of law and government inherited ▶▶

▶ from Britain. It still attracts new members, even if English isn't their language: Mozambique joined in 1995, Rwanda in 2009, Gabon and Togo this year. Ireland, Kuwait, Myanmar, Nepal, Palestine and Yemen, which all once had British imperial links, have been dangled as possible candidates.

Still, the Commonwealth struggles to prove its relevance. Guided by a modest secretariat in London, it has a CHOGM every two years, where King Charles will preside. It has two main official aims: to strengthen democracy among its members and to nurture economic development. But it has no beefy mechanism for enforcing the first and no big pot of cash for ensuring the second. Countries that have flagrantly disrespected democracy—for instance, Fiji, Nigeria and Pakistan under military dictators, or Zimbabwe under Robert Mugabe—have been temporarily suspended, or left before being expelled. But autocracies such as Eswatini (formerly Swaziland) and the sultanate of Brunei somehow manage to retain membership. The democratic record of Rwanda, which hosted this year's CHOGM, is shaky.

#### A social network

The organisation used to play a larger diplomatic role. It nudged Southern Rhodesia into becoming Zimbabwe and shamed South Africa into shedding apartheid. Some Brexiteers try to puff it up as an alternative to the EU. But bulky members like Australia, Canada and India have not leapt at the idea. Given its size, India would increase the Commonwealth's heft if it were more involved. Recent Indian prime ministers have not always bothered to attend CHOGMs. Nowadays opportunities to network may be the best the club can offer.

It is a good platform for tackling climate change. At the Maltese CHOGM of 2015 the leading governments endorsed an ambitious set of proposals that helped pave the way towards the UN's global agreement signed in Paris a few weeks later. Many of the Commonwealth's smaller members in the Caribbean and Pacific Ocean are vulnerable to the vagaries of climate change, including cyclones and rising waters, while many African ones face drought and desertification. Commonwealth island minnows such as Tuvalu and Nauru cherish their chance to voice their worries on the world platform provided by a CHOGM.

Still, Charles will find it hard to match the popularity or grace of his mother. She was deeply respected, even revered, across the Commonwealth. Some say she helped keep it going. For many of the club's leaders and people, whether or not she remained their formal monarch, she seemed to epitomise the best qualities, of grandeur and fair play, that the British empire claimed to promote. King Charles must make the most of his ceremonial headship. ■

#### Fiscal policy

## Before politics paused

### The chancellor's sacking of his most senior official rattles the Treasury

FOR MANY Treasury officials, September 8th would be the strangest day of their careers. At 11.30am Liz Truss, the new prime minister, unveiled one of the largest fiscal interventions in recent British history: an open-ended commitment to subsidise energy bills for two years. Just after 5pm came word that Kwasi Kwarteng, the chancellor, had fired Sir Tom Scholar, the Treasury's top civil servant. At 6.30pm, the queen's death was announced.

Mr Kwarteng had taken the decision on September 6th, the very day Ms Truss was appointed by the queen and in turn appointed him. The mood in the Treasury is sulphurous, but Mr Kwarteng has at least been candid about his reasons. He told Treasury staff on September 12th that the government's change in economic direction required new leadership.

Ms Truss had spent the Conservative leadership campaign blaming "Treasury orthodoxy" and its "abacus economics" (ie, a preoccupation with deficit control) for Britain's slow economic growth. She wants to pursue deficit-funded tax cuts and to lift the trend growth rate to 2.5%. (Sir Tom's defenders point out that his job was to run the department, not to make policy.)

Some think the root of Ms Truss's grievance lies in her stint between 2017 and 2019 as chief secretary to the Treasury—the department's second-ranked minister, who focuses on controlling departmental budgets. She wanted the Treasury to explore radical ideas; the then-chancellor, Philip

Hammond, wanted to steady the ship after the Brexit vote. Sir Tom got the heat.

Clashes between ministers and top civil servants are nothing new. Gordon Brown, chancellor from 1997 to 2007, swiftly squeezed out Sir Terry (now Lord) Burns, one of Sir Tom's Thatcherite predecessors. Yet a succession of oustings under Boris Johnson, Ms Truss's predecessor, is reshaping the relationship.

Under what Bernard Schaffer, a political scientist, called the "public service bargain", since the 1850s officials have enjoyed permanent employment and merit-based promotion in exchange for remaining politically neutral and delivering the will of their elected bosses. This security of tenure allows them to give frank counsel to ministers. The compact is breaking down, argues Patrick Diamond of Queen Mary University of London. "If officials fear the repercussions of giving candid but unwelcome advice, they will no longer do so—exposing the UK state to the growing risk of policy blunders," he says. Former mandarins are disappointed that Simon Case, the head of the civil service, whose own job was thought to be under threat as part of a wider cull, failed to save his colleague.

The Treasury needs good advice more than ever. Ms Truss's intervention in energy markets could mean borrowing £120bn (\$140bn) extra over the next couple of years. Interest rates were already rising, but the Resolution Foundation, a think-tank, reckons that the splurge could prompt the Bank of England to raise them by an additional 2.5 percentage points.

The enormous injection may not be enough to avoid a downturn. There are signs that labour demand may be weakening, including a decline of 7.3% in vacancies between April and August. According to the Lloyds Business Barometer, published by a leading bank, in August firms became gloomier for the third consecutive month. Consumer sentiment was even worse than in the depths of the global financial crisis.

None of this bodes well for the public finances. And yet Ms Truss's government is expected to announce tax cuts at a fiscal event this month. The Office for Budget Responsibility, the government's own fiscal watchdog, says it could produce a forecast in time if asked. But so far ministers seem set on ignoring the gloomsters, and proceeding without its counsel. ■



Kwarteng expels a Scholar



## Bagehot | What would Walter say?

*The deception inherent in 19th-century monarchy still works in the 21st*



**“KING’S BODY GUARD! Slow march!”** Like a deck of cards come to life, the Yeomen of the Guard slowly entered Westminster Hall. Two by two they shuffled into the 12th-century building at precisely 10.03am, just as the schedule demanded, medals jangling with each step. On each side of the room, MPs, cabinet ministers, lords, journalists (including your correspondent), clerks and flunkies watched them go. A blare of trumpets signalled the arrival of King Charles III, who walked briskly and took a seat on a throne, next to his wife, Camilla, the queen consort.

On September 12th, on the steps of Westminster Hall, a tableau of the British constitution was set out in all its glorious absurdity. On the left side sat the House of Lords, an unelected chamber, complete with its Speaker wearing dark robes and gold braid. To the right, the House of Commons, their elected comrades. In the middle, but figuratively above, sat the new monarch.

It was a scene that Walter Bagehot, a former editor of this newspaper, would have recognised. His short text, “The English Constitution”, has proved one of the most enduring on the topic. Writing about the constitution is tricky. “The difficulty is that the object is in constant change,” wrote Bagehot. The constitution that Bagehot first described in 1865 was completely superseded by 1922, never mind the realities of 2022. The constitution is a moving target. But Bagehot still hits more often than he misses.

Bagehot was a pragmatist more than a monarchist. He knew the mix of monarchy, aristocracy and democracy was not a universal template. But it worked for Britain. “Yesterday’s institutions are by far the best for today,” he wrote. “They are the most ready, the most influential, the most easy to get obeyed.” Countries benefiting from a fresh start, whether America or France, could afford to think of things from first principles. Britain had no such luck. The British constitution is broke, runs the logic, so don’t fix it.

King Charles would do well to reread him. It is, argued Bagehot, the job of the monarch to be boring and, even better, slightly thick. Prince Charles was far too interesting. He wrote a peculiar book of political philosophy that hailed sacred geometry, the red squirrel, Islamic art and Malthusianism and attacked modern architecture, the scientific revolution and the concept of GDP. King Charles had best learn to keep schtum.

Bagehot argued that the monarchy needed mystique. “Its mystery is its life,” he wrote, in possibly his most famous sentence. “We must not let in daylight upon magic.” This is advice King Charles has shunned. He allowed cameras into the accession council, where he made his oaths in front of former prime ministers and a Facebook employee in the shape of Sir Nick Clegg, a former deputy prime minister. The upside was transparency. The downside is that the new monarch has already had two public hissy fits involving malfunctioning pens, which have gone viral.

Pomp has replaced power, as Bagehot predicted. “The more democratic we get, the more we shall get to like state and show, which have ever pleased the vulgar,” he wrote. When monarchs meddled, coronations and royal funerals were moments of recrimination and farce, argued David Cannadine, a historian. In 1830, the *Times* began its obituary of George IV: “There never was an individual less regretted by his fellow creatures than this deceased king.” Victoria’s coronation was so haphazard that people talked throughout it, the officiants lost their place and the Archbishop of Canterbury attempted to put a ring on the wrong regal finger. By contrast, Elizabeth II’s death has been a mark of constitutional efficiency, coupled with Pravda-esque praise from the press and, at times, odd responses from her subjects. (One woman claimed she had been to see the deceased queen’s coffin in Edinburgh seven times.)

Gentle affection for the monarch is as deep as thinking runs on the topic. A strength of the constitution was that it had, in Bagehot’s words, “a comprehensible element for the vacant many, as well as complex laws and notions for the inquiring few”. Bagehot was not an enthusiastic democrat. Yet monarchy evolved from a showpiece for the “vacant many” into an apolitical symbol of the nation in its democratic era. A lack of political imagination keeps it there. Britons are disturbed by the thought of an elected head of state, as in America or France. The alternative of an elected but still apolitical president, as in Ireland, is overlooked.

### Dignified and efficient

At heart, Bagehot argued, monarchy is mild deceit. “The coexistence of a queen’s seeming prerogative and a Downing Street’s real government is just suited to such a country as this, in such an age as ours,” he wrote. It still is. Such irony is a pressure valve. Frankness is fatal for a monarchy, when such an idea is absurd from first principles. Heavy-handed policing of protests against the monarchy have done more harm to the institution than good. Monarchy works better with a wink, not a snarl.

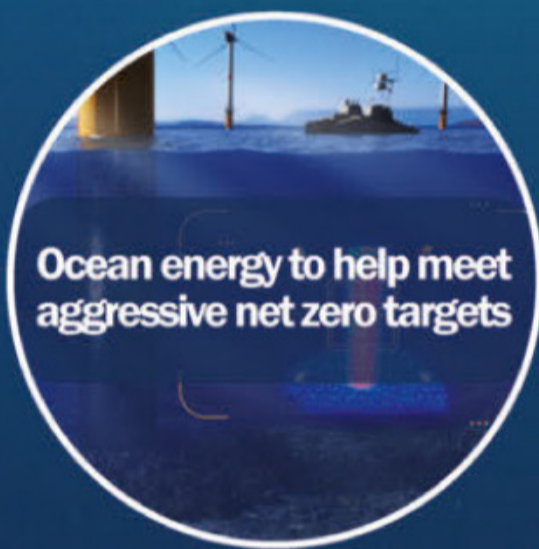
And so it leads to a scene where Sir Lindsay Hoyle, the Speaker of the House of Commons, can happily joke in front of the new king about James II being dethroned in 1688. “It is perhaps very British to celebrate revolutions by presenting an address to [a monarch]. But those revolutions led to our constitutional freedoms, set out the foundation for a stable monarchy, which protects liberty.” Charles grinned and bore it. As well he should. Beneath his feet lurked a plaque reminding him that the first of his name was found guilty of treason at that spot, before being executed just down the street.

After a rendition of “God Save the King”, the king left, with the people who actually ran the country bowing and scraping as he went. “Our constitution is full of curious oddities, which are impeding and mischievous, and ought to be struck out,” wrote Bagehot. What was true in the 19th century is just as true today. Most likely, it will still be true tomorrow. ■



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### The economy

## America Inc

WASHINGTON, DC

### Joe Biden's industrial policy is big, bold and fraught with difficulty

**T**HE PRESIDENT had a skip in his step as he walked to the podium in Licking County, Ohio, on September 9th. It was a ground-breaking ceremony for a new Intel factory, a centrepiece in America's efforts to re-establish itself as a manufacturer of semiconductors. In fact work at the site had already begun, and a couple of yellow construction vehicles, undeterred by the occasion, continued rolling behind Joe Biden as he spoke. Wearing his trademark aviator sunglasses, he outlined the government's plans to invest in everything from quantum computing to biotechnology: "We're going to make sure we lead the world in industries of the future."

It is nothing new for a president to boast of America's clout in technology. It is more unusual to put a spotlight on the state rather than the private sector as the source of that clout. Industrial policy—an attempt by the government to cultivate strategically important sectors—has typically been seen as anathema by political and economic leaders in America in recent decades. With the notable exception of defence production, they have frowned on state involvement in business as counter-

productive. The state's share of research and development funding has steadily shrunk (see chart on next page).

But views have been evolving fast, partly as a response to China's economic model. Many in Washington now think that a more muscular industrial policy is essential to vouchsafing America's future vitality. And with the passage of a trifecta of ambitious laws under Mr Biden, the conversation is now turning towards questions about how exactly to implement it.

The sums involved are vast. An infrastructure law passed last November assigns more than \$20bn for new clean-energy technologies such as carbon capture

and nearly \$8bn for electric-vehicle charging stations. A technology bill approved in July will put \$52bn into semiconductors while promising a further \$170bn to support research in other fields. An act passed in August allocates \$370bn to combat climate change, including investments in clean vehicles and renewable energy.

Together, all this may add up to nearly \$100bn of annual spending on industrial policy over the next five years. That might seem small relative to total federal expenditure of almost \$6trn this year, more than half of which goes to social priorities such as pensions. But it would roughly double the spending that can be categorised as industrial policy, based on estimates by the Centre for Strategic & International Studies, a think-tank. This could grow to about 0.7% of America's GDP, catapulting it past France, Germany and Japan, keen practitioners of industrial policy.

America may yet end up falling short of that. Much of the funding for scientific research will need to be approved each year by Congress. Still, the shift is dramatic.

Until now, America's main industrial-policy programmes have been in the Department of Defence. There have been a few other initiatives. But nothing has been as successful as the defence industrial system, the fount of innovations that have spread to civilians, from nuclear power to the building blocks of the internet.

The legislation passed under Mr Biden draws on that experience. "This is an effort to take some of those defence approaches and move them into what has historically

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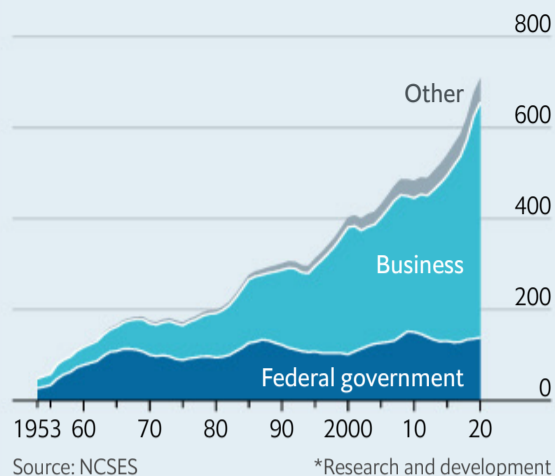
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**Before the Biden bills**

United States, R&D\* spending by source, \$bn  
2020 prices



Source: NCSSES

\*Research and development

been the civilian side of government,” says William Bonvillian of the Information Technology & Innovation Foundation, another think-tank. New institutions are being created: the Office of Clean Energy Demonstrations under the Department of Energy and a technology directorate under the National Science Foundation (NSF). Tobin Smith, an expert on science policy, says it will take the NSF well beyond its customary focus on pure research. “They are looking to advance new ideas and push them out into the marketplace,” he says.

The government is also taking a more hands-on approach in supporting the production of goods. That is most obvious in semiconductors, with \$39bn set aside as subsidies for factories and equipment. Intel’s new plant in Ohio is one beneficiary. The climate law contains production subsidies, too, including up to \$20bn in loans for new electric-vehicle factories.

The state will also serve as a customer for some of the emerging industries. Operation Warp Speed, America’s fast-track programme for covid vaccines, underscored how helpful it is to have the state as a buyer for more experimental products. Similar logic applies to renewable energy. The Biden administration believes that the procurement power of government can generate demand for 100 gigawatts of domestically made solar-power systems over the next decade—nearly as much as America’s installed solar-power capacity today.

**Relax, the government’s in charge**

Yet the mind boggles at the complexity of implementation. The three bills create separate initiatives and separate pots of money. “There really isn’t a federal infrastructure, outside of the Defence Department, to manage these programmes,” says Mr Bonvillian. It does not help that some of the money has more to do with pork-barrel politics than industrial need.

On September 2nd the White House appointed John Podesta, a former top climate adviser to Barack Obama, to oversee the in-

vestments of more than \$300bn that will flow into clean energy. Some people are reassured that an experienced operator will run the show. But history suggests bureaucracies struggle to innovate efficiently.

On top of all that are the uncertainties in America’s politics. Donald Trump, though fond of building things, has vowed to root out the “deep state” and his former staffers talk about firing as many as 50,000 federal employees if he returns to office after the election in 2024. The industrial-policy machinery crafted by the Biden administration might struggle to survive.

It is easy to find sceptics about the government’s chances of getting it right. “I’m very concerned...I would say that they will not succeed,” says Gary Hufbauer of the Peterson Institute for International Economics, also a think-tank. Others are more optimistic. “You need to have a much more active and intentional policy if you want to bring into being industries that don’t exist,” says Todd Tucker of the Roosevelt Institute. But the debate about whether America should have a more muscular industrial policy is over. Like it or not, it is flexing those muscles. ■

**Senate scenarios**

## Will the polls misfire again?

WASHINGTON, DC

**Our statistical model can show what the election would look like if they do**

**MIDTERM MATHS**

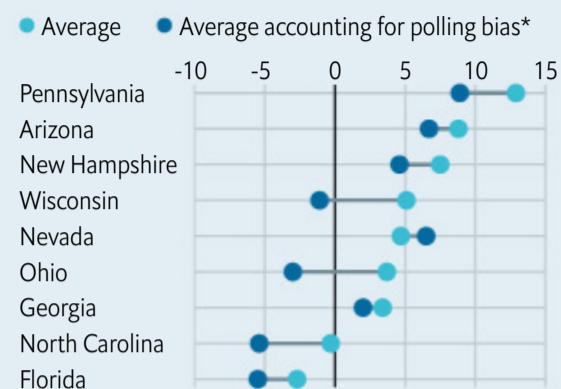
THE PARTY that controls the White House typically loses seats in the House of Representatives in midterm elections. That pattern stretches back 80 years with few exceptions; in this century, only the elections in 2002 broke the rule. Might the ones in November do so again? According to our midterms forecasting model, Democrats have just over a one-in-four chance of keeping their majority in the House. And they are favoured in the Senate, where the party in power beats expectations only slightly more often.

Reasons for the Democrats’ surprisingly good prospects are easy to identify. Petrol prices have come down. President Joe Biden’s ratings have shot up. The overturning of *Roe v Wade* has energised Democrats. But how to quantify all this? And how confident are we in the party’s chances?

Our model finds the strongest signal in polling data. Surveys asking voters which party they favour in the national race for

**If you believe they’re biased...**

US Senate races, Democratic vote margin in pre-election polls, percentage points  
September 14th 2022



\*Subtracting the overestimation of Democratic vote margins in all statewide federal elections since 2016 Source: *The Economist*

the House, for example, have shifted in the Democrats’ favour since the Supreme Court ruled on abortion. They now lead this “generic ballot” by over 1.5 percentage points. Polls in the Senate are particularly rosy: Democrats are well ahead in Ohio, Pennsylvania and Wisconsin, and at near-parity in Florida and North Carolina.

Aficionados may remember, however, that in both 2020 and 2016 bias in our polls-of-polls for individual races pushed our forecast farther from the results than if we had ignored the surveys altogether. Conservative Republicans were much less likely than Democrats and progressives to answer pollsters’ calls, skewing the numbers to the left. Some bias remained even after pollsters adjusted for the composition of the people taking their polls, giving more weight to the opinions of those underrepresented in them. That did not solve the problem completely. According to Patrick Murray, director of a polling organisation at Monmouth University, the most likely supporters of Donald Trump were the least likely to answer polls.

One potential solution is to produce extra forecasts that assume varying levels of polling bias. What would our polls-of-polls show if we assume pre-election surveys are as biased as they have been in Senate and presidential contests since 2016?

Take our projections in the Senate. The Democrats’ current advantage is largely due to favourable polling in four Republican-held seats: North Carolina, Ohio, Pennsylvania and Wisconsin. But these states have another thing in common. Each had a large polling error in the 2016 and 2020 presidential elections.

If we adjust our averages according to the bias in the polls of those elections, the Democrats’ lead vanishes in three of the four (see chart). In North Carolina, the expected margin for the Democratic candidate falls from a dead-heat to -5; in Wisconsin, from +5 to -1; and in Ohio, from +4 to -3. Only in Pennsylvania, where John Fetterman, the Democratic lieutenant-go-



► verner, has a double-digit lead over Mehmet Oz, his Republican opponent, do Democrats keep their advantage.

Democrats may take some solace in theories that the poll errors of 2016 and 2020 were specific to Mr Trump being on the ballot. That is what Mr Murray thinks. But hope will not deliver more accurate polls. Methodological changes will. Doug Rivers, the chief data-scientist at YouGov, an online pollster, has decided to weight its surveys to participation in primary elections. This would ensure that activists on either side are properly represented.

Yet our scenario may help prepare readers for what has become all too common: a broad misfire by the pollsters. If we repeat our simulations nationwide, the Democrats' expected number of Senate seats, based on the polls alone, would drop from 52 to 50. The party's probability of holding the majority would plummet from four-in-five to one-in-two. In other words, if you believe the pollsters have fixed their problems from the last election, or that bias is specific to Mr Trump running for office, you should expect a Democratic Senate come 2023. If not, the race is a toss-up. ■

### Pre-kindergarten education

## California goes universal

OAKLAND, CALIFORNIA

**Its programme is costly, but has many potential benefits**

“AGUA?” A SMALL boy with a long black ponytail stretches up his arm while standing on his toes, waving his red water bottle to and fro. A young bilingual woman, his new teacher, bends over and responds to him in Spanish. He nods and finishes the water in his bottle. Then he spins round and bounces over to a child-size desk to join his peers drawing pictures—from intricate daisies to messy swirls—with crayons. This child, along with about 50,000 other Californian four-year-olds, is experiencing his very first month of free universal pre-kindergarten.

California's governor, Gavin Newsom, signed a bill last year to introduce free schooling for all four-year-olds by 2025. The first phase, for those who turn five between September 2nd and February 2nd, began this year. In each of the next three school years, extra months of age will be added, until all four-year-olds are eligible. The programme will cost \$3bn a year once fully operational and is expected to enroll more than 300,000 pupils by 2025.

In America kindergarten usually starts at five; only 19 states plus the District of Columbia require attendance. None requires

## The Pendleton Round-Up

# Bucking modernity

PENDLETON, OREGON

A small town in eastern Oregon is a holdout for cowboy culture

AT MOST TIMES of the year Pendleton is a sleepy place known for wool and whiskey. For one week each September, however, the town in eastern Oregon, with a population of just 17,000, hosts more than 50,000 visitors who flock to one of the last holdouts of the cowboy West. Since 1910 its annual rodeo, called the Pendleton Round-Up, has prided itself on its exhibition of working cowboys in a show of the best steer-wrestling, roping, barrel-racing and riding that the country has to offer.

Established in the 1850s as a trading post, Pendleton remains an important railhead. The town (motto: “The Real West”) makes much of its roots. The area is home to the Umatilla, Cayuse, and Walla Walla tribes. The tribes and ranchers have historically worked in tandem to put on the Pendleton Round-Up.

Reminders of the rodeo are visible even in modern trappings such as the Pendleton Ground-Up espresso bar. During the event, which began on September 10th, the town comes alive. School stops for the week.

The cowboys drawn to Pendleton are the real deal. They come to show off their skills more than for showmanship. “The road to being a champion goes through Pendleton, Oregon,” declared an announcer this week, and the presence of many of the top names in rodeo backs him up. One cowboy from Oklahoma, a regular at the rodeo, says the Pendleton Round-Up is his favourite in the country.

The show is divided between the no-frills disciplines, in which ranchers compete in timed horseback events, and highly dramatic elements such as extreme bull-riding. It is a journey back in time that values strength and perseverance. Yet Pendleton's own resilience is unusual. Ghost towns litter the countryside around it. A nearby wildfire blows a



The real deal

thick haze through the town, leaving a sun that burns blood red, and white skies so thick that the surrounding hills and mountains are only sometimes visible.

A modern westward expansion has made America's coastal states ever more populous, changing what the West is. It is still a region of vast natural resources and the source, in its more fertile valleys, of much of the country's food. But it is also a place where fashionable cities have grown, nestled among the mountains and spread into the desert.

Unlike many other towns of the old West, Pendleton has endured in large part because it refuses to let go of the past. That is a model few others will be able to replicate. Pendleton lives on as a relic of a time gone by, clinging to the idea of “the real West”—even as much of the rest of the West morphs into something that would be unrecognisable to the cowboys who once roamed there.

children to attend pre-kindergarten, but state-funded programmes are available in all but six states. Universal and free programmes are rarer: they exist only in the District of Columbia, Florida and Vermont. In 2019, 53% of American three- and four-year-olds were enrolled in school. America is far behind most rich countries: the OECD average is 90% for four-year-olds and 77% for three-year-olds.

Though most of the youngest children do not attend class, a majority of Americans favour government-funded universal

pre-kindergarten for three- and four-year-olds. A survey this month by *The Economist/YouGov* found that 64% of Americans back it (86% of Democrats and 37% of Republicans). Despite this current partisan split, politicians on both sides have supported preschool in the past.

In 2018 President Donald Trump's administration allocated more than \$5.2bn to subsidise child care for poor families and gave Head Start, a federal programme for poor children including preschool, an extra \$750m during the pandemic. Many ►►



► were hopeful that President Joe Biden's Build Back Better, now known as the Inflation Reduction Act, would include free preschool. But the final version did not.

Is universal preschool worth the cost? A study released earlier this year created a stir when its results suggested that it was not. The researchers, from Vanderbilt University, found that pupils enrolled in Tennessee's preschool programme went on to suffer from lower academic achievement in third and sixth grades, had more disciplinary troubles in elementary school and greater need for special education.

The reality is less bleak. A meta-analysis of pre-kindergarten programmes found that many studies show positive academic gains. Some of the effects were small, admittedly, and the more recent programmes are less effective than the earlier ones. What happens after preschool matters as well. A good preschool programme is more effective when it is followed by a strong elementary and secondary education.

Academic outcomes are by no means the only impact. Each dollar invested can yield up to \$13 in economic returns. The Perry Preschool Project, a study of 123 low-income black children who attended preschool in the 1960s, found that attendance not only improved IQ but also increased earnings later in life and reduced crime. Other studies have had similar results.

A free state-school option clearly helps families save money. A study by the Brookings Institution, a think-tank, estimated that the median family enrolling a child in at least eight hours of preschool a week spends over \$8,000 a year on private options. Now parents in California will no longer need to pack their child a lunch—the state guarantees pupils two free meals each school day.

There may be social benefits, too. Mario Luis Small, of Harvard University, found that mothers with children in child-care centres had more close friends, and poor mothers experienced less hardship, potentially through learning about important resources through their friends.

Creating state pre-kindergarten also increases salaries for those who teach there, according to Linda Darling-Hammond, president of the California State Board of Education. Early-childhood educators are typically paid very little—in 2021 the median pay was \$27,490. By moving into the public system, and getting support obtaining credentials, they will benefit from the higher public-school salary.

Lastly, state pre-kindergarten introduces wealthier parents to public school when they might choose private options otherwise, explains Ben Chida, chief deputy cabinet secretary to Mr Newsom. It could thus foster the racial and economic integration of California's public schools. If it can do that, it will be worth every penny. ■

## Environmental economics

# Looking beyond GDP

WASHINGTON, DC

## The Biden administration aims to quantify the economic costs of ecological decay

ANY SENSIBLE business has a balance-sheet that tracks all of its assets and liabilities. But governments do not. A growing number of economists argue that gross domestic product (GDP), a single number that guides a plethora of policies but counts only income flows, is too narrow—especially when it comes to the environment. No national measurement exists to tally the full economic costs of depleting America's natural assets.

The Biden administration wants to change that. Last month the White House unveiled a 15-year plan for an ambitious—albeit wonkish—environmental initiative. Its Office of Science and Technology Policy and a dozen other government agencies aim to develop natural-capital accounts that record changes in America's stock of natural resources, and quantify losses. Armed with new data, they plan to create a single statistic, alongside GDP, that rates how the country's resources are faring.

The first numbers are expected as early as next year. By 2036 they are supposed to have become core statistics. The hope is that well-defined price tags will illuminate trade-offs between growth and sustainability, helping to steer policymakers and investors away from harmful decisions.

Coming up with the Change in Natural Asset Wealth, as the new indicator will be called, is no small task. Scientists must first measure ecological changes such as water pollution (typically tallied in parts

per million for a specific pollutant), soil erosion (counting the amount of soil lost, say) and the degradation of wetlands (the area reduced). Economists must then attempt to determine prices.

The patchy data that exist suggest that in recent years America's natural resources have taken a beating. According to the World Bank, which has tracked high-level changes in the value of some assets by measuring market prices and availability (as well as extraction costs), between 2010 and 2018 the value of forests and mangroves in America declined by 10%. That of ten minerals—among them copper and iron—dropped by 51%. Beekeepers have lost one-third of their colonies a year since 2006, according to Bee Informed Partnership, a non-profit group, and renewal rates fail to keep bee populations steady.

These assets are important for the economy. Mangroves offer protection against hurricanes and pollinators are needed to grow one in every three bites of food people eat. Making electric vehicles and wind turbines would be impossible without copper, using today's technologies.

But progress should not be ignored, either. Nicholas Muller, an economist, found that by overlooking the air-quality improvements triggered by the Clean Air Act, statistics underestimated income growth by as much as 3% a year. More breathable air meant workers faced fewer health problems and could be more productive. Bet-►



Now try to calculate the Change in Natural Asset Wealth



►ter measures of how nature contributes to the wealth of the country should bolster the economic case for its preservation.

Since the 1970s environmental economists have been tweaking fancy formulae to compute the value of natural goods and “ecosystem services”, the benefits that nature brings. Some, like timber, are traded in cash markets, which allows researchers to set their worth as the dollar amount people pay for them. For more complicated ones, like rivers or mountain ranges, economists survey people to gauge how much they are willing to spend to preserve them, or how far they will travel to access them. Ecological economists push the field to factor in a broader set of natural links. Accounting for the fact that wetlands protect habitats and mediate local climates, for example, can inform a fuller measure.

If Mr Biden’s plan plays out as hoped, other countries will follow. “Everywhere in the world people are watching,” says Pushpam Kumar, an economist at the UN Environment Programme. His agency now tracks broad measures of natural capital in 163 countries. In 2021 Britain’s treasury published a review on the economics of biodiversity. Australia has experimental natural-capital accounts and Canada has piloted a census of the environment. But no country has as comprehensive a national system as the Biden administration is proposing. American economists are giddy at the chance to put theories into practice. “This is how a science-informed democracy should work,” says Jon Erickson of the University of Vermont.

### Will this time be different?

The effort is not entirely new. The Bureau of Economic Analysis, an agency tasked with estimating GDP, tried its hand at natural-capital accounts in 1992 before budget cuts halted data collection three years later. Bill Clinton pushed to include nature in the country’s definition of wealth but discussions were sidelined when George W. Bush took office in 2001.

Two decades later, as extreme-weather events rage, the policy window has reopened. Satellites and better computing power make data collection and processing far easier now. But the initiative remains precarious. With the Democratic majority too weak to jump-start the project in Congress, Mr Biden resorted to an executive order. If political winds change, the effort could be blown away again.

That would be a pity. Eli Fenichel, an assistant director at the Office of Science and Technology Policy, who helps organise the initiative, believes that climate change would not have grown to the current crisis level had the cost of the carbon externality been tracked in official national environmental-economic accounts early on. “It’s just good governance,” he says. ■

## Politics in Texas

# The other MAGA

DALLAS

## A grassroots group channels public frustration in the Lone Star State

WALK ROUND Dallas, and you may see some odd “MAGA” signs on lawns. They are not reprising Donald Trump’s slogan “Make America Great Again”. They are from a group opposed to Texas’s governor: Mothers Against Greg Abbott.

Nancy Thompson, a marketing expert and mother of three, founded the group by accident. She decided to protest outside the capitol in Austin in August 2021, after Mr Abbott announced that he would not allow public schools to require masks. Her son was in hospital, and doctors warned about the risks covid-19 could pose, with vaccines not yet available to youngsters. She wrote “Mothers Against Greg Abbott” on a poster and saw the acronym. “I thought it was going to be good satire, or it was going to be a disaster,” she says.

Ms Thompson formed a MAGA group on Facebook. After the Texas Heartbeat Act took effect in September 2021, banning abortion after six weeks of pregnancy, her group gained members. (Last month Texas started banning abortion from conception.) The biggest surge came after a school shooting in Uvalde in May that left 19 children dead. Mr Abbott at first praised the police, saying “it could have been worse” without their efforts. It has since emerged that they wasted 73 minutes before confronting the gunman. Mr Abbott has refused to call a special session of the legislature to consider ways to curb gun violence.

MAGA now has some 50,000 members,

80% of them mothers. It is registered as a political-action committee, supporting Democrats running for office in Texas, including Beto O’Rourke, a former presidential contender who is challenging Mr Abbott for the governorship. Mr Abbott, seeking a third term, is in the most competitive contest of his career. The race for governor “tells a broader story about the consequences of Republican overreach in terms of abortion and gun rights”, says Mark Jones of Rice University in Houston. For years, Republicans have passed conservative legislation appealing to primary voters that does not reflect mainstream opinion.

Mr Abbott has enlisted his wife to narrate one of his campaign ads. He is stressing a popular issue for Texans: border security. The only governor’s debate will take place on September 30th in the Rio Grande Valley, an area with high levels of border crossings. Mr O’Rourke raised \$27.6m from donors between late February and June, the highest amount any Texan state candidate has raised during a single reporting period. But Mr Abbott has even more ample funds to draw on.

Victory for Mr O’Rourke is still a long shot. Polls show him trailing by around seven points. But even if he loses, he could carry down-ballot Democrats into office, as his failed Senate candidacy in 2018 did. The most competitive statewide race is for attorney-general, with the Democratic candidate, Rochelle Garza, polling within three points of the controversial, federally indicted incumbent, Ken Paxton.

Much will depend on women and Hispanics, and whether Mr O’Rourke can mobilise young voters. Some 973,000 Texans registered to vote from January to August, around 16% more than in the same period in 2018, according to Ryan Data & Research, a political-consulting firm. The result will hinge on which MAGA prevails. ■



Moms with momentum?



## Lexington | Hillbilly effigy

*How the left and J.D. Vance learnt to despise each other, and what that says about elites*



**D**ID J.D. VANCE betray America's progressive elite, or is it the other way around? Not long ago Mr Vance was celebrated in left-of-centre columns and salons as a heartland Jeremiah, a prophet of working-class despair who could demystify Donald Trump's popularity. His bestselling memoir, "Hillbilly Elogy", was "a compassionate, discerning sociological analysis of the white underclass that has helped drive the politics of rebellion", declared the *New York Times*. Mr Vance, the review said, was brave to blame fellow hillbillies, not structural forces, for their dismal choices: "Whether you agree with Mr Vance or not, you must admire him for his head-on confrontation with a taboo subject."

There are no exhortations from the left to admire Mr Vance nowadays. And as he runs as a Republican to represent Ohio in the Senate, Mr Vance scorns the elites whose admiration he once courted. He sees the press, in particular, as benighted.

"I think the four years of the Trump administration broke the brains of a lot of people in the media," Mr Vance says, pausing to chat recently after visiting a cattle auction at the Morgan County Fair in McConnellsville, Ohio. Reporters obsessed over what Mr Trump said but ignored his successes on taxes and tariffs: "There was just the sense that I had that, look, the press has gone completely insane. And if you want their approval, you're going to have to say a bunch of stuff that you don't actually believe in."

It is true that, as Mr Trump's term wore on, the progressive elite came to ascribe his popularity to bigotry, rather than economic despair; many commentators began mocking Mr Vance's message of empathy for poor white people. Yet the conservative elite also changed, as did Mr Vance's ideas and public persona. Coinciding as it has with the Trump era, and conducted, as it necessarily was, out loud, his rapid evolution from public intellectual to venture capitalist to politician charts how Mr Trump's style and positions penetrated the right's intellectual class.

Back when he expected Mr Trump to lose the 2016 election, Mr Vance credited him with raising important questions but worried that his rhetoric was divisive and his answers too simple, that his promises were "the needle in America's collective vein", as he wrote in the *Atlantic*. Two years on, at a conference on national conservatism, he decried the choices not of hillbillies but of

policymakers, to embrace globalisation and consumerism at the cost of good jobs. Within two more years he had advanced to conspiracy-fearmongering, noting that Jeff Bezos of Amazon supported Black Lives Matter, and that riots following the murder of George Floyd in 2020 destroyed small businesses. "Now who benefits most when small businesses on Main Street are destroyed?" he asked. "There is a direct connection between woke capital and the plunder that's happening in society today."

His concerns about simplistic explanations and provoking rhetoric had melted away. By last July he was warning that Democrats had seized control of all national institutions and were waging culture war to take away "our very sense of national pride and national purpose". Citing Vice-President Kamala Harris, Senator Cory Booker and Representative Alexandria Ocasio-Cortez, he wondered: "Why have we let the Democrat Party become controlled by people who don't have children?" That meant "not a single one of them actually has any physical commitment to the future of this country". (Lack of children also explained the "obsessive, weird, almost humiliating, aggressive posture of our media".)

It may not surprise you that Mr Vance has proved better at "head-on confrontation with a taboo subject" than running for office. His embrace of Mr Trump, and money from a venture capitalist, Peter Thiel, helped him win the primary. But Mr Thiel stopped writing him cheques, and Mr Vance ran a pallid campaign through the summer, while his Democratic opponent, Representative Tim Ryan of Youngstown, raised money hand over fist, touted his agreement with Mr Trump on trade, and battered Mr Vance.

Ohio has become so Republican that *The Economist's* forecast still gives Mr Vance a 50% chance of winning. A Super PAC with ties to Mitch McConnell, the Senate minority leader, is reportedly planning to spend \$28m on ads for him. Mr Trump is to appear with him at a rally on September 17th. Mr Vance is busily attacking Mr Ryan on crime and inflation. He is an affable retail candidate, the kind with the brains and confidence to approach his "tracker"—the operative dispatched by Democrats to record his every move in hopes of a gaffe—and say a warm hello. ("My bosses said he'd be crazy to do that," the startled tracker mumbled.)

### When the centre holds

The day before Mr Vance visited the Morgan County Fair, President Joe Biden spoke a county away in Licking, at the ground-breaking of a new Intel semiconductor plant that he, and local television news, celebrated as the beginning of the "Silicon Heartland". Mr Biden praised Senator Rob Portman, the Republican whose retirement is opening the seat for which Mr Vance and Mr Ryan are vying. Mr Portman helped pass bipartisan legislation, called the CHIPS Act, to subsidise the semiconductor industry. "You're leaving a hell of a legacy," Mr Biden said. Partisan culture war seemed an abstraction compared with the Intel plant and its thousands of jobs, steps towards confronting the problems that preoccupy Mr Vance. When asked about the CHIPS Act, he calls it "a good thing" and cites it as the kind of bipartisan action he would pursue.

J.D. Vance, at 38, is no Rob Portman. He may irrevocably yoke himself to Mr Trump and his election lies. Still, in this dizzying time, it seems too soon to say what sort of member of the elite he will ultimately become. Like everyone else, and maybe more than most, he is a work in progress: from hillbilly to intellectual, evangelical to atheist to Catholic, cultural conservative to libertarian to Trumpist, pundit to politician. That creates ground for suspicion of opportunism—but also, maybe, for a little hope. ■





## Canada

## Poilievre the pugilist

### The opposition's new leader is a political brawler

CANADIAN POLITICS just got interesting. On September 10th the opposition Conservative Party chose as its leader Pierre Poilievre, a dapper scrapper who promises to transform a staid political debate into a brawl. His party is betting that an unhappy electorate will be in the mood for pugilism when the Liberal government, led by Prime Minister Justin Trudeau, next faces an election, probably in 2025. But it is not certain that Mr Poilievre's combativeness will have broad appeal.

There is no mistaking the enthusiasm of Conservatives. In a barnstorming tour of Canada his campaign claims to have persuaded more than 300,000 new people to join the Conservative Party. That is more than two-fifths of the number entitled to vote in its leadership ballot. Mr Poilievre won more than two-thirds of the vote, crushing the second-place candidate, Jean Charest, an emollient centrist.

Mr Poilievre, "Skippy" to his colleagues, achieved this by stuffing into a punch-bag hate-figures, institutions and ideas and pummeling it vigorously. They include Mr

Trudeau and his "radical woke coalition" with the New Democrats, a left-leaning party that backs Mr Trudeau's minority government; the central-bank governor, Tiff Macklem, whom he has promised to sack; the World Economic Forum, a network of bigshots who hatch "globalist" plots; and "gatekeepers" such as city officials who block housebuilding. Mr Poilievre dislikes mainstream media and wants to defund the CBC, a public broadcaster. He backed the "Freedom Convoy", a protest against vaccine mandates led by lorry drivers, which paralysed central Ottawa, the capital, earlier this year.

His attacks resonated. Although unemployment is low and consumer spending is strong, voters are angry about inflation and high house prices. Mr Poilievre largely ignores the role of global commodity prices and supply-chain problems in pushing

up inflation, which was 7.6% in July, and is wrong to blame Mr Macklem, who acts independently of politics. But his claim that inflation is made worse by the government's relatively loose fiscal policy has some merit.

During the Freedom Convoy Mr Trudeau alarmed civil libertarians by invoking for the first time the Emergencies Act, which gives the federal government powers to override laws and freeze bank accounts. That was overkill. The government is pressing ahead with a bill to regulate online streaming that its critics say could subject ordinary people to censorship. Mr Poilievre calls it "nothing more than a power grab".

Though pugnacious, he is no outsider. He has been throwing political punches since he was a child in Alberta, an oil-producing province where conservatism is hard-edged. While a high-school student he wrote a letter to a local newspaper denouncing Canada's government for raising pension contributions. He has been an MP since he was 25.

Mr Poilievre's most consistent political conviction is a Reaganite preference for small government. The adopted son of schoolteachers, he learned early that "the greatest social safety net we can ever have" is "voluntary generosity among family and community". As a student at the University of Calgary he entered a competition that asked contestants to write an essay on what they would do as prime minister. His ▶▶

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► answer: “I would relinquish to citizens as much of my social, political, and economic control as possible.” Now he promises to make Canada “the freest nation on earth”.

His rhetorical style evokes populists such as Donald Trump. But his enemies list is more circumscribed. Unlike Mr Trump, he favours immigration. In 2008 he questioned whether a federal plan to compensate indigenous victims of Canada’s brutal residential-schools system was value for money, but quickly apologised.

The bare-knuckle tactics that entrance Conservative members make some party

leaders uneasy and may alienate voters. Some 70% of Canadians would take a negative view of politicians who backed the Freedom Convoy, according to a poll conducted in August. Mr Poilievre’s keenness to cap federal spending and his opposition to a national carbon tax, imposed by the Liberal government to help Canada reduce greenhouse-gas emissions, may not be as popular with mainstream voters as they are with Conservatives.

Encouragingly for Mr Poilievre, most voters have not yet made up their minds about him. On the eve of the leadership

vote just under half had formed an opinion, according to Abacus Data, a pollster. His odds of succeeding at the next election depend largely on factors beyond his control, including the state of the economy and whether voters will be fed up with Mr Trudeau. Much will also depend on whether ordinary Canadians warm to the brainy brawler. In July Mr Poilievre put voters on notice that he would not change: “There is no grand pivot. I am who I am,” he said in an interview. But being a canny politician is part of who he is. He may decide that the way to win is to be more boring. ■

## Bello Hugs with a thug



*Is Gustavo Petro’s rapprochement with Venezuela over-eager?*

FOR A CENTURY Cúcuta, Colombia’s sixth-largest city, lived on its ties to Venezuela, just half an hour away. It was the conduit for trade between the two countries, which peaked at \$7.2bn in 2008. Of that, \$6bn was Colombian exports, mainly of food, livestock, cars and clothing. This was a textbook example of regional integration, something more often talked about by Latin American politicians than practised. Politics killed it. First Hugo Chávez, a populist Venezuelan leader who disliked Colombia’s alliance with the United States, sought other suppliers. Then in 2019 Chávez’s successor, Nicolás Maduro, a dictator, closed the border and broke off diplomatic relations after Colombia’s conservative president, Iván Duque, recognised the speaker of the opposition-controlled Congress, Juan Guaidó, as Venezuela’s rightful president.

Now Gustavo Petro, a left-winger who succeeded Mr Duque last month, has moved swiftly to restore ties. A new Colombian ambassador, Armando Benedetti, has been sent to Caracas. Mr Petro and Mr Maduro said that later this month the border will re-open and direct flights between the two countries will resume.

Many Colombians welcome the return to something like cross-border normality. Cúcuta’s local newspaper greeted it “with hope”. “We need contacts and talks on cross-border issues,” says Rodrigo Pardo, a former foreign minister. He adds that not even Mr Duque expected the rupture to last three years, during which Mr Maduro’s position has grown stronger and Mr Guaidó’s much weaker. Of the 60 countries that recognised Mr Guaidó in early 2019, after Mr Maduro had won an unfree presidential election, only a handful still do, though this includes the United States.

Two issues concerning the 2,200km (1,400-mile) border are especially important. One is migration. Millions of Colombians have lived in Venezuela, many of them drawn by an oil boom in the 1960s and 1970s. And Colombia has become home to 2.5m of the 6.8m Venezuelans who have fled Mr Maduro’s regime and the economic collapse it has caused through graft, incompetence and price controls. Colombia has been welcoming to the new arrivals, granting them permits. But with destitute Venezuelans camped out in Colombian cities, tolerance is strained.

The second issue is security. Both the ELN, a guerrilla group, and Colombian drug-trafficking gangs use Venezuela as a haven, with the apparent connivance of Mr Maduro’s thuggish regime. Mr Petro has proclaimed “total peace” as a priority of his government. By this he means negotiations with the ELN and, seemingly, with narcotraffickers too.

These problems demand a measured approach and hard-headed negotiations on how to manage the border, notes a former Colombian official. That has not

been the government’s way so far. Mr Benedetti rushed to meet a beaming Mr Maduro, and other Venezuelan bigwigs. He referred to the “so-called exodus”, parroting Mr Maduro’s denial that there has been one. He added that Colombia should start importing gas from Venezuela, using a pipeline between the two countries opened in 2007. No matter that this was used only to export Colombian gas, until Mr Maduro stopped it in 2015, and that Mr Petro wants to discourage hydrocarbon exploration at home. The new ambassador has scorned the opposition, calling Mr Guaidó a “nobody”. On the plus side, Mr Petro rejected a Venezuelan demand to extradite political exiles to face Mr Maduro’s brutal idea of justice.

In his rapprochement with Venezuela, Mr Petro is moving with a regional tide. Mr Duque’s approach was linked to a broader attempt led by Donald Trump’s administration to topple Mr Maduro’s regime through sweeping sanctions. It failed. Mr Maduro’s regime has rolled back some of its socialist policies, and Venezuela’s economy has enjoyed a modest revival. Its oil is once again of interest to the West. Sanctions are still in place, but Joe Biden’s officials have held exploratory meetings with Mr Maduro. Mr Benedetti says he has briefed the Americans on his actions.

The left-wing governments now in office in Latin America favour negotiations to urge Mr Maduro to be a bit more democratic, if they care about that at all. Yet many Colombians do care. Mr Petro is distrusted by some of them because of his past embrace of Chávez. If realism becomes appeasement, Mr Petro risks reviving those fears and losing his own public. Welcome though a revival in trade would be, it behoves him to tread carefully across the border.







### Japanese security

## Wake-up call

TOKYO

### War in Ukraine has transformed security politics in Japan

IN AUGUST JAPAN'S foreign minister, Hayashi Yoshimasa, gave a performance at a café in Tokyo. Sitting onstage at a keyboard, the Ukrainian flag emblazoned on the wall behind him, he played and sang "Imagine", John Lennon's peace anthem. Mr Hayashi's appearance at an event called "Flowers of Peace" was one small sign of how deeply the war in Ukraine, 8,000km away, has rattled Japan.

Lennon-esque ideas have shaped Japan's security policy since the end of the second world war. Its constitution, drafted under American tutelage after Japan's unconditional surrender, renounces "war as a sovereign right of the nation" and declares trust in the "justice and faith of the peace-loving peoples of the world". Though Japan did build up its armed forces—which it calls the Self-Defence Forces (SDF)—in subsequent decades, pacifism remained a powerful political concept.

Mr Putin has provided a wake-up call. His unprovoked invasion is a reminder that autocratic regimes can be extremely dangerous. China's sabre-rattling around Taiwan has highlighted the possibility that

something similar could happen in Japan's part of the world. "Ukraine today may be East Asia tomorrow," Kishida Fumio, Japan's prime minister, has repeated.

Politics is shifting as a result. Defence has jumped up the list of voters' concerns, and permeated the news. Polls show that broad majorities of Japanese people now favour strengthening their islands defences, a distinct shift from previous decades.

The question, says Tobias Harris of the Centre for American Progress, an American think-tank, is how policy will change in response. Japanese leaders have not come close to declaring anything as dramatic as the "Zeitenwende", or "turning point", that Olaf Scholz, the German chancellor, announced in February. But the gov-

ernment is reviewing its key national security documents, including the National Security Strategy (NSS) and the National Defence Programme Guidelines, with updates due by the end of the year.

Those reviews were important even before Mr Putin's latest invasion of Ukraine. The NSS was first drafted in 2013. China under Xi Jinping has become more assertive and better armed since then. North Korea has advanced its nuclear programme. America has come to seem less reliable, especially during Donald Trump's presidency. War in Ukraine has added to this impetus for change. "Our calculation has changed drastically," says Otsuka Taku, who chairs the national security committee of Japan's lower house. "We have to do more faster here."

That means spending more on defence. Japan has long limited spending to around 1% of GDP, an informal rule established in 1976 to appease pacifists at home and somewhat assuage neighbours' fears that rapid economic growth would lead to rearmament. Now the ruling Liberal Democratic Party (LDP) is considering an increase in spending over the next five years to meet the NATO standard of 2% of GDP. One senior LDP politician worries that Japan's current meagre levels of military spending will make any requests for Western support in the event of a crisis over Taiwan "unconvincing". At current spending levels, 2% of GDP would give Japan the world's third-largest defence budget, after America and China (it is the ninth-largest at present). ▶▶

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In public Mr Kishida has been circumspect, promising only a “substantial increase” in spending. But the defence ministry’s latest budget request reflects the new mood: it is expected to exceed ¥6trn (\$42bn) when accounting for unspecified items, an increase of more than 10% from the previous year.

What Japan buys matters more than how much it spends. Mr Putin’s aggression changed the shopping list, too. One former defence official speaks of a shift from “paper-tiger deterrence” to “actual deterrence”. Security policymakers are thinking in more practical terms, taking a new interest in the nuts and bolts of fighting.

Maintaining lines of supply is now a prime concern: ammunition stockpiles, spare parts, fuel depots. Measures to weather an attack, such as hardened bunkers at airbases and improved logistics, are another focus, particularly across the Nansei islands, an archipelago which stretches 1,100km across the Pacific, from near Taiwan’s eastern coast to southern Japan.

Paper or not, chronic underinvestment in defence (see chart) has left Japan with a long list of needs. Managing competing priorities will be a challenge. Officials worry about China’s growing arsenal of missiles; Japan plans to develop long-range stand-off missiles of its own. It has long lagged in the newer domains of war, such as space, cyber, and autonomous vehicles, all of which must compete for funds.

Planners now worry that Russia, previously deemed a nuisance, may join forces with China. This complicates plans to shift resources away from northern Japan. On a clear day, the Russian-controlled Kuriles (which Japan calls the Northern Territories) are visible across the water. “Now it is necessary to take care of both ends [of the country],” says Kishi Nobuo, who was the defence minister until August.

Funding may be a challenge. The country has racked up public debt equivalent to over 200% of GDP. Some military insiders

question the wisdom of splurging on security at a time when the cost of caring for the elderly is relentlessly rising. Many members of Komeito, the LDP’s pacifist coalition partner, agree. “Whenever we boost the SDF budget, the US defence industry boosts prices,” gripes a Komeito lawmaker. A weakening yen makes overseas procurement even pricier still.

A mere shopping spree will not make Japan much safer. The SDF needs deeper reform. Too often its army, navy and air force operate separately, rather than as an integrated fighting machine. A shrinking population and tight labour market make re-

cruiting hard. NIMBY opposition limits where the SDF can train and deploy troops. American officials want Japan to get better at handling sensitive information, so it can share intelligence more easily.

Sadly, big thinking is in shorter supply than enthusiasm for big spending. The mooted policy changes are an acceleration of pre-existing trends, not a fresh approach. Politicians have not yet converted increased public support for a stronger military force into a broader conversation about what that would mean for civilians. A real transformation of Japan’s security policy will require more imagination. ■

## Agriculture in Uzbekistan

# Sweet success

NUKUS

## Liquorice flourishes in the salty dead zones of the dried-up Aral Sea

THEY PUT liquorice in their vodka in Karakalpakstan. Its sweetness softens the local liquor, Qarataw (named for the nearby mountain range), making it a surprisingly palatable tippie.

Karakalpakstan itself offers no such respite. The vast autonomous republic in western Uzbekistan, spanning the Aral Sea, is an environmental disaster zone. Soviet-era central planners sucked the sea dry to irrigate cotton fields, turning the world’s fourth-largest lake into a puddle. The roads around Nukus, the region’s capital, are crusted with salt, a memory of the dried-up sea.

Cotton is still the agricultural mainstay, but now liquorice fields are popping up all over. The root crop has been cultivated in Central Asia for millennia, but it is becoming a booming business for dried-out Karakalpakstan. Not only does it grow well in salted land, says Khabibjon Kushiev, a biologist at Gulistan State University, it regenerates the land in the process by sucking salt out of the soil.

The value of Uzbekistan’s liquorice-extract exports rose by nearly a quarter between 2017 and 2021 to reach \$30m, according to World Bank data. Last year, Uzbekistan was the world’s largest supplier of liquorice by volume. Karakalpakstan is at the heart of the sweetness.

Harvest begins as the heat arrives in April. Workers pick through ploughed earth for the exposed, stalky roots, snapping off their stems and flinging them onto piles. Those are transported to the headquarters of Qaraqalpaq Boyan (*boyan* means liquorice in the Karakalpak language, which is distinct from Uzbek) in Nukus, where they are dried. Sometimes the roots are spread out to soak up the sun on the deck of an old barge that sits rusting on company land.

Qaraqalpaq Boyan exports the majority of its liquorice root raw. But that is not where the money is. Sales of liquorice extract are soaring, says Murat Gaipov, chairman of the National Liquorice Producers Association.

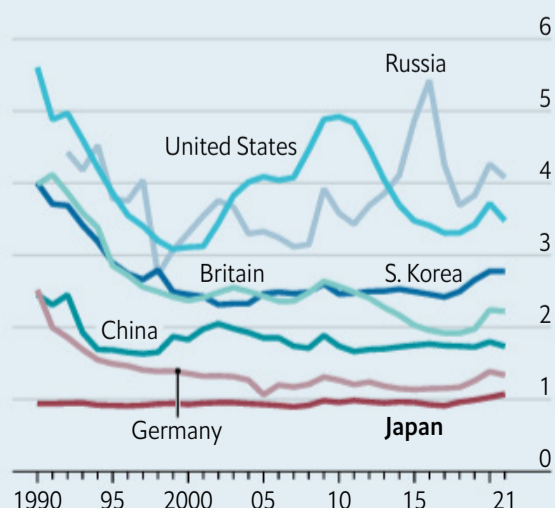
That aligns with a government push for exporters to make more value-added products: plastics instead of petroleum, cloth instead of cotton. Liquorice-processing plants have sprung up across Karakalpakstan, some with Chinese investment, lured in by tax breaks and customs-duties exemptions.

In his office in Nukus, Mr Gaipov showed off a dazzling array of liquorice-based products: shampoos, medicines, teas. If more firms could make the leap from producing extract to manufacturing finished products, Uzbekistan could double the value of its liquorice exports, he says. Entrepreneurs can, of course, toast their successes in Qarataw vodka. Though it is healthier, Mr Gaipov points out, to stick to sweet tea.



### The cost of peace

Defence spending, % of GDP



Source: SIPRI



## Myanmar's economy

## General chaos

CHIANG MAI, THAILAND

## Economically illiterate generals are running Myanmar into the ground

QUEUES SNAKE away from open-backed trucks that sell cooking oil on the streets of Yangon. Since July people in Myanmar's commercial capital have stood for hours in the tropical heat and rain to buy discounted oil from wholesalers. At 3,000 kyats (\$0.90) a kilo it costs about half what it would on the open market. That still makes oil almost 50% dearer than it was last year, before a military coup put Myanmar's economy into a tailspin.

The Burmese kyat is trading at one third of its pre-coup value. This is a disaster for a population that depends on imported palm oil, petrol and medicine. The World Bank says 40% of Burmese now make less than \$4 a day (in 2017 prices). The junta has erased a decade of economic improvement under semi-civilian rule.

Rather than take responsibility for the crisis, junta supremo General Min Aung Hlaing lectures the Burmese on the importance of a lean diet; he is troubled by the amount of oil used in curries. But his hectoring is just a smoke screen for his real worry: Myanmar's current-account balance. The junta wants to reduce consumption, expand domestic oil-crop production and reopen junked state factories, all to increase Myanmar's "internal strength" and shore up its balance of payments.

To read the generals' policies as attempts to shield the economy against sanctions and isolation would ascribe too much method to their madness. Previous coups, in 1962 and 1988, were followed by periods of radical political and economic restructuring. The current lot's first action was to announce that it would keep existing policies for a year-long emergency period—since extended to two years—to be followed by fresh elections. The regime was unprepared for the nationwide uprising that ensued, and had no plan to deal with the inevitable economic fallout.

The kyat's initial slide prompted the central bank to sell some \$600m of foreign reserves (an estimated 10% of its total) in an attempt to prop up its value. But by April reserves were dwindling, as foreign investment, aid and remittances all plummeted and commodity prices soared. The junta tried to claw back dollars by imposing capital controls and import restrictions.

That created shortages of imported essentials, including diabetes and cancer medicines. Exporters were put off by the requirement to convert foreign-currency



A price too high

revenues into kyat at a confiscatory rate. Many chose to stop trading (or tried to keep their earnings offshore) rather than lose a chunk of their income to prop up the regime. The generals later acknowledged their own part in the chaos, albeit indirectly, by relaxing some controls. In mid-August the government said exporters could keep a third of their foreign earnings or buy kyat with them at market rates; traders say dollars are now easier to come by.

But the certainty that business craves is unlikely to come from a junta bent on subjecting market forces to military mandates. In June it shoved six of its lieutenant colonels into senior roles at the central bank. Lieutenant-General Moe Myint Tun, a close ally of Min Aung Hlaing, is now the chair of the investment commission, and controls the committee that oversees trade and foreign currency.

Attempts to manage the economy will create space for patronage. Min Aung Hlaing may be hoping to recreate the pliant class of tycoons that propped up Myanmar's previous junta. That will be harder this time, says Gerard McCarthy of the National University of Singapore. An ailing economy means there are fewer spoils to go around. Fat cats who have spent a decade diversifying their portfolios may resist hitching their wagons to yet another junta. Since it says that it plans to step down, and is facing unprecedented resistance from ethnic and pro-democracy guerrillas, it is not a tempting political bet. If the rebels are successful they might punish the regime's collaborators.

"You can't just create an entirely new business class that is indebted to one or two generals," says Mr McCarthy. "The existing business elite seem to be biding their time till the junta tries to transition to a new, rigged electoral regime, or implodes along the way." ■

## Global warming

## A changed climate

## Australia finally passes a law to reduce emissions

CARBON HAS long caused chaos in Canberra. Prime ministers who tried to limit emissions were deemed a threat to Australia's coal-heavy economy and chucked out by their parties. Three lost their jobs in what the national press dubbed "the climate wars".

Battle lines shifted on September 8th, when the Climate Change Bill passed through the lower house of Australia's parliament and into law. It is the country's first legislation addressing carbon emissions in 11 years. Some advocates hope that Australia—one of the world's biggest fossil-fuel exporters, and a perpetual laggard on climate change—has turned a corner.

The bill creates relatively deep, legally binding targets for emissions reductions. Future governments will either have to follow them or repeal the law. It commits Australia to slashing emissions by at least 43% by 2030, compared with 2005 levels, and then to net zero by 2050. The previous conservative coalition government promised cuts of only 26-28% by 2030, and eschewed any legal binding.

The stage was set for change by the elections in May. The Liberal and National parties had spent nine years arguing that cutting emissions would lead to job losses. (Chris Bowen, now the new climate minister, calls their tenure "nine years of denial and delay".) Centre-right voters looked around at a country racked by fire and flood, then booted Liberals from their wealthy suburban heartlands and ushered in a new set of climate-friendly independent MPs. Their numbers gave Labor and the Greens the parliamentary heft to push the climate bill through.

Backtracking is possible. When Australia brought in a carbon tax, in 2011, it was promptly repealed by the coalition. But the public mood has changed so much that the new law is likely to stick, says Frank Jotzo, a climate economist at the Australian National University. Australian businesses, which once thought Labor's emissions targets would be "economy-wrecking", now call for even bigger cuts.

Labor's bill has its limits. It does not shower money on renewable energy or electric vehicles—although the government says it will invest A\$20bn (\$14bn) to upgrade the electricity grid, so that more of the economy can abandon fossil fuels. Nor does it dictate the exact mechanisms by which emissions will be reduced. ▶▶



It will happen in part by adjusting the “safeguard mechanism” introduced by the conservatives to curb the emissions of 200-odd of the largest industrial polluters. But caps have been set high so far, and no business has ever been punished for breaking them. Emissions have kept rising.

Labor wants to tighten the scheme. It plans to set caps that would force big polluters to cut their emissions by 3.5-6% a year. Companies that emit less carbon could be awarded credits, creating a trading scheme for heavy industry. It wants the system up and running by next July.

One big point of contention is new gas fields and coal mines. Green politicians argue that Labor is signing off on new fossil-fuel projects as eagerly as would the conservatives, despite its tough talk. There are more than 100 in the pipeline. Just one of the largest, a proposal for fracking in the huge Beetaloo gas basin in the Northern Territory, could increase Australia’s emissions by up to 13%, the Greens claim. “The question of new coal and gas has to be addressed,” says their leader, Adam Bandt.

Most Australians agree. Some 60% say they support a ban on new coal mines, ac-

ording to polling from the Lowy Institute, a think-tank. But such radical action is not on the table. A ban on new coal and gas would have a “devastating impact on the Australian economy”, says Anthony Albanese, the new prime minister. The country can both “reduce emissions in a predictable and orderly way” and remain “a trusted and stable supplier of energy”, he told mining lobbyists recently. Australia, in other words, is finally set to begin cutting emissions at home. Those generated overseas, by burning its fuel, are someone else’s problem. ■

## Banyan Heirs aberrant

*South-East Asia’s dreadful monarchs show the perils of succession*

WITH THE death of Queen Elizabeth, the title of longest-serving, still-breathing monarch passes to Sultan Hassanal Bolkiah of Brunei. He has been on the throne for 55 years. Long reigns are not unusual in South-East Asia. It is home to a flush of potentates, from the kings of Cambodia and Thailand to the sultans of Malaysia, Brunei and Yogyakarta, a province of Indonesia. Most have sat on their thrones for decades. All are in their 60s and 70s. Some are whispered to be in ill health.

The issue of hereditary succession looms over their realms. Unlike the British monarchy, which has survived by ceding power to democratic institutions, some kings in South-East Asia have preserved their prerogatives. Some have even amassed power that exceeds that of their forebears. The Thai king is notionally hemmed in by a constitution, but is actually the most powerful person in the country. Indonesia is a republic, but the sultan of Yogyakarta will rule for life, and pass his power to his heir. The sultan of Brunei, an absolute monarch, considers himself to be “the shadow of Allah on earth”, and expects his subjects to agree.

Plenty of South-East Asians are happy with their monarchs. In times of change they provide a link with the past. If you believe they are divinely appointed, as they often claim, they make ideal defenders of religion and national identity. They remind the people of their sanctity through good works. King Bhumibol Adulyadej of Thailand, who reigned for seven decades (88 days fewer than Queen Elizabeth) until his death in 2016, spent half his time touring the poorest parts of Thailand. He presided over Buddhist ceremonies and dispensed university diplomas, handing out so many that doctors worried he might injure his arm.

By tapping his kingdom’s oil wealth, Brunei’s sultan offers goodies such as free education and health care. Some style themselves as champions of democracy. Malaysia’s sultans have recently earned goodwill by chiding the country’s corrupt, self-serving politicians.

Yet discontent often simmers at moments of transition. The mood in Thailand was sour in 2016, when King Maha Vajiralongkorn took the throne. His father, King Bhumibol, was, whisper it, no angel. (He would often throw his weight behind the army as it launched yet another coup.) But the public did revere him as the embodiment of a good Buddhist. His son spends much of his time in Germany, cycling through the forests of Bavaria in skimpy shorts, accompanied by members of his harem. He rules by fear, says Pavin Chavalpongpan, a Thai dissident, and is trying to claw back the absolute power enjoyed by his ancestors.

King Vajiralongkorn uses the courts to hound his critics. Hundreds of people have been charged with insulting the Thai royal family in recent years. The late Sul-

tan Mahmood Iskandar of Johor, a Malaysian state, had a violent streak. In the 1970s, as crown prince, he was twice charged with manslaughter (and pardoned by his father both times). He was just as bad as sultan. In 1987 he allegedly clubbed a caddie to death for laughing at him when he missed a putt.

Heredity is not an infallible way of picking a good ruler. Some monarchies have found ways to avoid crowning the worst candidates. Malaysian sultanates are not bound by primogeniture and so can select the best son for the job. There are usually a reasonable number of sons to choose from, since sultans typically have multiple wives. (Daughters are not yet eligible.) When the ex-wife of the apparent heir to the sultanate of Kelantan alleged that the heir had kept her as a sex slave, the sultan anointed a different son (the prince denied the charge, sued his ex-wife and won). In Cambodia, a council of politicians elects a king for life, plucking a favoured man from one of two royal households.

Finding good heirs is essential if monarchies are to endure. The consequences of rotten royal behaviour can be deleterious. In the 1990s Sultan Iskandar’s misadventures prompted the Malaysian government to revoke sultans’ immunity from prosecution and remove their veto over legislation.

Thailand’s monarchy faces similar risks. The king is protected by his supporters in the army and the courts, but public anger is building. Tens of thousands of young Thais took to the streets in 2020 to demand royal reform. Their movement was crushed, but the taboo against *lèse-majesté* was broken. If King Vajiralongkorn and his peers want to keep hold of the reins of power, they would do well to soften their grip.







### The leadership

## Next-generation thinking

New leaders will soon inhabit many of China's top posts. Will they make a difference?

**THE 20TH  
COMMUNIST  
PARTY CONGRESS**



FOR AN ASPIRING Communist Party bigwig, Hu Chunhua's back story seems hard to beat. One of six siblings born into rural poverty, he was the first in his county to attend China's prestigious Peking University. On graduation in 1983, he joined the party and volunteered to work in Tibet. There he caught the eye of the local party chief, Hu Jintao (no relation), who became China's top leader in 2002. Soon Hu Chunhua (pictured) was the youngest provincial governor and a member of the party's Central Committee. Insiders began referring to him as "little Hu" and as one of the favourites to become China's leader in 2022.

The chances of that happening now are vanishingly slim. Xi Jinping, aged 69, is widely expected to secure a third five-year term as leader at a party congress in October, breaking recent retirement norms. He could hold the top post for another decade—or more. Yet Hu Chunhua, at 59, may

still join the new Politburo Standing Committee, the top leadership body, which now has seven members. And he remains a pre-eminent figure in the "sixth generation" of party leaders, which will probably supply most of the 25-member Politburo and the roughly 200-strong Central Committee.

Despite Mr Xi's continuing dominance, the generational shift matters. These figures will head ministries, provinces and big party offices. It also raises questions. Among them: how will these newcomers influence decision-making, especially on the economy and covid-19? Will other top leaders observe the norm of retiring once they are 68 or over? And will a sixth-generation figure eventually replace Mr Xi or will he pick a successor from the seventh?

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One defining feature of the sixth generation, mostly born after 1960, is that it was the first to come of age amid the growing prosperity, relative stability and warming relations with the West that followed Mao Zedong's death in 1976. That affected members' education in particular. Like most of the fifth generation, Mr Xi was withdrawn from school in the 1960s and sent to work in the countryside. After seven years there he reached university, but only as a "worker-peasant-soldier". Members of the sixth generation, by contrast, entered university after teaching was deradicalised. Most did postgraduate studies, often abroad. Chen Jining, the 58-year-old Beijing mayor and Politburo hopeful, did a PhD at Imperial College in London.

Another sixth-generation characteristic is the predominance of technocrats, mostly engineers and scientists, several of whom have led state-owned enterprises. Seven or eight such figures could join the Politburo, says Cheng Li of the Brookings Institution, a think-tank. A strong subgroup—dubbed "the Cosmos Club"—has a background in aerospace, reflecting Mr Xi's emphasis on defence and technology.

Yet some question whether such qualifications matter when Mr Xi prizes loyalty above all. Ministers and provincial leaders have some leeway in how they implement central directives but little space to innovate. "They know Xi's not that policy-savvy, but there's nothing they can do," says Bo Zhiyue, a New Zealand-based expert on Chinese politics. "If you show your true ▶▶



► colours, you can be in danger.”

Up-and-coming technocrats are also matched, if not outnumbered, by those with personal ties to Mr Xi, including some who share his north-western roots and others who worked with him in Zhejiang, Fujian or Shanghai. Zhejiang protégés include Li Qiang and Chen Miner, now the party chiefs of Shanghai and Chongqing. Ding Xuexiang, who heads the party's General Office, served Mr Xi in Shanghai. All three are already Politburo members—and front-runners for further promotion.

Who ultimately joins the new Standing Committee will depend, in part, on whether current members aged 68 or over (except Mr Xi) retire. If so, two slots open up. But Mr Xi could force others to step down, making way for more new blood. The body could shrink or expand, as it has before. There may be surprises too: Sun Zhengcai, a Politburo member and potential Xi heir, was sacked just before the last congress in 2017 and later convicted of bribery.

The new line-up could also reflect the degree to which recent setbacks compel Mr Xi to compromise. One indication will be what happens to 67-year-old Li Keqiang, who is expected to step down as prime minister. Another is Hu Chunhua's fate. Despite his best efforts (he recently penned a newspaper article that mentioned Mr Xi 52 times), he is not considered an ally. But if Mr Xi sees a need to foster elite unity, Mr Hu could join the Standing Committee—and maybe become prime minister.

No member of the sixth generation is likely to be considered Mr Xi's heir for the moment. He has avoided anointing a successor ever since he broke with convention by not elevating a next-generation figure to the Standing Committee in 2017. Most favourites to join it now will be too old to replace him if he stays on for another decade. More realistic, perhaps, is that younger figures emerge as potential heirs after joining the Standing Committee in 2027.

So, for now, Mr Xi's current and aspiring protégés will continue vying for his favour. That makes them less likely to unite against him, but heightens the risk that infighting and inertia impair good governance. Some draw parallels with Vladimir Putin, who prevented challenges to his rule by promoting loyalists from his past (especially KGB veterans) and having them compete with each other.

Victor Shih of the University of California, San Diego, also sees similarities with Mao, who elevated weak or compromised figures to preserve his own power. Mr Xi has not quite reached that point. He is promoting competent acolytes with narrow power-bases. But that may change, Mr Shih says: “As he gets older and weaker, he'll have to adjust towards the Maoist model, because of this fear that someone's going to launch a coup late in his life.” ■

## New canals

# Change the channel

**Having splurged on roads and railways, China now has plans for grand canals**

THESE ARE good times for local officials who want to build expensive infrastructure. To revive a flagging economy, battered by draconian pandemic-control measures, the central government is giving them freer rein. The southern province of Guangxi has a project that fits the bill: a canal costing \$10.5bn that will link its main river system to the sea. It will involve a spree of demolition, digging, dredging and building over the next four and a half years. Mulled over for more than a century, the project began last month.

The Pinglu Canal may sound piffling compared with the country's most famous man-made waterway: the Grand Canal, much of which was built 1,400 years ago and which stretches more than 1,700km from the eastern city of Hangzhou to the capital, Beijing. According to the World Bank, part of the ancient channel was the third-busiest of the world's inland waterways in 2017 by volume of cargo transported—and the only canal in the top six. The Pinglu will be a mere 135km long. Just 6.5km of it will be freshly dug. The rest will use existing river courses (see map).

But officials are excited. They say it will be the first canal connecting a river to the sea to be built in China since the Communist takeover in 1949, and the first for transport since the Grand Canal itself. They predict big gains for the economy of Guangxi, which is one of China's poorest provinces. Navigable tributaries of the Xi (or West) river flow through it, but they

move eastward towards the much richer province of Guangdong. The new canal will enable goods in Guangxi to be sent from the Xi river system, by waterway, directly south to seaports in the same province instead of in Guangdong, which would shorten the journey by more than 500km.

The canal will have three chains of locks that will be able to handle vessels of up to 5,000 tonnes. To allow these to pass, several large bridges will be torn down and rebuilt with higher clearance. About 10,000 villagers along the banks will be moved to newly built settlements, says *Caixin*, a magazine. There are officially protected mangroves growing in the area where the canal will meet the sea, but the government insists that the project will do no serious harm to the environment. A 20-metre-wide bridge will be built just to help animals to cross, including civet cats and red-bellied squirrels.

## Just the beginning

The central government sees the Pinglu Canal as the possible start of a much bigger canal-building scheme that could unfold in the coming years as China strives to become a “transportation power” by 2035 (a goal declared three years ago). The idea is to link up China's main navigable rivers, which flow from west to east, with more north-south canals.

The Grand Canal connects great rivers in the north, including the Yangzi and Yellow rivers. Two new super-long canals, yet to be formally approved, would connect the Yangzi with southern China's Pearl river basin, into which the Xi flows. A proposed route for one of them, called the Xianggui Canal, would include a stretch of waterway that was built 2,200 years ago and has not been used for shipping since 1975. In total the Xianggui would be about 1,200km long and provide ready access in the south to the Pinglu Canal. The other new waterway being considered, the Zheganyue Canal, would connect with the Grand Canal and be even longer—about 1,900km. State media estimate the total cost for the two at about \$65bn.

Guangxi's Communist Party chief, Liu Ning, described the start of work on the Pinglu Canal as a dream come true for his province. It must be for him. He is an engineer who had spent much of his career at the Ministry of Water Resources, working on some of the country's biggest water-management schemes, before taking up his current post last year.

In his new job, Mr Liu has stood out among provincial bosses for his fawning references to China's leader, Xi Jinping. At the canal-building launch, Mr Liu was at it again. Work on the project must be “outstanding”, he said, in order to repay Mr Xi's “care and love”. A boost to economic growth would please Mr Xi, too. ■





## Tibet

## They will take blood

### The government is mass-collecting DNA from Tibetans

IN ONE IMAGE Tibetan monks, clad in burgundy and orange robes, gather around as a police officer pricks a monk's finger. In another image children at a kindergarten line up to have their blood taken by officers sitting at a rainbow-coloured table. The pictures, posted by the authorities on WeChat, a social-media platform, show an official campaign to collect the DNA of Tibetans. It is often as casual as it is invasive. Many of the posts suggest police are pricking fingers while completing other tasks, such as registering ID cards or enforcing covid-19 restrictions (much of Tibet has been locked down since August). The effort is painted as part of a broader campaign to strengthen local policing.

The mass collection of genetic material is nothing new to China. Its ministry of public security runs the world's largest forensic DNA database, thought to contain more than 100m profiles. It also maintains a separate database for finding missing children. Those efforts involve gathering samples from criminal suspects or the victims of crimes (as many Western countries do). But in 2017 the government launched a campaign to collect DNA from 5% to 10% of all Chinese men, which would allow it to trace a man's male relatives. Activists decried the move as yet another way for the state to monitor and control people. The authorities often punish perceived troublemakers by threatening their families.

The campaign in Tibet has raised new alarms because of the government's history of using genetic material to repress ethnic minorities. Activists draw parallels with the region of Xinjiang, where China has collected DNA from Uyghurs and other minority groups, ostensibly as part of a health programme. It has used that material, along with data collected by security cameras and facial-recognition software, to build a totalitarian system of surveillance and social control. In Tibet the police may already have collected DNA from between 25% and 33% of the population, says a new report from Citizen Lab, a research group at the University of Toronto.

All this violates China's criminal-procedure law, which allows DNA collection only from criminal suspects or victims for the purpose of investigation. Unlike those in Xinjiang, the authorities in Tibet are not trying to hide their true intentions. "Fighting crime", "maintaining social stability" and strengthening "population manage-

ment" are some of the reasons given by authorities for collecting DNA. Tibetans don't have much choice in the matter, though you wouldn't know it from the posts on WeChat. Police describe how, in one instance, officers "used careful explanation of the purpose and effectiveness of sample collection to make the doubtful participants become enthusiastically co-operative". Their powers of persuasion never seem to fail. In another post the police say they "sample all who should be sampled".

DNA collection appeals to authorities who have a "fetish for control", says Yves Moreau of the University of Leuven in Belgium. "When you have different methods of surveillance and control available, you want everything." That rings true of China

## Film

## Forbidden love story

BEIJING

A film about rural outcasts makes waves

picture of which seems to have made the Chinese government uncomfortable.

With only hand tools and the help of an old donkey, the couple work their fields and build a mud-brick house. They face constant hardship. Looming in the background is the government, which wants to clear the land for development (a common issue in rural China). A fat cat who stands to gain from the state's plan bilks the couple out of money.

The scenarios are realistic, as are the portrayals. Mr Li made the cast live on a farm in Gansu for a year. Hai Qing, who plays the wife, is a movie star. But the husband is played by a local untrained actor called Wu Renlin, who is an actual farmer (and Mr Li's uncle). Critics have been impressed: the film was hailed on the festival circuit. Lei Ming, a Chinese producer of other films, believes "Return to Dust" would not have been allowed to screen in China had it not garnered so much attention abroad.

As it gained popularity at home, though, the government appears to have gotten nervous. "Return to Dust" was suddenly dropped from cinemas in mid-September, despite being licensed to screen for longer. "Everyone knows there are lots of poor people," says Mr Lei. "But the government doesn't want Chinese people to see too much of it." President Xi Jinping would like the arts to project "positive energy". To that end, before the film was pulled from cinemas, the state added a postscript that straightened out its depressing ending. With the help of the government and fellow villagers, the message read, Mr Wu's character moved to a better house.



Home is where the hardship is

under Xi Jinping, parts of which resemble a panopticon. The president's obsession with security trickles down to local police. In a Tibetan part of Sichuan province they brag about acting as "telescopes and microscopes" and of collecting 158 items of "basic information" from households.

Other countries have considered creating compulsory national DNA databases. But in most cases they have been ruled out on ethical and legal grounds. At the heart of the debate is a question of values, says Mr Moreau. If a society values freedom, then DNA collection efforts should be small and targeted, he says. The idea is to ensure safety without "putting everyone on watch". But if control is the point, there is little reason to hold back. ■



## Chaguan | China will not ditch Russia, for now

*China's goal in Ukraine is Western disunity and failure, more than a Russian triumph*



**V**LADIMIR PUTIN OWES Xi Jinping an apology, for he carried a whiff of failure into his meeting with China's leader in the Uzbek city of Samarkand on September 15th. That taint of humiliation follows bruising Russian setbacks in the war on Ukraine that Mr Putin chose to wage.

Mr Putin's offence is compounded by poor timing. Back in February, on the opening day of the Beijing Winter Olympics, Mr Putin and Mr Xi declared a "no limits" friendship between their two countries. Days later the Russian leader invaded Ukraine. This latest Xi-Putin meeting, on the margins of a summit of the Shanghai Co-operation Organisation, a grouping of Eurasian powers, came a month before the highest-stakes gathering of Mr Xi's career. A Communist Party congress opening on October 16th is expected to bestow on him power and ideological authority of a sort last wielded by Mao Zedong. Mr Xi goes into that congress facing headwinds from a slowing economy and a public growing exhausted by his draconian "zero-covid" policies. Now, on his first trip outside China since the pandemic, Mr Xi found himself sharing the world stage with a leader whom he has called his "best friend", but who stands exposed as brutal, reckless and incompetent.

For all that, it would be premature to imagine that Russian losses in the plains and river valleys of Donetsk are enough to make Mr Xi rethink his decision in February to publicly align his vision of global security with Mr Putin's. That world-view is based on a shared hostility to American-led alliances in Asia and Europe; scorn for Western multi-party democracy; and calls for a security order that heeds the "legitimate security interests" of sovereign states (Chinese and Russian code for deferring to big countries).

Mr Putin has time to redeem himself in China's eyes. For Chinese interests to be advanced, Russia does not need to achieve all its war aims, let alone to control this or that Ukrainian oblast. China's cold-eyed priority is for the American-led West to end up divided and weakened. China views this as a long game. It still hopes to see Europeans hold "America's war" responsible for soaring energy prices causing pain to citizens and businesses across their continent, especially after a long, hard winter.

Throughout the past week of Russian retreats, China has maintained impressive message discipline. Each night, the main eve-

ning news programme on China Central Television, "Xinwen Lianbo", has followed the same pattern. Over images of rockets being fired and shells zipping skyward, it tersely reports assertions by Russia's defence ministry that it has struck targets in Ukraine, followed by Ukrainian claims to have fought back. The Biden administration is often accused of troublemaking, for instance by sending new weapons to fatten the profits of American arms manufacturers. Then comes the meat of each report: a lengthy account of how unhappy Europeans are reeling from sky-high fuel prices and gas bills, and how they blame them on American-led sanctions. This is delivered over such captions as "International view: America is only out for itself, and Europe is headed for failure."

Propaganda chiefs might call their low-drama war-reporting proof of China's neutrality in the fight between Russia and Ukraine. But that claim of neutrality has never been convincing. Chinese officials have spent months repeating Russian talking-points about America provoking the war by expanding NATO up to Russia's borders. Chinese diplomats and state media have promoted and relayed Russian disinformation accusing American armed forces of funding and controlling biological-weapons laboratories in Ukraine. China has, however, largely ignored Mr Putin's wildest justifications for his invasion, notably his history-twisting ramblings about Ukraine being an eternal homeland of the Russian people, before it was carved off as an artificial state in a "historic, strategic" blunder by Lenin and other Bolshevik leaders.

China's preferred account of the war was signalled by Li Zhan-shu, the third-ranking official in the Communist Party and head of China's pliant legislature, the National People's Congress, during a visit to Russia this month. Mr Li said that Russia was "not crushed by the severe sanctions of the United States and the West, but rather in a short period achieved stability and showed resilience." Without quite defending Mr Putin's invasion, Mr Li told Russian parliamentarians that their country had been backed into a corner by NATO expansion and had its national security threatened, adding: "Russia took actions that were necessary and China understands it." In Moscow, Mr Li paid a respectful visit to Lenin's former residence—perhaps because in Mr Xi's China, questioning the wisdom of communist immortals is not encouraged.

### **Russia is useful, America is the obsession**

Self-interest explains Chinese policy. China denounces American defence alliances and sanctions because it fears the same levers being used to contain China in Asia, or to punish an attack on Taiwan. Chinese leaders believe they will gain from a Russian draw or victory in Ukraine, concludes a senior Western official. "Either Russia is weakened and so China is stronger in their bilateral partnership, or Russia can claim victory and that's a defeat for the West." Either way suits China, he says. Taking advantage of Russia's semi-isolation, China is buying its oil and gas at low prices, and will soon pay for more of it with its non-convertible currency, the yuan. Ever-cautious about its interests, China has avoided overt challenges to Western sanctions. "Our Chinese friends are tough bargainers," Mr Putin noted, days before meeting Mr Xi.

To China, Mr Putin's current woes are unwelcome but manageable. Abject defeat for Russia in Ukraine would be another matter. For one thing, it might trigger regime-threatening chaos in Moscow. For another, if liberal democracies stay united and prove willing to endure pain to defend the rules-based order, that would undercut China's favourite charge that the West is in decadent decline. Mr Xi wants a fighter for a friend, not a loser. ■



**SPECIAL  
REPORT:**

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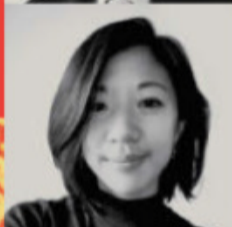
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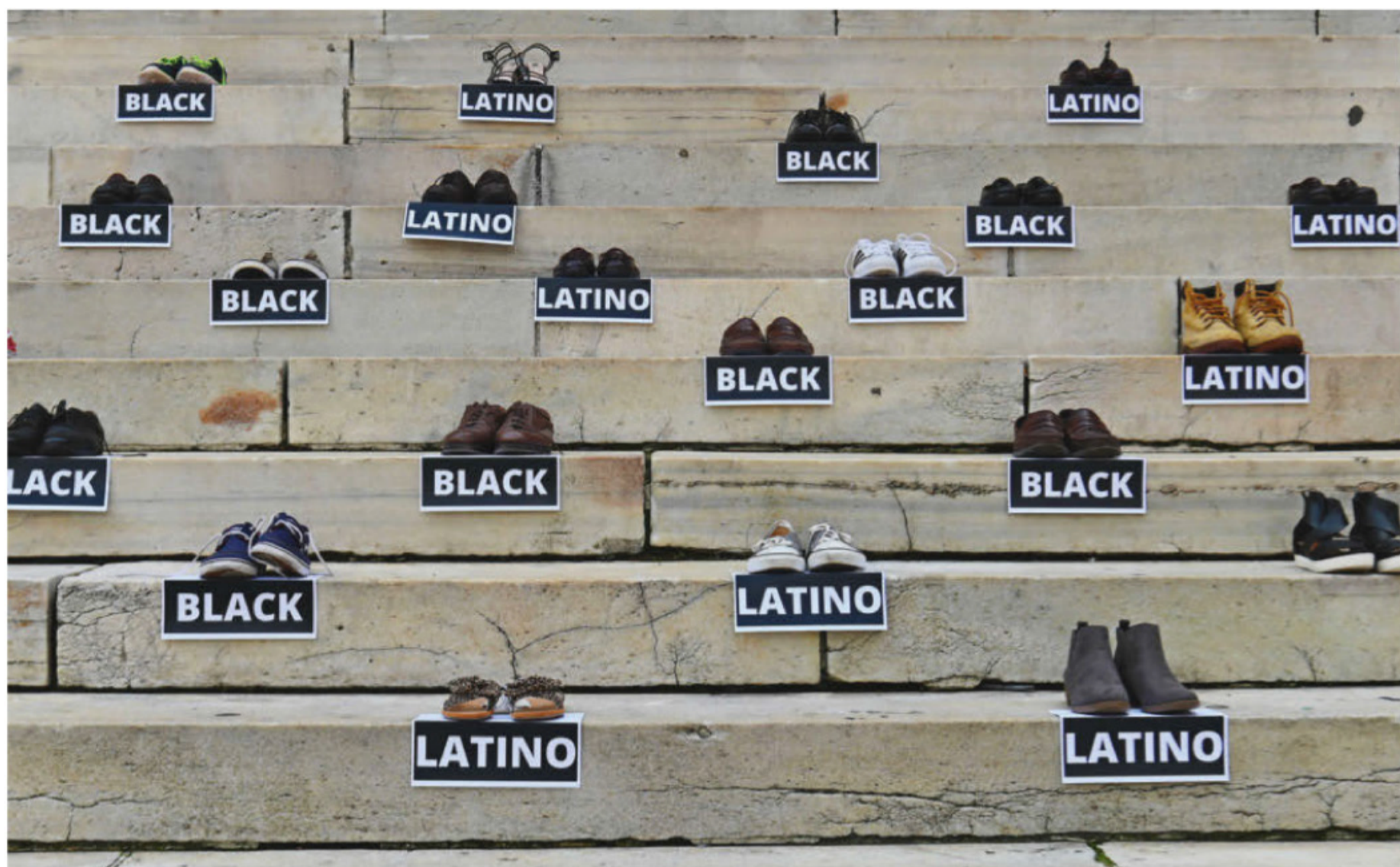
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## How to stop the killing

After a long decline, violent crime in America is rising again. Daniel Knowles looks at what can be done

**I**N A MODEST apartment just off the freeway in Creve Coeur, a suburb of St Louis, An'namarie Baker is packing up her son's possessions. Three weeks earlier, at 3am on July 3rd, Damion was murdered in a litter-strewn car park south of the Busch Stadium, where the Cardinals play baseball. He had left a nightclub with a woman he had just met to drive her to pick up her car. According to the detective on the case, a man challenged him, demanding his keys. Instead, Mr Baker fought back, only for more men to emerge and open fire. Mr Baker was shot eight times, and the woman he was with five. Bullets from three different guns were found at the scene. He died; she survived. Nobody has been arrested.

Damion, says his mother, was the perfect child. "Being a mom is my proudest thing," she says. She was raised in public housing in St Louis; her first son, Devon, was born when she was just 17. Damion won a scholarship to a Catholic private school, where he joined the American-football team, winning the state championship. That earned him another scholarship to Holy Cross, a private university in Massachusetts. On graduating, he set up his own property business, which did well. A few months before he was killed, he moved into his own apartment, taking along his collection of Pokémon cards. At the age of 25, he liked to play video games, mentor young footballers and read business books. He had never been arrested, or even fingerprinted. He had a habit of correcting people with the words "well, technically".

"I just can't believe that Damion pulled that ticket," Ms Baker

says. His academic and sports brilliance, and his clean record, might have protected him. Yet like thousands of other young black men, he was gunned down in the street, one of 132 people killed so far this year in St Louis, a city of 300,000 people. In 2021 199 people were killed, giving St Louis the highest murder rate of any big city in America. Globally only big cities in Mexico, Venezuela and South Africa record more murders as a share of population: all countries dramatically poorer than the United States.

According to the Centres for Disease Control and Prevention, a government agency, there were 24,500 homicides in America in 2020. That was a 28% rise on 2019, the biggest one-year jump in over a century. Murder rates spiked almost everywhere—in big cities, suburbs and rural areas. There were more victims of both sexes, almost every race and ethnicity, and of every age group. But the fastest-growing number, both proportionately and in absolute terms, was of young black men living in big cities. Of all homicides, 19,350 involved guns. Black people, of whom 12,000 were killed in that year, accounted for 70% of the increase in gun homicides.

More recent data nationwide are not yet available, but city-by-city figures suggest that the spike has not reversed itself. In 2021 Chicago saw over 800 homicides, the highest number since 1994, when America's previous big wave of violent crime was beginning to subside. The murder rate in black neighbourhoods reached its highest-ever level. New York, although still among the safest cities in America, recorded its most murders in a decade. Cities as far ▶▶



► afield as Austin in Texas and Portland in Oregon have passed all-time records for homicide. So far this year several cities, including Chicago and New York, have seen their murder rates dip a little. But they remain far higher than before the pandemic. Almost no cities have escaped unscathed. As well as murders, other violent crimes such as carjacking have soared even as less violent crimes such as burglary have declined.

The murder rate in America is over six times the levels in Britain, France and Germany, and over 20 times that in Japan. For every murder, there are more victims who are not killed but may be maimed for life, some carrying bullets in their flesh for years. Young black men suffer disproportionately: around one in 700 black men aged 18 to 24 was killed in 2020. Studies of Washington, DC, and Los Angeles have found that homicide reduces the average life expectancy of black men by roughly two years. But Americans of all races are murdered more than people in other rich countries. White non-Hispanic Americans are over three times more likely to be murdered than white Britons are.

### A costly business

Such violence does not just cut short individuals' lives and cause misery to their families. It also makes local residents far more nervous. Older people fear leaving their homes; children are not allowed out to play. Those who have the means abandon once-cherished homes for safer places. As middle-class residents leave, cities can find themselves in a spiral of decline and disinvestment, because less tax has to fund the same public services. Taking all these into account, calculations made in 2004 put the cost of a single murder to society at \$9.7m. That is equivalent to \$15.7m today, and it would put the total cost of homicide in America at nearly \$400bn a year, or just under 2% of GDP, most of it concentrated in the poorest parts of the country.

In 2020 protesters took to the streets of American cities to argue that "Black Lives Matter". The uprising, sparked by the murder of George Floyd, an unarmed 46-year-old black man, by a Minneapolis police officer, helped to start a debate among progressives about whether policing was even necessary. It also created momentum among moderates for strengthening rules to hold law-enforcement officers to account. But the awful surge in the number of black men killed by people other than the police has taken the wind out of the sails of this discussion. Instead, Democrats like Willie Wilson, a candidate to be mayor of Chicago, promise to "take the handcuffs" off police and get back to the tough policing of the past. In July President Joe Biden announced \$37bn more federal spending on crime prevention, including money to enable local governments to hire 100,000 more police officers.

This special report argues that reforming policing and the criminal-justice system are key to reducing America's high levels of violent crime. Some contributing factors, such as the ready availability of guns, cannot be fixed by changes to policing. But violent crime, especially in the poorest neighbourhoods most prone to it, could still be sharply reduced. It will not happen unless politicians maintain their support for change. "Defunding" the police, a leftist obsession that became popular in 2020, is not the answer. But neither is a strategy that reverts blindly to the aggressive, untargeted policing of the past. Better ideas are needed. As Ms Baker says, "Why don't we care more about this? It feels like as a country, we are allowing this to happen. How are we not doing a better job of curbing this?" A good way to start answering these questions is to look more carefully at what drives so many to commit murder in the first place. ■

### The sociology of murder

## Packing heat

### What underlies inner-city murders in America

SITTING AT A table in the kitchen of Chicago CRED, a charity working with young men at risk of committing or becoming victims of violence, Isaac Israel, who lives in the south of the city, explains why somebody in his situation might want to carry a weapon. "I feel like as long as the criminals have a gun, I should have a gun," he says. "What I'm seeing as a civilian, is you gotta protect yourself...in our neighbourhoods, the police only come after what happens." Growing up on Chicago's South Side, he says, "is about survival". "I look at it like being in the military, because we have war every day on our streets, but it don't get announced, it don't get talked about."

Mr Israel paints a picture of an anarchic world, in which people cannot trust anybody but themselves to provide safety. "It's like crabs in a bucket," he says. Just as crabs will pull any crab which seeks to escape from a bucket back inside, anyone who begins doing well in a poor neighbourhood risks attracting enemies. "Say, I might catch a wave, and I am doing good in life," explains Mr Israel, imagining that he comes into money or finds a new girlfriend. This makes him vulnerable. Other men who feel envious might pick on him. If he lets his guard down, he could lose it all. And that explains why he might need to carry a gun.

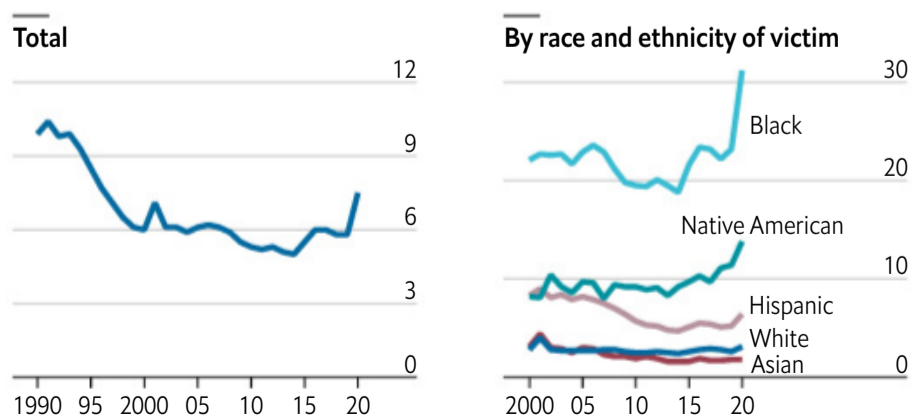
The homicide rate for black men in America is roughly 13 times higher than for white men, and seven times higher than for black women. To understand why, it helps to see Mr Israel's perspective. In depictions of inner-city violence in such TV shows as "The Wire", a gritty series about drug gangs and police in Baltimore, murders are taken seriously. In the show, people are shot because they are suspected of talking to police or are a competitive threat to a powerful drug enterprise. Killings are undertaken by dedicated hit men, who plan meticulously. In reality, little of the killing on America's streets is like this.

Most shootings start with trivial arguments, often between young men who know each other. "That first killing is often about some disrespect, some long-standing conflict, something that we may not have our hand on," says Charlie Beck, a former police chief in Chicago and Los Angeles. It might be something as simple ►►

**The murder rate in America is over six times the levels seen in Britain, France and Germany**

### A worrying uptick

United States, homicides per 100,000 population



Source: Centres for Disease Control and Prevention

▶ as an insulting post on Instagram, or a “diss” track in “drill” music. But then things escalate, as shootings produce retaliatory shootings. These involve a relatively small number of people, operating in a few neighbourhoods. In Chicago, over a third of shootings happen in just 5% of the city by area. In New York the police reckon that just 800 people account for at least a fifth of all violent crime.

One study about Milwaukee published in 2016 found that “argument or fight” accounted for the motive in 25% of homicides, far ahead of drugs or money and second only to “unknown”. Another study of Chicago homicides from 1965 to 1995 found that 77% were down to “altercations”, dramatically more than those directly linked to criminal activity such as drug dealing. Shootings are commonest in summer, and at weekends, when people are drinking and escaping the heat by socialising outside.

Why do a minority of young black men resort to violence so often? Guns are present in almost every part of American society; and everyone gets into arguments. One explanation comes from Elijah Anderson, a sociologist at Yale University, whose book “Code of the Street” looked at inner-city violence in Philadelphia. Mr Anderson argues that a violent culture has arisen among a minority of young black men in the poorest areas in response to racist, ineffective policing and entrenched inequality. In the poorest black neighbourhoods, he argues, young men with few economic

options compete for status in a deeply competitive, unequal society, in which the ownership of physical goods (such as cars or expensive clothes) signals success.

According to Mr Anderson, using violence, even in response to modest slights, can be a way to build “street credibility”. A reputation for being tough is protection from being victimised by others. But such a reputation must be maintained. “It becomes the coin that you use to negotiate your own security,” he says. This may explain why young men join gangs, which are responsible for an outsized share of shootings. Most gangs are not big organised-crime groups with clear hierarchies, like those in “The Wire”. They are more often informal cliques of perhaps half a dozen young men and teenagers, who have probably known each other from childhood. To make money they get involved in selling drugs or stealing. But that is not their primary purpose, which is to provide protection to their members.

The anarchy arises from a lack of consequences for violent crime. This is not because the police are absent. It is because police forces in the poorest neighbourhoods tend to operate indiscriminately. To tackle gun crime they stop young men in cars and on the street for offences that have little to do with violence. Such “pretextual stops”, prompted by traffic violations, jaywalking or loitering, are used to search for guns or drugs. The result is that the ▶▶

## American exceptionalism

*The rise in violent crime in America is almost unique, but not wholly*

**I**N THE SUMMER of 2020, when young Americans flooded their cities to declare that black lives matter, they did not do so alone. Within days, similar protests spread as far as Kenya, Colombia and South Africa, in what became a global movement against racism and racist policing. In London, thousands congregated in Trafalgar Square and outside the American embassy. Taking their cue from Minneapolis, they chanted “Hands Up, Don’t Shoot” at police officers. British police rarely shoot anyone, though the recent killing of Chris Kaba, an unarmed black man, in south London has triggered new protests.

Yet America’s experience in the two years since 2020 appears unique. Among rich countries only America has experienced murder rates that have spiked dramatically. In the year to March 2021 the number of murders in Britain fell to its lowest in five years. In France murders fell in 2020 and only slightly rebounded in 2021. Canada, perhaps the country that is most like America, and one where gun ownership is widespread, saw a rise in homicides in 2020, but of only 10%. In the same year, in its biggest city, Toronto, murders declined.

America also spends less on policing than other rich countries: some 0.8% of GDP, against an average of around 1% in

the European Union. Germany has 23% more police officers per person than America; France has 33% more.

Dig deeper, however, and America seems less out of line. Although the murder rate in Britain remains low, London saw the highest-ever number of knife murders of teenagers in 2021. Murder is also more common in minority communities than in white ones and, just as in America, the gap is growing. According to the Home Office, between 2018 and 2021, black people were six times more likely to be victims of homicide than white people and four times more likely than other

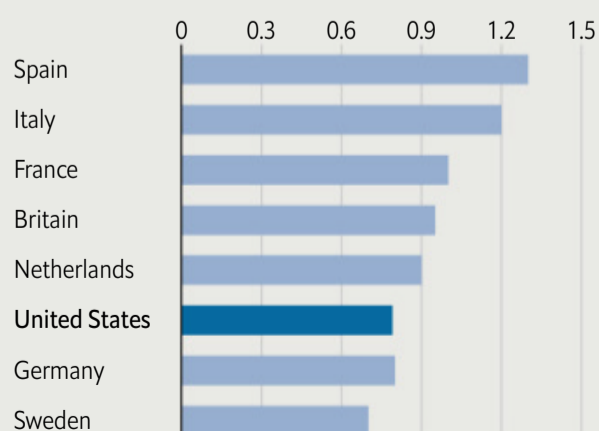
ethnic groups. Compared with the period from 2012 to 2015, the murder rate for black people almost doubled, to around five per 100,000; the rate for white people stayed around 0.8.

A study in April from Cambridge University found that gang violence in Britain is not unlike America’s either. It disproportionately involves young black men and tends to spread in the same way. Data from Thames Valley Police finds that disputes are a powerful predictor of violence. Having harassed somebody else involved in crime meant a 243-fold rise in the likelihood of being attacked. Although the police in Britain solve more murders (in the year to July, London’s Metropolitan Police cleared up 103 out of 114), violent crime also has roots in unaccountable policing and inequality. Six of England’s and Wales’s 43 police forces have been put into “special measures” after scandals involving sexism and racism.

Britain is not America. As high as the murder rate for black people is, it is lower than the rate for all races across the Atlantic. Black people are a far smaller share of the population. Guns are extremely rare, accounting for less than 6% of homicides. Yet what Britain shows is that America is not completely alone. What is really different is not that its situation is unique, but that it is on a vastly bigger scale.

### Cheaper coppers

Spending on police as % of GDP, 2020



Sources: BEA; Census Bureau; Eurostat; OMB; ONS



▶ vast majority of violent crimes go unpunished, even as trivial offences are treated harshly. Black communities are, in effect, simultaneously over- and under-policed. When judicial consequences bear only a limited relationship to whether you have committed a serious crime, the police are seen as a malign and arbitrary power in people's lives, not as enforcers of just laws.

As one young man standing in a group on a street corner in Minneapolis, ankle-tracking bracelet in full display, puts it, the police “don't care about black people”. In this neighbourhood, “they're harassing us every day,” he says. If someone tries to rob you, you cannot go to the police: you must protect yourself. “What else are you meant to do, just sit there and let yourself be beat?” If necessary, “you kill him, that's what the street says anyway.” Or as another man in Atlanta says, if you're a young man, and a family member is murdered, “you feel you've got to take it into your own hands. The police aren't there to help you. In fact they'll probably flip on you.” Police want to be seen as heroes, he says, but “people here think they're going to harm you.”

Why has violent crime soared particularly in the past few years? One plausible explanation is that the pandemic may have pushed more young men onto the street, as social services closed down, and made their lives more stressful, leading to more arguments. This has happened across America (road rage and bad driving have also risen). But it is most visible in the poorest communities, because the baseline level of violence was already high. The number of guns in circulation has also risen dramatically. The police, never especially effective in providing security, may also have dialled back in response to the protests in 2020 after Floyd's murder, leading more people to choose to carry guns. The conditions for extreme violence and murder have always been there. But that leaves another big question: why is it so hard for the police to clear up when it happens? ■



*The grim aftermath*

### Solving murders

## Detective games

### Why are inner-city murders so hard to solve?

FOR THE past three years Donald McGraw, a Chicago transit-authority worker, has been fighting for justice for his nephew. In September 2019 De'Andre Clark, a 25-year-old aspiring actor, was murdered in Chatham, a neighbourhood in the south of the city, while sitting in his car. In the days afterwards, Mr McGraw, with other family members, went street to street posting flyers asking for information and knocking on doors. Within weeks, he had found a witness (a young woman) and a video of the murder, recorded on a doorbell camera. Clark was apparently the victim of a drug deal that went wrong. He had met his killer to buy cannabis, and got into a fight over the quantity. The dealer responded by taking out his gun and shooting him.

Mr McGraw reckons he knows who the shooter was. The video did not show his face, but it coincided with other footage from a petrol-station camera, showing the two meeting earlier. The young woman told him (but not the police) that the killer even bragged about it. “I am saying bring this guy into custody, read him his rights and show him the tape,” says Mr McGraw. “He'll talk himself right into it. He'll be putting himself there at the murder.” For three years Mr McGraw has been protesting outside police headquarters, showing his evidence and demanding action. “We should not have to go and take matters into our own hands to try to get justice for De'Andre. We've got a big police department,” he says. Yet no arrest has been made.

Clark's murder and the lack of justice for it are sadly common. In the 1960s around 90% of reported murders led to an arrest. The latest data from the FBI point to a figure closer to 50%. That does not necessarily mean that clear-up rates have fallen so much. In the 1960s some murders might not have been reported, and others were not really solved, even if somebody was arrested. Yet it seems likely that some of the decline is genuine. Chicago claims to clear up around 50% of cases, for example, but of those, only half result in a conviction (cases can also be “cleared up” if suspects are murdered or prosecutors refuse to bring charges).

Shootings are not easy to solve. Guns kill people quickly, without leaving lots of DNA, as stabbings do. Acquaintances who shoot after an argument may not leave much evidence of planning. But that was always true. And the reality is that a large share of murders in America happen in broad daylight, in public places. There are more cameras, more forensic technology and, thanks to mobile phones, more evidence of where people were and what they were doing. So why do so many murders still go unsolved?

One answer is deep distrust of the police, which means that witnesses do not always come forward. The highest murder rates in America tend to be in cities with the most ingrained history of segregation, such as Baltimore, Chicago, New Orleans and St Louis. In such places murders are often public acts, intended to demonstrate toughness. But police officers, many of whom are outsiders to these communities, find them hard to penetrate. “Even well-intentioned police officers are looked on with a lot of suspicion,” says one former prosecutor from Cook County, which covers Chicago and surrounding suburbs. Most cases, she says, must be built from witnesses, yet there is huge hostility to police. Victims have been known to refuse to reveal who shot them despite being close to death. Even among people who do not hate the police, “there's ▶▶

▶ always a feeling of why would I stick my neck out there?"

That may explain higher clear-up rates for white murder victims. White people are more likely to speak to the police. The Cook County prosecutor cites a case in the Gold Coast, Chicago's richest neighbourhood, in which a man shot his wife in the street. "I had so many witnesses come forward! I had a guy saying he would come back from Australia!" By contrast, after a shooting in Englewood, a mostly black neighbourhood not far from where De'Andre Clark was killed, "you can have the same thing, somebody being shot in a busy street, and literally nobody will come forward." Even Mr McGraw admits it is a problem. The young woman who told him about his nephew's murder will not be a witness, he says. "Why would anyone in their right mind want to talk to the police?" he asks. That might explain why there has been no arrest.

Added to this is an underfunded and sclerotic justice system. Police often complain that prosecutors let violent suspects go, and do not bring charges even in strong cases. Prosecutors counter that the evidence they are brought is often not convincing enough. It is difficult to say who is right, but it seems that the justice system does not help. In Cook County it can take several years to bring cases to trial. Although holding suspects in jail for years before they reach a courtroom is not unheard of in America, it is still controversial. And witnesses will be known to defendants far earlier, when the prosecution files its evidence. Relocating or protecting witnesses can be difficult and costly: people are not easily torn away from family connections.

Dedicated police officers who have enough time can get around this by seeing potential witnesses repeatedly and coaxing them into testifying. They can also try to build cases on other evidence, particularly from cameras and forensics. The problem is that in cities with hundreds of murders, the police do not always have the time. Looking over hundreds of hours of video footage, searching phones and checking ballistics is expensive, time-consuming work. Labs tend to be overstretched. "If you hit a brick wall, you've got six other cases waiting," says the prosecutor.

When shootings increase, the number of detectives available does not increase in parallel. So each detective has less time for each case. According to a study by the Police Executive Research Forum in 2019, only around 8% of police officers in the Chicago Police Department, or 1,127 in total, were detectives, a significantly smaller share than in other big cities. Just 128 were devoted to solving murders. Since then, the number of dedicated homicide detectives has increased to 190. But with the number of murders 60% higher in 2021 than it was in 2019, each detective on average still has more work to do.

### The vicious spiral

What this can mean is that if shootings rise, and fewer cases are cleared up, shootings may then rise further. Suspects who are not arrested may become victims of retaliatory shootings. People are more likely to carry guns to protect themselves. By contrast, when murder rates fall, detectives have more time, and can solve more cases, pushing rates down further. In New York, which has one of the lowest murder rates of any big city in America, there are around 5,000 detectives. If the same proportion are devoted to homicide as in Chicago, each will have over eight times as much time for every case.

Kenneth Corey, chief of the New York Police Department (NYPD), says his department has overhauled how its detectives work. In January it created a specialist unit to collect as much video evidence as it could after a shooting, asking for footage from doorbell cameras, security cameras

**When shootings increase, the number of detectives available does not increase in parallel**

and mobile phones. Neighbourhood officers, whose job it is to know a specific patch, are roped in. "In some cases, we're able to follow the suspect on video back the whole way to their residence," he says. That delivers stronger cases to prosecutors. Unlike the trend in Chicago, in New York in the first quarter of 2022 the ratio of murders solved to new murders was 80%, and it has been higher than in other cities for some years. In Manhattan more murders were solved than occurred, as older cases were cracked.

Even with a 100% chance of getting caught, there would still be murders. Few killers think of the risk of jail as they pull the trigger. States with low crime and high clear-up rates, which tend to be more rural, whiter places such as Wyoming, still experienced spikes in violent crime in 2020. But if more murderers were caught, retaliatory killings would be less likely. And people who get justice are more likely to trust the police. As Sasha Cotton, former director of public safety in Minneapolis, says: "If victims feel like the crimes that have been perpetrated against them are not going to be solved, then they lose faith in the entire system." Mr McGraw is more direct: "It's a slap in the face. When they allow these shooters to remain out here, they're just setting the mindset that I can do anything and I'm not going to be arrested for it." A notorious example is Maryland's biggest city: Baltimore. ■

### Decline and reform

## The Baltimore effect

BALTIMORE

**How an east-coast city gave warning of what would come**

**I**N A FEDERAL courtroom in Baltimore on July 14th, a defendant named Steven Angelini sat at a desk wearing a mask and an orange jumpsuit. Until the day before, he had been an officer in the Baltimore Police Department (BPD), albeit suspended to desk duty. Then he was indicted by federal prosecutors on charges of distributing cocaine and oxycodone (a powerful prescription opioid). The hearing was to determine whether Mr Angelini should be given bail. According to the prosecution, he had fed information and prescription drugs to a motorcycle gang, and offered to supply an illegal "ghost gun" and ammunition, in exchange for cocaine. Mr Angelini was denied bail. The judge, justifying his decision, declared that "nothing in this community is more dangerous than drug dealers with firearms."

That a police officer should be accused of dealing in drugs and firearms ought to be extraordinary enough. Yet the arrest was only the latest of a series in Baltimore, stretching back five years. In 2017 eight members of the BPD were arrested. All had been members of a Guns Trace Task Force, which was created to build meticulous cases against gun smugglers, but morphed into a violent, unaccountable gang. The cops stopped hundreds of people, almost all black men in dangerous parts of the city, and searched them. The guns they found they turned in; but money they stole, and drugs they sold back on the street, via intermediaries. When accused of civil-rights violations, they invented evidence, planting guns or drugs themselves. Six pleaded guilty. Two more stood trial, and were found guilty by juries. Since then a trickle of other officers have been arrested and charged by federal agents and local departments.

Few cities illustrate the unhappy relationship between broken policing and violent crime better than Baltimore. The city has struggled for decades. Yet unlike other cities, Baltimore's homi-▶▶



► cide rate did not spike in 2020: it soared earlier, in 2015, and has remained elevated ever since. And it did so in response to a riot, sparked by police brutality. On April 12th 2015 Freddie Gray, a 25-year-old, was picked up by police officers in West Baltimore who searched him and found a knife (which is not illegal). Mr Gray was bundled into a van and driven round the city at high speed without being strapped in. When the van stopped, his spine was almost severed. He later died in hospital. The arrest was captured by bystanders on mobile phones.

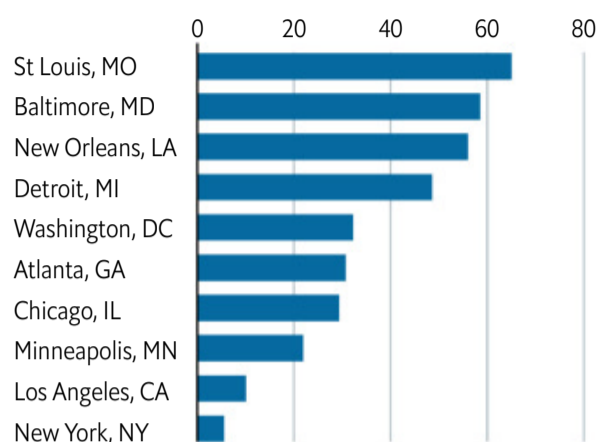
Before his funeral two weeks later, anger at the police department reached boiling point. After days of peaceful protests, teenagers who had walked out of school started looting a pharmacy. By nightfall, buildings across the city were ablaze and dozens, if not hundreds, of businesses had been looted. Before Gray's death, homicides in Baltimore had averaged around 200 a year, a big number for a city of only 600,000. But almost immediately afterwards, the rate began climbing. By the end of 2015 the city had suffered almost 350 murders, up from 211 in 2014.

### A predictable upsurge

Daniel Webster, who studies gun violence at Johns Hopkins University in Baltimore, says that this was predictable. "I can remember so vividly as I watched parts of Baltimore burn," he says. "I had this sinking feeling that we were in for a very long period of trouble." Violent crime usually climbs after riots; it did so in 1968, after the murder of Martin Luther King. Baltimore proved no exception. Understanding the exact causal mechanism is difficult. But Mr Webster puts forward what is probably the most accepted explanation. In essence, a model of policing that relied heavily on mass ar-

### Dangerous places

United States, murders per 100,000 population, 2021



Source: Local police departments

rests rather than intelligence gathering suddenly and catastrophically failed.

In the decade or two before the riots the BPD had a zero-tolerance approach to policing. Cops were directed to flood crime hotspots and search almost everybody. In 2003 over 110,000 people were arrested. A large share were released without charge. This strategy reduced violence, says Mr Webster. The problem was that it was not sustainable. Officers who made lots of arrests, or found lots of guns, benefited from impunity—carrying on working even when accused of civil-rights violations. City prosecutors maintained a secret list of officers they did not trust to testify in court. Relations between residents and the police were ruined. When the riots came, undoing years of mistrust proved impossi-

ble. Cops complained that they were being punished for just doing their jobs. Arrests tumbled. Black Baltimoreans' faith in the police sank lower. Fewer people called 911 when they heard a shooting, or were ready to volunteer information. So violent crime soared.

Tough, unaccountable policing might bring down crime in the short run, but not by enough. What Baltimore shows, says Mr Webster, is a "greater fracturing between police and community". And that is what happened in many cities in 2020. In the wake of the death of George Floyd in Minneapolis that summer, many cities experienced unrest similar to Baltimore's five years previously. Massive protests sometimes turned violent, with buildings set on fire and police officers assaulted. The result was also similar. Police, nervous of being prosecuted, and steeped in a culture where aggression is the norm, pulled back. They were "afraid of doing anything", says Kenneth Corey, of the NYPD, even as black people and other minorities became more reluctant to call for help.

Can the relationship be repaired? Seven years on, Baltimore is still trying. Even as prosecutions of corrupt officers continue, the BPD is operating under a federal consent decree—a system of monitoring that is meant to drive improvement. "We are now a totally different department," claims Michael Harrison, the city's police commissioner. Every police officer has undergone training on how to be more racially sensitive, and how to de-escalate violent situations, in a programme called "Ethical Policing is Courageous" (EPIC). All cops now wear body cameras. Dedicated community police officers hold regular meetings with local residents. And the department's internal-affairs section, which keeps tabs on bad policing, has been reformed. Ray Kelly, leader of the Citizens Policing Project, who has long criticised the police in Baltimore, says that, at least in principle, the reforms are impressive.

Rebuilding a police department is challenging at the best of times. Doing it when droves of cops are retiring and the murder rate is sky-high is, as Mr Harrison says, like "constructing a plane while flying". It does not help that some Baltimore cops are sceptical. One former city official recounts a story of a training session in which offi-►►



Starting a time of trouble

ers were being taught how to de-escalate a situation involving a mentally ill woman. When asked what to do, one shouted out “taze her”, to laughter. Even Mr Harrison admits that changing policing culture is tricky. “We can’t allow the officers to complain and try to force us back into what they believe their job is,” he says.

Will it work? Mr Kelly worries that black residents are losing patience. His office borders a street corner which he says may be home to the biggest open-air drug market in North America, with young men loudly hawking heroin at all hours (including to your correspondent). At least some people want a return to knocking heads. Brandon Scott, Baltimore’s progressive mayor, denies that he wants to go back. “Those racist, outdated policies don’t work,” he says. Yet in July, he hired Anthony Barksdale, a former deputy chief of the department, as deputy mayor for public safety. As recently as 2017, Mr Barksdale complained that reforms were “hand-cuffing your own cops”. The debate about policing is heating up—and it will play into forthcoming elections. ■

### The politics of policing

## Refund the police?

### Progressive prosecutors are losing ground across America

AT THE SITE where George Floyd was murdered in May 2020 in Minneapolis, a rough shrine has emerged. Surrounding a sculpture of a black fist are banners, flags and photos of other young men killed by police. On the burnt-out petrol station is a slogan: “Where there’s people, there’s power”. Affixed around the square are posters showing a police officer dressed in body armour clutching a scythe. In place of a face, it has a grinning skull. The text reads “All cops are Derek Chauvin”, the name of the police officer convicted of murdering Floyd. Underneath is a directive: “Smash the police state”.

In 2020 such thinking was common in Minneapolis. The city, which then had a powerful council and weak mayor, has always been liberal. But it was still a shock when nine council members stood next to a giant sign in Powderhorn Park, near where Floyd was killed, reading “Defund the Police”, and announced plans to “end policing as we know it”. When the mayor, Jacob Frey, who was primarily responsible only for the police department, said he wanted “a structural shift” in the department, but was not in favour of abolishing it, protesters outside his house booed him.

“Defund the police” never turned into a mainstream Democratic policy. Joe Biden has blamed small-government Republicans for squeezing police budgets, and has indeed promised more spending. But Minneapolis was not the only city to flirt with the idea. London Breed, mayor of San Francisco, pledged to shift \$120m from the police department to projects for black people. Bill de Blasio, then mayor of New York, promised to cut the police department’s budget, albeit without going into detail. In left-leaning and liberal media, radicals of all stripes got plenty of airtime and column inches, even to make such extreme arguments as “In Defence Of Looting”.

It did not last. In November 2021 Mr Frey was re-elected in a landslide and, after a referendum, given powers more like mayors elsewhere, taking them away from councillors who had backed “defund”. A formal proposal from the council to abolish the Minneapolis Police Department and replace it with a new “department of public safety” was soundly defeated, with 56% of voters against. Perhaps most surprisingly, the revolt against the measure was strongest in Minneapolis’s black neighbourhoods, in the north and centre. Most votes in favour came from liberal, whiter districts, peaking in blocks around the University of Minnesota.

According to Jerry McAfee, a pastor and community organiser in north Minneapolis, activists pushing “defund” never understood black people’s concerns. “You had this great cry of defund the police at a time when people were being shot at alarming rates,” he says. “Even today, if you include St Paul, we’ve had over 1,000 people shot, 200 homicides, and there are no major marches, by city officials or by Black Lives Matter or any of the other groups who are supposed to care about us so much,” he complains. People in his neighbourhood do not want the police abolished, he says; they want them to do their jobs, arresting people who commit violent crimes, instead of roughing up the innocent.

In some ways, the city got defunded without voting for it. Under the city charter, the Minneapolis Police Department is meant to have at least 730 officers. Before the pandemic, it had around 900. By the middle of this year, the total had fallen to 626, the lowest in decades. In the wake of the George Floyd protests, so many cops chose to retire, take medical leave or get jobs elsewhere that recruitment could not keep up. Billboards around the city are plastered with adverts promising jobs to potential recruits, as the police department tries desperately to get back to strength.

Yet the debate over how to reform a notoriously violent police department continues. In November voters will choose a new county attorney for Hennepin County, which covers the city of Minneapolis and several substantial suburbs. In the non-partisan primary election in August, the candidates who got through to the run-off were Martha Dimick, a former judge and prosecutor from the north of the city, and Mary Moriarty, formerly the county’s chief public defender.

### Far apart

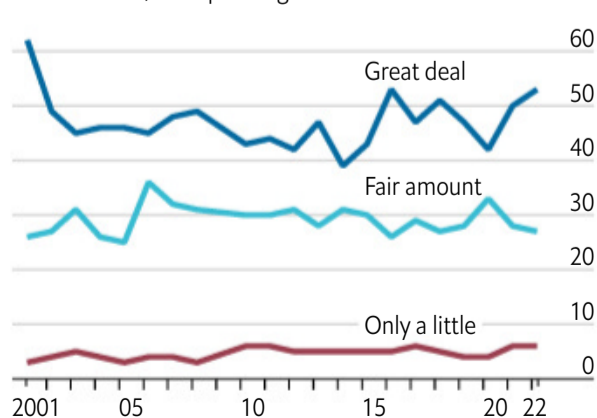
In rhetoric, the two candidates could hardly be further apart. Ms Moriarty is focused on reform. “We have to acknowledge that what we’ve been doing has not worked to keep us safe,” she says, arguing that young people involved in violent crime need trauma treatment as much as punishment. Her primary goal, she says, will be to hold bad police officers to account, and to promote alternatives

to policing. By contrast Ms Dimick says: “My attitude is, we have to send a message. We are going to prosecute serious violent criminals...And if they’re convicted, they’re going to prison.” She agrees that there should be alternatives for low-level offenders. “Kids can be knuckleheads and make mistakes,” she says. But she also notes that Minnesota has one of the lowest incarceration rates of any state, and worries that too many violent criminals are being released.

It is hard to predict who will win. There is no polling and the two contenders have backing from different parts of the Democratic establishment. But district-attorney races have proved to be a clear test of voters’ feelings on police reform. In Baltimore Marilyn Mosby, the city attorney who

### Renewed nervousness

“How much do you worry about crime and violence?”  
United States, % responding

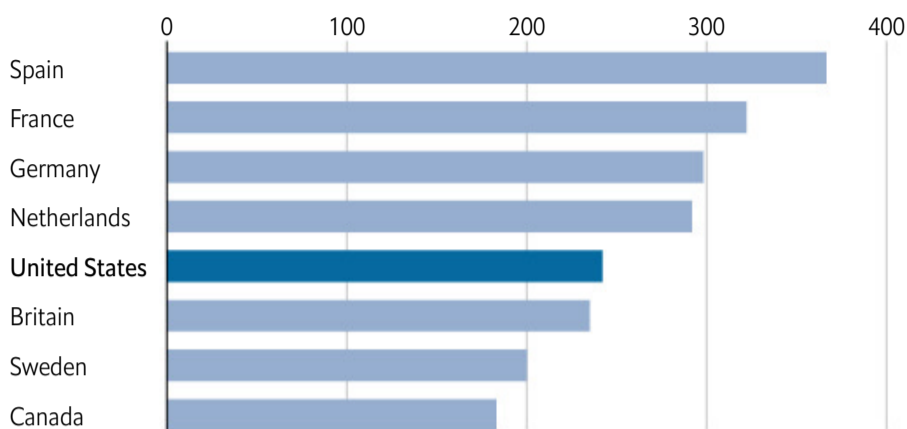


Source: Gallup



**Hot fuzz**

Police officers per 100,000 population, 2020 or latest available



Source: National sources

► charged police officers over the death of Freddie Gray, and stopped prosecuting drug possession, was kicked out in a Democratic primary (being accused of tax fraud did not help). In San Francisco in June, Chesa Boudin, a liberal district attorney, was recalled by voters after he was accused of being soft on crime. The trend has not been universal, though. In August a hardline Republican district attorney in Memphis was defeated. But progressives have generally lost out.

Across America, Democratic mayors have got into fights with progressive prosecutors. Last October Lori Lightfoot, mayor of Chicago, herself a former prosecutor, attacked Kim Foxx, Cook County's district attorney, for not filing charges against people arrested after a mass shooting. If criminals "do not feel like the criminal-justice system is going to hold them accountable, we're going to see a level of brazenness that will send the city into chaos," she said. That has not stopped other candidates in the upcoming mayoral election in Chicago attacking her for being soft on crime. Eric Adams, now mayor of New York, a former cop, has also attacked supposedly soft prosecutors, as well as state bail laws that allow too many people accused of violent offences to stay out of jail.

The Democratic Party is groping towards a position its voters support. People are more worried about violent and other crime, and only a small minority support plans to defund the police. Recent polling by Gallup finds that 53% of people worry a "great deal" about crime and violence, the highest number since 2001. But they also support a less punitive system. Only 41% thought that the treatment of criminals was "not tough enough", the lowest figure in 30 years. In 1992, at the peak of a previous crime wave, 83% of respondents said this. Substantial majorities back tackling social problems ahead of strengthening law enforcement. Candidates such as Ms Lightfoot, who call for support for the police but also for more accountability, seem to capture the public mood better than those calling for the police to be given free rein.

In August Mr Biden announced details of his "safer America plan", including money to hire more officers. The plan added \$20bn to "reduce the burden" on police by tackling social problems and encourage "the reform of laws that increase incarceration without redressing public safety". The doubt is whether this will work electorally. For the Republicans, crime is an effective wedge issue to deploy ahead of the mid-term elections, because it divides moderate leaders from their activists. The American Civil Liberties Union reacted to Mr Biden's plan by arguing that hiring more police might lead to "rampant rights violations". Days later, Donald Trump denounced what he said were Democratic efforts to "destroy and dismantle law enforcement". Such differences have drawn new attention to alternatives to policing. ■

**Alternatives to policing****Interruption games****The hopes of, and limits to, non-policing anti-violence strategies**

ON A BASKETBALL COURT just north of Atlanta's city centre, on a hot summer's day in July, Ricky Usher (generally known as Dip) is busy organising his charges. Several teams from around the city are lined up; a sound system blasts out music; groups of teenagers of both sexes sit on stands consuming burgers and tins of sugary pop. Dip, a large man with a gold tooth, who coaches the home side, roams between the young men and teenagers passing out advice and blue T-shirts advertising Atlanta Teen Leaders, the city-funded after-school programme.

Coaching basketball is Dip's main job. But it helps with his other, as an "interrupter" for Cure Violence Global, an organisation based in Chicago that has programmes in 20 American cities, and in a dozen or so other countries around the world. Its model, explains Fredrick Echols, the CEO, is built round the idea that violence spreads in a community like a communicable disease. For a disease to spread, "there has to be an environment that supports the growth of the bacteria or virus," says Dr Echols. Just as cholera spreads in overcrowded slums without clean water, violence spreads most in places where jobs are few, access to good education limited and inequality rampant.

Following this logic, Cure Violence programmes hire "violence interrupters", who do a job not unlike health workers in a slum. Violence interrupters cannot undo inequality. But they can identify those most at risk of falling into violent behaviour and step in before it happens, rather as health workers identify people likely to get sick and treat them before they infect others. "I got relationships with a lot of these people," says Dip, of young men involved in crime. "And if not them, I got their uncles, their aunties, their cousins." Around the neighbourhood, "everybody knows somebody who knows me."

Stopping a young man from shooting somebody else by power of persuasion is not easy. But Dip does "whatever it takes". If he hears that two men have had an argument, he will find them. "That shit be like, disputes over money, disputes over love interests," he says. If he can find a young man before he starts a fight, he persuades him to come for a drive, or takes him to a restaurant to chill out. Sometimes he pays for groceries or other essentials, since financial difficulty can drive violence. "If you've got a pocket full of money, you're less willing to do some bullshit," he says. Most young men do not really want to kill, he reckons. Rather, they're traumatised, often from having been victims themselves, and turn to violence out of stress. Carrying a gun and using it is "a defence mechanism, most of the time", he says.

According to Aric Johnson, Dip's supervisor in Atlanta, successful violence interrupters need credibility most of all. They are usually men in their 30s or 40s who might have a history of violence and share (or at least understand) the mistrust of the police and formal institutions. "You can't be no stool pigeon, you can't be no snitch," he says. But they also have to have moved on from violent crime. "Even in the dirt you've got to be stand up. You can't be moving packages or calling shots." Before be- ►►

**Violence spreads where jobs are few, access to good education limited and inequality rampant**

▶ coming a Cure Violence supervisor, Mr Johnson was a violence interrupter, having got out of prison in his late 20s. He worked at a hospital in Atlanta, where he talked to gunshot victims to persuade them not to take revenge on those who shot them.

In the past few years, investment in such programmes, known as “Group Violence Interruption”, has soared. Cure Violence, which began as a project called Ceasefire in Chicago around 20 years ago, is one of the biggest providers. But many local organisations are working on variants of the same model, trying to identify violent young men and divert them. In Chicago CRED, a group founded by Arne Duncan, Barack Obama’s former education secretary, pays a small stipend (starting at around \$125 a week) to persuade clients to take classes in group trauma counselling, history and financial literacy. CRED will sometimes take young men out on trips over weekends when violence is most likely.

### A policeman’s lot is not a happy one

Cities are turning to such models partly out of desperation. Almost every urban police department across America has suffered from high attrition recently. Chicago has 1,500 fewer officers than in 2019. Violence interrupters can be hired more quickly than cops can be trained. The federal government has dished out plenty of cash through the American Rescue Plan, so it does not cost cities much of their own revenue. Among liberal politicians there is a growing belief that police have been asked to do too much, and are not best able to prevent violent crime, rather than respond to it. As Tamara Mahal, boss of Chicago’s Community Safety Co-ordination Centre, says: “Police have gotten into a lot of jobs that were not necessarily designed for law enforcement.”

Violence interruption is not the only model. Minneapolis has experimented with opening secure places where police can take people experiencing mental-health crises. Cops sometimes respond to calls by sending a counsellor trained in de-escalation. Chicago is pouring money into community groups that clean up derelict lots, plant trees or just provide portaloos for community concerts and the like. These projects might seem petty, says Ms Mahal, but the idea is to foster a belief that the city government is there for people, so reducing mistrust in institutions like the police.

Taken together, these programmes are sometimes said to amount to an “alternative to policing”. Occasionally they have been funded partly out of police budgets, a sort of “defund” by stealth. But senior police officers are mostly in favour. In some cities the police share information with interrupters, to help identify potential flare-ups. The question is, do they work? Anecdotal, the effect seems strong. Dip claims: “I’ve put a dent in a lot of the crime,” and his neighbours agree. But the academic evidence for their effectiveness is thin, partly because the models are still new, and partly because scientifically judging their effectiveness is extraordinarily difficult and expensive.

Yet studies that have been done show some positive effect. One in 2012 of an early Cure Violence programme in Baltimore, Safe Streets, found that it “showed statistically significant reductions in non-fatal

shootings after programme implementation”, in some cases of over 50%. A University of Chicago study of READI, another programme in Chicago that selected clients from a pool of young men deemed vulnerable via a lottery, found that those chosen were 63% less likely to be arrested for a shooting or homicide than those not selected. They were also 19% less likely to be shot. The study could not prove with 95% statistical confidence that these results did not arise by chance. But it did find an 85% chance that the reduction in shootings was due to the programme.

Given how inexpensive such programmes are compared with the cost of running a police department, investing in them is a good idea, says Jens Ludwig, of the Chicago Crime Lab. But he warns that what they do not constitute is a true “alternative” to policing. In reality, they work best as a complement not an alternative. Having high clear-up rates helps violence interrupters, because they can tell clients that if they do not change their behaviour they will eventually go to prison. Charlie Beck, a former Chicago and Los Angeles police chief, says the programmes work best “when combined with smart, gang enforcement, not blanketing a major area—which creates a lot of tension—but targeting those that are actively involved in the violence.”

As Brandon Scott, mayor of Baltimore, puts it, his city needs a “carrot and stick approach”. Workers should be able to say to violent young men: “We know what you’re doing, and your life is in danger, and we’re going to give you the opportunity to change it.” But they also need the stick: “If you don’t, we’re going to bring the full force of the law to bear on you.” Violence-interruption models may not be able to deliver what police abolitionists want, which is a total removal of the stick. But for too long American cities have tried to control violent crime with sticks alone. ■



*Nipping off crime in the bud*



A better future

## Stopping the spiral

America has relied too long on a toxic combination of over- and under-policing

IN THE SUMMER of 1975 the Council for Public Safety, a New York group run by trade unions, including those of the police and firefighters, mocked up a leaflet for passengers arriving at the city's airports. The cover featured a picture of a skull wearing a shroud with the message, "Welcome to Fear City". The leaflet offered such helpful advice as "stay off the streets after 6pm", and "you should never ride the subway for any reason whatsoever". It was never distributed, but it is remembered, at least partly because it rang true. In that year New York had over 1,600 murders.

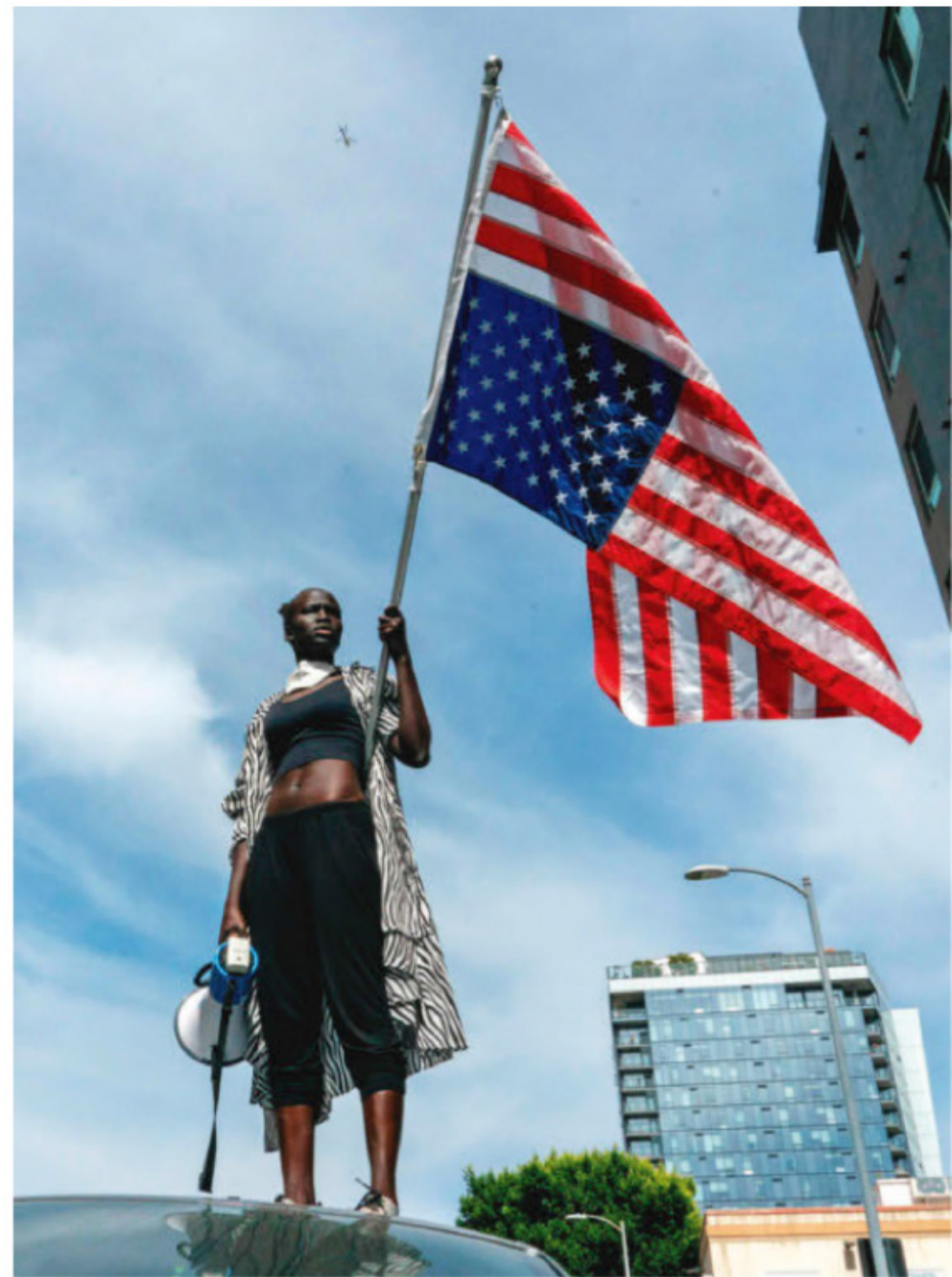
Today such a figure seems hard to imagine. The biggest risk most visitors face to their wallets comes from eating in restaurants, not from hooded figures carrying guns in the street. Last year, the city saw 488 murders, in a population of 8.5m. That is a substantially higher rate than in cities like Paris or London. But it is similar to what it was a decade ago when Michael Bloomberg, the then mayor, boasted about New York being the safest big city in America. It still claims to be.

Patrick Sharkey, a professor of criminology at Princeton University, argues that from the 1950s until the 1990s, rising violence in black neighbourhoods emerged in part as a response to racism. As they escaped from the South to northern cities, black people were driven by racist policies into appalling slums. When their factory jobs started to disappear in the 1970s, heroin and crack cocaine arrived instead. As neighbourhoods were abandoned, and people became more fearful, the social norms that had kept crime under control deteriorated, creating a perfect recipe for violent crime. Too often the investment was lacking.

It was often black leaders who pushed for more police and more punitive sentences to tackle drugs and violent crime. According to Mr Sharkey, the long decline in such crime that began after 1991 was brought about in part by more aggressive policing. The number of police officers soared. More cops on more street corners helped to contain violence by sheer force. But those same leaders also wanted investment in their neighbourhoods, and police officers who respected the majority of law-abiding black citizens, even as they were tough on crime.

As a result, the fall in crime proved unsustainable. Many urban economies did not recover in the way that New York did. By 2015 the costs of rough, unaccountable policing had become impossible to ignore. As protests took off that year against police violence, murder rates in some cities started to rise. The pandemic, and the subsequent outpouring of rage at police, has made things worse. It "shut down the institutions of social life that bring people together", says Mr Sharkey. That affected all Americans. But it was people in the poorest places who were least prepared for it.

The risk now is that a new spiral of disinvestment and decline will start up again. To stop it, America's poorest people need more investment in their neighbourhoods, better education and greater access to jobs. In the long run, reducing the disaffection and poverty that too many Americans suffer from is the only way to stop a minority from resorting to violent crime. The proponents of "defunding" the police are right to call for more money for social projects. Where they are wrong is in imagining that taking the money away from America's modest police budgets would provide anywhere near enough—or that policing can be dispensed with in a



A time to protest

country that has nearly 400m guns in circulation.

Mr Biden is right to argue instead that more police officers are needed. But hiring more cops is not enough. They also need to do their work differently. Robert Peel, the founder of the Metropolitan Police in London, wrote almost two centuries ago that "the test of police efficiency is the absence of crime and disorder, and not the visible evidence of police action in dealing with them." On that measure, America's police are profoundly inefficient. For extra spending to work, retraining is clearly vital. But hostile police unions also need to be defanged, and the worst cops fired and prosecuted. Only greater accountability can rebuild shattered trust. That is the best way to a better future. ■

**ACKNOWLEDGMENTS** A list of acknowledgments and sources is included in the online version of this special report

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### Nigeria and its oil

## Steal it, burn it, lose it

DAKAR

### How an oil giant failed to profit from high oil prices

A SURGE IN oil prices can do astonishing things. In Saudi Arabia a futuristic city is planned to rise from the desert. Angola's long-beleaguered currency has become one of the strongest performers against the greenback. In the Middle East and Central Asia oil exporters are cock-a-hoop. They may pocket an extra \$320bn in oil revenues this year. Yet there is a conspicuous absentee from this merry petro-party. The net effect of the high oil price for the country that is usually Africa's biggest oil producer is "nil or negative", laments Zainab Ahmed, Nigeria's minister of finance.

Africa's most populous country, around 220m-strong, desperately needs the money an oil boom could bring. Some 40% of its people live on less than the equivalent of \$1.90 a day. The woeful economy has contributed to the violence that afflicts much of the country. In the first half of this year, nearly 6,000 people were killed by jihadists, kidnappers, bandits or the army.

Elsewhere, as the price of crude rises, drivers pay more at the pump. Not in Nigeria. Petrol is about 175 naira (\$0.42) a litre, among the world's cheapest, and the gov-

ernment has not raised this low fixed price since December 2020. In January President Muhammadu Buhari reneged on his latest promise to reform the system, leaving the government to pay for the vast gap between Nigeria's official price and the global one. The state-owned Nigerian National Petroleum Corporation (NNPC) covers the fuel subsidy from its profits and sends what is left to the government. But in the first half of this year it sent nothing at all.

The prognosis is grim. The World Bank forecast in June that the government would spend 5.4trn naira (\$12.6bn) on fuel subsidies this year, a threefold increase from last year. That is more than the increase in revenue the government will get from higher crude oil prices, reckons the

World Bank (see chart 1). As a result, Nigeria's net oil revenues are likely to be about 40% lower than last year. That squeezes everything else. In this year's amended budget the government allocated more to the fuel subsidy than to education, health care and welfare combined.

Price-fixing has other ill effects. Because petrol is artificially cheap, Nigerians burn more of it. Imports of petrol have risen from about 58m litres a day in 2021 to around 70m this year. Some Nigerians, unsurprisingly, buy subsidised petrol, smuggle it across the border and sell it at a huge mark-up in neighbouring countries. Although Nigeria pumps crude oil, its refineries are so dysfunctional they have been closed down, so it imports almost all its refined fuel. Rising domestic consumption thus weighs on the current account.

Another reason Nigeria's public finances benefit so little from high oil prices is that production itself has slumped to 1.1m barrels per day, the lowest in decades (see chart 2). Output has been dipping since 2005. This year it has dived. Angola's output recently overtook Nigeria's.

Output is falling partly because the NNPC is so short of cash after paying for petrol subsidies that it struggles to cover production costs to pump oil. And a lot of the oil it pumps never makes it into official exports because it is stolen.

Estimates vary, but the oil industry's regulator says thieves are snaffling 108,000 barrels a day, about 7% of production. This cost the government \$1bn in the first quar-

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►ter of the year. Watchdogs reckon that 5-20% of Nigeria's oil is stolen. The Trans Niger pipeline, which can transport 180,000 barrels a day (about 16% of the country's current production), suffers so much theft that its flow has been halted since June. Another big pipeline that carries 150,000 barrels a day has also been repeatedly attacked. Shell, a big oil firm, has declared force majeure since March on all its exports of Bonny light, a high-quality crude, permitting it not to meet its contractual obligations. Nigeria could produce another 700,000 barrels a day but for theft and oil companies having to cut back production to avoid it, claims Mele Kyari, the NNPC's head. The spate of vandalism at one point prompted the NNPC to shut down its entire network of pipelines, he said.

One way to steal is to understate how much oil has been loaded in legitimate shipments. Another is to break into pipelines and siphon oil off, then cook it up in bush refineries before selling it. Five years ago the Stakeholder Democracy Network, a watchdog in the Niger Delta, carried out a survey that found more than a hundred such refineries in just two of Nigeria's nine oil-producing states. Lacking other ways to make a good living, hundreds of thousands of young people are involved in illegal refining, says Ledum Mitee, a local leader from Ogoniland, a region in the Delta.

Plenty of stolen crude goes straight into the international market. Small boats glide along the Delta's canals, filling up from illegally tapped pipelines. They deliver it to offshore tankers or floating oil platforms. Sometimes the stolen crude is mixed with the legal variety, then sold to unknowing buyers. Much of it, however, is bought by traders who pretend not to know it is stolen, or simply do not care if it is or not. "There's a huge black market off the coast of west Africa," says Alexander Sewell of the Stakeholder Democracy Network.

"This is being perpetrated by the big boys," says Mr Mitee. Tapping into the pipes for large volumes, heated to keep the crude flowing, requires real expertise. It

### Slumpy pump

Nigeria, annual oil production  
Barrels per day, m



also requires complicity from some of the officials running the pipelines and from the security forces supposedly guarding them, says an observer who requests anonymity for safety.

### A galaxy of thieves

Exactly who the big boys are is hotly disputed. Mr Kyari recently alleged that army officers, government officials and even religious leaders are involved. The navy's spokesmen claim that so large a scale of theft is implausible because—they argue perversely—their patrols would have spotted the boats and stopped them. The NNPC itself is "the north star in its [Nigeria's] kleptocratic constellation", says Matthew Page of Chatham House, a think-tank in London. This is "transnational organised crime run by a lot of violent people", warns the anonymous observer.

Mr Buhari has promised a crackdown. The NNPC's first move was to hire private security firms to protect the pipelines—a telling indictment of the army. But it is unlikely to solve the problem. Two of the firms are part-owned by a former warlord, Government Ekpemupolo, better known as Tompolo. He led a guerrilla campaign in the 2000s for the locals to control the Delta's oil, before agreeing to a deal whereby he would stop blowing up the pipelines in exchange for an amnesty—and for lucrative security contracts. That has fallen apart under Mr Buhari's government, which in 2016 issued a warrant for his arrest. (A court subsequently threw out these charges.) Yet Tompolo, who denies wrongdoing, is now bizarrely both a government contractor and still on the wanted list of Nigeria's anti-corruption agency.

Ordinary Nigerians may at least console themselves that their petrol is still cheap, even if it runs out, as price-controlled goods often do. This year there have been three bouts of shortages. Exasperated motorists in long queues ruminating on the country's corruption may be forgiven for uttering a popular Yoruba catchphrase: *ja-pa*, which means "emigrate". ■

### African migration

## The ones who sweep

KAMPALA

Africans seeking opportunity in the Gulf face widespread abuse

WHAT DOES Rebecca Nakabiito hope for as she prepares to leave Uganda for the first time? "To be treated as a human," she says softly. "I don't want them to treat me as a slave." Like thousands of others she is heading for Saudi Arabia, to work as a maid. A friend who travelled before her was scalded with hot water as punishment for oversleeping. She will go anyway. There are school fees to pay.

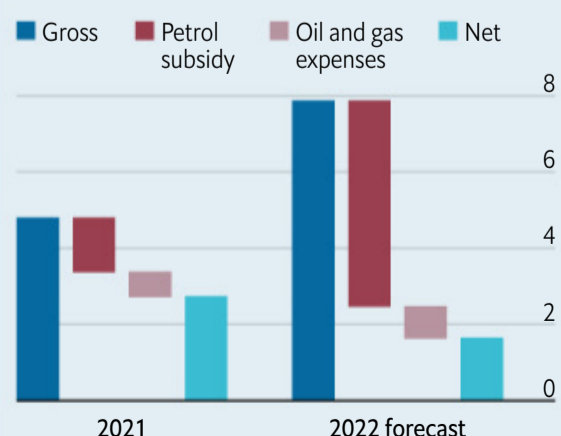
Most migrant workers in the Gulf are Asian, but a growing number of east Africans are joining them. Last year 87,000 Ugandans travelled to the Middle East under the government's "labour externalisation" programme. About that many Kenyans made similar trips. Official routes to the Gulf are distinct from irregular migration, such as the overcrowded boats that smuggle Ethiopians and Eritreans across the Red Sea. But they are not risk-free. Returning workers tell stories of racism, abuse and exploitation.

For African governments, exporting workers is easier than creating jobs for them at home. Remittances sent back to Uganda by workers from abroad generate more foreign exchange than coffee, the main export crop. Labour migration is good business for more than 200 recruitment firms, some of which are owned by army officers and close relatives of the president, Yoweri Museveni.

Employers in the Gulf want African labour because it is cheap. Under bilateral agreements a Ugandan maid in Saudi Arabia gets 900 riyals (\$240) a month—much more than she could make at home, but less than the 1,500 riyals which most Filipinos earn. African men are hired as builders ►►

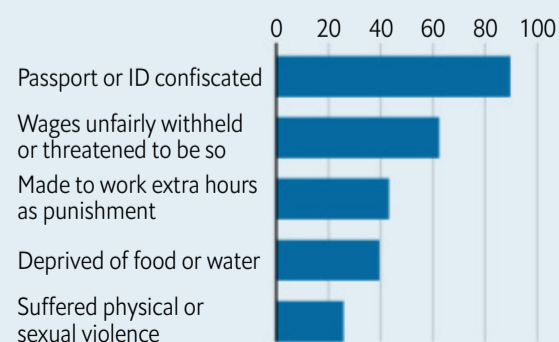
### A hole in the pocket

Nigeria, oil and gas revenues, naira trn



### Abroad and abused

Kenyans working in the Gulf who say they were ill-treated by employers  
2020, % responding\*



Sources: Global Fund to End Modern Slavery; NORC at the University of Chicago

\*1,020 workers surveyed

► or guards. “They regard us as people who are energetic but lazy in mind, so they give us the hardest jobs,” says Moses Kafirita, a Ugandan who worked on a building site in Dubai, where he was paid less than the Indians alongside him.

For most Africans, the Gulf means two years of drudgery, mixing long hours with grinding isolation. For some it is far worse. Jacky (not her real name) was raped by her boss in Saudi Arabia. She could not report it because he had taken her phone. When she returned to Uganda, six months pregnant, the recruitment company claimed it was consensual. She is so hard up that she has contemplated going back, she says, bouncing her pale baby on her knee.

Although Jacky’s case is extreme, mistreatment is rife. In a survey of Kenyan migrants to the Gulf by the Global Fund to End Modern Slavery, a campaign group, 99% said they had been abused. The most frequent complaints were the confiscation of passports or withholding of wages, but violence and rape were also depressingly common (see chart). Last year 28 Ugandans died while working in the Middle East. Activists suspect that some may have been killed by their bosses.

Abuses can arise in any workplace and do not stem from “migration per se”, insists Enid Nambuya of the Uganda Association of External Recruitment Agencies, an industry body. But that plays down the restrictions of the *kafala* system, prevalent in the Gulf, which ties migrant workers to the employers who sponsored their visas. “The minute you leave your workplace without the employer’s permission, you can be deported as a runaway,” says Vani Saraswathi of Migrant-Rights.org, an advocacy group based in the Gulf. Last year Saudi Arabia loosened these rules for some workers, but not for maids or guards.

Why then do Ugandans still migrate? Some may be naive, but many are grimly realistic about their place in the world economy. Though recruiters advertise using glamorous images of soaring planes, people in Kampala, Uganda’s capital, call a migrant to a richer country *nkuba kyeyo*—someone who sweeps.

This pragmatism is evident at a training session in Kampala, where a hundred recruits are learning how to make beds, wash a car and use a microwave. The course is run by the Platform for Labour Action, a civil-society group that teaches workers about their rights. If your boss calls you a monkey, try to shrug it off as a joke, the trainer advises. The women fidget with their new headscarves. Despite the risks, they see working abroad as the only way to fund their modest dreams of starting a hair salon, buying land or opening a shop.

Some migrants find solidarity and solace online. Abdallah Kayonde, an activist in Kampala, scrolls through a steady

stream of WhatsApp messages from workers seeking help. “This network has given us a lot of information first-hand,” he says. His organisation, Migrant Workers’ Voice, has raised the alarm about workers who have died in the Gulf. Separately, campaigners in the Ugandan diaspora have created an app to get alerts from migrants if something goes wrong.

But activism has limits. Malcolm Bidali, a Kenyan security guard, was arrested in Qatar last year after blogging about his experiences there. He spent 26 days in solitary confinement and was eventually allowed to leave the country after paying a fine of 25,000 riyals for publishing “false news”. At least the food in prison was edible, he says. “That really tells you a lot about the country, that prisoners eat better than migrant workers,” he says. ■

### Iran’s cyber-warfare

## Going global

### Iran is goading NATO while enmeshed in a cyber-fight with Israel

IRANIAN DIPLOMATS at their country’s embassy in Tirana, Albania’s capital, bundled sensitive documents into a barrel and set them alight in the early hours of September 8th, reported Reuters. They were in a rush; a day earlier, they had been given 24 hours to leave. Hours later local police stormed into the empty mission. The episode was a dramatic culmination of an Iranian cyber-offensive weeks earlier; it highlights Iran’s central role in a series of swirling cyber-conflicts.

In late July, bomb threats and cyber-attacks forced the People’s Mujahedeen Or-

ganisation of Iran (PMOI), also known as the Mujahedeen-e Khalq (MEK), an Iranian opposition movement-cum-cult, to cancel a planned summit in Albania, where around 3,000 of its members live in a camp 30km north-west of Tirana. The MEK is reviled by Iran, not least for its support for Saddam Hussein in the Iran-Iraq war of the 1980s, and is patronised by some hawkish American and assorted European politicians. Though America and the EU no longer deem it a terrorist organisation as they once did, Iran continues to view the group as a threat. Last year an Iranian diplomat in Vienna was convicted by a Belgian court of attempting to bomb another MEK rally.

On July 15th Iran evidently made a multi-pronged cyber-assault on Albanian networks. It targeted the website of the country’s parliament and prime minister’s office, as well as an online portal used to deliver government services. Some of the attacks used ransomware, which holds data hostage until a payment is made; others stole sensitive messages. Emails from the prime minister, Edi Rama, and from foreign-ministry officials were leaked, with some material released over a month after the initial intrusions. Though the attackers masqueraded as a disaffected Albanian group, Albania, America and Britain all say that Iran was responsible.

On September 7th Mr Rama said he was severing ties with Iran. “This extreme response,” he said, “is fully proportionate to the gravity and risk of the cyber-attack that threatened to paralyse public services, erase digital systems and hack into state records, steal government intranet electronic communication and stir chaos and insecurity in the country.” It is the first time any country has ended diplomatic relations in response to cyber-aggression.

It was “a notably brazen operation”, observed Mandiant, an American cyber-security firm, pointing to the fact that Albania ►►



Albania chucks Iran out



► is a member of NATO, whose Article Five mutual-defence clause covers not just big cyber-attacks but also an accumulation of smaller ones. “It may indicate an increased tolerance of risk when employing disruptive tools against countries perceived to be working against Iranian interests,” concluded Mandiant. On September 9th Iran struck again, said Albania, this time against the country’s border-control systems. The same day, America’s government imposed sanctions on Iran’s Ministry of Intelligence and Security, a spy agency, for its “increasingly aggressive cyber-activities” since 2007.

Iran’s cyber-attacks against Albania pale in comparison with the skirmishing under way with Israel. The two countries are fierce rivals, sparring over Iran’s nuclear programme, which is expanding rapidly once more, and the activities of Iran-backed armed groups in Gaza, Lebanon, Syria and Yemen. That sparring is often violent and also, increasingly, digital.

In 2020 suspected Iranian hackers attempted to disrupt six Israeli water facilities. The riposte came within weeks: a cyber-attack on the Shahid Rajaei port on the Strait of Hormuz. Then in 2021 a hacking group known as Predatory Sparrow—widely thought to be a front for Israel—disrupted Iran’s rail network and the country’s fuel-distribution system, displayed anti-regime propaganda on electronic billboards and leaked footage from Evin prison, a jail which houses political prisoners. The attacks continued this summer.

On June 18th Iranian cyber-attacks set off air raid sirens in Jerusalem and Eilat, Israel’s southern port. Those attacks were a wake-up call, say Israeli officials, because they showed that some critical systems remained connected to the wider internet (most are physically disconnected, or “air-gapped”). Just over a week later Predatory Sparrow targeted three Iranian steel plants, allegedly taking control of machinery at one—a rare example of a cyber-attack directly causing physical destruction. The same month, suspected Iranian actors breached a large tourist company, obtaining the personal information of over 300,000 Israelis. On September 6th an Israeli court imprisoned Omri Goren, a former housekeeper for Benny Gantz, the country’s defence minister, for offering his services to Iranian hackers.

“Some of the most interesting things in cyberspace over the past year have probably been happening not between Russia and Ukraine,” says one Western official, “but between Israel and Iran.” Taken together, these campaigns of sabotage, subversion and propaganda represent some of the most aggressive competition conducted over computer networks to date. As diplomacy over Iran’s nuclear plans falters, that competition is unlikely to abate. ■



### Egypt and Tunisia

## A tale of two scarcities

DUBAI

**From coffee to cars, Egypt and Tunisia are struggling to pay for imports**

**T**HE SIGNS that limit customers to one bag of flour or two litres of milk are sometimes unnecessary, because there is nothing to buy. Supermarket shelves in Tunisia have been stripped bare in recent weeks. Cooking oil, coffee, sugar and butter are all hard to find, especially outside the capital. Some supermarkets even ration bottled water. Shoppers at malls in Cairo had a similar experience all summer: stocks of consumer goods, from clothing to furniture, are running low.

Shortages have been an unhappy reality for consumers around the world since 2020. Tampons have been scarce in America; France has run low on mustard. In the Middle East, though, empty shelves are not merely the result of supply-chain kinks. They are also signs of indebted, cash-strapped governments struggling to pay for basic imports.

Most of the goods running low in Tunisia are heavily subsidised. A 250g bag of coffee from a local roaster costs as little as \$1, and a litre of vegetable oil less than \$2. These products are essential in a country where 19% of people live on less than the equivalent of \$5.50 a day, according to the World Bank. (The government has not released national statistics since 2015.)

Kais Saied, the president, knows whom to blame: hoarders. He insists Tunisia’s problem is not a lack of food but rather greedy “speculators” who refuse to sell it at

the low official prices. Police carry out periodic raids on warehouses full of staples. In March Mr Saied, who has ruled by decree since he suspended parliament last year, issued a vaguely worded law which banned spreading “false information” that might scare consumers or push up prices.

His explanation is facile. Some goods are not available at all, even on the black market. Tunisia has \$8bn in foreign reserves (four months of imports) and \$35bn of debt, mostly to foreign creditors. That does not leave much to pay for imports. Shipments are stuck at ports because distributors are unable to pay for them.

The government’s price-fixing exacerbates the problem. Dairy farmers, for example, must sell their milk for 25% less than it costs to produce, and the government is not making up the difference. (The cost of animal feed has soared since the invasion of Ukraine.) Naturally, the farmers grumble. Many have left the business or thinned their herds.

Egypt’s problems are different. Prices have soared since the start of the year, with annual food inflation hitting 23% last month. But the corner shop still has cooking oil and coffee. Shortages are instead hitting businesses that sell imported goods to wealthier customers.

Since January foreign reserves have fallen from \$41bn to \$33bn (four and a half months of imports). The government is ►►





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► keen to husband its stash of hard currency. In April it banned hundreds of firms from importing goods. The official explanation was mundane: companies supposedly failed to file required paperwork. In practice, though, the decision imposed a sort of autarky, cutting imports of non-essential items. The central bank also imposed its own restrictions on imports.

These measures helped trim Egypt's import bill. It bought \$7bn worth of foreign goods in June, an 8% decrease from June 2021 despite higher prices for oil and wheat. The trade deficit dipped by 12%. But the bans have wrought havoc on firms that cannot find locally made alternatives.

Some businesses try to keep shelves stocked with whatever is left in the warehouse: selling last season's clothes instead of the newest threads, for example. Others have nothing to offer. Car dealers are struggling to make deliveries to customers, some of whom paid for their vehicles six months ago. Drivers registered 43% fewer cars in July than last year.

Shortages even threaten the country's favourite drink. Egyptians are among the world's biggest tea-drinkers, but the country produces none: it spent \$192m importing the stuff in 2020. Last month Egypt's largest tea distributor warned that supplies were running low.

Both countries are talking to the IMF. Egypt should manage to get a deal. It will probably have to further devalue the pound, which has lost 19% of its value since March. In August Abdel-Fattah al-Sisi, the president, sacked the central-bank governor, who had opposed a devaluation.

With a debt-to-GDP ratio of 94%, Egypt's financing needs are enormous. It took a \$12bn IMF loan in 2016 and another \$5bn in 2020. Goldman Sachs, a bank, estimates it will have to repay \$13bn to the fund over the next three years, and thinks it may need to seek \$15bn from its latest agreement. The finance minister insisted in July that he would "definitely" ask for less, though he did not offer his own target.

Mr Sisi spent much of his summer huddling with businessmen to discuss the country's dire finances. Gulf states have pledged at least \$22bn to help, though much of that is investment rather than aid. On September 13th Mr Sisi flew to Qatar, a rich country he long viewed as an enemy because of its support for the Muslim Brotherhood: beggars cannot be choosers.

Tunisia is having a harder time. It started formal talks with the fund in July. An agreement may require cuts both to subsidies and the public-sector wage bill, which has grown from 11% of GDP in 2010 to 18% in 2020. The UGTT, the powerful trade union, opposes both measures, arguing that they will deepen poverty. The country faces a painful choice: higher prices for subsidised goods—or no goods at all. ■

## Divorce among Arabs

# I don't

AMMAN

### Why more marriages are breaking up

A GENERATION AGO, Arab divorcees tended to be objects of scorn. "No virginity, no dowry," sniffed Adel Imam, Egypt's leading actor, in "Halfout", a film in the 1980s. Today they are often heroines, confronting bastions of patriarchy in courtroom, mosque and marital bed. A big hit across the Arab world last Ramadan, the Muslim month of fasting (and feasting on television), was "Fatin Amal Harbi", an Egyptian soap opera about a mother escaping from her abusive ex-husband. "Pop culture had more impact than decades of fighting for our rights," says a female Palestinian campaigner.

Once frowned upon, divorce is increasingly common. Whereas rates have fallen in the West (partly because more couples never marry in the first place), they continue to climb in the Middle East. Egypt's have more than doubled since the process was made easier for women in 2000. In Jordan, Lebanon, Qatar and the United Arab Emirates more than a third of marriages end in divorce. In Kuwait almost half do, a higher rate than America's.

The pattern of divorce is changing, too. Once it was almost exclusively a male prerogative. In Morocco nearly as many women as men initiate a split. "We've moved from being traditional conservative societies to transitional ones," says Said Sadek, an Egyptian sociologist.

Sheikhs may once have quietly rotated their favourites within harems. But polygyny—the practice permitted by the Koran whereby a man may have up to four wives simultaneously, provided each is "justly"

treated—is increasingly restricted. In many Muslim countries it is banned.

What is novel, even among royalty, is that divorced wives are hitting back, even in public. Witness the recent acrimonious divorce (albeit in a British court) that has cost the emir of Dubai \$550m to shed Princess Haya, a sister of the king of Jordan.

Most Arab rulers have gone with the social flow, curbing the old custom whereby a husband could get rid of a wife merely by declaring *talaq*, the Arabic for divorce, three times over. After it became easier for Egyptian women to file for divorce, Algeria, Jordan and Morocco followed suit.

As social influence has shifted from extended families to nuclear ones, with couples marrying more often for love, bossy relatives are much less able to perpetuate unhappy unions. "Marriage has gone from being a collective decision to an individual choice," says Soumaya Naamane Guesous, a Moroccan sociologist. Religious figures and family patriarchs are less dominant. Female participation in the workforce has given millions of women financial independence. And divorce in the Middle East tends to be much cheaper than in the West. "It cost me just 10,000 riyals (\$2,650)," says a 38-year-old Saudi water engineer in the northern city of Tabuk after his third divorce.

Some Islamists denounce the rise of divorce as a wickedness of globalisation. "A most dangerous trend," laments a puritanical Saudi cleric after the kingdom's figures showed that last year there were almost as many divorces as marriages.

But Islam has always been pragmatic about marriage. Most of the Prophet Muhammad's wives were widows or divorcees. Tradition has it that he was divorced from one of them, Bint al-Jawn, on their actual wedding day. A Kuwaiti bride reportedly filed for divorce a mere three minutes after registering the marriage, since her husband failed to offer a helping hand when she tripped up. ■







## Ukraine

## Chasing the bear away

IZYUM

## A stunning counter-offensive by Ukraine's armed forces

RUSSIAN MILITARY vehicles litter the road to Izyum, in Ukraine's north-eastern Kharkiv province. They serve as signposts to the Ukrainian counter-offensive which began on September 5th and liberated virtually the whole province in a matter of days. As you get nearer to the town, which sits atop a strategic hill, the heavy armour turns into a river of metal. There are tanks, artillery pieces and the remains of a TOS-1A heavy flamethrower with its rocket pod sheared off. More than a dozen vehicles stand abandoned in one garage alone. Remarkably, much of this graveyard of Russian might seems to have filled up without any fighting. The invaders appeared to have panicked, abandoned their kit to the advancing enemy and fled.

Ukrainian troops arrived on the outskirts of the town on September 8th, three days after the start of a lightning operation that overwhelmed Russia's north-eastern flank. Denys Yaroslavskiy, a special-forces officer who took part in the first wave, said the offensive grew in "domino" fashion.

Within 24 hours Ukraine's army had encircled Balakliya, a town close to the front line. Two days later, it seized Kupyansk, a critical rail hub connected to Moscow. At dawn on September 10th Ukrainian units entered the centre of Izyum itself.

The Kharkiv offensive is the most consequential military action of the war since Russia abandoned northern Ukraine in late March. It has liberated over 6,000 square kilometres of territory, said Volodymyr Zelensky, Ukraine's president, who visited the new front lines at Izyum on Sep-

tember 14th. In six days of fighting Ukraine's army captured two brigades' worth of Russian military equipment, according to Oleksiy Arestovych, an advisor to Mr Zelensky. That includes valuable kit such as counter-battery radar and T-80 tanks. "After the USA," quipped Mr Arestovych, "Russia is the main provider of vehicles for the Ukrainian army." Significantly, the loss of Izyum probably now makes it impossible for Vladimir Putin to meet his stated aim of conquering the entire Donbas region to the south.

Yet the most important consequence of the offensive is what it says about the future. It shows that Ukraine is capable of fast, complex and daring attacks; that Russia can be dislodged; and that Ukraine can therefore win. The speed of the advance hinged on a superbly executed plan and new Western weaponry that has denied Russia air supremacy. Ukraine's army was "inventive and experimental", says one Western official, with decision-making pushed down to low levels.

At times it was improvised. Some Ukrainian units were given instructions to head to Izyum in whatever way they could. "We didn't sleep for three days," said Mr Yaroslavskiy. "We fed on adrenaline, excitement and anticipation. None of us expected it to move so fast."

The front was thinly manned because Russia had earlier sent its best units to the southern Kherson region, where Ukraine ►►

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► is conducting another offensive, leaving poorly trained militia and national guard units to hold the line. The operation in Kherson is not a feint—it involves more troops than the one in Kharkiv did—but Ukraine successfully deceived Russia into believing that it was the sole object of Ukraine’s attention. Ukraine disguised its preparations by thinning out some weapons, such as HIMARS rocket launchers, from the attack force in Kharkiv, with a relatively small number of tanks punching through in the first wave.

But Russia’s armed forces also proved brittle and leaden. Its command system appears to be in crisis. “For some decisions, they are still reverting all the way back to Moscow and back to the front line,” says the Western official, “which speaks to a lack of agility.” Russia’s removal of mobile-network coverage in Kharkiv and a scarcity of secure radios (on both sides) meant that the defenders were caught by surprise when Ukrainian soldiers swarmed through the forest.

Serhiy, a company commander in Ukraine’s 25th brigade, said the tactic meant sleepy Russian troops found themselves cut off from their comrades. “At one point, we turned around to see a Russian [armoured personnel carrier] driver chugging along without a care in the world,” Serhiy said. “He surrendered at the next checkpoint when he realised what had happened.” Another soldier, who uses the *nom-de-guerre* of Tiger, said his unit was still finding enemy soldiers far behind the current front lines. They were surrendering on sight, he claimed.

The communications black hole extended to civilian life. Izyum’s local population—cut off from the internet, gas and electricity for most of the last six months—did not expect its starring role in the war. Many realised something was up around September 6th, when the Russians introduced a week-long curfew, enforced with a

shoot-on-sight order. Nikolai, a pensioner, says he took heart when he heard the grind of heavy armour retreating across the Donets river early in the morning of September 10th. Many regular Russian army units abandoned their colleagues from proxy militia forces, leaving them to hide or surrender. The disappearance did not come quick enough, Nikolai said. “They bombed us with everything they had: helicopters, planes. Bastards.”

#### Not universal love

But many of his neighbours had, on the contrary, rooted for Russia, and some even shopped pro-Ukrainians to the occupying authorities. On September 14th an angry crowd at the artillery-pocked central square reflected the divisions as Mr Zelensky in person raised Ukraine’s blue and yellow flag. A large part of the crowd blamed him for the war. He should have offered Mr Putin concessions, said one. Svetlana Stepanova, 55, insisted that she would not be “forced” to say “Glory to Ukraine!”—the Ukraine for which she once had affection was no more, she lamented.

Though the offensive has showcased Ukraine’s strengths and exposed Russia’s systemic weakness, such a blitzkrieg will not be easy to repeat elsewhere. In the south, Ukraine has trapped around 20,000 Russian soldiers on the west bank of the Dnieper river, cutting off their resupply with rocket attacks on bridges. But Ukrainian troops, exposed on Kherson’s flatlands, are thought to be taking heavy casualties against a Russian force that is larger, more experienced and better dug-in than the one in Kharkiv.

For now, Ukraine’s army is determinedly pressing home its unexpected advantage. As *The Economist* went to press, fighting continued on the outskirts of Kupyansk and in Lyman, in Donetsk province to the south, with Ukraine controlling a section of the road in between. If both of

those battles tilt Ukrainian, thousands of Russian troops based on the eastern side of the Oskil reservoir could face encirclement. The town of Svatove to the east in Luhansk, atop the roads to Belgorod in Russia, is a key battleground.

It would also open the prospect of Ukraine retaking part of the Luhansk region, including the towns of Severodonetsk and Lysychansk. But the forward lines remain fuzzy and could be reversed if Ukraine pushes too deep and fast. Few of the soldiers who walked into Izyum believed Russia would accept the humiliation of losing towns it captured only after three gruelling months of fighting. But Nikolai says that he has stopped worrying about Russia returning. A walk around town and its makeshift scrap yards convinced him of that. “How do they intend to come back?” he asked. “On what exactly?” ■

#### The view from Russia

## Setting sun

#### Disquiet about the war is growing

AS RUSSIA’S TROOPS were abandoning their positions and armour in Kharkiv, in Ukraine, Russia’s capital was celebrating the “Day of the City”. Vladimir Putin, the dictator who started the war, boasted of a new attraction—a giant Ferris wheel called the Sun of Moscow at VDNKh, a vast theme park built in the 1930s to exhibit the achievements of the Soviet empire that Mr Putin is now fighting to restore.

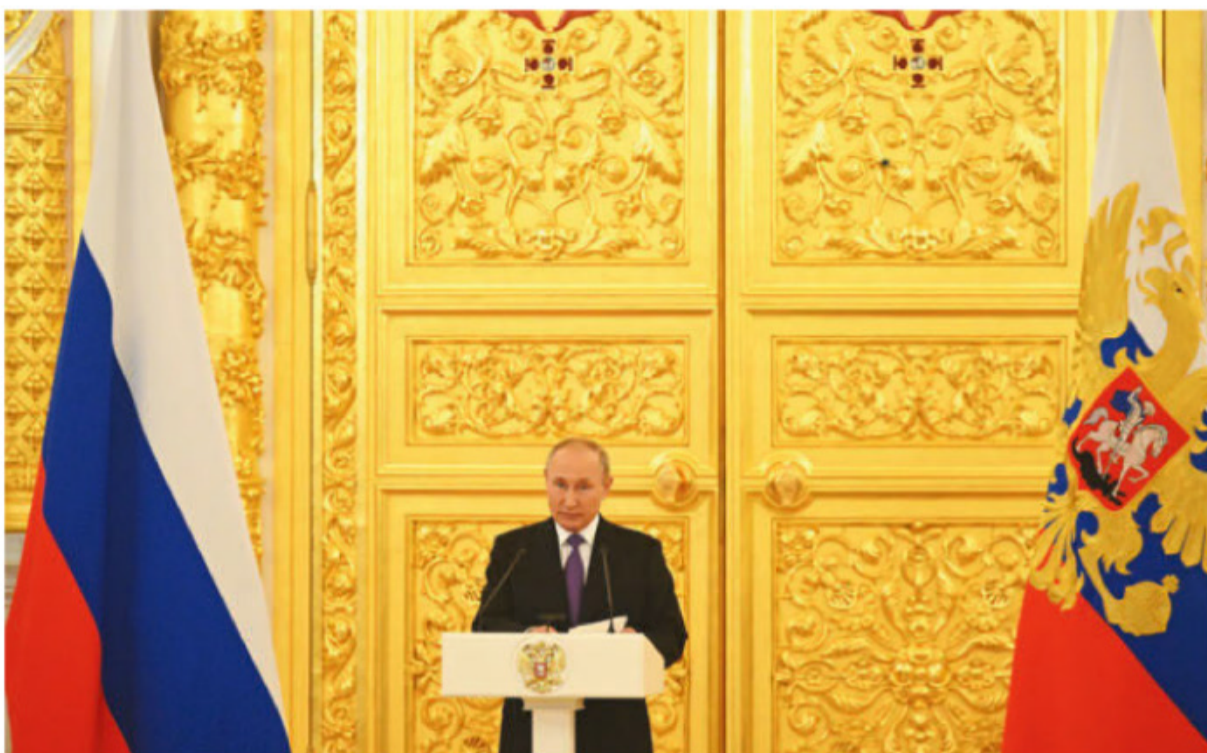
“It is unique. There is nothing like that in Europe...It is very important for people to have a chance to relax with their family and friends,” Mr Putin said on September 10th. It was meant to be an advertisement for Mr Putin’s successes. But within minutes, the 140-metre-high wheel got stuck, and the next day it closed altogether. Visitors were offered a refund.

The symbolism was not lost on those who flooded social media with sarcastic or angry comments. “Why? What are all these carousels, attractions and pavilions with clowns? [Our] people are dying for us there [in Ukraine]. Are you sure that at such moments we need events whose goal is to distract, relax and entertain?” Boris Korchevnikov, a pro-war television presenter, wrote on Telegram, a social-media app.

“The army has NO thermal-imaging cameras, NO body armour, NO reconnaissance equipment, NO secure communications, NO first-aid kits. You’re holding a billion-ruble feast. What is wrong with you?” another social-media post read. ►►







Business as usual, for now

It was not just the Sun of Moscow that was malfunctioning. Having failed in his plan to take Kyiv in three days, and having failed to dissuade the West from supporting Ukraine, Mr Putin suffered another reversal. He had planned sham referendums to give a figleaf of legitimacy to the annexation of Russian-occupied territories in Ukraine on September 11th. These have now been postponed indefinitely. Russian forces do not know if they will be around long enough to intimidate voters.

Mr Putin's power depends on Russians believing that he is strong and ever-victorious. His propagandists do all they can to promote that notion. However, the rout of Russian forces in north-east Ukraine caught them off-guard. At first state television was silent. Then its channels coyly acknowledged Russia's retreat, described by the army as "an operation to organise the transfer of troops". The bad news was padded out with patriotic guff. All criticism was deflected away from Mr Putin.

Dmitry Kiselev, Russia's propagandist-in-chief, talked about "the most difficult week at the front". Licensed pundits let off steam, criticising bad planning by the armed forces. Some even questioned the wisdom of attacking civilian infrastructure in Ukraine, though one prominent hawk, Margarita Simonyan of Russia Today, urged more of it, including possible attacks on nuclear power plants. None of this is evidence of a new-found freedom of expression. Russian TV bosses know it is more effective to manipulate the news rather than pretend that nothing has happened. "Denying the news would only further undermine people's trust in the official lies," says Kirill Rogov, an analyst.

The anger of the nationalists poses little threat to the Kremlin. It may even help to drown out anti-war voices, such as the dozens of young, brave local politicians

from Moscow and St Petersburg who published an open letter calling on Mr Putin to resign and even accusing him of treason. They now face prosecution. But growing calls for military mobilisation create a different problem. Mr Putin's "special military operation" relies on fear and apathy rather than active support. Russians accept it so long as it stays on television and does not affect their daily lives too much.

A draft would change that. It could mobilise people against the war. The Kremlin was unnerved this week when Gennady Zyuganov, the leader of the Communist Party, the second-largest in parliament, called the special operation a war that required full mobilisation. "There is a war going on, and we have no right to lose it. We need a complete mobilisation of the country," he said. Almost immediately his party was forced to explain that what he really meant was "mobilisation of resources rather than people".

Russia's retreat could also erode the morale of Russian mercenaries. They signed up to make money, not to die for Mr Putin in a Ukrainian ditch. Most important, Russia's top military brass, already afraid to make their own decisions, could now face blame for their failure. Few of them expected they would be fighting a well-equipped and highly motivated army backed by Western powers.

That backing will surely grow. A proposal co-written by Anders Fogh Rasmussen, a former boss of NATO, and presented to Ukraine on September 13th, guarantees the further provision of weapons, training and intelligence. It is modelled on America's guarantees to Israel. It seems designed to plant a thought that would not have occurred to many people at the start of the war: that Russia could lose. For Mr Putin, this is a scary prospect. He cannot afford to be seen as a loser. ■

## Italy

## Strife on the right

MESTRE

## Italy's probable next government contains many tensions

GIORGIA MELONI bounds onto a platform in the shadow of a medieval tower at the end of a gruelling day of campaigning. It has already taken her to two cities, but this one is special. Mestre, the mainland part of Venice, is in the Veneto. And the Veneto is the region that spawned the Northern League. The League is yoked to Ms Meloni's party, the Brothers of Italy (Fdi), in an alliance that is expected to win Italy's election on September 25th. Under its leader, Matteo Salvini, the League no longer flirts with separatism. But regional autonomy remains hugely popular in the Veneto. Ms Meloni, a Roman, leads a stridently nationalist movement with its roots in neo-fascism. If there is anywhere she should be unwelcome, it is here.

Yet the long piazza ahead of her is packed. A party of Fdi loyalists hold aloft an immense banner, 25 metres long, in the national colours of green, white and red. A disproportionate number of the men in the crowd—more than a quarter in a section counted by *The Economist*—are wearing black shirts, which Italians still associate with those worn by fascist militiamen.

The tone of Ms Meloni's speech, however, is sober. "I'm not here to tell you everything is all right," she says, before outlining her plans for the economy. The Veneto is a region of mostly small enterprises that developed later than other parts of the north. Its inhabitants pride themselves on their industriousness. The Brothers, she says, would reduce employers' welfare contributions, adjust corporation tax to encourage them to employ more workers and change the education system to make it more compatible with what the labour market needs. They would also stop foreign companies buying Italian ones—"utter folly", Ms Meloni calls it.

That gets applause. The warmest response, though, is for her advocacy of a clampdown on illegal immigration, which she links to drug-peddling and prostitution. The Brothers' leader has a knack for expressing radical views in a way that makes them sound judicious. It is among the reasons her party has surged in the polls—from 7% three years ago to almost 25% in the last soundings, before a polling blackout took effect on September 10th. The Fdi's success has been almost wholly at the expense of the League. Its support has plunged over the same period from 33% to 12%. In the very heartland of the



► League, the imbalance between the two parties is even greater.

All this makes an already tense relationship between Ms Meloni and Mr Salvini even more delicate. They have sunk their differences to fight the election in a three-way alliance with Silvio Berlusconi's party, Forza Italia. And they have endorsed an understanding that whichever party gained most votes should lead the next government (though the appointment of the prime minister is a prerogative of the president, Sergio Mattarella).

Since then, however, Ms Meloni and Mr Salvini have split on both the most important campaign issues. Ms Meloni has given unconditional backing to the Western alliance supporting Ukraine. Her ally, a long-standing admirer of Vladimir Putin, has wobbled, presenting himself as a peacemaker, announcing and then cancelling a trip to Moscow, and questioning the value of sanctions against Russia. While Mr Salvini is pressing for a €30bn package of measures to ease the cost of living, even if it means extra debt, the Brothers' leader is arguing for fiscal prudence. On September 11th Mr Salvini met Mr Berlusconi, reportedly without informing Ms Meloni, amid speculation that the two embattled party chiefs might be plotting to stop their ally from becoming prime minister.

None of this bodes well for the stability of Italy's next government. If the election result mirrors the polls, the right will acquire a big parliamentary majority, comparable to that won by a similar alliance headed by Mr Berlusconi in 2001. It kept him in power for the next five years. But, unlike Ms Meloni, the media tycoon could count on vast financial resources and media clout. And—it is always worth remembering—the average Italian government over the past 30 years has lasted for less than 20 months. ■



Unchained Meloni

## Spain

# Injudicious

MADRID

## A nasty constitutional spat

**P**OLITICIANS TUSSLING for control over courts, stand-offs over judicial nominations and rumblings of a constitutional crisis. These are things many associate with America, or in the EU with difficult members like Poland or Hungary. But the same problems have also dogged Spain, which is suffering a years-long stand-off over its most senior judges.

The General Council of the Judiciary (CGPJ) is the governing body of Spain's judges and courts. It not only plays a supervisory role but nominates some judges to the Constitutional Court and the Supreme Court. Its membership (12 judges and eight other experts) is meant to be renewed every five years. But the current group has been serving with an expired mandate since 2018, because Spain's two biggest parties cannot agree. Things came to a head on September 13th, when the CGPJ missed a deadline to nominate two judges to the Constitutional Court. The CGPJ has refused, saying it will not do so until its own mandate is renewed.

In 1985 the Socialist government, grumbling that many judges still had their roots in Francisco Franco's dictatorship (1939–1975), passed a law requiring all 20 CGPJ members to be appointed by parliament. But this set the stage for partisan horse-trading over the institution, with its political colouring changing as governing majorities do.

In 2018, when the conservative People's Party (PP) had lost power, it suddenly discovered the principle that “judges should be chosen by judges”, not politicians. The PP refused to renew the CGPJ's mandate, which has obliged the members then in office to carry on until today. The PP is right that the EU urges members to let judicial experts select judges. But the timing looked self-serving. The parties have argued ever since, occasionally hinting that a deal might be done. But this month Carlos Lesmes, the body's president, forced the pace, refusing (with conservative colleagues) to nominate the two needed judges to the Constitutional Court, and even threatening to resign.

Critics suspect that Mr Lesmes, of the conservative camp, merely wants to keep the Constitutional Court from moving to left-leaning control. (The CGPJ would nominate one member each from left and right, but once its appointments are made the Socialist government would then be

able to nominate two more judges, who could both be from the left.) Articles about the conflict print graphics with members of the CGPJ, the Constitutional Court and the Supreme Court coded as blue or red, as though they were members of parliament—the kind of politicisation the EU rightly warns member states against.

The Constitutional Court is due to consider important cases on euthanasia, abortion and education. It is no wonder that politicians want it to lean their way. “Letting judges pick judges” sounds like a reasonable antidote to partisanship. Defenders of the Socialists' position, though, say that the profession has long had a conservative bias. Elisa de la Nuez, director of the Fundación Hay Derecho (a rule-of-law organisation) says that though this was a valid argument in the 1980s, it holds less water today: judges do tend to be well educated and middle-class, but are no more conservative than that.

Trust in the courts is low. Of the EU's 27 countries, Spain ranks a dismal 22nd in public perception of judicial independence. The European Commission, the EU's executive arm, has issued increasingly urgent warnings to Spain's squabbling politicians. But the latter have failed to do anything about them for a long time. The dispute could even end up in European courts—an embarrassment that Spain would surely do well to avoid. ■

## French politics

# Macron's gamble

PARIS

## The French president hopes to revive reforms

**B**Y SEPTEMBER 2017, just months after he was elected for the first time, Emmanuel Macron had already passed controversial decrees designed to loosen up the French labour market. These helped the economy create jobs and bring down unemployment to its lowest level for 14 years, embodying the president's early reformist zeal. Today, five months after Mr Macron's re-election, that breezy can-do spirit has faded. The president's demeanour is often sombre, his mode crisis-management. The question now is whether Mr Macron can revive his reformist vigour and complete unfinished business from his first term.

The president's darker note is scarcely surprising. He was re-elected in April amid war in Europe. The inflationary consequences of Russia's bloody invasion of Ukraine, and the subsequent sanctions, are being felt in France as elsewhere. This summer Mr Macron told the French to pre-►



pare for a harsh winter, calling it the “price of our freedom”.

Yet his hands are also tied in new ways. In his first term Mr Macron enjoyed a robust parliamentary majority. When policy-making stalled, it was usually due to protests on the street, not the opposition benches. Today, after big losses at elections in June, Mr Macron’s party and its centrist allies are 40 seats short of an absolute majority. He is having to make do with a minority government.

So far this has complicated, rather than blocked, law-making. In August parliament passed a cost-of-living package worth a hefty €64bn (\$64bn) in two separate bills, despite the hostility of the biggest opposition bloc and rowdy late-night debates. Most members of Jean-Luc Mélenchon’s left-wing alliance, NUPES, voted against both bills, arguing that the measures were inadequate. They passed thanks to support from the centre-right Republicans. “A culture of compromise is being built. That’s what the French asked for,” said Elisabeth Borne, the prime minister.

Up to a point. By re-electing Mr Macron, but depriving him of a majority, French voters seemed to be asking for a different governing style: more consensus-seeking, and less top-down. Ministers have been forced to consult and cajole. The national gaze has shifted to parliamentary debates. The business of forging compromise and seeking support in the chamber has put a fresh spring in many a deputy’s step. “It’s actually very positive for French democracy,” argues Benjamin Haddad, one of Mr Macron’s new deputies.

Yet in reality France’s minority government has not been fully tested. To vote for public spending in order to subsidise energy bills is one thing. To lend the government support for controversial reforms that voters dislike will be quite another. The real test in the coming months will be over three items: the 2023 budget, due to be presented to cabinet on September 26th; a reform of unemployment benefits; and a promised pension reform.

Already the Republicans have said that they will not vote for the budget. The party elects a new leader in December, and no candidate wants to be seen as a Macron lackey. NUPES has made its *raison d’être* opposition to anything Mr Macron comes up with. Marine Le Pen, whose nationalist party voted for one of the cost-of-living bills, says she may well not back the budget either. The government has not ruled out resorting to an emergency constitutional provision, known as 49-3, in effect threatening a fresh election unless it gets its way.

The toughest test of all, though, will be pension reform. Having shelved a previous proposal due to the pandemic, Mr Macron campaigned this year on a pledge to raise the legal pension age from 62 years to 64 or

65, before going quiet on the subject again. The unions, and NUPES, reject the idea out of hand. Mr Macron’s notion of retirement at 64, tweeted François Ruffin, a NUPES deputy, is not about saving the system but “financing handouts for his rich friends”.

Those who have seen the president recently say that Mr Macron is still determined to press ahead, despite recognising that this reform will “please nobody”. He wants to base consultations on fresh dire warnings about the financing hole in the current system after 2027, and to put a new system in place by next summer. A self-described optimist, Mr Macron knows it will be tough. But he claims to be ready to take difficult decisions if need be, arguing that if you think you need unanimity to get

things moving “you never do anything.”

By and large, the president has so far concentrated on spending money to protect the French. The inflation rate in France is currently the lowest in the euro zone. Gas prices have been frozen, electricity price rises capped at 4% and petrol subsidised at the pump. Having ruled out raising taxes, Mr Macron has chosen to finance this with borrowing. The government’s budget deficit is forecast to remain at 5% in 2023, the same as this year.

Yet, as one friend says, “risk-taking is in his DNA.” Mr Macron may not relish the idea of provoking a protracted fight over pension reform, let alone doing so without a majority. But he probably would not forgive himself if he did not try. ■

Poland

## A very political canal

How to waste two billion zlotys

WHERE THE cool Baltic waves once lapped a remote forested sandbank, the Vistula Spit, Poland’s government has created a megaproject to outwit Russia. “This is the last place in Poland which was constantly subject to interference,” said Marek Grobarczyk, the deputy infrastructure minister. With pomp and pageantry, this weekend the government will unveil a canal linking the Vistula Lagoon, a shallow 90km-long reservoir in north-eastern Poland, to the Baltic Sea. The 1.3km artificial waterway will allow ships to bypass a Russian-controlled strait, which has on occasion been shut off.

The government has shrugged off environmental and economic misgivings over its investment of more than two billion zlotys (\$420m) by depicting the canal as a matter of national security. The rest of a new, deeper, waterway to the port of Elblag, 20km to the south, has not been finished. But officials have rushed forward the canal’s opening to September

17th, the anniversary of the Soviet invasion of Poland in 1939. “On this symbolic day, we will break Russia’s domination in the region,” boasted Mr Grobarczyk, who is overseeing the project.

But the canal’s strategic importance is exaggerated. Military experts argue that naval vessels would have no business navigating the shallow lagoon in such proximity to Kaliningrad, a heavily armed Russian exclave on its eastern edge. “They would become sitting ducks,” says Czeslaw Juzwik, of the Institute for Security and International Development in Warsaw. And the amount of civilian traffic using the port is feeble.

The Polish government accuses the canal’s detractors of being Russian propagandists. The war in Ukraine has increased the project’s symbolism, but also dished its already weak economic rationale. In past years the port of Elblag has mostly handled trade across the lagoon to Kaliningrad. But sanctions introduced in the summer have for now halted the traffic of peat and wood pallets with Russia. Even after the war ends, the chances of the canal making back even a fraction of its cost seem remote.

But the government has dug its heels in. The project is the brain-child of the chairman of the ruling Law and Justice party, Jaroslaw Kaczynski, who originally set its construction in motion by burying a shovel in the Baltic sand days before local elections in 2018. As soaring inflation erodes his party’s support ahead of next year’s national elections, he is reaching again for the same page in his successful political playbook.





## Charlemagne | Opening the door

*Demonising the nationalist right has not stemmed its rise. Time for a new approach*



IMAGINE IF ABBA, undisputed masters of the kitsch euro-pop musical genre, was sent year after year to represent Sweden in the Eurovision Song Contest, a kitsch euro-pop extravaganza. Bored pundits would soon start betting on which of the other contestants was best placed to come second. Elections in Sweden have a similar flavour, with the Social Democrats in the role of the spandex-clad crooners. On September 11th the centre-left party came top in its 32nd consecutive parliamentary election, securing just under a third of the vote. The last time it was defeated, by a mere 0.1% margin, the first world war was in its opening throes. Not even the most brazen election-riggers in Moscow or Pyongyang have racked up such a winning streak.

If the name of the party with most votes came as no surprise, that of the runner-up did: the Sweden Democrats (SD), an outfit with roots in the neo-Nazi movement. Having campaigned to “make Sweden great again” (subtext: with fewer immigrants), it snagged second place from the centre-right Moderates. It was the first time in a dozen elections over four decades that a party had gatecrashed the established political order in Sweden. Even more notable was that, as the biggest vote-winner of the right, which eked out a narrow victory over the combined forces of the left, the SD would normally be poised to lead a government. This would propel its youngish leader, Jimmie Akesson, to the prime ministership—a remarkable outcome for a party that got its first members of parliament elected just over a decade ago.

And yet an Akesson government is not on the cards. Indeed it is uncertain whether the SD will get any ministerial posts. In Europe, two party-political systems exist in parallel. Any party within a spectrum that goes from full-blown Trotskyism to family-values conservatism gets to politick freely, crafting alliances with friends and foes as they vie for power. In contrast, parties that flirt too enthusiastically with xenophobia, such as the SD, Marine Le Pen’s National Rally in France, various Dutch populists and Vox in Spain—are considered beyond the political pale. In most countries some sort of *cordon sanitaire*, a barrier used to isolate the infectious, has separated the civic mainstream from the untouchable. At its most uncompromising even debating with those beyond the *cordon* was considered a betrayal of political norms.

Bringing them into ministerial office, as Austria first did in 2000, was enough to trigger diplomatic reprisals by its EU neighbours.

Such ostracism has failed. Treating nationalists as pariahs has not prevented their rise. On the contrary: elections in Europe now are often a case of loudly pitting the mainstream against the supposedly unpalatable and hoping that not too many voters pick the “wrong” side. Simply hoping the nasties go away has not, in fact, made them go away.

In all likelihood the them-versus-us strategy will take yet another big knock later this month when Italians vote. Giorgia Meloni of the Brothers of Italy, a party with neo-fascist roots and plenty of bile aimed at foreigners, looks set to come top. Unlike Mr Akesson, she has the allies needed to become prime minister. If that happens it will be the first time in decades a western EU country has had a government head with an avowed nationalist bent (in the east, Poland and Hungary come close).

The erosion of the *cordon* may do some good. The ban has often hobbled the fight against intolerance, not bolstered it. At its worst, it has given nationalist parties a free pass. Many have been allowed to, in effect, join ruling coalitions—including the crafting of government programmes—without getting ministerial posts, as may be about to happen in Sweden. Such confidence-and-supply deals suit mainstream parties, who get to dole out more top jobs among themselves. But it gives populists on the outside the power to shape policies with none of the accountability.

Bringing xenophobes into government is not a sure-fire way of draining the abscess. But it can work. Some have floundered in office when they joined ruling coalitions: in Austria and the Netherlands, nationalist groups in power collapsed under the weight of their ineptitude. In Norway the populist Progress Party mellowed after first getting ministerial briefs a decade ago. (By contrast, EKRE, a nationalist outfit in Estonia, joined the government for two years before being booted out in 2021 and remains popular.) Staying out of office also carries its own risk for nationalists: in Denmark the bigoted People’s Party refused to enter government in 2015 after coming second in parliamentary elections, only to find mainstream parties stealing its migrant-bashing rhetoric and policies. It is now a spent force.

### Outsiders looking out

Denouncing racists and xenophobes is a worthy cause. But treating them as untouchables has deepened their electoral mystique. Mainstream parties have too often shied away from speaking honestly about immigration and crime, sounding other-worldly to voters who have noticed changes on the ground. When “normal” politicians belatedly try to address such issues—during Sweden’s campaign, a spate of gangland shootings linked to migrant gangs made it inevitable—they look like tourists in political territory they vacated long ago. Even mentioning immigration is considered a sop to Those Who Must Not Be Named.

The more ferocious the alliance against the xenophobes is, the more a swathe of voters may come to see them as the only alternative to a political cartel they think out of touch. Campaigning vocally against populist ideas to siphon votes away from the nasties is laudable. Denying them influence once the results are in is not. In a democracy, a political party receiving broad electoral support with nothing to show for it should be a source of civic embarrassment, not pride. Voters have been treating nationalist parties as “normal” for a long time. If politicians do not do the same, they can expect to be punished. ■



## Indian business

## The world's biggest bet on India

MUMBAI

**What Tata's \$90bn pivot to its home market says about the planet's fifth-biggest economy**

IF YOU WANT to glimpse the frontier of Indian capitalism, take a trip to Tamil Nadu in the south of the country. New factories with solar panels on their roofs lie on a vast 550-acre (220-hectare) site. Inside, it is reported, Tata is making components for the latest iPhones on behalf of Apple—and in the process finally connecting India to the world's most sophisticated supply chain, which used to be anchored to China.

The project is not a one-off. It is part of a new and staggering \$90bn investment surge by India's biggest business that is repositioning itself towards its home market and away from its 30-year strategy of fanning out globally. Tata's ambition to create electronics factories and semiconductor fabs in India could transform its economy. "I firmly believe that this is going to be India's decade," says Natarajan Chandrasekaran, who runs the holding company, Tata Sons, which oversees the group.

The change in strategy also reflects the dramatic psychological shift within the business world's most ardent globalisers, as they adapt to new megatrends. These in-

clude the rebasing of strategic manufacturing away from China; the rise of a new energy system; and industrial policy, which in India is being championed by Prime Minister Narendra Modi.

Anyone who follows India, the world's fastest-growing big economy, may be under the impression that it is run by Mukesh Ambani and Gautam Adani, two swaggering tycoons, whose conglomerates generate headlines and make them Asia's richest men. Together the "two As" may spend over \$100bn in the next five years. Yet Tata is in fact the country's biggest business measured by market value

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(\$269bn) and operating profits (\$16bn last year), spanning everything from steel mills to software. And we estimate that its new plans are larger than any other individual firm's, encompassing electric vehicles (EVs), electronics, battery gigafactories, clean power and chips (see chart 1 on next page). If that doesn't sound ambitious enough, it has also taken on the Everest of corporate turnarounds, buying Air India.

The firm's scale, reputation and record make it one of the world's most important companies. With 800m-900m customers across ten business lines, it employs almost 1m people, more than any listed firm anywhere bar Amazon and Walmart. It is also the ultimate survivor. Of the world's firms worth over \$200bn that have remained independent, it is the oldest, founded in 1868, 18 years before Johnson & Johnson was incorporated. When blue-chip multinationals head to India—not just Apple (reportedly), but everyone from Starbucks to Zara—they seek to team up with Tata, the one firm you can really trust. In a twist, Tata is run by technocrats who report to what may be the world's least-known and richest charity, not tycoons eyeing the *Forbes* rich list.

To understand where Tata and India are heading in the 2020s and 2030s you have to go back in time. The company has stayed alive by adapting to technological and political change. It made steel for colonial railways, and after independence it coped with India's socialist detour. When the ▶▶



▶ economy opened up in the early 1990s it helped reinvent white-collar work by selling information-technology outsourcing (IT) services. Ratan Tata, the boss between 1991 and 2012, spent the first decade dragging the group into the modern era and the second taking it global through \$18bn of cross-border takeovers, including of Jaguar Land Rover, a British carmaker, and Corus, an Anglo-Dutch steelmaker.

Tata's belief in the boundless opportunities of borderless commerce was shared by many others at the time. Annual investment by Indian firms abroad soared almost 40-fold between 2000 and the peak in 2008; for all emerging markets it rose by four times. China urged its bosses to "go out there". Even Cemex, Mexico's cement giant, became an unlikely deal machine.

### In, out, shake it all about

Behind the boom lay insecurity as well as optimism. Tata worried India was too corrupt to offer a level playing field. More broadly it and fellow emerging-market firms believed that to tap advanced technologies you had to be in the West. Tellingly, at home in India the fashion then was for "Jugaad Innovation": basic, frugal engineering that was supposedly a source of advantage. Tata launched the Nano, an ultra-basic car for India that cost \$2,000.

This era of reflexive corporate globalism has come to an end. Geographical sprawl weakened the finances of most multinational acquirers. In Tata's case, we reckon that about two-thirds of its sales were abroad by 2012. Meanwhile, 70% of its capital employed earned a return of less than 10%, our yardstick for underperformance. Net debt had risen to twice gross operating profit. The strain helped trigger a governance crisis as Mr Tata fell out with his successor, Cyrus Mistry, whose family own 18% of Tata's holding company (Mr Mistry died in a car crash near Mumbai on September 4th). In early 2017 Tata replaced him with Mr Chandrasekaran, the meritocrat's choice, who had run the thriving IT business that had kept the group afloat.

The rise of Mr Chandrasekaran to the pinnacle of Asian business illustrates another sharp change: emerging markets' technological self-confidence. In the past decade India has created perhaps the world's most advanced payments systems and a venture-capital scene that has helped fund (at least before the recent worldwide tech slump) more than 100 private tech "unicorns" valued at \$1bn or more. The IT-services firms, including Tata's, have more than doubled in size and are far more technically sophisticated. And though Tata might not like to admit it, Mr Ambani's landmark \$46bn ten-year investment in Jio, a domestic 5G telecoms business, has shown that you can profitably deploy vast sums of capital in cutting-edge

tech in a developing economy.

More self-confidence in tech has coincided with the last shift, the changing relationship between the role of businesses and the state, championed by Mr Modi's government. A move in supply chains away from China, new technologies and the energy transition all create opportunities. But who will exploit them?

The usual suspects are not up to snuff. India's state-run firms are hopeless. Foreign multinationals have ushered in neither industrialisation nor technological breakthroughs. Capital markets have failed to create young firms with enough equity to take big risky bets. India's last investment cycle, an infrastructure boom in 2003-11, was debt-fuelled and ended in tears. The government and some bosses now favour giant firms. Those include conglomerates as well as specialist companies like JSW Steel and HDFC, a bank which is concluding a \$14obn mega-merger.

Some firms, such as Adani Group and Mr Ambani's Reliance, embrace this role and the proximity to the state it brings. Others are making a more calculated bet that the demands of national development and responsible, profitable business really are compatible. Tata is in the second camp.

As boss, Mr Chandrasekaran is quick and ultra-rational, with a dash of humour, compared with the aristocratic and enigmatic Mr Tata. Emails are dispatched fast. Satraps running subsidiaries are told to deliver performance first and get capital later. Tata's worst bits are being quietly killed off: Tata Sons has written off \$10bn since 2017 as it has exited weak areas like telecoms, and recapitalised fragile divisions.

Some of Tata's domestic laggards have got their act together. The cyclical steel business is booming, for now, and Tata's market share in cars has surged, especially for electric vehicles (even though its best-selling Nexon EV costs \$17,000 more than the abandoned Nano). The clean-up operation is roughly two-thirds complete and as a result of it, we calculate that Tata's return on capital has reached 21%, or 14% exclud-

ing IT services. The share of capital underperforming by our 10% yardstick is down to 48% (see chart 2 on next page). Leverage is less than half what it was. By our maths a share in Tata Sons has outperformed India's stockmarket by 46 percentage points since 2017. A legal battle over the succession ended when India's Supreme Court ruled in Tata's favour last year. In February Mr Chandrasekaran was appointed for another five years.

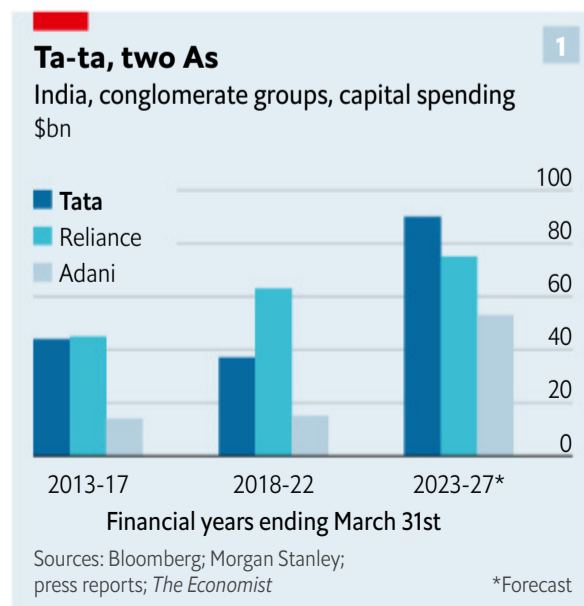
Something striking is also happening. Tata is becoming more Indian for the first time since the 1990s. Sales from the subcontinent reached 38% of the total last year, having grown almost twice as fast as foreign ones in the past decade. The plan for the next five years will accelerate this by deploying an estimated \$90bn of capital, mostly in India and mostly in projects that have a technological edge and are compatible with the government's agenda. Some are plays on growing consumption in India, others on manufacturing for export. Mr Chandrasekaran spies a "global opportunity for global companies to create a supply chain based in India".

### Chandra's capex challenge

Tata's annual capital spending will rise to \$18bn, more than twice the average of the past decade, we reckon. That would make it India's biggest investor. Tata and Reliance together account for 7% of the total for all private firms. If all goes to plan, new, higher-tech businesses could rise from a quarter of Tata's capital employed to half by 2027. Some 77% of Tata's new investments will be in India. These are large and potentially transformational shifts—for the firm and the country alike.

That money is going into several bets. One is on the energy transition. Tata's power subsidiary will invest almost \$10bn over the next five years in renewable generation. There is a \$5bn project to build gigafactories in India and Europe, to supply Tata's own cars and those of other manufacturers. The Indian car operation is launching ten EV models (it has just bought Ford's plant in Gujarat). And Tata will ramp up the manufacturing of solar panels, a business China dominates today.

Another wager is on tech and electronics. Tata has invested \$1bn so far in electronics manufacturing for Indian and global customers, mainly in Tamil Nadu, and there is more to come. It intends to make 5G telecoms gear using the software-heavy OpenRAN standard, and challenge Huawei, China's hardware-focused champion. It is entering semiconductor testing and packaging (the final, less intricate stage of chip fabrication) and Mr Chandrasekaran is weighing up building what may be the first fully fledged semiconductor "fab" in India, in partnership with a foreign firm. The factory, which could cost \$5bn or more to ▶▶



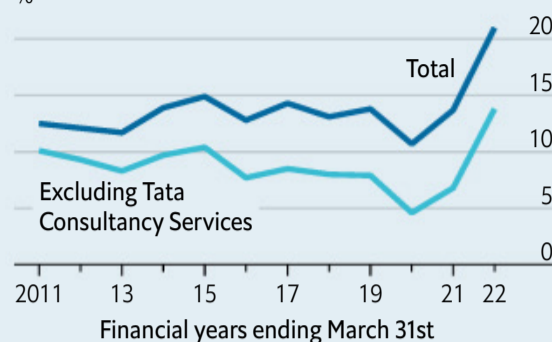
## Falling unemployment

Tata Group

Share of capital employed that is underperforming\*, %

Sources: Company reports; *The Economist*

Return on capital employed %



\*Generating a post-tax return on capital of less than 10%

► build, would not make chips as advanced as those of Taiwan's TSMC. But it would be a leap for India and, Mr Chandrasekaran concedes, the biggest challenge for all of Tata Group. There are other contenders, too: on September 13th Vedanta, an Indian-focused firm, and Foxconn, from Taiwan, said they would invest \$19.5bn in a semiconductor plant in Gujarat.

The third gamble involves the Indian consumer. The firm has spent \$2bn on a digital platform and app called Neu that aspires to be a "superapp" for Tata customers, linking them to its retail, hotel, healthcare, transport and financial services, and to products including cars. It has amassed 17m users since its launch in April—a tad disappointing, but the plan is to keep investing, particularly as some startups with competing services are now being starved of cash by a global venture-capital crunch.

Lastly there is Air India, the perennially troubled flag carrier. Before you wince, consider its selling point: it owns international slots for a huge aviation market, was bought from the state for a meagre \$350m, debt-free, and can be merged with Vistara, a domestic airline joint-venture Tata has with Singapore Airlines. The idea is to create a powerful national airline like Emirates or Lufthansa, which India has always lacked. Press reports suggest that Tata may soon buy 300 new aircraft.

These bets could sour. Tata is doubling down on being a conglomerate, opting for geographic concentration but sectoral diversification. In India, and many emerging economies, conglomerates have advantages: brand presence, clout with regulators, shared access to scarce land. But they bring complexity: Tata's holding company has over 30 big operating and 286 legal subsidiaries and Mr Chandrasekaran is on the board of seven listed firms.

Although Tata is huge, it lacks global scale in individual industries. Its \$1bn bet on electronics is equivalent to 8% of the capital of Foxconn, the leading contract manufacturer: it must deploy much more cash to truly compete. The \$5bn invest-

ment in batteries amounts to 40% of the plant of CATL, the top Chinese firm. In India Reliance's two main specialisms, in 5G, and petrochemicals and refining, each has double the capital of Tata's largest subsidiaries. A lack of focus could make technical breakthroughs harder. The boss of a big chipmaker is sceptical that India can build a globally competitive fab: "It's too soon."

Another risk is Tata's ownership. It has three layers. At the top are self-governing charitable trusts that together own 66% of Tata Sons. They are chaired by Mr Tata, with other venerable directors. They are asset-rich—together the trusts are worth \$100bn, more than the Gates Foundation—but income-poor, getting dividends equivalent to under 1% of the group's operating profits. Below them is Tata Sons, the middle layer, which Mr Chandrasekaran runs and which has stakes in the operating companies, the third layer.

A few things may destabilise this structure. The death of Mr Mistry, and of his father in June, could lead to a reappraisal by his family of their 18% stake in Tata Sons. They have the right to sell the stake to the company, which would force it to scramble to raise \$27bn of cash to finance the pur-



chase. Mr Tata himself is 84 and, though still mentally sharp, physically frail. When he retires from the trusts, as is likely, it is unclear who will inherit the de facto leadership of the trust boards. The hope is that a consensus forms, or a strong and respectable candidate emerges who doesn't meddle in the business. The nightmare scenario is a power struggle, or someone cosy with the government gaining sway.

The final risk is the government. The prime minister's critics fear that he is presiding over crony capitalism, pointing to exhibit "two As". Some of this is over the top. India's business scene is slightly less concentrated than America's: the four biggest groups have operating profits of 1.1% of GDP, compared with 1.2% in America. Unlike classic rent-seeking firms, India's giants are reinvesting furiously.

But even Tata, which considers itself aloof from politics, has paid symbolic homage to Mr Modi's populist nationalism. In 2019 Mr Tata visited the headquarters of the RSS, the Hindu-chauvinist association that backs Mr Modi. In the same year Mr Modi attended the launch of a book by Mr Chandrasekaran. The Tata charities are also working more closely with the state, for example on hospitals. And Tata is participating in India's \$26bn manufacturing-subsidy scheme (though it insists the handouts are too small to swing investment decisions).

For the time being Mr Modi's firm hold on power and vision for the economy are tailwinds. But that could change. Unlike the *chaebol* which made South Korea rich by exposing the country to global competition through export markets, some of India's big firms are eyeing the domestic market only. They could become too cosy or corrupt. As a handful of giants diversify at home they will increasingly overlap, as they already do in renewable energy. When all that happens, can Tata be sure of equitable treatment? And when some of Tata's new bets fail, as some surely will, can it be sure it can exit even if that deprives India of a presence in an industry the government regards as "strategic"?

Some of the reasons for Mr Tata's wariness of investing in India in the 2000s still hold. Deploying tens of billions of dollars at home is a risky game. If it works, though, Tata and others may finally industrialise and digitise India, turning it into a source of innovation and manufacturing for Indians and the world. To see which way the country goes, follow Tata. ■

 **Listen to our podcast**

Our weekly Money Talks podcast considers India's economic prospects, and talks to the boss of Tata Sons. Find it at [economist.com/indiapod](https://economist.com/indiapod)





### German business

## Morgenthau's revenge

BERLIN

**The threat of deindustrialisation is looming. The effects will be felt far beyond Germany's borders**

IN A BOOK from 1945 entitled "Germany Is Our Problem", Henry Morgenthau, America's treasury secretary, presented a proposal to strip post-war Germany of its industry and turn it into an agricultural economy. Though his radical proposal had some influence on Allied plans for the occupation of Germany after Hitler's defeat, it was never implemented.

Almost 80 years later Vladimir Putin might achieve some of what Morgenthau, whose parents were both born in Germany, had in mind. By weaponising the natural gas on which Germany's mighty industrial base relies, the Russian president is weakening the world's fourth-biggest economy and its third-biggest exporter of goods. It doesn't help that at the same time, Germany's largest trading partner, China, which bought €100bn (\$101bn) of German goods last year, including cars, medical equipment and chemicals, is in the midst of a severe slowdown, too. A national business model built in part on cheap energy from one autocracy and abundant demand from another faces a severe test.

The consequences could be dire for Deutschland AG: German blue chips have suffered more amid this year's market turmoil than counterparts elsewhere, dropping by 27% since January in dollar terms, almost twice the fall in Britain's FTSE 100 or America's S&P 500 index (see chart). "The substance of our industry is under threat," warned Siegfried Russwurm, boss of the BDI, the association of German industry,

last month. The situation was looking "toxic" for many businesses, he said. And through globalised supply chains the poison could spread to the rest of the industrialised world, which relies heavily on German manufacturers.

German industry's biggest problem is the spiralling cost of energy. The electricity price for next year has already increased 15-fold, and the price of gas ten-fold, says the BDI. In July industry consumed 21% less gas than in the same month last year. That is in part because firms used energy more efficiently. But the fall was mostly due to a "dramatic" reduction in output, says the BDI. Since June the Kiel Institute for the World Economy, a think-tank, has revised down its forecast of GDP growth in 2022 by

0.7 percentage points, to 1.4%. It now expects the economy to contract in 2023 and inflation to rise to 8.7%.

Smaller companies are struggling more than bigger ones. According to a survey in July by FTI Andersch, a consultancy, of 100 medium-sized "pocket multinationals" in the Mittelstand, almost a quarter of firms with fewer than 1,000 employees have cancelled or declined orders or are planning to do so, compared with 11% of those with more than 1,000 staff. In the land of more than 3,000 types of bread, around 10,000 producers of the staple are struggling as never before in post-war Germany. They need electricity and gas to heat ovens and run kneading machines, even as they contend with the higher costs of flour, butter and sugar, as well as with higher wages for bakers. A shop assistant at the 127-year-old Wiedemann chain of bakeries in Berlin reports that the company is desperately short-staffed and trying to save energy by, for instance, keeping ovens in shops cool and baking all the loaves at headquarters.

Another recent survey, by the BDI, of 600 medium-sized companies found that almost one in ten interrupted or reduced output because of high input costs. More than nine in ten said that rocketing prices of energy and raw materials are a big or existential challenge. One in five is thinking about transferring part or all of its production to another country. Two-fifths said investments in greener production methods will have to wait.

Bigger energy-intensive business such as chemicals or steel face a similar predicament, exacerbated by the need to compete with rivals in other countries where the energy remains cheaper. BASF, a chemicals giant which uses natural gas both to generate energy and as an industrial feedstock, has already cut production and may need to slash it further. Thyssenkrupp, a large steelmaker, has lost half its market value since January.

Big multinational firms often have factories in other countries where energy is cheaper. But many, including BASF, with its vast city-sized complex in Ludwigshafen, nevertheless continue to produce a lot at home. Even if costs of raw materials moderate, as some have begun to, and the government comes to the rescue with energy-related support, as it has vowed, cost pressures will not disappear. In particular, companies are bracing for a brutal round of annual wage negotiations with Germany's powerful unions. Those between IG Metall, Germany's biggest union, and employers in the giant car industry are about to kick off. "The IG Metall will not accept anything below an 8% increase," predicts Ferdinand Dudenhöffer of the Centre Automotive Research, a think-tank.

The higher costs are becoming harder to pass on to consumers. Hakle, a maker of ▶▶

### Deutschland unter alles

Stockmarket indices, total returns  
January 1st 2022=100, \$ terms



Source: Refinitiv Datastream

► loo roll, has filed for insolvency after being unable to pass onto clients the huge increase of production costs. After several fat years, carmakers' order books are thinning as inflation burns a hole in car buyers' wallets. The next two or three years will be very lean, predicts Mr Dudenhöffer. Car companies cannot easily modify production processes. Instead, they will cut costs by slashing spending on administration, and research and development. As with the greening of the Mittelstand, the car industry's belated efforts to re-engineer itself for an era of electric cars are likely to suffer a

setback as a result. Some will probably relocate production to lower-cost countries.

Holger Schmieding, chief economist of Berenberg, a private bank, predicts that, with energy prices likely to remain high for a while, 2-3% of Germany's industrial companies that use energy-intensive processes will relocate abroad. A higher share of industrial firms will reduce their production this winter and next. ArcelorMittal, another steel behemoth, has announced plans to close down two mills in northern Germany and put employees on furlough. Stickstoffwerke Piesteritz, Germany's larg-

est producer of ammonia and urea, two important chemical inputs, shut down its ammonia factories in Saxony-Anhalt.

In a demonstration of how such moves ripple through supply chains, that shutdown has triggered a shortage of AdBlue, a BASF product that is crucial for cleaning the engines of the diesel trucks that help connect Germany to markets abroad. Stefan Kooths of the Kiel institute forewarns that "an economic avalanche is rolling towards Germany." Before long the reverberations will be felt by German companies' global customers. ■

## Bartleby Your inner dawdler

*How to get things done—eventually*

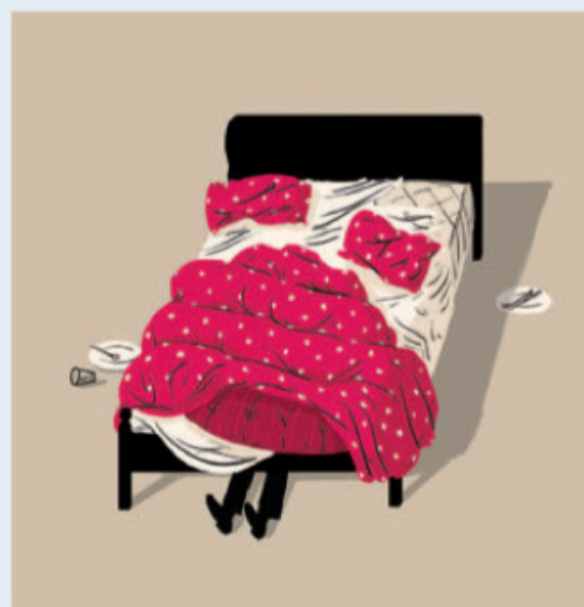
**I**F YOU WANT to change the world, start off by making your bed," Admiral William McRaven told the graduating class of 2014 at the University of Texas, Austin. What the US Navy counts as "making your bed"—square corners, centred pillow, blanket neatly folded at the foot of the rack—is idiosyncratic. Yet the admiral's broader point is universal: whether you are a sailor, a salesperson or a CEO, "if you make your bed every morning you will have accomplished the first task of the day." His commencement speech went viral.

Everyone must battle the temptation to temporise every now and again; millions of beds go unmade each morning even on a looser definition than the navy's. That is also true of people who, like your columnist, a guest Bartleby, more often suffer from the inverse affliction—having trouble putting things off even if they probably ought to be. Still, as someone with a perennial itch for completion, she has some tips for self-professed dawdlers who wish to make their lives more naval.

Start off by not calling yourself a procrastinator. Indeed, if you do, you are probably already the opposite. In "Out of Sheer Rage" (1998), Geoff Dyer elevates dilly-dallying to an art form. The book chronicles how the author was wasting his time instead of writing a study on D.H. Lawrence. "All over the world people are taking notes as a way of postponing, putting off and standing in for," Mr Dyer writes, including supposedly about himself. If only he could make a start, he laments. Given that he managed not just to start but also complete, publish and market a brilliant book—even if the subject matter was less lofty than intended—the lamentations were in fact cogs of productivity.

The easiest way to get things finished is to get going in the first place. The reason busy people never stop moving is because their constant movement generates further momentum. This is, obviously, easier said than done—especially if you find a task unpleasant. The more objectionable something seems, the more time you spend thinking about just how awful it is. That in turn makes you even less likely to broach it—and so on. Being aware of this vicious circle does not guarantee you will break out of it. But it is, well, a start.

In practical terms, getting going can mean something as simple as opening an email. Two decades ago, in "Getting Things Done: The Art of Stress-Free Productivity", an American time-management consultant, David Allen, warned readers that "the in-basket is a processing station, not a storage bin". The email inbox, whose contents do not pile up on the desk, is even easier to confuse for a garbage can than a tabletop in-tray. Electronic correspondence is the starting point of most work projects, ever more so in the era of hybrid work. So just click it.



And if you still find yourself avoiding things on your to-do list that make you anxious, involving others can help. Discussing tasks with colleagues can suppress the tendency to dodge the parts of your job you like the least.

Once you have got moving, consider your waypoints. That may mean breaking a job down into smaller, more readily achievable chunks. A seminal paper from 2005 by researchers at the Massachusetts Institute of Technology examined how conceptual knowledge is processed. The authors found that the brain prefers concrete and discrete tasks to broad and abstract ones. Set your sights on completing a document first, rather than starting out with the goal of crafting a complete strategy. Whatever you do, resist the urge of the overly concrete, like sharpening pencils.

Procrastination lies between logic and emotion, between ambition and achievement. Bridging that gap can be difficult, even when you know full-well that if you do, the dreaded task will no longer lurk at the back of your mind like an unwanted squatter. Quick progress is difficult but rewarding, offering a high that is undiscoverable to those who leave things till the very end.

Putting something off doesn't make it go away. That trivial truth is worth repeating. Just ask the central bankers who kept delaying interest-rate rises even as economists warned of rising inflation. Now they must ratchet rates up further and faster, at the risk of provoking a recession. Most workplace decisions are not nearly as consequential but firms can still suffer material losses if employees put off tasks and decisions. So if that email arrives first thing in the morning, read it and reply—even if that means leaving your bed unmade.





## More Musk v Twitter

## Bitter tweet

## Shareholders approve Elon Musk's handsome offer. No duh

WITH A FORTUNE of \$270bn or thereabouts, Elon Musk is not a man strapped for cash. Thank goodness, for the entrepreneur may soon be compelled to make a sizeable donation to his favourite social-media platform. On September 13th shareholders of Twitter voted to approve the \$44bn buy-out offer Mr Musk made in April. The decision was a no-brainer, given that the company's market value currently languishes below \$32bn. In his capacity as Twitter's largest shareholder, with a 9.6% stake, he would no doubt accept his offer. As the acquirer, he is trying to wriggle out of the deal. Twitter, armed with a bullet-proof takeover agreement, is having none of it. A Delaware court will decide the buy-out's fate in October.

With the trial date nearing, now is about the time when parties usually begin settlement talks, says Brian Quinn, a law professor at Boston College. Mr Musk's chances of success in the courtroom look slim. His stated reason for pulling out of the deal is that the share of fake users, or bots, greatly exceeds the 5% claimed by the company. That may be true. An academic paper from 2017 estimated the share at between 9% and 15%. Bob Iger, who as boss of Disney had considered buying Twitter, noted in a recent interview his due diligence revealed it to be "substantial". But identifying bots is an imperfect science. More important, Mr Musk would need to prove that the underestimate counts as a "material adverse effect" on Twitter's future earnings, a high legal bar. It won't help his case that he opted out of due diligence.

The mercurial billionaire may yet change his mind once again and opt to go ahead with the purchase. But if he insists on walking away, as seems likelier, forcing him into a marriage neither side particularly desires would not be in Twitter's long-term interests either. That leaves room for a possible cash settlement. The figure would certainly be higher than the \$1bn "reverse termination fee", which would have applied if Mr Musk was unable to complete the deal for reasons such as inability to secure financing, and lower than his original \$44bn bid. It could end up nearer the \$12bn difference between that bid and Twitter's current market value.

The imbroglio remains an unhelpful distraction from the real problem: Twitter's perennial underperformance. A failure to adapt its product has eaten away at

MONKEYPOX ISN'T covid-19. Since May the viral disease has infected 35,000 people in 92 countries, less than one-tenth as many as covid infects in a day. Though symptoms, including fever, headaches, muscle aches and a pus-filled rash, can be nasty, it seldom causes death. Critically, in contrast to covid, both a vaccine and a treatment predate the current epidemic. Their makers, two smallish drug companies, are struggling to keep up with demand.

The job is made by Bavarian Nordic, a Danish firm founded in 1994 to commercialise a clever replacement, developed by a researcher in Bavaria, to the old smallpox vaccine (monkeypox and smallpox are related viruses). Before the latest outbreak, only six countries, including America, had ordered the drug. In the past four months that number has swelled to 70, and counting. "We were



A viral phenomenon

its share of the digital-ad market. To arrest the decline last year it launched new initiatives such as "Twitter Blue", a paid version with added features, and "Spaces", a live-audio service. It has also rebuilt its advertising platform and replaced its often absent founder, Jack Dorsey, with a full-time CEO. (The chairman of *The Economist's* parent company is a director of Block, another firm Mr Dorsey co-founded.)

So far to no avail. Last quarter Twitter surprised investors with a loss and a year-on-year decline in revenue. The firm blamed Musky uncertainty. But its woes run deeper. As the online share of all advertising plateaus, the digital-ads business

## Monkeypox medicines

## A rash of orders

COPENHAGEN

## Defeating a worldwide outbreak falls on two small drugmakers

definitely not prepared for this," admits its finance chief, Henrik Juuel. The firm is working around the clock to add capacity and expand its 800-strong workforce. Annual revenue is forecast to more than double this year, to \$380m.

Success has brought in resources to finance its other bets. Bavarian Nordic has just begun a phase-three clinical trial of a vaccine against RSV, a flu-like virus that kills as many elderly and infants as influenza. At a cost of up to \$300m, it is a "heavy investment", says Mr Juuel; the firm expects to lose between \$13m and \$40m this year as a result. But the potential prize is large. No RSV jab exists and the global market for one could, analysts reckon, be as big as \$5bn-10bn a year.

Across the Atlantic SIGA Technologies hopes to emulate Bavarian Nordic. The self-styled maker of "human bioarmour" produces TPOXX, an oral capsule used to treat some symptoms of smallpox and some related viruses. From January to July SIGA shipped \$60m-worth of TPOXX, which regulators in Britain and the EU have approved for use against monkeypox (as well as smallpox and cowpox), up from \$10m in the same period last year. Orders could swell once America's Food and Drug Administration follows suit; it accepted TPOXX for smallpox in 2018.

As monkeypox hit the headlines over the summer, investors piled in. The market value of Bavarian Nordic ballooned from \$1.4bn in early May to nearly \$4bn in August. SIGA's soared four-fold, to almost \$2bn. Both have fallen back since, by about two-fifths and a half, respectively, as concerns about the next pandemic receded. But they remain twice as valuable, more or less, as they were in the spring. Not so poxy anymore.

may be becoming more cyclical, just as the offline variety has long been. That exposes digital-ad firms to macroeconomic headwinds, which are picking up as economic growth slows amid stubbornly high inflation. Margins are being crimped by the entry of challengers such as TikTok, as well as Apple and Amazon. On top of that, Twitter is facing increased scrutiny after its former security chief testified before Congress on September 13th that the firm had fallen short of industry standards. Mr Musk may feel that \$12bn is a lot to pay for pain relief. If he doesn't settle and is forced to complete the deal, he may discover that \$44bn buys you an awful lot of problems. ■

# Schumpeter | The borderless trustbuster

Corporate dealmakers face a formidable foe. It isn't Lina Khan



IT WAS TO be the biggest industrial merger ever. In late 2000 General Electric (GE), the world's most valuable company at the time, agreed to pay \$43bn for Honeywell, a smaller American manufacturer of, among other things, aircraft electronics. Jack Welch, GE's CEO and America Inc's capitalist-in-chief, put off his retirement to see it through. The transaction, codenamed "Project Storm", seemed a done deal. American authorities gave their blessing, finding no threat to competition (GE made jet engines but not avionics). Regulators elsewhere were expected to defer to America in a merger involving two American firms. So it came as a shock when, in 2001, the European Commission killed it. A diversified GE would, the EU's competition watchdog argued, wield too much power in the market for aircraft parts. America's trustbusters pooh-poohed the commission's theory of "conglomerate effects". The treasury secretary, Paul O'Neill, called the ruling "off the wall".

Now another transatlantic antitrust rift has opened up. In March 2021 America's Federal Trade Commission (FTC) sued to stop the \$7bn takeover by Illumina, a gene-sequencing giant, of Grail, maker of a cancer-detection test. The FTC claimed Illumina risked withholding its sequencing technology from Grail's rivals. On September 1st a judge at the agency's internal court threw out the lawsuit, in part because Grail's tests currently have no rivals to speak of. Then, on September 6th, the EU blocked the deal—never mind that Grail has no turnover in the bloc.

Even if the EU ruling was not, as lobbyists at the US Chamber of Commerce suggest, stirred up by the FTC, this time around the reaction in Washington was not pique but plaudits. President Joe Biden blames overmighty corporations for high prices, low wages and other ills. His crusading FTC chief, Lina Khan, rejects the 40-year-old antitrust philosophy, according to which the goal of antitrust law is to safeguard competition and consumer welfare, in favour of one that seeks to protect competitors, both real and potential, as well as suppliers, workers and other "stakeholders".

For corporate dealmakers the chaos and inconsistency are as welcome as a Honeywell-sized slap in the face. The episode also illustrates how much bolder—and borderless—global trustbusters are becoming. The impact on future takeovers could be profound.

Navigating multiple jurisdictions is nothing new in mergers

and acquisitions (M&A). When AB InBev, the world's biggest brewer, bought SABMiller, the second-largest, in 2016, it had to submit merger filings in more than 30 countries. Today's Welch wannabes face an ever trickier terrain. For one thing, national trustbusters have mushroomed. Filippo Lancieri, now at ETH Zurich, a university, and colleagues find that 127 countries had an antitrust regime in 2010, up from 41 in 1979. Many assess not just a deal's economic efficiency but things like whether it serves "public interest". And they are staffing up. Britain's Competition and Market's Authority (CMA) has gone from 650 to 850 officials in five years. China's main antitrust bureau is tripling its headcount to 150.

Second, those multiplying regulators are flexing their muscles, partly in response to criticisms that their flaccidity had let business get too oligopolistic. Exhibit A is the bigness of big tech, whose sometimes free products and strong network effects (where size begets more size) make the old "consumer-welfare standard" seem, in critics' eyes, unfit for purpose. Tech giants stand accused of "killer acquisitions", aimed at smothering potential challengers in the crib, and of buying up firms in markets they one day hope to corner. More regulators now fret that such unorthodox mergers, where two firms have no overlapping business, snuff out innovation—including, as in Grail's case, in markets that scarcely exist.

That leads to the third complication. In the past, national merger guidelines made it clear when firms needed to seek approval to wed—typically if their combined sales or market share exceeded a certain threshold. When regulators raised concerns about market power, a firm like AB InBev could put them to rest by offloading a brewery here and there. Now a potential competitor can come from anywhere; so, too, can a regulatory challenge. And if the fears are of conglomerate effects or killer acquisitions, no remedy short of the combined firm's full retreat from a jurisdiction would be satisfactory. For acquiring firms with a large existing business in a given market, that is a non-starter.

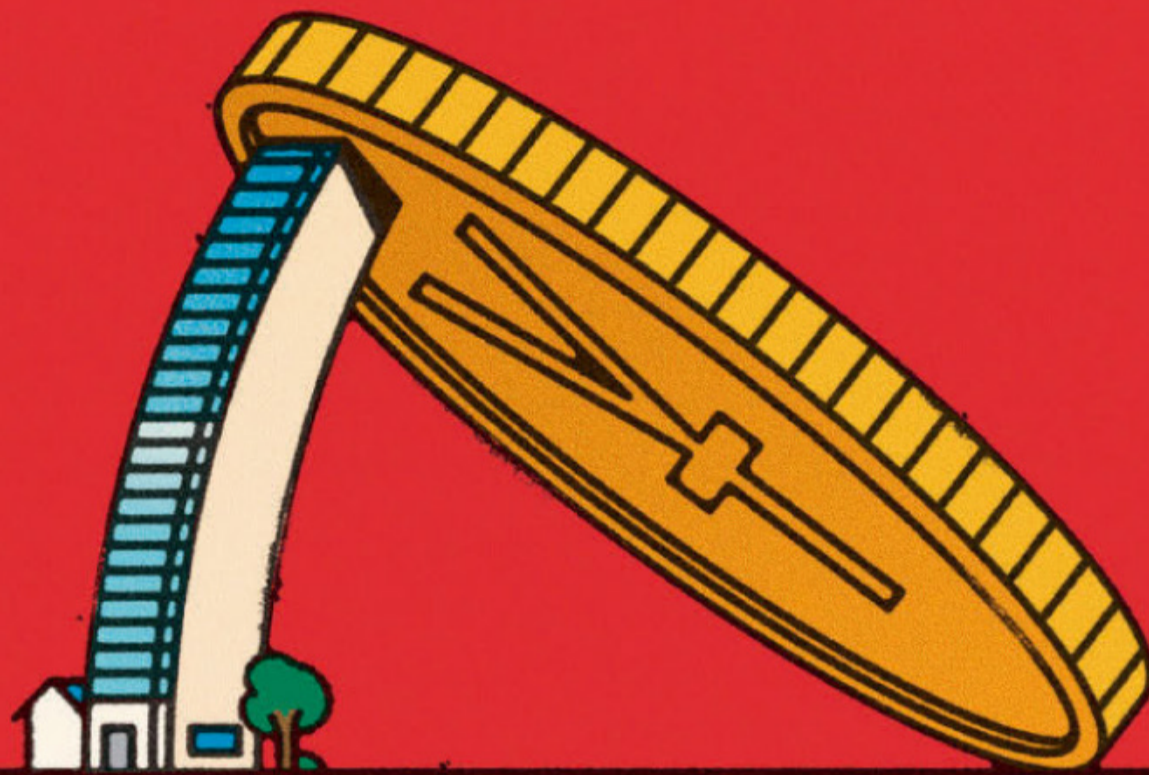
The new antitrust logic is behind a string of recent actions, and not just Grail. In February a lengthy CMA probe prompted Nvidia, an American semiconductor firm, to abandon its \$40bn takeover of Arm, a Japanese-owned firm that licenses chip blueprints. In July the FTC sued to block the purchase of Within, maker of virtual-reality fitness apps, by Meta, which the FTC says is seeking to illegally "expand [its] virtual-reality empire" that already includes a popular VR headset and a VR app store. Western and Asian regulators are looking into Microsoft's \$69bn acquisition of Activision Blizzard, a video-game developer.

## Dealbreakers

None of this means corporate M&A is dead. Last year saw \$3.8trn-worth of deals, a near-record. Most will sail through. Illumina is appealing against the EU decision and may get its way. Even so, Grail-like ordeals raise the costs for everyone. Lawyers report that break-up fees in merger contracts are already rising and "outside dates", before which parties can walk away scot-free, are stretching from a few months to as many as 18 in the Microsoft-Activision paperwork. The longer a deal takes to conclude, laments an executive at an acquisitive tech firm, the likelier the target's innovative edge is to be blunted and its other key asset—talent—is to flee.

Some deals which would once have been no-brainers are thus no longer worth the hassle. To enemies of big business like Ms Khan, that's the point. If it means innovation forgone, consumer welfare unrealised or shareholder value not created, tough luck. ■





## The Chinese economy

# Groaning

SHANGHAI

**China's Ponzi-like property market is undermining faith in the government**

THE 120KM train ride between the cities of Luoyang and Zhengzhou is a showcase of economic malaise and broken dreams. From the window endless, half-built residential towers pass one after another for the duration of the hour-long journey. Many of the buildings are near completion; some are finished and have become homes. But many more are skeletons where construction ceased long ago. Developers have run out of cash and can no longer pay workers. Projects have stalled. Families will never get their homes.

The train ride through China's heartland helps to explain one of the country's biggest crises in recent memory: the public's loss of confidence in the government's economic model. For decades the property industry has been symbolic of China's rise. Private entrepreneurs have made vast fortunes. Average people have witnessed their net worth soar as home values trebled. Local governments have filled their coffers by selling vast tracts of land to developers. An astonishing 70% of Chinese household wealth is now tied up in real estate.

To undermine trust in this model is to

shake the foundations of China's growth miracle. With sweeping covid-19 lockdowns and a crackdown on private entrepreneurs, this is happening on many fronts. But nowhere is it clearer than in the property industry, which makes up around a fifth of GDP. New project starts fell by 45% in July compared with a year ago, the value of new home sales by 29% and property investment by 12%. The effects are rippling through the economy, hitting furniture-makers and steelworkers alike. The crisis comes at a critical time for Xi Jinping, Chi-

na's leader, who will probably be granted a third term at a party congress in October.

Reviving trust in the system is crucial for Mr Xi and the Communist Party. Yet the government's response has been disjointed and slow, with officials seemingly overwhelmed by the complexity of the situation. To regain faith in the housing market, the public needs to see stalled projects finished. Meanwhile, construction firms and workers need to be reimbursed, and investors paid back on their fixed-income products. All this must be done without re-inflating the unsustainable debt bubble that the property market has become.

The housing crisis has two immediate causes. The first is a crackdown on the property industry's excesses. Since August 2020 officials have restricted developers' ratios of liabilities to assets, net debt to equity and cash to short-term debt, in a policy known as the three red lines. This has forced many to stop unsustainable borrowing and sell down assets, severely limiting their ability to continue building.

China's zero-covid policy is a second blow. The central government has forced dozens of cities to lock residents in their homes for days, and sometimes weeks, on end when covid cases are discovered. At the time of writing, the megacities of Chengdu and Shenzhen are fully or partly locked down. The shutdowns have stopped people from viewing homes. They have also had an impact on the consumer psyche. Entrepreneurs fear the sudden closure of their businesses. Employees worry ▶▶

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▶ about being laid off. This sort of trepidation does not encourage homebuying.

The result is a crunch. China's developers need to sell homes long before they are built to generate liquidity. Last year they pre-sold 90% of homes. But without access to bonds and loans, as banks cut their exposure to the property sector, and with sales falling, the Ponzi-like nature of the property market has come into full view.

Evergrande, the world's most indebted developer, defaulted in December. An effort to restructure its offshore debts, intended as a model to follow, missed an end-of-July deadline. At least 28 other property firms have missed payments to investors or gone into restructuring. Trading in the shares of 30 Hong Kong-listed developers, constituting 10% of the market by sales, has been frozen, according to Gavikal, a research firm. In early August half of China's listed developers traded at a price-to-earnings ratio of less than 0.5, the level that Evergrande traded at four months before it defaulted, notes Song Houze of MacroPolo, a think-tank.

Firms that just months ago were considered safe bets are now struggling. Earlier this year analysts dismissed concerns that Country Garden, China's biggest developer by sales, would come under pressure. But on August 30th the firm revealed that profits for the first half of the year had fallen by almost 100%. The property market has "slid rapidly into severe depression", it noted. The firm's difficulties indicate that problems are no longer specific to certain developers. The entire industry is at risk.

Potential homebuyers have dropped out of the market. Far more worrying, though, are the millions waiting, often for years, for homes for which they have paid. Just 60% of homes that were pre-sold between 2013 and 2020 have been delivered.

Mr Liu, who has asked to be referred to by his family name, bought a flat in Zhengzhou in 2014, with an initial 250,000 yuan (\$40,000) down-payment. The home was scheduled to be finished in 2017. But it never was. Instead, he rented a flat, eventually buying another in an old building. It is hardly the life he imagined. Mr Liu never started paying his mortgage and has engaged in endless discussions with the property developer about getting back his down-payment. "There's no use," he says.

Analysts have known of these problems for years, but had thought the authorities would not allow protests. Two years ago a report by PwC, an accounting firm, noted that when building stalls, the "unco-ordinated households normally have little ability to influence things". This calculation has been turned on its head. A movement to collect data on the refusal to pay mortgages has taken officials by surprise. On July 12th volunteers began sharing data on social media. So far about 350 boycotts

### Hammered home

China, consumer confidence



have been identified; analysts believe this is a fraction of the true number. State censors try to remove references to the information, but knowledge appears to spread nevertheless. As it does, others are persuaded to join in.

Investors and potential homebuyers are now watching with unease as the state puts together its response. For more than a decade cities have wielded a long list of rules and incentives to fine-tune real-estate markets, usually to reduce speculation and cool prices. These included limits over access to mortgages, as well as on who can buy homes and how many they can buy.

Cities are now loosening these rules. Between May and July municipal governments announced 304 individual measures to restore confidence, according to CICC, a Chinese investment bank. Zhengzhou, at the centre of the protests, was an early mover. In March it announced 18 actions to stimulate demand, including measures to make it easier to get mortgages and to allow families with elderly members to buy flats if they move to the city.

These have attracted attention—not because they have revived demand but because they seem to contradict central-government policy. In a video circulated on social media in August, a local Communist Party chief in Hunan province was seen

calling on people to buy as many homes as possible: "Did you buy a third one? Then buy a fourth." The message clashes with the one from Mr Xi himself, who has warned that "homes are for living in" and certainly not for speculative investment.

Local governments have also been encouraged by regulators and officials to create bail-out funds to invest in unfinished housing projects, and eventually to help deliver homes. Zhengzhou has allocated 80bn yuan (\$12bn) to the cause. The thinking goes that local funds will be better suited to conditions on the ground.

Zhengzhou is also trying perhaps the most aggressive plan yet. City officials have issued a directive to developers that says all stalled construction must restart by October 6th. Insolvent companies that cannot do so must file for restructuring to bring in new investment, and repay down-payments made by homebuyers such as Mr Liu. Failure to do so could result in developers being investigated for embezzlement and other serious crimes.

For their part, policymakers have repeatedly cut mortgage rates since mid-May. To guarantee the supply of homes, the central government is fully guaranteeing bond issuance by private developers, shifting the risk to the state. Longfor, a struggling firm, priced a 1.5bn-yuan bond at a 3.3% coupon rate on August 26th, far below the market rate. This was possible solely because the bond was underwritten by China Bond Insurance, a state agency. More such issuance is planned to deliver liquidity to developers the government views as higher quality. It is the beginning of a programme to pick winners.

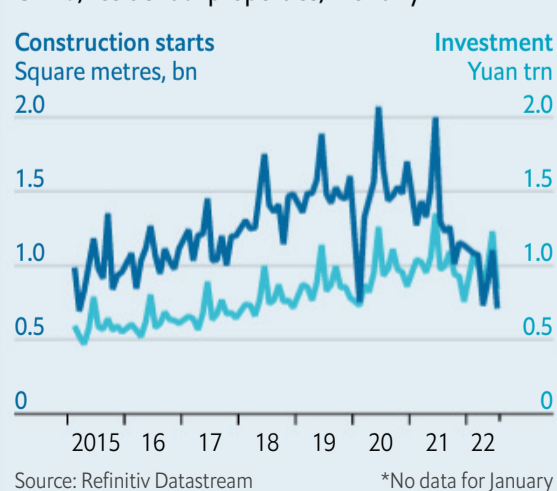
Another prong of state support takes the form of direct liquidity. On August 22nd the central bank and finance ministry said that they would back special loans from state-directed policy banks to finish pre-sold homes. The size of the programme has not been disclosed, but Bloomberg, a news service, reported that 200bn yuan would be made available.

This public spending is a double-edged sword. On the one hand, it will help deliver homes and restart mortgage payments, taking pressure off banks. But at the same time the cash is filling a hole created by bad local governance and dubious property developers. "That simply represents money that can't be spent on stimulus elsewhere," notes Alex Wolf of JPMorgan Chase, a bank.

Zhengzhou's efforts to encourage new buyers since March have fallen flat. Conditions have continued to deteriorate, suggesting that tinkering with city policies is not enough. Local bail-out funds also look flimsy. On paper several cities have hefty pots, but they rely on local-government financing firms that are strapped for cash. Analysts are watching Zhengzhou's attempt to restart all construction within a ▶▶

### Screws, tightened

China, residential properties, monthly\*





▶ month, but many question if the necessary funds are available. The measures could unleash collapses among smaller developers, causing panic and financial turmoil.

Investors have more hope in the central government, but its response has so far failed to match the scale of the crisis. The 200bn-yuan lending programme may account for just 10% of what is needed to complete all unfinished homes. About \$5trn-worth of residential property has been pre-sold since 2020, reckons Mr Song of MacroPolo, making a bail-out of even a fraction of these homes incredibly costly.

The central government has more levers to pull. Larry Hu of Macquarie, an investment bank, says a number of measures can be snapped into place. These include temporarily easing the three red lines policy, or vowing to act as a lender of last resort for all stalled projects. The latter, while expensive, is fully within the central government's financial wherewithal.

The debate now focuses not on whether the central government can restore confidence, but on how far it is willing to go. The crackdown on leverage was meant to punish firms that had taken on too much debt. A bigger bail-out will encourage more developers to ask for assistance, pushing the government to subsidise more of the property sector, writes Allen Feng of Rhodium, a research firm: "quite the opposite of what was intended with the 'three red lines'".

The campaign against leverage was meant to bring the sector in line with demand. Officials have long acknowledged that developers were building too much. About 70% of homes sold since 2018 were bought by people who already owned one, estimates JPMorgan. Restricting debt was supposed to force firms to adjust to reality.

Demand is likely to fall as China's population growth slows. Home sales reached 1.57bn square metres in 2021, more than twice as high as in 2007. But Chen Long of Plenum, another research firm, projects that real annual demand will fall to 0.88bn-1.36bn square metres over the next decade, as the demographic shift takes hold and urbanisation slows. Reinflating the market means propping up the bubble.

The government's balancing act is fraught with risk. In mid-October the party congress will happen as cities lock down. Mortgage boycotts will rumble on, and possibly grow. Confidence in China's economic foundations could cross a threshold, beyond which it becomes far more difficult to recover. Mr Xi's third term will start in inauspicious circumstances. ■

## Listen to our podcast

For more reporting on China's property crisis, find Money Talks at [economist.com/chinapropertypod](https://www.economist.com/chinapropertypod)

## Commodities

# Running on empty

SINGAPORE

**China's energy imports have plunged. A revival would cause problems**

**I**N THE AFTERMATH of the global financial crisis in 2007-09, China's stimulus efforts, which pumped around 4trn yuan (\$575bn) into the economy, left observers gushing with praise. Robert Zoellick, then head of the World Bank, expressed his delight at the fiscal expansion. The IMF credited the world's second-largest economy with leading the global recovery.

This year, during a new period of economic turmoil, China is again helping to bring supply and demand back together—albeit in a very different way. With the price of fuels surging, the collapse in Chinese purchases of natural gas and other forms of energy has been an unexpected boon to countries around the world.

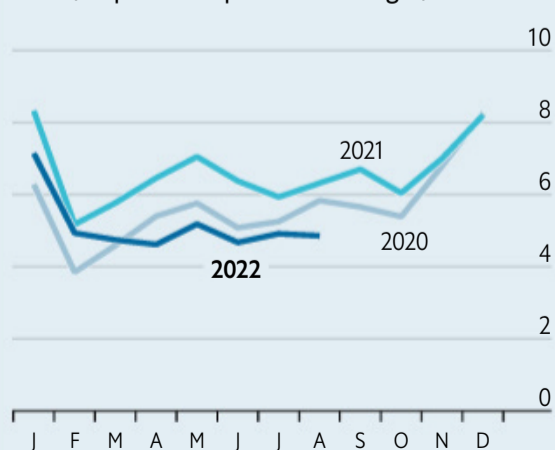
Arrivals of seaborne liquefied natural gas (LNG) have declined most markedly. China remains the largest LNG importer in the world but, between January and August, imports dropped by a fifth compared with the same period last year. That shortfall, at roughly 14bn cubic metres, is roughly equivalent to the entire annual LNG imports of Britain.

Industry experts had expected imports to grow throughout the year, if not as rapidly as they had in previous ones. But China's endless covid-19 lockdowns have caused a sharp drop in household spending and a meltdown in the residential property market has held back the construction industry. Meanwhile, volumes imported through the Power of Siberia pipeline, which pumps cheap Russian gas into China, have increased by an estimated 60% (this accounts for less than half the fall in seaborne imports).

It is not just imports of LNG—which is

### A port in a storm

China, imports of liquefied natural gas, tonnes m



Source: Kpler



Liquid assets

typically used for heating, industrial power and electricity generation—that have slumped. Lockdowns also mean considerably less travelling. Between January and July highway traffic fell by more than a third compared with the same period last year, reducing demand for petrol. Chinese crude-oil imports in August were 9% lower than last year, and the International Energy Agency, a think-tank, forecasts the first annual drop in oil demand since 1990. Coal imports were also down, by 15%.

What happens next is crucial. The behaviour of an importer as big as China moves prices, especially in a market under severe stress. An end to the country's "zero-covid" policies looks unlikely any time soon. But Chinese energy demand is muted even relative to last year when the approach was already in force, meaning demand may yet rise a little. The weather also makes a difference. If it is "exceptionally cold", China could return to the spot market, notes Laura Page of Kpler, a data firm, pulling much-needed LNG supplies away from Europe.

China's neighbours would also struggle in the face of a further squeeze. Price-sensitive buyers of LNG in developing economies in Asia are already being forced out of the market. According to the Institute for Energy Economics and Financial Analysis, a research firm, \$97bn-worth of infrastructure for LNG imports in Bangladesh, Pakistan, the Philippines and Vietnam risks being underused or mothballed if prices remain unaffordably high.

For good reason, the Chinese policies that have crushed energy imports this year will not gain the plaudits that the country's stimulus did during the global financial crisis. But European buyers of globally traded gas, already desperately scrambling for the imports needed to make it through the winter, will miss them if they go. ■

## Europe's energy crisis

## The LIBOR of energy?

## The European Commission takes aim at a once obscure gas market

THE MAIN target of Ursula von der Leyen's state-of-the-union address on September 14th was energy companies. It is wrong, the president of the European Commission said, for them to make such profits "from war and on the back of consumers". Windfall taxes raising €140bn (\$140bn) would follow, she announced. Yet the speech also included a telling side-swipe at a once obscure part of commodity markets: the Dutch Transfer Title Facility (TTF), a gas-trading network.

Russia's invasion of Ukraine has thrust the TTF into the limelight. The network sets Europe's benchmark price for natural gas—so it is now a measure for the continent's economic health. With such attention comes criticism. "Our gas market has changed dramatically: from pipeline gas to increasing amounts of liquid natural gas," Ms von der Leyen said. The TTF has not adapted, she added, and so the commission would start work on a new LNG index.

The TTF was born of European politics. In the 2000s the EU pushed for deregulation of Europe's gas market, moving it from bilateral contracts to trading on exchanges. The Netherlands was first out of the blocks to establish a euro-denominated trading hub, says Mike Fulwood of the Oxford Institute for Energy Studies (and the father of an *Economist* journalist). This free-market zeal combined with state investment in storage and pipelines to make the Netherlands Europe's natural-gas hub.

The problems facing Europe are not caused by the TTF. As Europe's hub, it gathers participants from across the bloc. Consequently it is a liquid market, allowing power firms and utilities to manage risk. In

2020 there was 60 times as much volume traded as demand for the fuel in the Netherlands. The only market in Europe that comes close is Britain's National Balancing Point, which in 2020 handled 11 times as much volume as underlying demand.

Even so, TTF prices have been volatile. The cost of a megawatt hour (MWh) of front-month gas rose from €80 in June to €340 in August, after Russia cut the flow to Germany and then shut it down. More recently prices have fallen to €218, after Germany hit its winter-storage target early. These are extreme changes, but reflect highly unusual circumstances.

Lofty prices increase the cost of failed trades, leaving the clearinghouse, which is responsible for settling deals, on the hook. So as prices rose, it demanded more "margin", to be seized if traders cannot make good on the deal. A cycle of such margin calls and nervy traders stepping back may have helped drive up prices over the summer. Governments across Europe have been forced to step in to provide guarantees. A Finnish minister warned the situa-

tion had "all the ingredients for the energy sector's version of Lehman Brothers".

The commission's criticism of the TTF may have some justification. The close correlation between it and some other European trading hubs broke down this year, notes Ben Wetherall of ICIS, a research firm. Congestion in the Netherlands means European LNG prices are in fact slightly lower than those on the TTF. Using the TTF as a benchmark could lead firms in Spain, which has a quarter of the continent's LNG terminals, to overpay. On September 14th the cost of a MWh of gas on the Iberian Gas Market for delivery in October was €171 compared with €218 on the TTF.

But these differences should be short-lived, suggesting a new index is probably not needed. High prices have spurred investment in LNG infrastructure elsewhere. Meanwhile, researchers at Goldman Sachs, a bank, argue that Europe's energy prices are likely to have halved by spring 2023, owing to lower demand. If they are right, the Dutch gas market's moment in the spotlight may not last all that long. ■

Goldman Sachs

## Sexist squid

**Bully Market.** By Jamie Fiore Higgins. Simon & Schuster; 320 pages; \$28.99.

GOLDMAN SACHS, the world's most famous investment bank, is used to criticism. Insiders complain about its callousness to employees, harsh hours and fierce internal competition. Outsiders are less polite. Matt Taibbi, an American polemicist, famously called it "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money".

Jamie Fiore Higgins, a former Goldman banker, is the latest to participate in the venerable American tradition of Goldman-bashing. In her memoir, "Bully Market: My Story of Money and Misogyny at Goldman Sachs", Ms Higgins writes of her "perceptions and experiences as a high-ranking woman in finance". Ms Higgins quit the company in 2016 when her "Spreadsheet of Freedom", updated throughout her 17-year career, indicated she had the money to walk away.

The book recounts some despicable behaviour. One of Ms Higgins's colleagues threatened to rip her face off, after she removed him from an account for an affair with the client; two men made moaning noises as she went to express milk for her baby. The only par-

tial consolation is that Ms Higgins thinks sexism and abuse are less rampant since the #MeToo movement.

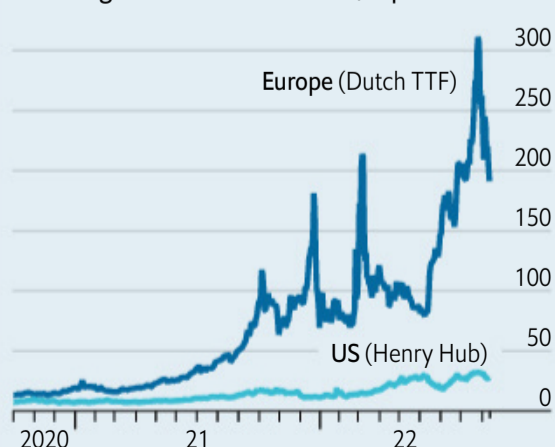
It is all rather grim. Ms Higgins admits to having failed to support colleagues for fear it would damage her professional advancement (and chances of a juicy bonus). Longing to quit but staying for the money made her feel "dirty", she writes. She worked hard, was promoted often and became a managing director. "Another 365 days of hardly seeing my family," she sighs.

At times, the author wants to have it both ways. Ms Higgins praises herself for shopping at TJ Maxx, a retail chain store, enraged by the fact that other women at the bank have expensive clothes, designer handbags and even clear skin. She repeatedly says she aspired to become a social worker only to have abandoned that calling because of her parents. "I felt guilty making so much," she writes. "My income covered me with a mix of satisfaction and shame."

Goldman Sachs has said that it has a zero-policy tolerance for discrimination, and strongly disagrees with Ms Higgins's anonymised allegations and description of its culture. The threats and abuse are unpleasant; in truth, though, the firm won't be too bothered about the rest. Everyone knows the deal.

## Gas up

Natural gas front-month futures, € per MWh



Source: Refinitiv Datastream



## Unretirements

## The Brady bunch

SAN FRANCISCO

Against expectations, covid-19 retirees are returning to work

ON SEPTEMBER 11TH Tom Brady marked his “unretirement” from America’s National Football League, guiding the Tampa Bay Buccaneers to a decisive win over the Dallas Cowboys in their first game of the season. Mr Brady, probably the greatest quarterback in history, had earlier this year announced that he was retiring, only to change his mind a few weeks later. The 45-year-old athlete is, it seems, not the only one who cannot bring himself to give up the grind. Across the rich world, old folk are flocking back to work.

It is quite a turnaround. When the covid-19 pandemic struck in 2020, many people already close to retirement brought the date forward. Using data from a variety of sources, we estimate that the rich world’s labour-force participation rate for people aged 65 and over crashed that spring (see chart). This represented a relatively larger decline than for people of working age. Like everybody else, some oldies were fired as demand dried up. In addition, though, they also faced higher risks of becoming seriously ill or dying if they caught covid, meaning many no longer wanted to work.

Economists had assumed, based on historical experience, that pandemic retirees would never come back. Employers often unfairly turn their noses up at older job applicants; for their part, older folk can find the idea of learning the ropes at a new place daunting. Indeed, two years on many ap-



They belong on the field



pear to have followed the example of Rob Gronkowski, Mr Brady’s former partner in crime, hanging up their cleats for good.

But a surprising number have followed the path of Mr Brady. There are probably more over-65s in the rich world’s labour force today than there were in 2019. Old-age participation is lower than it would have been without the pandemic. But we estimate that the number of pandemic-induced retirees has fallen by 20-40% from its peak. In Britain and South Korea old-age activity is higher today than it was in 2019.

Other data back up the idea of a wave of unretirements. Statistics from Europe suggest that, as early as the end of 2020, an unusually large share of people aged 55 to 74 were moving from economic inactivity to employment. According to our analysis of official microdata, in the second quarter of this year, some 75,000 Britons in paid work said that they had been retired the year before, much higher than the pre-pandemic norm. It is a similar story in America. Nick Bunker of Indeed, a jobs site, finds that the share of retired workers returning to the workplace each month is higher than it was before the pandemic.

In some cases retirees have little choice but to return. Market turmoil has reduced the value of pension pots (in America the total value of retirement assets fell by 4.5% in the first quarter). Some retirees have run down “excess” savings that they had accumulated during the covid lockdowns. And inflation, now approximately 10% year on year across the rich world, is cutting the purchasing power of fixed payments that those in their dotage are receiving.

Yet there are pull factors, too. The threat of the virus has dissipated, meaning more people are comfortable with being in public spaces. Thanks to red-hot demand for workers, employers have had little choice but to set aside their prejudice, and some erstwhile retirees are able to earn pretty well, even if only working part-time. Others, though, may simply have realised, in Mr Brady’s words, that their “place is still on the field and not in the stands”. ■

## The US economy

## Core of the matter

WASHINGTON, DC

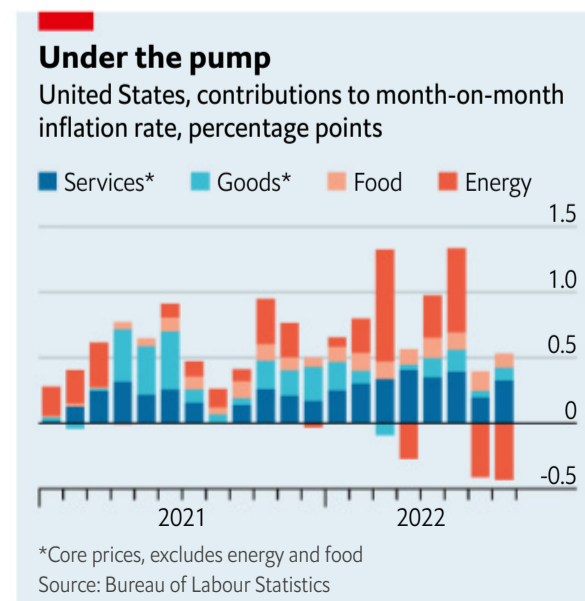
America retains its inflation problem

IT HAD BEEN hoped that America’s latest inflation report would bring good news. Headline annual inflation has been falling from the peak of 9.1% in June, and economists expected August would bring a second month of modest increases—by recent standards—in core prices, which exclude food and energy. Those hopes were dashed. The release on September 13th showed another drop in the headline annual rate, to 8.3%. But core prices rose 0.6%, twice the 0.3% forecast. The news hit markets: the S&P 500 index dropped by 4.4% as investors worried that the Federal Reserve would have to raise rates harder and faster to cool the economy.

Investors are focused on core inflation because of big swings in energy prices. The price of crude oil is down a quarter from its peak in early June. In a breakdown of the August price data, energy lowered the month-on-month inflation rate by nearly half a percentage point. Other components—food, goods and services such as rent—pushed up prices (see chart).

Were August’s rate of core inflation sustained for a full year, it would mean a 7.4% annual rate, which is well above the Federal Reserve’s target of 2%. Investors believe the Fed will opt for its third consecutive three-quarter-point interest-rate increase when it meets later this month, making for the most aggressive pace of tightening in four decades. It may go further and raise rates by a full percentage point.

One critical factor in the persistence of high inflation is labour-market tightness. With roughly two jobs available per unemployed person, workers have strong bargaining power, which leads to hefty wage



gains. A tracker from the Fed's Atlanta branch shows that in August wages rose at an annualised pace of nearly 7%. The grim conclusion for many economists is that America may require a marked increase in unemployment in order to temper wage pressures and, ultimately, inflation.

The median projection of the Fed's rate-setting committee is that the unemployment rate will only need to tick up slightly to 4.1% in 2024, from the current level of 3.7%. But a recent paper by Laurence Ball of Johns Hopkins University and Daniel Leigh and Prachi Mishra of the IMF argues

that a 4.1% level of unemployment would be consistent with core inflation of between 2.7% and 8.8% in 2024. In other words, only in the rosier scenarios does it seem America can escape the inflationary mire without lots of job losses.

Nevertheless, the divergence between core and headline inflation poses an intriguing question. As far as consumers are concerned, there is no such distinction. All prices matter, and indeed prices at the petrol pump do more to capture the attention of Americans than prices anywhere else. Surveys of consumers show that their ex-

pectations for future inflation have come down sharply since June, undoubtedly thanks to the decline in oil prices.

As Mr Ball and his co-authors argue, a failure to account for the pass-through from energy prices into core inflation was one reason why economists were wrong-footed by inflationary pressure over the past year. The hope now is that the plunge in energy prices can continue, and that the pass-through into weaker core inflation will again wrong-foot many economists. For now, however, America's inflation problem shows little sign of going away. ■

## Buttonwood Now, now, now

*Why investors should forget about delayed gratification*

THE MARSHMALLOW test is a classic of standardised psychology. A young child is given a marshmallow, and told they can eat it whenever they like. Wait for 15 minutes, though, and they can have two. Then they are left alone. When the test was first performed, at Stanford University in the 1960s, the average child succumbed in three minutes. But those who did not were rewarded with more than just a sugar rush. A follow-up study in 1990 showed that success on the test was associated with a whole range of goodies in later life, from academic achievement to coping better with stress.

By now, the associated investment lesson is eye-rollingly familiar. Jam tomorrow should be prized over jam today. Valuing a firm by its present earnings, assets and dividend yield is for the dinosaurs. The pace of technological innovation has made these metrics obsolete; instead, what matters is a company's chance of explosive future growth. For the canonical example look to Amazon: unprofitable for decades, now the world's fifth-largest company. To their proponents, the beating growth stocks have taken over the past year simply does not matter. Truly innovative, disruptive firms will eventually provide returns that make any number of temporary setbacks eminently bearable.

Such thinking has guided some of the most successful investors of the past few decades. Yet their strategies have played out during a 40-year period in which interest rates have mostly fallen. Should that trend now reverse—and the Federal Reserve seems set to raise rates by three-quarters of a percentage point for its third meeting in a row on September 21st—the logic will be turned on its head. In a world of higher interest rates, waiting for jam tomorrow just isn't worth it.

To see why, first consider a crucial driver of this year's downturn. In place of current profits, growth stocks offer the prospect of bigger ones in the future. But a dollar in ten years' time is not worth the same as a dollar today, because the dollar today can earn income in the meantime. At an interest rate of 1%, you need to deposit \$91 to have \$100 in ten years' time. At a rate of 5%, you can deposit just \$61. Hence this year's fall in growth stocks: as rates have risen, the promise of future profits has become worth considerably less in the present.

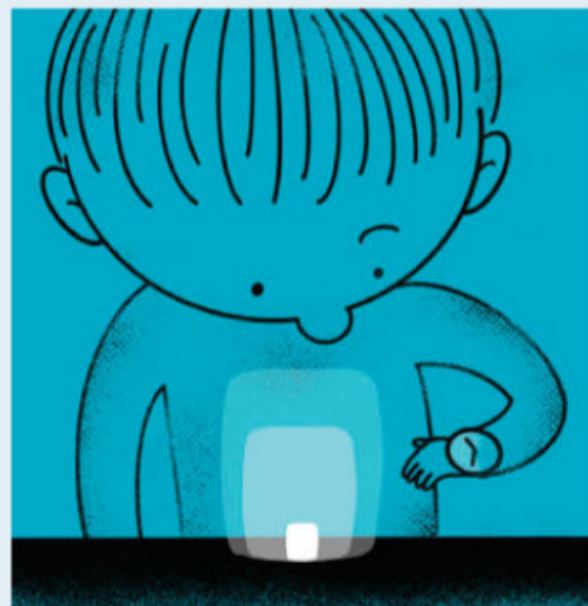
This logic has broader implications than most investors realise. Now imagine you will receive \$100 a year, for ever. By the reasoning above, this has a finite present value, since compound interest means payments in the distant future are almost worthless. With interest rates at 1%, the payment stream is worth \$10,000; at 5%, it is worth \$2,000. But as well as reducing the value, the higher rate also changes the distribution of that value. With rates at 1%, less than a tenth of the stream's value comes from payments

made in the first ten years. At 5%, around two-fifths does.

In other words, higher interest rates dramatically alter firms' incentives when choosing which timeline to invest over. Sacrificing short-term profits for longer-term gains is one thing when you are trying to persuade investors that your superapp, machine-learning algorithm or gene-sequencing widget has the potential to up-end an industry. It is another when even the best-case scenario has its value so heavily skewed towards what can be done in the next decade. Startup founders are used to shaking off derision over implausible, Utopian dreams. It is more of a kick in the teeth to realise that even Utopia is not worth much unless it can be achieved in short order.

Nor are the implications limited to early-stage firms, or even to the stock-market. Should profits be reinvested in a project that may not make returns quickly enough to be worthwhile, or should they just be returned to shareholders as a dividend? Should a company with callable bonds and cash to spare bother repaying? Is there any point in a fixed-rate mortgage-holder overpaying, just to reduce future payments whose value has already fallen?

The original marshmallow test, it turned out, had a flaw. Exclude some children from better-off families (which seems to make them both more willing to delay gratification and more likely to succeed in later life) and much of its predictive power suddenly disappears. Investors who have spent the past few decades betting on long-term, world-changing disruption were similarly fortunate. It was not that they were wrong to be so optimistic. But in falling interest rates, they got a helping hand that is now being withdrawn.





# Free exchange | The new economics of fertility

*Richer societies mean fewer babies. Right?*



**I**N A SPEECH to the Vatican in January, Pope Francis made an observation fit for an economist. He argued that declining fertility rates might lead to a “demographic winter”. In every European country the total fertility rate, the expected number of children a woman will have in her lifetime, has now fallen below 2.1, the level needed to maintain a stable population without immigration. The same is true in many developing countries, including China and (as of this year) India. This, the pope warned, would weigh on the world’s economic health.

Economists have long considered such a slowdown inevitable. In the best-known model of fertility, popularised by Gary Becker, a Nobel-prizewinning economist, and others in the 1960s, there is a central role for the trade-off between the “quantity and quality” of children. As countries grow richer and the returns to education rise, it is expected that families will invest more in a smaller number of children. And as women’s working options expand, the opportunity cost of their time will grow, making the trade-off between family and career more difficult.

Fitting this theory, many places have already gone through a “demographic transition”, in which poor, high-fertility countries become rich, low-fertility ones. In some, the transition has been so dramatic that their populations have started to decline. The number of people in Japan has fallen by about 3m since peaking at 128m in 2008. Many demographers suspect China’s population is also falling, no matter what the country’s official figures claim.

Yet an emerging body of research suggests that fertility may go through another shift at a later stage of development. A recent review of the literature by Matthias Doepke of Northwestern University and co-authors makes the case that, in rich countries, fertility may rise, or at least fall at a slower rate, if norms, policies and the market for child care make it easier for a woman to have children and a career. In countries with, say, supportive family policy or fathers who take on a greater share of child-care duties, one would expect working women to have more children than in the past.

One way to see if this is true is to compare fertility rates across countries with differing incomes and female labour-force participation. In 1980 countries in the OECD with higher female participation rates had lower rates of fertility. By 2000 that relationship had

flipped: countries with higher rates of female labour-force participation had higher rates of fertility. Since then, the picture has muddled slightly. By 2019 the new relationship had weakened a little, and it looks less sturdy when considering GDP per person rather than labour-force participation

But when looked at within countries, the new pattern of fertility becomes clearer. A paper published in 2018 by Michael Bar of San Francisco State University and co-authors shows that in America the relationship between education and fertility, which used to be a downward-sloping trend, has turned into something of a reversed-tick mark. Women with advanced degrees have slightly more children than college graduates. A similar pattern holds when looking at income. The authors argue that the growing availability of child care has reduced the difficulty of the trade-off between family and work.

Governments are also trying to change the picture. Last year South Korea’s fertility rate dropped to 0.81, a record low. In 2019, family-leave policy changed to allow parents with young children to take an additional year of reduced hours on top of an already generous year off work. The share of South Korean parents who take leave has doubled in the past decade, from 12% to 24%. Meanwhile, Hungary has exempted mothers of four or more children from income taxes for life—a more controversial approach, especially since Viktor Orban, the country’s prime minister, has justified it as a way to boost the population without allowing immigration to rise. A report published by the UN last year found that the share of countries with pro-natalist policies had grown from 20% in 2005 to 28% in 2019.

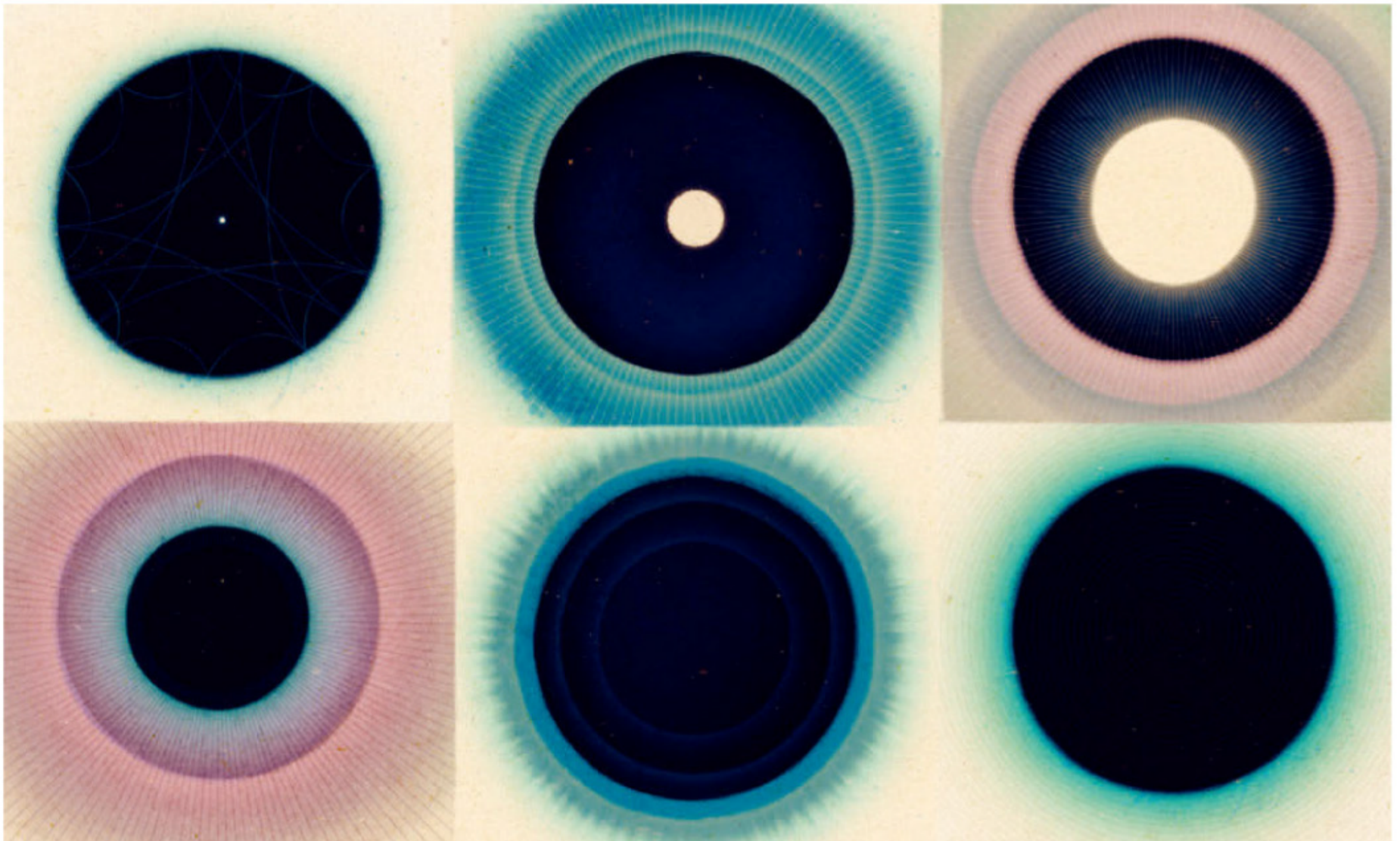
Not all interventions are equally effective. Work by Janna Bergsvik of Statistics Norway, an official research outfit, and colleagues, finds that, although some measures (including subsidised child care) make a difference, others (including parental leave) accomplish far less. Mr Doepke says the biggest boost to fertility occurs when interventions match the way that societies operate. The provision of child care will make little difference if social norms push women to stay at home to look after children. But in Denmark, where fathers take on more child-care responsibilities than in other rich countries, the provision of state-subsidised care for children made a big difference. The country’s fertility rate rose from 1.38 in 1983 to 1.72 in 2021.

## Flush of youth

There is a lot riding on the new fertility switch lasting. The share of the population in the OECD aged 65 and over is expected to have passed 50% by 2050, about 20 points higher than today. As rich countries grow old, there will be greater demand for carers, which will make it more expensive to hire child care. Without a productivity revolution, perhaps featuring robot nannies, child care will remain a privilege of the rich in places without state-funded provision. It is also unclear if norms that make the family-career trade-off easier will continue to spread.

Yet the worse the problem becomes, the harder governments will work to combat it. And as they experiment, evidence will build about which responses are the most effective. The covid-19 pandemic may also end up helping. It delayed many families’ decisions about whether to have children, but in time it may turn out to have had a more positive impact. The rise of working-from-home should make working with children easier. In his speech the pope lamented those people who chose to look after pets instead of children. Maybe that trade-off will lessen, too. ■





Asteroseismology

## Rumbles from the deep

Want to know what's inside a star? Listen closely

IN THE 1960S astronomers discovered that the Sun was pulsating—expanding and contracting regularly every five minutes. As well as this main oscillation, they later found millions more, each with a unique rhythm. The oscillations were the result of pressure waves that had been bouncing around inside the Sun. As such, they carried with them valuable information about the gases and conditions inside the star. Just as geologists used seismic waves caused by earthquakes to glean information about the rocky innards of Earth, astronomers began to use “sunquakes” to take a peek inside the nearest star.

By “listening” to sound waves from the Sun, “helioseismology” has since allowed astronomers to work out the structure and dynamics of the star’s interior. New observatories are now extending this technique to stars beyond the solar system. “Asteroseismology” will give astronomers a glimpse of the interiors of faraway stars and also help them understand how the Milky Way, the Earth’s galaxy, has evolved.

As seismic waves move through the Earth, they are affected by the materials through which they travel. The speed of these waves, for example, is linked to the temperature, density and chemical composition of the rocks in the core and mantle. Acoustic waves travelling through stars are similarly affected by the composition of materials they encounter.

### Not just a ball of hot gas

At the centre of the Sun is a core in which nuclear fusion takes place; surrounding that is the “radiative zone” where energy is transported via radiation and thermal conduction. Beyond that is the “convection zone” where rising and descending bub-

bles of plasma create an unstable regime (see diagram on next page).

This turbulence is the source of the acoustic waves that give rise to the Sun’s oscillations. While the seismic waves generated by an earthquake usually come from a point source in the Earth’s crust, the Sun’s oscillations are triggered by countless disturbances occurring throughout its convection zone. Like a bell, the Sun is continually ringing with the tones and overtones of the millions of oscillations.

The waves have been a useful way to accurately measure the Sun’s age. By tracking the variations in the speed of the acoustic waves inside the Sun, it was possible to infer the changes in density in the interior of the Sun. From that astronomers worked out how much helium and hydrogen exists in the star. Helium is created by the fusion of hydrogen nuclei in the Sun’s core (a process that makes all stars shine), and measuring the quantities of those elements confirmed that the Sun was 4.6bn years old, matching the ages of the oldest meteorites found on Earth (the other tried and tested way to measure the age of the solar system and, hence, the Sun).

By the end of the 20th century, the Sun’s acoustic waves had also helped solve a longstanding conundrum with the flux of solar neutrinos, a type of fundamental particle created in the fusion reactions at the hearts of stars. For decades there had been a puzzling mismatch between the number ▶▶

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► of neutrinos coming from the Sun, as measured by astronomers, and the number of neutrinos predicted by particle physicists. Seismological measurements showed that there was nothing wrong with astronomers' models of how the Sun worked. Particle physicists were then forced to revise their theories about neutrinos, which they had long thought were massless particles. Neutrinos, they concluded, must in fact have a tiny amount of mass and be able to transform from one type to another as they travelled from the Sun to the Earth. This was confirmed experimentally in 2002.

### Into the unknown

These successes gave helioseismologists confidence to broaden their horizons. By measuring how much and how fast the surfaces of faraway stars were moving inward or outward, Jørgen Christensen-Dalsgaard, an astrophysicist at Aarhus University in Denmark, was one of the first to detect seismic oscillations in another star—a binary system 37 light years away from Earth—in 1995. But progress on stars beyond the solar system was painfully slow. In order to record just a handful of stellar oscillations in a massive star ten times heavier than the Sun and located 690 light years away from Earth, Conny Aerts, an astrophysicist at KU Leuven, a university in Belgium, had to collate data from two decades of observations that stretched back to the early 1980s.

Fortunately, Dr Aerts and her colleagues will not have to toil so hard in the future. Help (and lots of data) for asteroseismologists is flooding in from an allied branch of astronomy—the hunt for exoplanets. Looking for planets beyond the solar system requires watching faraway stars for long periods of time and looking for slight changes in their luminosity. These changes can come either from planets transiting across the stars or from oscillations in the stars themselves. Exoplanet observatories such as COROT, launched by the French and European space agencies, and *Kepler*, built by NASA, have monitored thousands of stars in recent years with unprecedented precision. The data these missions have gathered has been a gold mine for asteroseismologists, who have used it to examine hundreds of Sun-like stars and several thousand red giants.

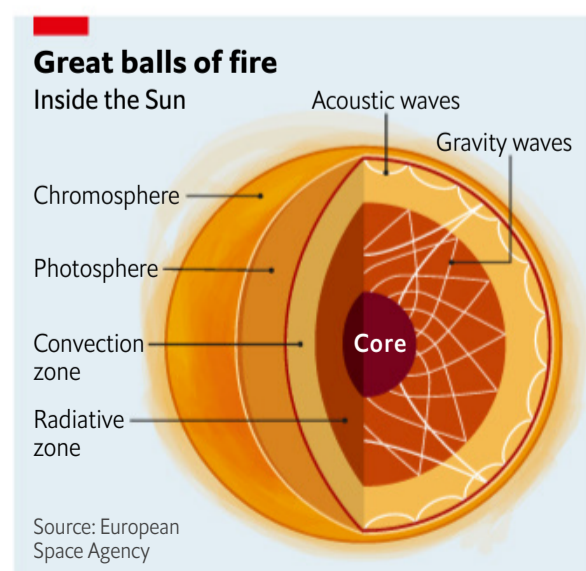
After this frenzy of activity, the details of many stars have been updated. A team of French astronomers, for example, recently found that Altair, a fast-rotating, bright star 17 light years away in the constellation Aquila, was only 100m years old, rather than 1bn years as previously thought. They used asteroseismological data from watching fluctuations of Altair's luminosity, which were in turn caused by the oscillations, and thus the pressure waves, inside the star. In August a team of astronomers

updated the age of the binary star 12 Boötis, which was observed by NASA's Transiting Exoplanet Survey Satellite (TESS) observatory. Writing in the journal *Monthly Notices of the Royal Astronomical Society*, researchers calculated the star's age at 2.67bn years, with a margin of error less than 160m years, or 6%. Traditional dating methods have uncertainties far above 10%. Data from *Kepler* also revealed strong magnetic fields inside the cores of three red giant stars, situated near the constellations Cygnus and Lyra, each a few thousand light years away.

TESS will continue to provide asteroseismologists with new data, but even better instruments are on their way. The European Space Agency will launch a new exoplanet hunter, PLATO, in 2026. It will not only monitor hundreds of thousands of Sun-like stars but keep its eyes on tens of thousands of massive stars too.

Though massive stars that are at least eight times heavier than the Sun are a minority in the galaxy, astronomers have a special interest in them. They enrich interstellar environments with heavy elements when they die as supernovae. These remnants are chemical clues that can help to reconstruct the history of the Milky Way. Elements lighter than iron are produced in the cores of massive stars as they burn; heavier elements are created in supernova explosions. Understanding which elements are inside a star, through asteroseismology measurements, can reveal to which generation that star belongs, and so from how many predecessor stars it has been recycled. The Sun, for example, is thought to be a third-generation star, which means it originated from material from a previous star that already was enriched with heavy elements from another predecessor, probably a massive star that ended in a supernova.

"If we want to understand how the Milky Way was assembled, we need to know how each generation of stars behaved," says Chris Lintott, an astrophysicist at Oxford University. "Understanding stellar evolution in detail is the next step in putting together the history of our galaxy." ■



### Academic publishing

## Peer pressure

### An influential academic safeguard is distorted by status bias

WHEN, IN 1905, the then-unknown patent clerk Albert Einstein sent his revolutionary ideas on special relativity, the photoelectric effect, Brownian motion and a few other topics to the German journal *Annalen der Physik*, its editors were happy to publish them. Submissions were rare and therefore rarely rejected—unless the text was clearly bonkers.

Things are different now. Most top academic journals use a system of peer review, which asks independent experts in the same field to assess papers before they are accepted. Reviewers are meant to check the methods, analysis and conclusions and, crucially, whether the work meets the required standards for publication.

No scientist would claim that peer review is perfect. There are plenty of famous cases of ground-breaking papers being rejected after flawed advice from reviewers, while seldom a week goes by without one field or another rounding on a shoddy piece of work on social media and asking how on Earth it passed peer review. Many researchers describe the review process by borrowing Winston Churchill's quip about democracy: it's the worst system except for all the others.

A new study of the peer review process reveals a novel and depressing, if not totally surprising, fault. It indicates that a modern-day Albert Einstein, or any researcher with a good idea but without an already-stellar reputation, might struggle to get their foot in the door. Status bias means the name of the individual on the paper can matter as much as the findings when it comes to what gets published, suggests the study, which was released last week as a working paper on the SSRN repository.

Researchers have suspected for a long time that work from established senior figures often gets an easier ride in peer review and is more likely to be accepted and published. It is an example of the so-called Matthew effect of accumulated advantage, that eminent people get disproportionate credit for work—named after the biblical parable of the talents in the Gospel of Matthew, which states that "to everyone who has will more be given".

In the new study, researchers at the University of Innsbruck, in Austria, collaborated with Vernon Smith, an experimental economist at Chapman University, in California, and a winner of the Nobel Memorial Prize in Economic Sciences. Dr ►►

► Smith had just completed a project with Sabiou Inoua, a colleague at Chapman University who at the time was a PhD student. The duo had written a paper on financial and market data that was ready to submit to an academic journal.

The team from Innsbruck had a devious plan—use the name of either Dr Smith or Mr Inoua as the paper’s author and send it to peer reviewers to see how they judged the quality of the work. Editors at the *Journal of Behavioural and Experimental Finance*, the journal to which the pair submitted their manuscript, were admirably ready to play along.

They first asked more than 3,300 potential reviewers if they would be willing to take the time to assess the manuscript, based on a short abstract emailed to them that listed one of the two authors’ names, or omitted the names entirely. In this scenario, including Dr Smith’s name saw the acceptance rate jump—almost 40% agreed to review when he was the author compared with closer to 30% when the author was Mr Inoua or not listed.

Those who agreed were sent a full manuscript to review, with the same pattern of names, and more than 500 reviewers submitted reports. When they thought it was Mr Inoua’s work alone, 65% of reviewers voted to reject it. That is almost three times as many as the 23% of reviewers who rejected the same paper when it carried only Dr Smith’s name.

But it was also a significantly higher rejection rate than the 48% who spurned the paper when it was completely anonymous. Not only did Dr Smith’s eminence boost his numbers, but the newbie status of Mr Inoua counted against him.

Does the pernicious impact of status bias seep beyond the pages of this particular journal and this particular field? Juer-gen Huber, one of the Innsbruck team, is certain that it does. Every discipline from chemistry and physics to medicine and genetics has its own superstars, he says, while some results indicate that top institutions like Harvard University also get a status boost in peer review.

One option to deal with the bias is to remove all names from all manuscripts under review. But Dr Huber points out this is increasingly difficult with the rise of pre-prints and working papers published online before they are formally submitted to a journal. Any reviewer of an anonymous manuscript could simply search for its tell-tale online trail.

The story has an interesting coda. Mr Inoua and Dr Smith’s bold willingness to test the limits of peer review has not come without cost. The *Journal of Behavioural and Experimental Finance* is yet to publish their paper. It is waiting for the duo to respond to the reviewers’ comments—all 500 of them. ■



### Music and the mind

## Instrumental

### Playing an instrument is linked to better cognition

FROM STRUMMING a guitar next to a campfire to entertaining guests with a piano piece at a formal dinner, being able to play a musical instrument is unquestionably rewarding. Yet, evidence suggests that the rewards go far beyond the elation of performing well in front of others—those who play instruments have often been found to perform better on cognitive tests too.

Enhanced cognition is well-known to be linked to a range of positive life outcomes such as getting a better job and enjoying improved health. However, it has remained unclear whether these enhanced cognitive skills are just temporary. New research published in *Psychological Science* suggests that the benefits of musical instruments remain for decades.

Studies comparing the mental abilities of musicians and non-musicians often show that musical training is related to small, but significant, cognitive benefits even when confounding factors, such as socioeconomic status, are accounted for. Findings from experimental studies with children have also lent support to the idea that musical training might cause an improvement in cognitive ability. Indeed, there is evidence that just two years of such training enhances cognition.

Unfortunately, a major limitation of these studies is their duration. They almost always have short monitoring periods. This is not because psychologists do

not yearn to monitor their participants for longer. It is more a matter of time and resources. Running experiments over the course of several decades is logistically challenging and expensive. This has made it impossible to determine if cognitive changes associated with learning how to play an instrument remain throughout a person’s lifetime.

In their latest study, Judith Okely at Edinburgh University and her colleagues, Ian Deary and Katie Overy, identified a solution to that age-old problem: the Lothian Birth Cohort. On a single day in 1947, the Scottish government tested the intelligence of almost every 11-year-old child who attended school in the country. In 1997 Dr Deary contacted 1,091 of those people and tested them once more between 2004 and 2007. The study is still ongoing with participants returning for further cognitive testing every three years.

Although information about musical ability was not initially collected as part of the study, while pondering the question of how learning an instrument shaped cognition over time in early 2017, Dr Overy, a researcher at Edinburgh University’s Reid School of Music, realised it was not too late to ask the original participants about their musical experiences.

The researchers worked together to develop a questionnaire that collected information about lifetime musical experience. This was completed by the surviving cohort members who returned to the study for further testing at age 82. The participants were asked how many instruments they played and what their training was like. They were also asked to record how many years of regular practice they had and what performance level (for example beginner, intermediate or advanced) they had reached. A total of 366 cohort members provided usable information and 117 revealed that they had some degree of experience with musical instruments.

Overall, the researchers found that a significant positive relationship existed between playing an instrument and change in cognitive ability over time. More specifically, the more years and more hours of practice with an instrument that a person had, the more likely they were to show a positive cognitive change over the course of their life. The effect was small but it remained significant even when the findings were adjusted to take into account confounding factors like years of education and socioeconomic status.

Precisely why learning to play a musical instrument has these effects remains unclear. The researchers theorise that driving people to regularly use a mix of focused attention, co-ordination, auditory-motor skills and memory results in advantageous cognitive changes. Yet another reward, then, from a love of music. ■



## Evolution

## Hide and seek

## A new study attempts to work out how well disguise works in nature

CAMOUFLAGE IS THE by-product of an evolutionary arms race between one group—the predators—that want to eat another group—the prey. Prey seek to survive by tricking the perceptual and cognitive systems of the predators. And predators look to eat by breaking through the camouflage of the prey.

To put it all more formally, predators need to maximise their perception of signal (their proposed meal) from the noise (the general environment); the goal of prey is to minimise that same signal-to-noise ratio. While the physical manifestations of camouflage might be diverse, they function in one of three ways: to impair detection, to impair identification or to redirect attack. Methods that impair detection trick the perceptual system of a predator into believing that the prey is simply not there. Octopuses change colour to match their backgrounds, for example. The tasselled wobbegong shark (pictured) conceals its shadow against the ocean floor by being incredibly wide and flat. The white bellies of penguins match the sky, and their black coats, the depths of the ocean, in what is known as “countershading”. The arctic fox sports white fur in the winter and brown or grey in the summer. The comb jelly is transparent. Deep-sea fish are very black.

Often, the evolution of this kind of camouflage is detectable on a shorter time-scale too—the populations of dark-coloured peppered moths grew in England, for example, as sooty pollution increased in the 19th century during the Industrial Revolution. Correspondingly, the population of light-coloured moths rose when pollution levels fell.

Impairing identification tricks the cognitive system of predators into thinking that whatever it is looking at is uninteresting (and definitely not food-like). The dead leaf butterfly, for example, looks like a dead leaf. Predators themselves use this too—leopards have high-contrast disruptive patterning which allows them to better blend into shadowy bushes and tall grass to avoid detection by their prey.

Redirecting attention is a way to try to reduce the lethality of attack, thereby increasing the chances of survival. The eyespots on the wings of a peacock butterfly, for example, divert attention towards less important regions of the insect’s body. Zebras’ stripes deploy a technique called “motion dazzle”, which disrupts a preda-

tor’s ability to work out which direction the animals are moving in.

How good are any of these camouflage tactics? A study published this week in *Proceedings of the Royal Society B* tries to find out. João Vitor de Alcantara Viana and colleagues from the State University of Campinas, in Brazil, compiled results from 84 studies on camouflage. They found that camouflage increased the amount of time a predator spent searching by over 60%, and it decreased the number of prey that were detected and attacked by around 25%.

## Peek-a-boo!

Masquerade (the dead leaf butterfly, for example) was the most effective technique, nearly quadrupling the time predators spent searching. Eyespots on butterfly wings seemingly provided no benefits in terms of hiding time from predators, but Mr Alcantara noted that this was not surprising since that tactic is not meant to interfere with detection, but rather to reduce the lethality of an attack.

Camouflage need not be visual. Bats, for example, perceive the world through sound. Some of the moths they predate have therefore evolved a “stealth coat”—made of tiny hairs and a layer of scales—that reduces their detectability through echolocation. Marc Holderied, a biologist at the University of Bristol, wanted to know how good the moths were at hiding

from bats so he shaved off their hairs and then sent sound waves towards them, mimicking how bats might echolocate to find their prey. The moths’ one-and-a-half-millimetre layer of fur, it turned out, reduced their detectability by just over 40%.

In addition to the fur, moths also have a thin layer of scales, tens to hundreds of thousands of them, on each wing. The scales each respond to specific frequencies of sound waves and when a bat’s echolocation signals hits the moth’s wings, the scales start to vibrate. The acoustic energy from the echolocation is thus absorbed.

Dr Holderied and his colleagues tested how well the scales worked and found that they were just as good at absorbing sound as the fur—they absorbed as much as 87% of the incoming sound energy, but at only one tenth of the fur’s thickness. In terms of their ability to absorb sounds, Dr Holderied says the moth’s scales outperform (and are much thinner than) any human-designed soundproofing used in homes and offices.

Camouflage not only provides a backdoor into glimpsing the magnificently diverse sensory worlds of animals, it has also inspired intriguing applications for people. Artists and anti-technology activists have invented make-up techniques, for example, known as “computer vision dazzle” that take their cues from natural camouflage and work by drawing high-contrast contours and colourful shapes on human faces so that they can evade detection by computer facial recognition. And Dr Holderied’s team has been taking inspiration from the miraculously sound-absorbing properties of moths to design wallpaper that can reduce the noise of road traffic for the occupants of a building. Though evolved in nature, camouflage can be useful in modern city life too. ■



Anyone seen a shark around here?





The queen on screen

## Lights on the magic

**“The Crown” will help shape the popular memory of Queen Elizabeth II. It is a flattering portrait—mostly**

THE HELMET of hair, the waving hand, the clipped intonation, the corgis: on screen, a few universally recognised tropes instantly evoke Queen Elizabeth II. But for much of her 70-year reign, depictions of her in the arts did not delve far below the familiar surface. Most were superficial or comical; few tried to throw open the doors of the House of Windsor and nose around inside. When, in 1977, the Sex Pistols declared that “our figurehead/Is not what she seems”, the guitars and thrashing drums sounded like a rebellion against her inscrutability. In 2001 Lucian Freud painted her with tellingly pursed lips.

Then Peter Morgan, a screenwriter and playwright, spied a story in the bond between monarch and prime minister. He explored that relationship in “The Queen”, a film of 2006 that chronicled the aftermath of Princess Diana’s death in 1997, when Tony Blair was in Downing Street. The weekly meetings between queen and prime ministers provided the structure for “The Audience”, his play of 2013. Then came “The Crown”, a drama about Elizabeth’s reign broadcast on Netflix since 2016.

More than any other screen interpretation, “The Crown” has sought to understand the queen as a person as well as a figurehead. Rigorous as Mr Morgan’s research is, he has said that “joining the dots” of history is the dramatist’s prerogative. The show imagines the Windsor family’s gatherings, chit-chat and reactions to the headlines. It portrays shooting parties at Balmoral and pageants at Buckingham Palace.

### Saints and sinners

The result is a smash hit, which has influenced perceptions of the queen around the world—and may do so in posterity. Shakespeare’s plays defined the reputations of

Richard III and other English kings. Albeit to a lesser extent, “The Crown” will help shape the memory of Elizabeth II.

Its recurring theme is the queen’s unwavering sense of duty. In the first season, Elizabeth is taught about the “dignified” and “efficient” branches of government as outlined in Walter Bagehot’s “The English Constitution”. She belongs to the dignified, symbolic branch, and stands apart from the bit that does the actual governing. After her accession to the throne in 1952, the show suggests, that doctrine is her guiding principle. Played initially by Claire Foy (pictured), she prevents her sister, Princess Margaret, from marrying her divorced lover on grounds of impropriety, and casts out her wayward, Nazi-sympathising uncle, Edward VIII. She counsels constancy and stoicism above hastiness and passion.

Grasping her role as a national symbol, the monarch grows accustomed to self-effacement. When Prince Charles (Josh O’Connor) wants to exhibit his personality in public, the queen (now played by Olivia Colman) forbids it: “People will always want us to smile or agree or frown or speak, and the minute that we do, we will have declared a position, a point of view—and that is the one thing as the royal family we are not entitled to do.” Her husband, Prince Philip (played by Matt Smith, then Tobias Menzies), describes her as one in a line of “dull, dutiful, reliable, heroic” Windsors, in stark contrast to the “dazzling, the brilliant, the individualistic and the dangerous” members of the family. In a changing ▶▶

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▶ world, the queen of “The Crown” strives to be immutable.

All that makes her a tricky protagonist. The queen, Mr Morgan has said, is “not naturally a person you’d want to put at the centre of any drama, because she’s this remarkably undramatic woman”. He has likened her to a Russian doll, her feelings and impulses concealed deep within. Still, “The Crown” imbues her with the dry wit she is often said to have exuded in private. When new stamps are issued with her likeness, she quips that they mark her transition into an “old bat”. Some of her exchanges with Philip fizz with sexual chemistry.

And, in this telling, she keeps a close eye on the government and does not suffer fools. In the wake of the Suez crisis of 1956, she upbraids Anthony Eden (Jeremy Northam) for lying to Parliament. When Margaret Thatcher (Gillian Anderson) is at loggerheads with her party, Elizabeth reminds her that “power is nothing without authority”. By imagining such private reproaches, the show implies that the queen did much more for the country than cutting ribbons and opening hospitals.

So far, so flattering. But “The Crown” is not pure hagiography. It suggests that the famed stoicism was both a strength and a flaw. In 1966 the fictional queen struggles to find the right words after the Aberfan disaster, which killed almost 150 people, and resorts to faking tears. Her judgment of royal interests is not always astute. One episode explores her meddling in the early relationship between Charles and Camilla. Watching it now, as the real-life versions assume the roles of king and queen consort, you get the feeling that a lot of heartache might have been avoided had Elizabeth behaved differently.

Yet admiration for the queen was not affected by this rendering. According to surveys by Ipsos, since the show first aired her approval rating in Britain has remained sky-high, at 86%. The same is not true of King Charles. Viewers criticised him on social media after scenes of his stormy marriage to Diana. Between 2016 and 2022 his approval rating slipped from 71% to 65%. Support for the monarchy itself dipped too. Since the queen’s death, “The Crown” has shot up Netflix’s viewing charts again. A new season, with Imelda Staunton on the throne, is due in November.

Discretion and diplomacy were the real queen’s watchwords. She regretted allowing behind-the-scenes access for “Royal Family”, a documentary shown in 1969. Likewise, early in “The Crown”, her character fears that televising her coronation would compromise the “higher ideal” of monarchy. On the contrary, argues Philip, such insights will let the public “feel that they share in it, understand it”. Accurately or otherwise, millions of viewers of “The Crown” may now think they do. ■

## Fascism misremembered

# Italy’s big lie

**Mussolini in Myth and Memory.** By Paul Corner. Oxford University Press; 192 pages; \$27.95 and £20

**S**ELDOM IS THE publication of a book more topical. On September 25th Italy will hold a general election at which around a quarter of the vote is expected to go to a party, the Brothers of Italy, that traces its origins to neo-fascism, flaunts the symbol of neo-fascism in its logo and has a leader, Giorgia Meloni, who as a teenager belonged to the defunct, neo-fascist Italian Social Movement (MSI). She is odds-on favourite to be Italy’s next prime minister.

One reason this is happening lies in Italians’ indulgent perception of the Fascist regime that governed their country from 1922 to 1943. As Paul Corner of the University of Siena sets out to prove in this enlightening study, that perception is starkly at odds with the historical record.

Silvio Berlusconi spoke for many of his compatriots when in 2003 he told Boris Johnson and another interviewer that the Fascist dictator, Benito Mussolini, was “benign” and “killed nobody”. That is hard to square with the 3,000 victims of his black-shirt militia in the period before he seized power, let alone the hundreds of thousands who died following Italy’s savage invasion of Ethiopia in 1935.

Fascism created a nation that was partly



In denial about Il Duce

supportive of it, and superficially enthusiastic, but also cowed by the enduring memory of the blackshirts’ reign of terror, and by a system of social control as rigorous as that later installed in communist East Germany. Almost every aspect of an individual’s well-being was dependent on party approval: “suitability for a job, for a licence, for a work permit, or for a pension would be decided at the discretion of the Fascist official”. Monitoring those suspected of dissent were a network of informers and two secret police forces. Yet, as Mr Corner notes, while “Gestapo” and “KGB” have become widely recognised and reviled terms, barely anyone recalls the OVRA or the PolPol.

Neither are they reflected in the view commonly held in Italy that Mussolini “did many good things”, but made just “one mistake” by allying with Hitler. Mussolini did indeed do some good things (as any long-serving leader is likely to). His governments reorganised and extended Italy’s rudimentary welfare system. They built roads and houses. But Mr Corner makes the case that democratic governments of the period did similar things, only rather better. In the 1930s France built twice as many houses as Italy did.

Meanwhile other Fascist achievements, like the much-vaunted draining of the marshes south of Rome, represented the continuation of schemes initiated earlier. As for the alliance with Hitler, far from being a momentary lapse, it was entirely consistent with the congruence between Italian Fascism and Nazism.

So why should such a distorted view have become widespread—and not just in Italy? Scattered through Mr Corner’s book are various explanations. One is that the Fascist era is still seen through the lens of the regime’s superb propaganda machine, literally so in the case of the newsreel clips produced by the state-run Istituto Luce. Another explanation is what Mr Corner terms the “lesser evil argument”, whereby the horrors of Italian Fascism are belittled by comparison with those inflicted by Hitler and Stalin.

But he proposes a further explanation that is as contentious as it is intriguing, rooted in the conviction of many Italians that they are intrinsically *brava gente* (“good people”). In the 1970s the post-war myth that they had been merely victims of Fascism began to yield to another simplistic orthodoxy: that there had been mass consensus in favour of it. But, says Mr Corner, that turnaround produced a paradoxical effect. An argument took hold that “if Italians are ‘good people’, and if there was a mass consensus for the regime, then, logically, Fascism could not have been so bad.” That is an interpretation unlikely to be challenged if Ms Meloni and her Brothers do indeed come to power. ■



World in a dish

## Promising the moon

NEW YORK

**Like other holiday foods, the mooncake is both constant and endlessly variable**

AT THE SOUTHERN end of Manhattan the grid system comes undone, and the streets converge like electric cables at the bottom of a junk drawer. Chinese immigrants have flocked to the neighbourhood for well over a century. Trend-obsessed eaters shun this Chinatown for the one in Flushing, or glitzier spots in the East Village. But nowhere in New York offers such a wealth of old-school Cantonese delicacies: crackling roast pork, carefully seasoned seafood and, at this time of year, soft, golden mooncakes.

Mooncakes are a stuffed pastry eaten for the Mid-Autumn Festival, a harvest holiday celebrated in much of East Asia, second in importance only to the Lunar New Year. This year it fell on September 10th. Gary Chan, a Chinese-American baker who owns Bibble and Sip in midtown Manhattan, compares it to Thanksgiving: a family reunion with food as its anchor.

As with the cakes and pies that conclude a Thanksgiving or Christmas dinner, mooncakes are celebratory. And rich: they have lard-enriched wheaten crusts and fillings traditionally made from bean paste, mixed nuts, lotus seeds, fatty pork and other unusual sweet foods. Miranda Brown of the University of Michigan notes that in the past they would have been a particular treat in rice-centric southern China. Before baking they are pressed into a mould to imprint designs and characters, further distinguishing them from ordinary fare. When most families did not have ovens, they would have had to buy them from a specialist—another splurge.

They are still mostly bought rather than made. These days cooking them at home is easier, but it is still an undertaking. A recipe from Andrea Nguyen, a Vietnamese-American cook, is four pages long, takes 22 steps, requires a special mould to shape the cakes, and includes salted egg yolks, sausage, fruit-cake mix, sorghum and rose-petal liquor, and canned chicken. Mooncakes have a fudge-like density and lightness and, as in many East Asian desserts, the fillings tend to be delightfully subtle rather than sickly sweet.

Or, they do now. The tradition of eating mooncakes for the Mid-Autumn Festival dates back to the Tang dynasty, well over 1,000 years ago; but the cakes themselves have varied in form and filling. When many ethnic Chinese left Vietnam following the Communist takeover, Ms Brown explains, they brought their style of mooncakes with them. These “snow-skin” cakes are served cold, with a soft crust made from steamed rice flour, and have grown popular around the world.

Mr Chan makes highly Instagrammable mooncakes with a mochi and organic sweet-potato filling and inventive moulds (this month’s include lions, persimmons, peanuts and lucky cats). He feels pressure each year to do something novel and delicious; that, combined with the manpower involved, leaves him a little frazzled by early September. The upshot will be familiar to anyone who has cooked a Thanksgiving or Christmas dinner. “Every year,” he says, “we go, ‘We’re not doing this again.’ And then every year we come right back to it.” ■

Population and prosperity

## People power

**Superabundance: The Story of Population Growth, Innovation and Human Flourishing on an Infinitely Bountiful Planet.** By Marian Tupy and Gale Pooley. *Cato Institute*; 655 pages; \$34.95

IN 1980 CHINESE officials met to discuss birth control. One of them, Song Jian, had just returned from Europe, where he had read two influential books: “The Limits to Growth” (published by the Club of Rome, a think-tank), and “A Blueprint for Survival” (based on an article in the *Ecologist* magazine). Both argued that a growing population would deplete Earth’s resources, with results including “the breakdown of society and the irreversible disruption of life-support systems on this planet”.

Mr Song helped persuade China’s Communist Party to enforce a merciless one-child policy for 35 years. Couples with excess babies were hit with ruinous fines; the homes of some were bulldozed. Illegal children were denied public services or put up for adoption abroad. Women pregnant with a second child were tied down and subjected to late-term abortions. Some officials drowned illicit babies in buckets.

China’s one-child policy is an extreme example of what Marian Tupy and Gale Pooley call “anti-humanism”: the belief that people are a burden on the planet, and so the fewer of them there are, the better. A few environmentalists espouse grotesque versions of this view. The authors quote Christopher Manes, who suggested that HIV/AIDS was “the necessary solution” to overpopulation. Others, such as Alexandria Ocasio-Cortez, a star of America’s Democratic Party, merely question whether it is ethical to have children. She is far from alone: according to an international poll, a hefty 39% of people hesitate to procreate for environmental reasons.

Mr Tupy, who works for the Cato Institute, a libertarian think-tank, and Mr Pooley (of Brigham Young University), think people should be free to have the number of children they want. Because they have brains as well as mouths, they argue, more people mean more innovation—which in turn means many of the problems caused by a rising population can be solved by it.

This is not a new idea. It was the inspiration behind a bet between the late Julian Simon, an economist, and Paul Ehrlich, a population alarmist, in 1980. Mr Ehrlich was sure that the world was running out of stuff, so a basket of commodities (chromi-▶▶



um, copper, nickel, tin and tungsten) would get more expensive over the next decade. Simon reckoned human ingenuity would unlock new resources, so they would get cheaper. Simon won the bet.

Mr Tupy and Mr Pooley have broadened the scope of Simon's analysis. They look at a wider range of goods over a longer period of time (some of their data goes back to 1850). And they use a different measure of value. Instead of relying on prices in dollars and adjusting for inflation, which is hard to do accurately across borders and eras, they look at "time-prices": how long it takes to earn enough to buy something. If someone earns \$10 an hour and a banana costs \$1, for example, the time-price of a banana is six minutes.

As well as being robust, the method yields some cheering results. The average time-price of a basket of 50 commodities, from uranium and rubber to tea and shrimp, fell by 72% worldwide between 1980 and 2018. Resources are becoming more abundant (ie, available to more people) as new ways to find and exploit them are invented. The time-price of many manufactured goods fell even faster. In 1997 it took a typical blue-collar worker in America 828 hours to buy a flat-screen television; by 2019 that had fallen to 4.6 hours.

Time-prices suggest the world is getting richer at a cracking pace (with the odd hiccup when there is a pandemic or war). They also offer a fresh perspective on global inequality. By the authors' calculations, in 1960 a typical Indian had to toil for seven hours to put rice on the family table, while a typical American had to work for one hour to buy enough wheat. For their grandchildren in 2018 those figures had fallen to 58 minutes and 7.5 minutes respectively.

Thus in 1960 the Indian worked 7 times longer to buy food; that ratio rose to 7.7 for his grandson, suggesting that inequality has increased. But another interpretation is that the Indian gained 362 minutes a day, while the American gained a seventh of that. "Time inequality between the two has declined dramatically," the authors judge. "When basic things get more abundant, it's the poor who benefit the most."

Past progress is widely underestimated, they argue, and the future is probably rosier than most people imagine. Plenty of things could go wrong, they concede. Restraints on free speech could stifle innovation; governments could muffle market forces, reducing the incentive to develop new ideas. They devote too little space to climate change, but their main suggestion—that more research will be required to make nuclear power cheaper and safer—is right as far as it goes.

This book has other small flaws, among them the subtitle: no planet can be "infinitely bountiful". But overall it is brain-stretching, optimistic and humane. ■



### Mental health

## The pill machine

### Dispatches from the struggle to diagnose and treat mental illness

**Strangers to Ourselves.** By Rachel Aviv. Farrar, Straus and Giroux; 288 pages; \$28. To be published in Britain by Harvill Secker in October; £18.99

WHAT IF THE diagnosis of a mental illness does not help a patient? What if it traps them into a system—therapeutic or pharmaceutical—which, paradoxically, makes them worse? Rachel Aviv, a writer for the *New Yorker*, poses these questions at the start of "Strangers to Ourselves", a collection of essays loosely strung together by the theme of "unsettled minds".

"Strangers to Ourselves" is book-ended by Ms Aviv's own psychological struggles. She begins by recalling her hospitalisation for anorexia when she was six. At that age the diagnosis was too big for her to comprehend, just as the name of the illness was hard to spell: "I had some thing that was a siknis its cald anexorea." On the ward, she learnt to imitate the tics and mannerisms of the older girls. Shocked at how she and her condition were typecast, her parents rejected the doctors' advice that she should be put into a further psychiatric hospital—which may have saved her from a life defined by the disorder.

Near the end of her book, Ms Aviv writes about how, as a journalist in New York, she was put on an antidepressant. "My first six months on Lexapro were probably the best half-year of my life." Her anxieties about her work lifted; she got engaged and, later, became pregnant. But when she tried to give up the drug, she found that she

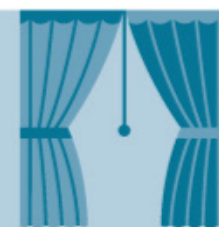
slumped into depression. She has now been on it for more than a decade.

Between these personal experiences, Ms Aviv profiles five people who have wrestled with psychological problems and written about their experiences in unpublished memoirs, diaries and fragments. Through these case studies, she questions the efficacy of different kinds of treatments and the parameters of clinical thinking, particularly in America, where a pill-based approach tends to dominate. One in eight Americans takes antidepressants; among white women, that rises to one in five. But the plights of black and poor people are often ignored. More than two-thirds of women incarcerated in prisons have a history of mental illness.

The most striking of these profiles is of Naomi Gaines. In 2003, when she was a 24-year-old mother of four, she jumped off a bridge into the Mississippi river with her young twin boys, one of whom drowned. Her problems, as a poor black woman, started young. She grew up in a sprawling public-housing complex in Chicago that was partly controlled by gangs. Her mother had an abusive boyfriend and the pair took drugs. Mental illness was never discussed, her mother tells Ms Aviv. "In our family, if you feel a little down you just take a nap. That's the solution: take a nap."

Ms Gaines moved in and out of hospital before her leap from the bridge. But the litany of diagnostic labels she was given was alienating, and she did not take her medication. "Where is the sensitive side of psychiatry?" she asked. After the jump she was ▶▶

## Back Story Fear in a handful of dust



On its centenary, “*The Waste Land*” offers a lesson in prejudice—on all sides

BABIES LIKE “*The Waste Land*”. Try it on one if you’re sceptical. They appreciate the assonance, the rhythms and the intermittent rhymes. They cock an ear at the hair that “Glowed into words”, the “rattle of the bones” and the mystical sign-off: “Shantih shantih shantih”. True, they may not get all the allusions. But then hardly any adults do either.

The thicket of references is one reason readers have often struggled with the long poem since it was first published 100 years ago, in October 1922. Chaucer, the Bible, Dante, Wagner, Buddhist and Hindu texts, Shakespeare and St Augustine, Ovid and Arthurian folklore—T.S. Eliot put them all in. Despite insisting on the “impersonality” of art, he drew on his grief for his father, the disintegration of his psyche, his wife’s and their marriage, and his day job at Lloyds Bank, where he dealt with German debts from before the first world war. Europe’s post-war upheavals shudder through the lines.

What is that sound high in the air  
Murmur of maternal lamentation

For some, the upshot of all these influences is merely, in a phrase from the poem, “A heap of broken images”. In 1923 *Time* queried whether it had been “written as a hoax”. For others, “*The Waste Land*” is, like “*Ulysses*” (published in the same year), a landmark of Modernist literature. How readers respond to it is a matter of prejudice—their own, but also, now more than ever, the poet’s.

“*The Waste Land*” is a work of fragments: of people (those bones and that hair), stories and memories, which Eliot once called “the faded poor souvenirs of passionate moments”. There are snippets of writing and conversations in many languages and registers, highfalutin to demotic. As Matthew Hollis relays in his

forthcoming book, “*The Waste Land: A Biography of a Poem*”, some lines echo the chatter of two brassy actresses who lived below the Eliots during the war. It doesn’t make sense; at least, not in a linear, rational, conventional way.

But that is part of the point. Elsewhere Eliot warned readers of verse not to seek “a kind of ‘meaning’ which is not there and is not meant to be there”. He talked of a “logic of the imagination” that joins up disparate images, and an “auditory imagination” that operates “far below the conscious levels of thought”. These are how he evokes his themes of death, grief and resurrection, doubt and faith and urban anomie, the presence of the past, sex, disgust and (above all) loneliness and a yearning for connection, for the key that unlocks the prison of the solitary mind.

My friend, blood shaking my heart  
The awful daring of a moment’s surrender  
Which an age of prudence can never retract  
By this, and this only, we have existed

The real meaning of “*The Waste Land*” is how it makes you feel. This way of re-



sponding to art tends to come naturally for music or paintings. When the medium is words, some readers find it harder to trust in their emotions. Perhaps that reflects a failure in the words; perhaps it is a limitation in the readers.

So much for their prejudice. As for the poet’s: he was not as hatefully bigoted as his friend Ezra Pound, a bad man but an inspiring editor whose gruff corrections sharpened the drafts of “*The Waste Land*” into the piercing marvel it still is. But Eliot’s prejudices—in particular, his anti-Semitism—were grim.

In the past, the poet’s fans, and Eliot himself, tried to explain away the slurs that scar his writing. “The rats are underneath the piles”, runs one poem. “The jew [sic] is underneath the lot.” He was *dramatising* prejudice, he was a man of his time, don’t be a philistine; and so on. Letters newly cited by Robert Crawford in “Eliot After ‘*The Waste Land*’” put an end to the casuistry. “Why is there something diabolic about so many Jews?” Eliot asked in 1934. He was a diehard anti-Semite, even amid the Nazi horror.

So, at its centenary, “*The Waste Land*” is a case study in thinking about great art by reprehensible artists. Anti-Semitism does not feature in the published poem; but that does not mean readers should blithely ignore the poet’s failings. Nor, though, are those a clinching reason to forswear reading it altogether.

The challenge is to acknowledge, and reconcile, the masterpiece and the monstrous views. Generously, perhaps, you could see both as symptoms of a mind, and a world, convulsed by change and modernity (for which, in Eliot’s vile caricatures, Jews are sometimes a kind of avatar). Or you can accept that people, like poems, can be made up of jagged fragments that form a complex whole.

► committed to a secure institution as “mentally ill and dangerous” and started to take an antipsychotic. She was charged with second-degree murder and sent to prison. Things began to change: she read voraciously and became the prison’s library clerk. She was assigned a therapist. But in 2010 she was taken off the antipsychotic “due to cost”, and was soon put in solitary confinement for 60 days. She was released 16 years after her crime.

Ms Aviv writes sensitively about the limits of diagnosis in a case like this one. “Psychiatric insight can save a life,” she ac-

knowledges. Yet a narrow medical outlook “may also blind doctors and family members to certain beliefs—a relationship to God, a new understanding of society and one’s place in it—that are essential to a person’s identity and self-worth.” She scrutinises the racial biases seemingly inherent in the American health-care system: according to one study, 40% of second-year medical students think black Americans are less liable to feel pain. She sees the limits of antidepressants, even if some drugs can reshape lives for the better.

The subtlety of Ms Aviv’s book is also its

flaw. Her five profiles feel disparate and disconnected. A chapter set in India is the weakest; the author is best when she is on home ground. A case study that was originally a *New Yorker* profile—of a woman called Laura who was prescribed pill after pill—has the strongest sense of purpose. Ms Aviv’s withering assessment of the over-prescribing “biochemical” model of health care is powerful, as is her horror at the treatment Ms Gaines received at the hands of doctors and prison guards. More moments of clarity like these would have made for a better book. ■



## Economic data

	Gross domestic product			Consumer prices		Unemployment rate		Current-account balance		Budget balance		Interest rates		Currency units			
	% change on year ago latest	quarter*	2022†	% change on year ago latest	2022†	%		% of GDP, 2022†	% of GDP, 2022†	10-yr gov't bonds latest,%	change on year ago, bp	per \$ Sep 14th	% change on year ago				
United States	1.7	Q2	-0.6	1.5	8.3	Aug	7.9	3.7	Aug	-3.7		-3.9	3.4	213	-		
China	0.4	Q2	-10.0	3.6	2.5	Aug	2.4	5.4	Jul <sup>§</sup>	2.2		-6.2	2.4	\$\$	-30.0	6.96	-7.5
Japan	1.6	Q2	3.5	1.8	2.6	Jul	2.1	2.6	Jul	1.7		-6.1	nil		-8.0	143	-23.1
Britain	2.9	Q2	-0.3	3.6	9.9	Aug	8.7	3.6	Jun <sup>††</sup>	-3.1		-5.0	3.1		241	0.86	-16.3
Canada	4.6	Q2	3.3	3.6	7.6	Jul	7.0	5.4	Aug	1.2		-3.5	3.2		199	1.31	-3.0
Euro area	4.1	Q2	3.1	2.7	9.1	Aug	8.1	6.6	Jul	1.4		-4.4	1.7		205	1.00	-15.0
Austria	6.0	Q2	11.5	3.7	9.0	Aug	8.9	4.6	Jul	-0.9		-4.7	2.3		246	1.00	-15.0
Belgium	3.3	Q2	0.8	2.2	9.9	Aug	9.3	5.9	Jul	-1.0		-4.8	2.4		242	1.00	-15.0
France	4.2	Q2	2.2	2.4	5.8	Aug	6.2	7.5	Jul	-1.9		-6.1	2.2		222	1.00	-15.0
Germany	1.7	Q2	0.6	1.0	7.9	Aug	8.3	2.9	Jul	3.5		-3.2	1.7		205	1.00	-15.0
Greece	7.8	Q2	5.0	4.0	11.4	Aug	9.0	11.4	Jul	-5.8		-5.0	4.3		349	1.00	-15.0
Italy	4.7	Q2	4.6	3.0	8.4	Aug	7.2	7.9	Jul	0.3		-6.1	4.0		333	1.00	-15.0
Netherlands	5.3	Q2	10.9	2.6	12.0	Aug	10.8	3.6	Jul	7.4		-3.2	2.0		226	1.00	-15.0
Spain	6.3	Q2	4.6	4.7	10.5	Aug	9.2	12.6	Jul	0.5		-5.2	2.8		250	1.00	-15.0
Czech Republic	3.6	Q2	1.9	2.2	17.2	Aug	16.7	2.3	Jul <sup>†</sup>	-3.6		-5.7	4.5		258	24.5	-12.5
Denmark	3.3	Q2	3.7	2.1	8.9	Aug	8.2	2.7	Jul	8.3		0.8	2.1		213	7.44	-15.5
Norway	3.9	Q2	2.9	2.2	6.5	Aug	6.2	3.2	Jun <sup>††</sup>	17.3		11.3	1.4		76.0	10.1	-14.5
Poland	4.9	Q2	-8.1	3.2	16.1	Aug	14.7	4.9	Aug <sup>§</sup>	-3.0		-3.7	6.0		396	4.72	-18.4
Russia	-4.1	Q2	na	-6.2	14.3	Aug	15.2	3.9	Jul <sup>§</sup>	11.9		-3.7	9.1		196	60.2	21.1
Sweden	4.1	Q2	3.6	2.3	9.8	Aug	7.3	6.4	Jul <sup>§</sup>	3.0		-0.2	2.0		180	10.7	-19.6
Switzerland	2.4	Q2	1.1	2.2	3.5	Aug	3.4	2.1	Aug	7.0		-1.1	1.1		129	0.96	-4.2
Turkey	7.6	Q2	8.5	4.1	80.2	Aug	75.4	10.6	Jul <sup>§</sup>	-5.9		-3.7	11.1		-537	18.2	-53.7
Australia	3.6	Q2	3.6	3.2	6.1	Q2	6.0	3.5	Aug	1.9		-2.6	3.6		242	1.48	-8.1
Hong Kong	-1.3	Q2	4.1	0.7	1.9	Jul	2.9	4.3	Jul <sup>††</sup>	1.4		-6.7	3.3		223	7.85	-0.9
India	13.5	Q2	9.5	6.9	7.0	Aug	7.0	8.3	Aug	-1.5		-6.6	7.2		96.0	79.5	-7.2
Indonesia	5.4	Q2	na	5.1	4.7	Aug	4.9	5.8	Q1 <sup>§</sup>	1.2		-3.8	7.1		98.0	14,908	-4.4
Malaysia	8.9	Q2	na	6.0	4.4	Jul	3.1	3.7	Jul <sup>§</sup>	1.6		-6.1	4.1		82.0	4.53	-8.4
Pakistan	6.2	2022**	na	6.2	27.3	Aug	18.5	6.3	2021	-5.0		-7.0	12.8	†††	299	234	-27.8
Philippines	7.4	Q2	-0.4	6.7	6.3	Aug	4.9	5.2	Q3 <sup>§</sup>	-3.8		-7.7	6.8		255	57.1	-12.6
Singapore	4.4	Q2	-1.0	3.5	7.0	Jul	5.7	2.1	Q2	18.9		-1.0	3.2		173	1.40	-4.3
South Korea	3.0	Q2	3.0	2.6	5.7	Aug	5.1	2.9	Jul <sup>§</sup>	2.0		-3.3	3.7		160	1,391	-15.8
Taiwan	3.0	Q2	-7.0	2.9	2.7	Aug	3.3	3.7	Jul	14.0		-1.2	1.4		92.0	31.1	-10.9
Thailand	2.5	Q2	2.7	2.8	7.9	Aug	6.0	1.5	Dec <sup>§</sup>	-0.5		-5.0	2.8		123	36.6	-10.1
Argentina	6.0	Q1	3.5	4.6	78.5	Aug	70.8	7.0	Q1 <sup>§</sup>	-0.6		-4.5	na		na	143	-31.2
Brazil	3.2	Q2	5.0	2.2	8.7	Aug	9.7	9.1	Jul <sup>§††</sup>	-0.7		-6.2	12.1		106	5.17	1.2
Chile	5.4	Q2	nil	2.0	14.1	Aug	11.5	7.9	Jul <sup>§††</sup>	-7.1		-1.7	6.6		132	913	-14.1
Colombia	12.6	Q2	6.0	6.6	10.8	Aug	9.8	11.0	Jul <sup>§</sup>	-5.1		-4.7	12.7		559	4,394	-12.8
Mexico	2.0	Q2	3.7	2.2	8.7	Aug	8.0	3.2	Jul	-1.1		-2.4	9.1		209	20.0	-0.5
Peru	3.3	Q2	2.3	2.6	8.4	Aug	7.8	7.6	Jul <sup>§</sup>	-3.7		-2.1	8.0		166	3.86	6.2
Egypt	5.4	Q1	na	6.2	14.6	Aug	12.5	7.2	Q2 <sup>§</sup>	-4.9		-6.5	na		na	19.4	-18.8
Israel	4.8	Q2	6.8	5.7	5.2	Jul	4.4	3.4	Jul	2.7		-0.5	3.1		208	3.43	-6.4
Saudi Arabia	3.2	2021	na	7.6	3.0	Aug	2.5	6.0	Q1	14.4		9.3	na		na	3.76	-0.3
South Africa	0.2	Q2	-2.9	1.9	8.1	Jul	6.9	33.9	Q2 <sup>§</sup>	-1.2		-6.2	10.3		142	17.4	-18.2

Source: Haver Analytics. \*% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. ‡Not seasonally adjusted. §New series. \*\*Year ending June. ††Latest 3 months. †††3-month moving average. §§5-year yield. ††††Dollar-denominated bonds.

## Markets

In local currency	Index	% change on:	
		one week	Dec 31st 2021
United States S&P 500	3,946.0	-0.9	-17.2
United States NAScomp	11,719.7	-0.6	-25.1
China Shanghai Comp	3,237.5	-0.3	-11.1
China Shenzhen Comp	2,100.9	-1.1	-17.0
Japan Nikkei 225	27,818.6	1.4	-3.4
Japan Topix	1,947.5	1.7	-2.3
Britain FTSE 100	7,277.3	0.5	-1.5
Canada S&P TSX	19,726.1	2.5	-7.1
Euro area EURO STOXX 50	3,567.6	1.9	-17.0
France CAC 40	6,222.4	1.9	-13.0
Germany DAX*	13,028.0	0.9	-18.0
Italy FTSE/MIB	22,413.5	4.3	-18.0
Netherlands AEX	680.9	1.4	-14.7
Spain IBEX 35	8,055.6	2.5	-7.6
Poland WIG	50,296.9	2.9	-27.4
Russia RTS, \$ terms	1,282.8	3.1	-19.6
Switzerland SMI	10,754.4	-0.5	-16.5
Turkey BIST	3,447.0	1.3	85.6
Australia All Ord.	7,071.8	1.6	-9.1
Hong Kong Hang Seng	18,847.1	-1.0	-19.4
India BSE	60,347.0	2.2	3.6
Indonesia IDX	7,278.1	1.3	10.6
Malaysia KLSE	1,468.4	-1.5	-6.3

	% change on:	
	index	one week
Pakistan KSE	41,937.6	0.4
Singapore STI	3,258.0	1.5
South Korea KOSPI	2,411.4	1.5
Taiwan TWI	14,658.3	1.7
Thailand SET	1,656.6	1.0
Argentina MERV	146,750.1	4.1
Brazil BVSP	110,546.7	0.7
Mexico IPC	46,745.2	1.5
Egypt EGX 30	10,193.8	-0.4
Israel TA-125	2,015.6	-0.2
Saudi Arabia Tadawul	11,921.0	0.5
South Africa JSE AS	67,964.0	1.9
World, dev'd MSCI	2,617.8	0.1
Emerging markets MSCI	962.6	0.6

## US corporate bonds, spread over Treasuries

Basis points	Dec 31st 2021	
	latest	
Investment grade	168	120
High-yield	467	332

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

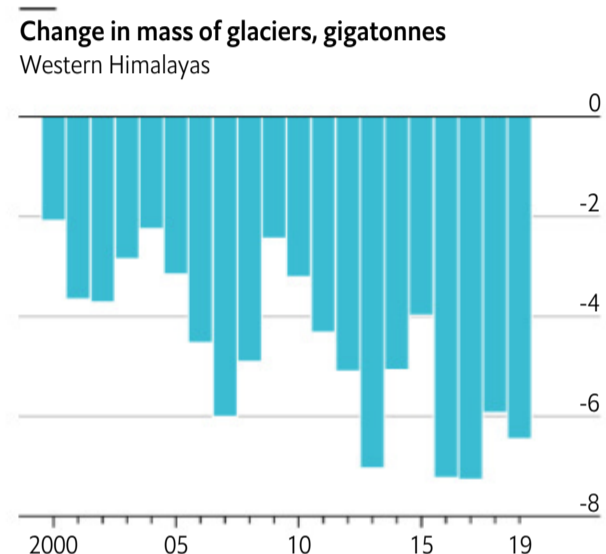
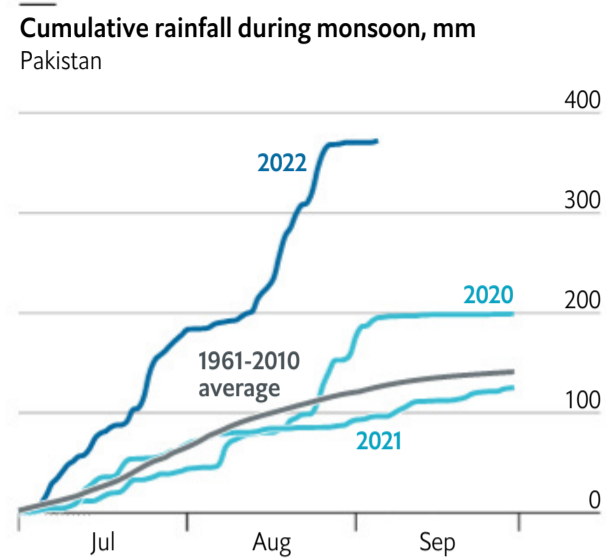
## Commodities

The Economist commodity-price index	% change on			
	2015=100	Sep 6th	Sep 13th*	month
Dollar Index				
All items	148.1	154.3	1.6	0.8
Food	142.7	148.0	3.5	16.1
Industrials				
All	153.1	160.2	nil	-9.5
Non-food agriculturals	146.8	149.5	-4.1	9.9
Metals	155.0	163.4	1.2	-13.6
Sterling Index				
All items	196.1	204.0	6.4	21.0
Euro Index				
All items	165.8	170.9	3.2	19.0
Gold				
\$ per oz	1,704.6	1,704.5	-4.1	-5.7
Brent				
\$ per barrel	93.0	93.3	1.0	26.6

Sources: Bloomberg; CME Group; Cotlook; Refinitiv Datastream; Fastmarkets; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Urner Barry; WSJ. \*Provisional.

For more countries and additional data, visit [economist.com/economic-and-financial-indicators](https://economist.com/economic-and-financial-indicators)

→ Floods have submerged 10% of Pakistan's land. Increased rainfall and glacial meltwater could mean more tragedies



Sources: UNOSAT; GLIMS glacier database; Pakistan Meteorological Department; "Accelerated global glacier mass loss in the early twenty-first century", by R. Hugonnet et al., *Nature*, 2021

## Floodgates opened

**Devastating floods like Pakistan's are much more likely in a warming world**

**D**URING A VISIT to Pakistan this week, António Guterres, the UN secretary-general, said he had "simply no words to describe" the harm inflicted by the floods that have submerged the country during the past month. Numbers can at least quantify the extent of the disaster. More than 1,400 people have died and 33m have been displaced; 1.7m homes have been damaged. Half of the country's cotton crop has been washed away, and this year's wheat production could be largely written off. The government estimates that the floods will cost \$30bn (9% of GDP).

Pakistani officials have exhorted richer countries to help—not just out of altruism, they argue, but because those countries' carbon-dioxide emissions are partly responsible for the catastrophe. And although studies measuring the role of climate change in the floods have not yet

been completed, many experts believe that the evidence is already sufficient to assign some blame to man-made global warming.

The first link between the floods and broad climate trends is a heatwave in April and May, which scorched much of Pakistan and neighbouring India. According to the World Weather Attribution Project, a network of climate modellers, global warming has made such temperatures 30 times more likely than during pre-industrial times. And when temperatures rise, air picks up more moisture, increasing the chances of heavy rain. Total rainfall in Pakistan this August was more than triple the average during the past 30 years.

The 7,200 glaciers in northern Pakistan are also melting faster than in the past, largely as a result of greenhouse-gas emissions. Along with other Himalayan glaciers, they are named the "third pole" because they contain the world's largest store of ice outside of polar regions. A study published this June finds that temperatures across the region rose by 0.42°C per decade in 1980–2018, twice the global average rate. Other forms of air pollution are also accelerating the rate of glacial shrinkage. When black particles settle on ice, they darken its surface, causing glaciers to absorb more

sunlight and melt even faster.

As a result, researchers using satellite imagery have estimated that in 2000–19, ice sheets in northern Pakistan shrank by 4.6 gigatonnes (Gt, equivalent to about 1.8m Olympic swimming pools) per year. The exact amount of melting in 2022 has not yet been calculated. However, glacial lakes in the northern region of Gilgit-Baltistan released sudden outbursts of water—a sign of rapid melting—16 times this year, compared with just five or six episodes per year in the recent past.

The third pole's sweating glaciers are the source of South Asia's main rivers. Their melting, combined with the rise in rainfall, has swelled the region's waterways. From 1980 to 2018, flows in the upper parts of the Indus, Pakistan's biggest river, increased by 3.9Gt per decade.

The situation is likely to get worse. Even under rosy climate scenarios, in which temperatures rise by at most 2°C above pre-industrial levels by 2100, one-third of Himalayan ice could vanish during this century. Poor countries in the region will suffer as a result. Although their emissions are now rising, they produced just a tiny fraction of the current stock of greenhouse gases that helped cause their plight. ■





## The weight of duty

**Queen Elizabeth II, Britain's longest-serving monarch, died on September 8th, aged 96**

FOR THE MILLIONS who watched on June 2nd 1953—for it was the first time in history that a British coronation had been televised—the most moving part of the ceremony came near the end. It was then that the imperial state crown, encrusted with 2,868 diamonds and weighing more than a kilogram, was placed on the pretty, dark and fragile head of Elizabeth Windsor, proclaiming her, in the eyes of all, Queen Elizabeth II.

For her, though, according to the few people who knew her well, the most charged part of the service had come earlier, in the only part which was not shown. Then, like monarchs before her back to medieval times, she had stripped to a shift behind screens and been anointed with holy oil: a sign that her election came not just from good Hanoverian blood, but from God. It was a reminder that kingship was a holy and permanent duty. And it was a lesson she never forgot.

Tirelessly, the small and somewhat dumpy figure, with a large handbag and a taste for spring-bright coats, travelled the country and overseas. She was the target of much gentle mockery for her social chat (“Have you come far?”), her sempiternal gloves and hats and her high, clipped diction, all from another age. With that ribbing went an instinct to protect her, though it was clear, from the level stare and the flashes of dry wit in her speeches, that this was quite unnecessary, thank you. Outrage swept the British press when heedless foreign leaders touched her, Michelle Obama even stroking her back, but she would calmly ignore it. As a result of thousands of little human interactions—posies received, tribal dances watched, buildings opened, ships launched, waves bestowed—the institution of the monarchy burrowed deeper into public affection, at home and in the Commonwealth, in a way that was surprising in the 20th century and even more in the 21st.

The woman behind it all was revealed only occasionally. There had surely been a much more carefree and relaxed Elizabeth, be-

fore in 1936 her father suddenly became king and before, on that sombre February morning in 1952, she had learned that she was now queen. And yet, on second thoughts, perhaps there had never been. Even as a child she had a dutiful look, the responsible elder daughter tending her garden or keeping her fun-loving sister in check. In the war, as a very young woman, she served in the women's ATS and drove trucks; uniform suited her. The wedding gown for her long and happy marriage to Prince Philip of Greece in 1947 was made by saving up donated clothing coupons. Not long into her reign she sent, on request, a handwritten recipe for buttermilk drop-scones to President Eisenhower. She could just about be imagined actually donning an apron and making them.

### Happiest on horseback

Philip's outspokenness in public suggested that she, too, probably had a merry and waspish tongue in private and some choice political opinions. She did not, of course, express them. Her 15 serving prime ministers, having negotiated the snappish and essential corgis, were all received with equanimity. She was said to have rather liked the dourly humorous Labour leader, Harold Wilson, and, despite several plays claiming the contrary, Margaret Thatcher also. Truly, no one outside her circle knew. The closest she ventured to a political statement came over Scottish independence in 2014, which would have split away the part of the kingdom she seemed, from her summers at Balmoral, to love best; on her way into church there, she warned her northern subjects to be careful.

An explicit admission of sadness came in 1992, when Charles and Diana separated and Windsor Castle, her favourite, was badly damaged by fire: she called it her *annus horribilis*. An equally trying year was 2019, when a transatlantic sex scandal troubled Prince Andrew and she herself was drawn into the interminable Brexit saga by being advised to approve Boris Johnson's prorogation of Parliament, an action later ruled illegal. She said nothing, but was widely assumed to be furious that the Crown had been dragged into politics. For decades, until that point, she had kept a studied, necessary detachment, participating only to read, with as little expression as possible, the list of proposed new legislation at each state opening of “my” Parliament.

Instead of deploying any actual power, her role was increasingly to hearten her people. When covid-19 came she encouraged the nation by channelling Vera Lynn, a favourite songster of the second world war; and when Philip, her “strength and stay”, died the next year, she continued her royal duties with barely a break. Not for her a black-veiled internal exile in the style of her great predecessor, Victoria. She had covid-weary subjects to think of.

For relaxation, from the beginning, there were always the races. Her most unaffected joy burst out there whenever her horse won. Horseflesh was her great love; books on horses were said to make up most of her reading, and she was regularly photographed at her country castles riding alone, save for a distantly following security man, in headscarf and Barbour in the rain.

To go on for so long, especially when the heir apparent was ageing fast himself, sometimes seemed curmudgeonly. Increasingly, though, it also looked like an exercise in shrewd management. To be head of “The Firm” would not, perhaps, suit Charles, with his dreamy and alternative ways; it might be safer in other hands. The very notion of the monarchy as a family business, assessing profit and loss and ceaselessly nurturing the brand, would have been unthinkable in other ages. Not so in hers.

This was not all, however. In her last years, especially, her face expressed a determination to continue simply because she had promised before God never to do otherwise. Before her coronation, she got used to the weight of the crown by wearing it at breakfast; in a sense, she never again took it off. On that day in 1953 she was vested with a sacred duty to hold together a country which, in the ensuing decades, became more diverse, fissiparous, irreverent and distracted than it had ever been before. And so she did. ■



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JOURNEY BEYOND TIME

**LOUIS VUITTON**