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What to expect from a second Biden term

Can countries get rich from services?

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JUNE 29TH-JULY 5TH 2024



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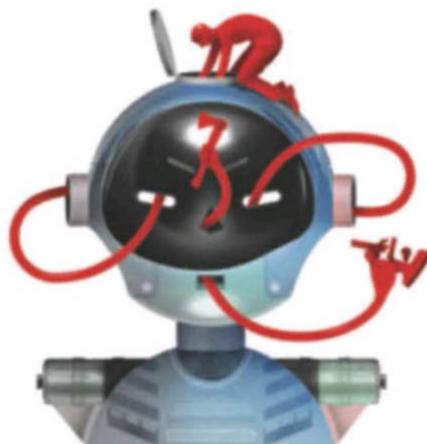
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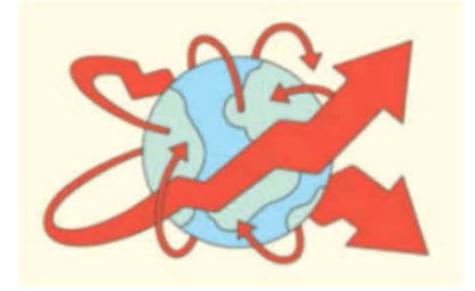
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The world this week Politics



A disgruntled general led an attempted coup in **Bolivia**. Troops aligned with General Juan José Zúñiga stormed the presidential palace in La Paz, the capital, before pulling back as momentum slipped away. Some Bolivians also took to the streets to condemn the coup attempt. Luis Arce, the president, called for international support. General Zúñiga had been sacked recently after he said he would stop Evo Morales, a former leftist president, from running for office again in next year's election.

Juan Orlando Hernández, who was president of **Honduras** from 2014 to 2022, was sentenced to 45 years in prison by a judge in Manhattan for enabling the transport of cocaine to the United States. Mr Hernández took millions of dollars in bribes, telling friends that he would stuff cocaine "right up the noses of the gringos".

It's not so jolly now for Mr Joly

The first contingent of peacekeepers from Kenya arrived in **Haiti**. The peacekeeping force had been delayed as the Kenyan government hesitated over its deployment. Observers wonder whether the mission, which will include troops from other countries, will be able to rein in Haiti's brutal gang warlords. One of those warlords, Germaine Joly, was sentenced to 35 years in prison by a court in Washington, DC, after pleading guilty to charges of trafficking arms and laundering ransom payments.

In **Canada** Justin Trudeau's Liberal Party suffered a shock defeat in a by-election for a parliamentary seat in Toronto,

a city that the Liberals dominate. The Conservatives narrowly won the seat, which the Liberals had held since 1993. The result has raised questions about how long Mr Trudeau can remain prime minister.

Moderate Democrats ousted a left-wing congressman in a primary election in New York. Jamaal Bowman, one of Congress's progressive "Squad", was defeated by George Latimer in a race that turned on Mr Bowman's outspoken criticism of Israel. It was the most expensive Democratic congressional primary ever. The American Israel Public Affairs Committee alone spent nearly \$15m on ads opposing Mr Bowman.

Julian Assange, the founder of WikiLeaks, struck a deal with American prosecutors, pleading guilty to one charge of breaking the Espionage Act. In 2010 WikiLeaks released hundreds of thousands of classified documents containing sensitive information about operations in Afghanistan, Iraq and elsewhere. Mr Assange spent five years in a British prison as his extradition case trundled on. He was flown to the Northern Mariana Islands, an American territory, where he pleaded guilty to the charge before being allowed to return to his native Australia.

Israel's Supreme Court ruled that ultra-Orthodox religious students must serve in the armed forces, overturning an exemption that traced its roots back to the founding of Israel. Binyamin Netanyahu, the prime minister, was trying to find an incremental solution to the issue, in part to appease the two ultra-Orthodox parties in his coalition. They are furious with the ruling.

Around half a million people in **Gaza** face catastrophic levels of acute food insecurity, including starvation, according to the IPC, an international body that works with NGOs. Almost the whole population faces problems securing food.

At least 23 people died in Nairobi, **Kenya's** capital, protesting against a raft of new taxes on everyday items, including bread. After the demonstrations were met with rubber bullets, tear-gas and deadly force, the protesters set fire to the parliament building, governor's office and city hall. William Ruto, the president, promptly withdrew the taxes.

Namibia's high court struck down colonial-era laws that criminalised gay sex between men. The judges ruled that the law banning sodomy and "unnatural sex" between men was discriminatory. (There are no laws prohibiting sex between women.) The judgment is a rare victory for gay rights, which are being rolled back in several parts of Africa.



Islamist extremists attacked churches and synagogues in the Russian republic of **Dagestan**, where 80% of the population is Muslim. At least 21 people were killed, including a priest. Most of the dead were police officers. Last October a mob rampaged through Dagestan's airport in an attempt to kill Jews on a flight from Israel.

Trying to join the club

In a highly symbolic move, **Ukraine** and **Moldova** began formal talks with the European Union to accede to the bloc. The initial negotiations allow the EU to present both countries with a framework for the reforms that are required to gain entry. A final decision is probably years away. Separately, Mark Rutte, the outgoing Dutch prime minister, was confirmed as the next secretary-general of **NATO**.

Volodymyr Zelensky removed Lieutenant General Yuriy Sodomol as commander of the **Ukrainian** army's joint forces. Hours earlier the chief of staff of the Azov national guard brigade accused General Sodomol of incompetence, claiming he was responsible for the death of more Ukrainian soldiers than Russia.

The **International Criminal Court** in The Hague issued arrest warrants for Sergei Shoigu, Russia's defence minister until last month, and Valery Gerasimov, the senior commander of Russian troops in Ukraine. The ICC said there were reasonable grounds to believe the pair ordered attacks on Ukrainian energy infrastructure, and that the consequential harm to civilians was "clearly excessive" to any military objective.

Evan Gershkovich went on trial in Russia. The journalist from the *Wall Street Journal* is accused of espionage, a claim rejected by America. Russia has suggested it would exchange Mr Gershkovich in a prisoner swap with America.

Arvind Kejriwal, the chief minister of **Delhi** and a prominent Indian opposition figure, was arrested by one of India's main anti-corruption bodies. He was already being detained on related charges brought by another corruption agency. The new arrest came hours before the Supreme Court was due to hear Mr Kejriwal's plea for bail, which he will re-file. Mr Kejriwal insists the charges are politically motivated.

Om Birla was elected speaker of **India's** parliament, as the opposition forced the first contest for the job since 1976. Mr Birla comes from the Bharatiya Janata Party, which lost its overall majority at the recent general election. Rahul Gandhi, from the Congress party, was selected as official leader of the opposition, a constitutional position that has been vacant for a decade.

The world this week Business

The Federal Reserve released the results of its annual **stress tests**, which assess how banks would cope with a severe global recession and meltdown in the property market. All 31 of the banks, including Bank of America, JPMorgan Chase and Wells Fargo, passed the Fed's baseline scenario, meeting their minimum capital ratios, though the aggregate ratio, a cushion against losses, fell from 12.7% to 9.9%. The bank's combined hypothetical losses reached \$685bn.

Lufthansa announced that it would pass on the cost of complying with new emissions regulations to passengers. The German airline will introduce an "environmental-cost surcharge" of between €1 and €72 (\$77) on flights that depart from the EU, Britain, Norway and Switzerland after December 31st. Lufthansa said this was to help cover a European rule ensuring that at least 2% of airlines' fuel consumption comes from more-expensive sustainable aviation fuel, as well as other green tape.

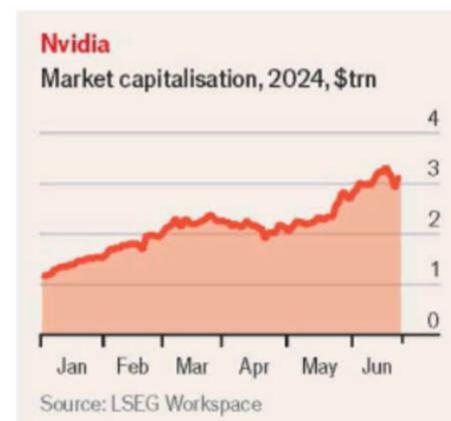
Stalled engines

Airbus's share price plunged by 10%, after it slashed its profit forecast because of supply-chain problems that have left it with a shortage of aircraft engines. It is now aiming to deliver 770 commercial planes this year, down from a previous estimate of 800.

The European Commission accused **Microsoft** of breaching antitrust rules by tying its Teams communications product into its Office software. The commission says Microsoft did not offer customers a choice on whether they wanted Teams. The accusations form part of a preliminary response to a complaint lodged by Slack. Microsoft has already taken steps to tackle some of the issues, and said it would try to answer the commission's remaining concerns.

In another preliminary finding, the commission accused **Apple**

of preventing app developers from steering consumers towards alternative channels for content at its App Store. Apple responded that it had made a number of changes to comply with the EU's new Digital Markets Act. The company is postponing the roll-out in the EU of new artificial-intelligence features for the iPhone because of "uncertainties" in competition rules.



Nvidia's stint as the world's most valuable company didn't last long. The chipmaker's share price fell over several days, wiping hundreds of billions of dollars off its market value. At one point the stock was 13% down from its peak. The decline may have been caused by investors cashing in gains from the stock's extraordinary recent rise. News that Jensen Huang, Nvidia's chief

executive, sold a tranche of his shares may also have contributed to the sell-off. Enthusiasm for the stock was soon rekindled, and the stock climbed again in subsequent trading.

Argentina fell into recession again. The economy shrank by 2.6% in the first quarter over the previous three months. On a year-on-year basis GDP was 5.1% smaller. The unemployment rate surged to 7.7%.

Volkswagen created a joint venture with **Rivian**, and will invest \$5bn in the maker of electric vehicles. Rivian, best known for supplying Amazon with delivery vans, will share its technical expertise and software with VW, which faces a big challenge in Europe from cheaper Chinese EV imports. The deal is a potential lifeline for Rivian, which reported a net loss of \$1.4bn for the first three months of the year.

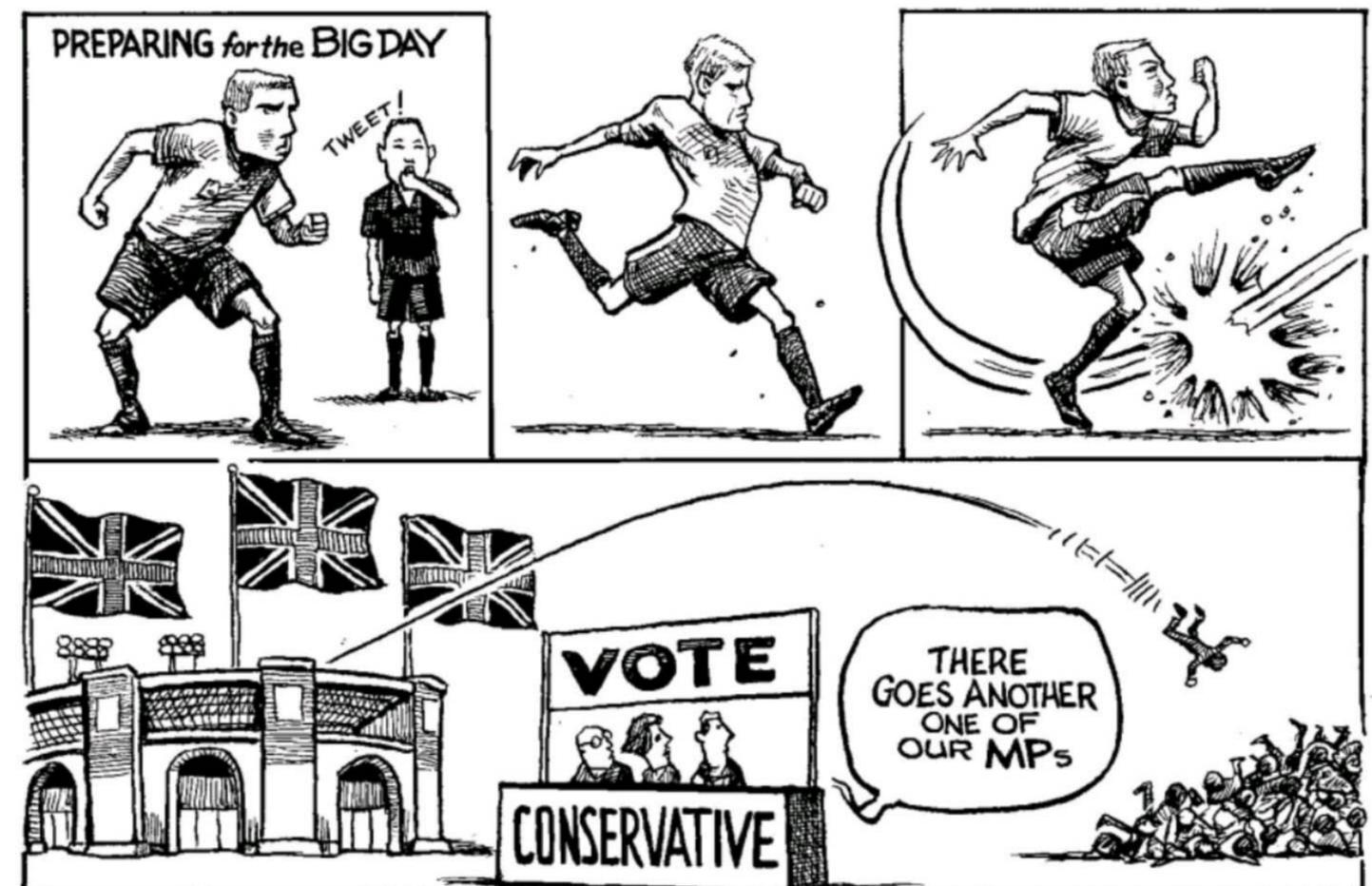
The Big Apple in a jam

New York has the most **traffic congestion** of any city in the world, according to a survey by INRIX, a data-analytics firm. New Yorkers spent 101 hours stuck in traffic last year, though London, Paris, Mexico City and Chicago were not far be-

hind in terms of time wasted. New York's plan to introduce a congestion charge was recently put on hold by New York state's governor. INRIX calculates that vehicles in downtown Manhattan crawl along at a speed of 11 miles an hour (18kph) during peak morning periods.

After several setbacks the **robotaxi industry** took a big step forward, as Waymo opened its service in San Francisco to everyone following trials of limited numbers of passengers. The city is only the second in America (Phoenix is the other) where Waymo's self-driving fleet is available to all. Some 300,000 San Franciscans have signed up.

Chapel Down, Britain's biggest winemaker, said it was considering a sale of the business as one option to fund its long-term growth. Known for its sparkling wine, the company listed on London's AIM stockmarket in December. A warming climate has helped Britain's vineyards: yields in 2023 were the highest ever. GB Wine estimates that production rose from 5.3m bottles in 2017 to 20m-22m in 2023, still a drop in the barrel compared with France's 7bn-8bn bottles.



The centre cannot hold

Emmanuel Macron has done well by France. As the country goes to the polls, he risks losing it all

BUT FOR snap elections on June 30th, this should have been a time for Paris to celebrate. Seldom has the City of Light sparkled so brightly. In a month, France's capital will welcome the world to the 33rd Olympiad. Brand-new train lines will ferry athletes to gleaming new venues, carving through a place that has rediscovered its vibrancy. Once in danger of becoming a backwater with some good museums but dated cuisine and a lot of graffiti, Paris is now a hub for tech companies and a banking centre that is starting to rival London as it draws talent and capital across the channel. Fusion food, bike lanes, international lycées, startup spaces, pop-up fashion: Paris is cool again. And not just Paris. Urban renewal, driven by a good mix of public investment and private enterprise, is sprouting in Lyon, Dijon, even once-grimy Lille.

Much of the credit belongs to Emmanuel Macron. His seven years as president have seen a sustained effort to remake France as a modern, business-friendly economy (see Business section). He has reformed employment to encourage bosses to take on workers. Since he moved into the Elysée in 2017, 2m jobs have been created and over 6m businesses set up. He has cut business taxes, along with stifling wealth taxes. He has boosted education and started to reform the unaffordable pension system. France's growth is above the euro-zone average, and poverty rates below it.

You might think voters would reward this record. Instead, Mr Macron's Ensemble alliance is heading for humiliation on June 30th: one analyst puts its chance of forming a majority at 0%. As a result Mr Macron's reforms could soon begin to unravel—and that reflects a problem for centrist incumbents everywhere. It was described best by Jean-Claude Juncker, a former prime minister of Luxembourg and president of the European Commission: "We all know what to do, but we don't know how to get re-elected once we have done it."

One reason for the backlash against Mr Macron is his own rash decision to call a snap parliamentary election for Sunday. That is three years earlier than he needed to and just three weeks after the hard-right opposition National Rally of Marine Le Pen walloped him at the European elections, normally seen as only a protest vote. Remarkably, his move has also united the fractious left-wing opposition, which runs from the traditional Socialist centre-left to the loopily radical Unsubmissive France party, led by a former Trotskyist. National Rally and the left-wing alliance, known as the New Popular Front, are polling first and second respectively. In a two-round contest, many of Mr Macron's candidates are likely to be squeezed out of the race after the first round (see Europe section).

But poor timing cannot explain the central fact of this election. In spite of the benefits Mr Macron's reforms have brought, French voters want to dismantle them. National Rally is set on reversing pension reform and restoring the wealth tax and promises to slash VAT on energy bills and fuel. It also vows to crack down on migration, deport "Islamists", ban the veil in public places and reintroduce border controls with other Euro-

pean Union countries. None of this chimes with the open climate for investment Mr Macron has created. Fiscal rigour has not been Mr Macron's strong suit—France is running a 5% annual budget deficit and sitting on public debt worth some 110% of GDP—all the more reason to believe that the extra spending promised by the hard right would do serious damage to the economy. The hard-left New Popular Front is less likely to win power, but its platform would be even more harmful.

The most likely outcome, a hung parliament, will probably lead to reform slipping backwards. The rules mean that fresh elections cannot be called for at least a year and in that time France could have no government, no legislation, and perhaps no new budget. Mr Macron will remain president; his term does not end until 2027, at which point Ms Le Pen aims to succeed him. Although he has extensive executive powers in defence and foreign policy, he has limited ones on domestic policy, which is the preserve of the government, accountable to parliament. He may try to impose a technocratic government, but parliament could simply vote it out again. Reform needs constant pressure, but that would dissipate instantly.

The damage at home is likely to be exacerbated by the damage to Europe. The EU has seldom been so rudderless. Germany's ruling coalition is at breaking point, all three of its parties beaten at the Euro-elections by the far-right Alternative for Germany, which was in alliance with Ms Le Pen until it got too ripe even for her. Olaf Scholz, the chancellor, has proved incapable of exercising leadership in Europe even on a good day, and there have not been many of those. The snag list is huge: Russia; EU expansion to stabilise the Balkans and underwrite Ukraine; keeping climate-change policies on track; migration. Nothing works in the EU unless it is driven by the Franco-German motor, but one of its cylinders is *kaput* and the other is *foutu*.

How has a president like Mr Macron, who has brought his country the fruits of reform, arrived at such a pass? In part, it is because Mr Juncker is right. It is customary to sneer at politicians, but being able to persuade voters that painful change is worth it is a misunderstood and hugely underrated virtue. In part it is because, while Paris and other big cities have thrived, much of France has not. Perceptions of inequality are driving politics to the hard right in much of the democratic world.

The fallacy of the missing middle

Mr Macron has also fallen into traps, some of his own making. The legacies of covid-19 and inflation make this a rotten time to face voters. One reason Mr Macron struggled to deal with them better is that he chose to construct an Olympian presidency. He believed that the power of the office could unite the country, but is instead seen as arrogant and out of touch. His other mistake was to leave no opposition in the centre ground. An axiom of democratic politics is that voters grow tired of incumbents. When they do, they will turn to the alternative. In France, as elsewhere, that alternative could do grave harm. ■



Governing America

Joe Biden's missing agenda

What to make of the president's plans for a second term

SOME POLITICIANS are shy about revealing their ideas before elections for fear of alarming the voters. Others simply do not have very much to say. Which type is Joe Biden, as he pitches for a second presidential term? His domestic-policy plans have received much less scrutiny than Donald Trump's. Our briefing this week is a first attempt to make up for that. The most positive thing to say about this president's platform is that the alternative is a lot worse.

Mr Biden came to power in 2021 with a grand vision to remake the American economy for the middle class. His foreign policy was organised around this goal, too. FDR was mentioned. In office he was constrained by the Senate. Without the votes to overcome the filibuster, Bidenomics had to be implemented through giant budget bills and regulations. Some of the results have been beneficial, particularly in spurring investment in green technology. But overall, Mr Biden has placed far too much faith in regulation, protection and intervention, rather than animal spirits, to boost the economy.

A second term would be more timid. Team Biden talks of creating universal pre-school and other big reforms, but will surely achieve far less. On tax, trade and antitrust its ideas are a mix of promising and retrograde, reflecting compromises to placate the party's coalition. What it lacks is a realistic appraisal of how the economy is doing, or a vision of where America could be in ten years.

On fiscal policy Team Biden would like to restore the top marginal rate of income tax to 39%, where it was before Trump-era cuts reduced it to 37%. Given the vast budget deficit, this makes sense. The president's team would like to eliminate the "stepped-up basis" loophole for capital-gains tax, which is a good idea, too. But Mr Biden is also committed to sparing those earning less than \$400,000 a year from any new taxes, a sop to the left-populists who think that the super-rich

can fund all their spending plans.

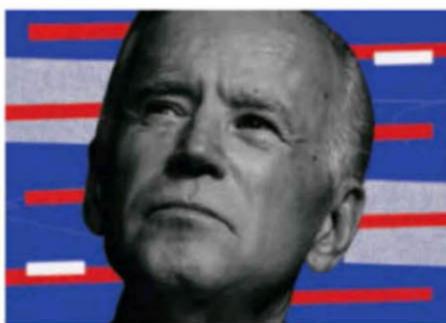
On antitrust, the administration has pursued useful cases against health-care and credit-card firms. But the head of the Federal Trade Commission, Lina Khan, has wasted energy on a quixotic mission to restrain big tech firms, despite evidence that competition between them is fierce. On trade, the Biden administration has been marginally better than its predecessor. The president has lowered barriers to European and Japanese steel and aluminium. A trade initiative in Asia, IPEF, makes the right noises, but has not amounted to much. When it comes to trade with China, alas, Bidenomics has often just been a more competent version of Trumpism.

The Biden policy algorithm is: do not get outflanked by Donald Trump on China or trade. Do not raise taxes on anyone without a yacht. Do not do anything to annoy unions or to worsen racial disparities. The result is a defensive crouch.

For example, Team Biden wants to decarbonise the economy but not look soft on China or unfriendly to unions. So it places tariffs on imports of Chinese electric vehicles and solar panels, slowing decarbonisation without doing much to create union jobs.

This defensive crouch is odd, given the strength of America's economy. Real wages for the bottom fifth of workers have risen by nearly a tenth in four years, thanks to low unemployment, falling inflation and copious deficit spending. The black-white employment gap has almost vanished. Yet progressives are convinced that the economy must be remade.

Mr Trump also thinks the economy is broken, and proposes to fix it by funding the government largely through tariffs, which is both impossible and dangerous. His tax plan would worsen the deficit and could stoke inflation. Compared with that, four more years of low-ambition Bidenomics sounds appealing. But so does a cold shower. ■



Sweltering summers

Hot and bothered

Heatwaves are becoming more common. They needn't be deadly

WHEN A HEATWAVE in Europe killed more than 70,000 people in 2003, it was seen as a once-in-a-millennium event. Today, experts say, such blistering heat can be expected once a decade. Worldwide, last year the months of June, July and August were the hottest on record. August 2023 was on average 1.5°C hotter than the same month between 1850 and 1900. This year could be even worse.

The bad news is on every screen this summer. In Saudi Arabia, as temperatures hit 50°C in the shade, 1,300 of the pilgrims who flocked to Mecca for the *hajj* have died. On June 23rd 100m Americans were living in areas subject to heat warnings,

with Baltimore and Philadelphia approaching a scorching 40°C. Indians suffered 40,000 cases of heatstroke between March and mid-June, with Delhi recently enduring 40 consecutive days over 40°C. Far from being a series of freak events, this is the new normal.

The good news, however, is that even as temperatures soar, deaths can be avoided and economic disruption can be minimised. Rich, hot places such as Phoenix, Kuwait and Singapore are adapting, as did parts of Europe after that heatwave two decades ago. Rather than swooning helplessly, the rest of the world should look and learn. The basic idea is simple: get ►►

▶ people out of the sun and into the cool.

Extreme heat can cause heatstroke, heart problems and dehydration. Populations that are not used to it are more vulnerable. So are the elderly, whose health is often fragile and who find it harder, if stuck, to move somewhere cooler. And the poor suffer most: they are more likely to labour in the sun and live in cramped, ill-ventilated homes. A Mumbai slum can be 6°C hotter than nearby apartments.

Air conditioning, where affordable, is part of the answer. If powered by renewable energy, it is not bad for the climate, and it can save lives. A study in the *Lancet* concluded that there were 345,000 heat-related deaths worldwide in 2019 among the over-65s, and that the toll would have been 50% higher without air conditioning. So environmentalists are wrong to shun this wonderful technology. Since the organisers of the Paris Olympics decided not to install air conditioners in athletes' quarters, many teams will simply bring their own.

Rethinking how cities are built can help, too. Architects in Singapore design buildings to funnel wind around the city, while a vast tree-planting effort provides shade and retains moisture. However, it takes time and a mountain of cash to redesign a city. That is why quicker, cheaper fixes are needed.

Three stand out. First, workplaces and schools need to be more flexible. In America states such as California and Washington have rules that mandate shade and water breaks for outdoor workers when it is excessively hot. More places need sim-

ilar guidelines. Also, children should be allowed to study from home and public events should be cancelled when the temperature is too high.

The second step is to create more chilled public spaces to provide relief and refuge. Some American cities have "cooling centres"—as do others in India and Vietnam. Often these are ordinary buildings with air conditioning, from libraries to offices, that can temporarily be opened to all. Even simple adaptations can make a difference: painting a roof white can cut indoor temperatures by several degrees.

Cool it

Finally, governments and citizens need to be better prepared, particularly in places that are unused to roasting temperatures. After the emergency in 2003 France was shocked into creating a national plan for heatwaves, with an early-warning system and guidelines on everything from sporting events to training medical staff. During a record-breaking heatwave in 2019, the country had 90% fewer casualties than in 2003.

Rules should be set by central governments, but the responsibility to enact them should be delegated to cities and towns. Because extreme heat varies according to local conditions, they are best placed to sound the alarm, and citizens can hold local governments accountable if they fail to plan properly. Baking summers are now inevitable. Escalating suffering and deaths are not. ■

China

Shelter from the storm

Some advice for Xi Jinping ahead of the Communist Party's third plenum

WILL THE Communist Party save China's storm-blown economy? That is the question on the minds of investors, analysts and businessfolk—as well as ordinary Chinese. It is being asked with increasing urgency, as the sectors that powered the country's long economic boom look ever more vulnerable. Doubts are growing whether China's rulers are willing to design and execute an effective response. When the party's 376-member Central Committee convenes on July 15th, it will be a chance for China's leaders to ease such concerns. It seems as likely, though, that the meeting will only highlight the gap between the party's lofty rhetoric and its disappointing actions.

The meeting in July will have all the same trappings of past party conclaves. Amid red carpets and party standards, men in drab suits (over 90% of the committee is male) will honour the latest party-speak about "high-quality development" and "new productive forces".

The outcome will then be summarised in a cryptic communiqué that will be pored over by analysts and party apparatchiks.

But this meeting is special, not only because the situation in China demands action. It will be the committee's third plenary session since its members were selected for a five-year term in 2022. Previous third plenums have led to momentous changes. At such a meeting in 1978, Deng Xiaoping set a poor and insular China on a path to reform. The third plenum in 1993 entrenched the party's goal of creating a "socialist market econ-

omy". These gatherings do not draft the details of new policies. Rather, they set the party's direction on big issues. And just now the issues that confront China are very big indeed.

The storm began in the property sector, once a pillar of China's economic miracle. Now it is being buffeted by a years-long crisis which deepened in May, when prices of new homes suffered their biggest fall in nearly a decade and the decline in property investment gathered pace. That has hurt local governments, which rely on land sales to raise money. And it has

left consumers depressed. Sales in the mid-year shopping festival, known as 618 (short for June 18th), declined this year for the first time ever. Consumer confidence remains near the depths to which it fell during the pandemic.

To hit its official annual growth target of 5%, China is leaning on exports and industrial investment. The authorities have bet on their ability to boost advanced manufacturing. Exports are booming for the time being. But weak demand at home and growing protectionism abroad make this a risky strategy. China's trade partners increasingly complain that its industrial policy leads to overcapacity and the dumping of low-cost goods on their markets. From July, the European Union will impose new tariffs on Chinese electric vehicles. And no matter who wins the White House in November, America is likely to impose more restrictions on Chinese trade.

Xi Jinping, the party chief, is not short of advice on how to ▶▶



► deal with China's problems. Even party insiders are calling for changes to policy (see China section). Some want to see fiscal reforms to take the pressure off local governments. Others believe Mr Xi needs to show more trust in the market and to boost the confidence of disillusioned private companies, which account for 60% of GDP. Entrepreneurs have suffered through years of unpredictable rule-making, while hidden barriers make it nearly impossible for private firms to compete with state-backed behemoths. The government needs to give entrepreneurs *dingxinwan*, or "chill pills", say some of its official advisers.

Stronger demand for their products might help entrepreneurs relax. On this front, too, insiders want the state to take stronger action. Mr Xi, who frowns on government handouts to ordinary citizens, refuses to spark the economy with a big consumer stimulus. But there are other ways to gin up demand.

Some advisers advocate lower taxes, liberalising rural land sales or opening up the services sector. There are calls for reform of the *hukou* system, which bars rural migrants from many public services. Better state pensions and health care would free consumers to spend more and save less, say others.

A call to action

When the central committee produces its final report, it will probably include signs that China's leaders are considering some reforms. But given the scale of China's problems, vague allusions to new policies are unlikely to reassure investors or businesspeople. They have seen Mr Xi take half-measures when bold ones are needed and fail to pursue supposedly agreed-on new policies. As a result China's leader will have to work harder to rekindle confidence in the economy. Rousing rhetoric isn't enough. Action is needed. ■

Science and generative AI

Can you make this clearer?

Scientists are using large language models to write papers. Good

MANY PEOPLE are busily experimenting with chatbots in the hope that generative artificial intelligence (AI) can improve their daily lives. Scientists, brainy as they are, are several steps ahead. As we report, 10% or more of abstracts for papers in scientific journals now appear to be written at least in part by large language models (see Science & technology section). In fields such as computer science that figure rises to 20%. Among Chinese computer scientists, it is a third.

Some see this enthusiastic adoption as a mistake. They fear that vast quantities of poor-quality papers will introduce biases, boost plagiarism and jam the machinery of scientific publication. Some journals, including the *Science* family, are imposing onerous disclosure requirements on the use of LLMs. Such attempts are futile and misguided. LLMs cannot easily be policed. Even if they could be, many scientists find that their use brings real benefits.

Research scientists are not just devoted to laboratory work or thinking big thoughts. They face great demands on their time, from writing papers and teaching to filling out endless grant applications. LLMs help by speeding up the writing of papers, thereby freeing up time for scientists to develop new ideas, collaborate or check for mistakes in their work.

The technology can also help level a playing-field that is tilted towards native English speakers, because many of the prestigious journals are in their tongue. LLMs can help those who do not speak the language well to translate and edit their text. Thanks to LLMs, scientists everywhere should be able to disseminate their findings more easily, and be judged by the brilliance of their ideas and ingeniousness of their research, rather than their skill in avoiding dangling modifiers.

As with any technology, there are worries. Because LLMs make it easier to produce professional-sounding text, they will make it easier to generate bogus scientific papers. *Science* received 10,444 submissions last year, of which 83% were rejected before peer review. Some of these are bound to have been

AI-generated fantasies.

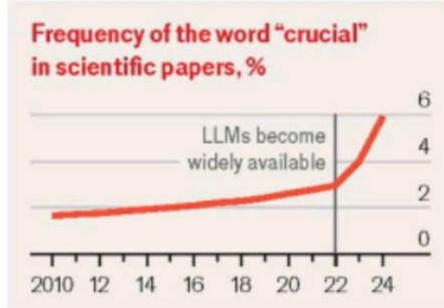
LLMs could also export, through their words, the cultural environment in which they were trained. Their lack of imagination may spur inadvertent plagiarism, in which they directly copy past work by humans. "Hallucinations" that are obviously wrong to experts, but very believable to everyone else, could also make their way into the text. And most worrying of all, writing can be an integral part of the research process, by helping researchers clarify and formulate their own ideas. An excessive reliance on LLMs could therefore make science poorer.

Trying to restrict the use of LLMs is not the way to deal with these problems. In the future they are rapidly going to become more prevalent and more powerful. They are already embedded in word processors and other software, and will soon be as

common as spell-checkers. Researchers tell surveys that they see the benefits of generative AI not just for writing papers but for coding and doing administrative tasks. And crucially, their use cannot easily be detected. Although journals can impose all the burdensome disclosure requirements they like, it would not help, because they cannot tell when their rules have been broken. Journals such as *Science*

should abandon detailed disclosures for the use of LLMs as a writing tool, beyond a simple acknowledgment.

Science already has many defences against fabrication and plagiarism. In a world where the cost of producing words falls to nothing, these must become stronger still. Peer review, for instance, will become even more important in a gen-AI world. It must be beefed up accordingly, perhaps by paying reviewers for the time they sacrifice to scrutinise papers. There should also be more incentives for researchers to replicate experiments. Hiring and promotion committees at universities should ensure that scientists are rewarded based on the quality of their work and the quantity of new insights they generate. Curb the potential for misuse, and scientists have plenty to gain from their LLM amanuenses. ■



Britain's election

The case for Labour

Labour should form the next government, and not just because the Tories need a long lie-down

YOU WOULD never know it from a low-wattage campaign but after 14 years of Conservative rule, Britain is on the threshold of a Labour victory so sweeping that it may break records. No party fully subscribes to the ideas that *The Economist* holds dear. The economic consensus in Britain has shifted away from liberal values—free trade, individual choice and limits to state intervention. But elections are about the best available choice and that is clear. If we had a vote on July 4th, we, too, would pick Labour, because it has the greatest chance of tackling the biggest problem that Britain faces: a chronic and debilitating lack of economic growth.

Consider first the alternatives. We can discard some immediately. The Scottish National Party wants to dismember Britain, not run it. The Greens make student politics look rigorous. Reform UK, Nigel Farage's outfit, offers a fevered, nativist vision of Britain that would accelerate the very decline it says it is striving to prevent.

What of the Liberal Democrats? The logic that led us to endorse them in 2019 no longer holds. Against Boris Johnson's Brexit-obsessed Tories and Labour under Jeremy Corbyn, a hard-left charisma vacuum, they were the only choice. Today the Lib Dems still have some good policies—letting asylum-seekers work, say, or a new land-value tax—but they have become more sceptical on trade and even more nimbyish on planning. The Lib Dems do not aspire to be a credible party of government; they are barely credible as liberals.

Trying to make the case for the Tories is like a teacher struggling to say something nice about the class troublemaker. They have done some good things: on educational standards, on regional devolution and on the tax regime for capital investment. Rishi Sunak is a better prime minister than Liz Truss, though if praise came any fainter it would be invisible. The pandemic and the invasion of Ukraine—where they also did well—vastly complicated their time in office.

But the other side of the ledger is long and damning. The public realm has been hollowed out. Prisons are full; local government is badly underfunded; and if the National Health Service is still a national treasure, that may be because treatment is so hard to find. On migration, the Tories are illiberal and ineffective: they want to crack down on it yet have presided over record levels of net migration. They have become increasingly hostile to policies designed to combat climate change. Above all, they have failed to build. Housing supply lags behind demand, and grid connections take years to materialise.

The Tories' most memorable policy is to have severed the country from its biggest trading partner. That was always going to be bad for Britain, but the chaos of enacting Brexit split the party and voters have had to endure the Tory psychodrama ever since. Each prime minister has undone the work of the previous one. The party has neglected its prosperous voters in the south-east. From drinking sessions in Downing Street during the pandemic to bets allegedly placed on the timing of the election, a film of sleaze clings to the Conservatives.

Although the Tory party does not deserve our endorsement, wishing its obliteration would be wrong. The British electorate has become more volatile. The political pendulum could swing away from Labour within a single five-year term. Whenever it does so, Britain will need a capable opposition party to offer an alternative. A Tory catastrophe and a strong showing for Mr Farage, who dreams of staging a reverse Tory takeover, would heighten the risk that the Conservatives lurch towards a dark, populist extreme. Britain needs the party to rediscover its conservative, pro-market instincts.

That is the negative case for voting Labour, but there are positive arguments, too. The first is that the party has been transformed (see Britain section). Since the last election Sir Keir Starmer has expelled Mr Corbyn, rooted out many of his fellow travellers and dragged Labour away from radical socialism. *The Economist* disagrees with the party on many things, such as its plan to create a publicly owned energy provider. But elections are when voters mete out rewards as well as punishments, and Labour's reinvention deserves credit.

The second positive reason to back Labour is its focus on growth. The party is right in its diagnosis that nothing matters more than solving Britain's stagnant productivity. Its young, aspiring, urban supporters will give it permission to act in ways that the Conservatives have avoided. The most obvious of these is building more houses and infrastructure, and forging closer relations with Europe. The party of public services may also have more latitude to reform them than the Tories would.

The question that hangs over Labour is how radical it will be in pursuit of growth. It has run a maddeningly cautious campaign, choosing to reassure voters rather than seek a mandate for bold change. It does not help that Sir Keir, having been in Mr Corbyn's shadow cabinet before ejecting him, seems to turn with the wind. Having strenuously avoided the subject in the campaign, a Labour government will need to raise taxes (as would a Conservative one if it was not to wreck public services). For all these reasons, having failed to set out a vision to steer by, prime minister Starmer could more easily be blown off course by events or sidetracked by growth-stifling left-wing preoccupations, such as beefing up workers' rights, stamping out inequality and doling out industrial subsidies.

Stiffen the sinews, summon up the blood

Sir Keir's answer to this criticism of him as a campaigner should be his determination and competence in office. His method is to work relentlessly towards a goal, ratcheting up pressure as he goes. After years of post-Brexit Conservative ideological lurches, that in itself will be worth something. If Labour also succeeds in overhauling the planning regime, strengthening ties with Europe, giving fiscal power to cities, focusing the Treasury on growth and rationalising the tax system, the picture will brighten and Britain will be better off. Sir Keir and his party have earned the chance to try. ■



Letters

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EMAIL: LETTERS@ECONOMIST.COM. MORE LETTERS AVAILABLE AT: ECONOMIST.COM/LETTERS

Invading software systems

"Ghosts in the machines" (June 15th) analysed the peacetime intrusions of China and Russia into the West's IT infrastructure. Such intrusions carry significant risks, even before the assets are activated in an actual war. Software-intensive systems are highly complex. Their developers spend huge amounts of effort to ensure their reliability. Any modifications require a deep understanding of them and extensive testing. Adversaries building a foothold in a country's critical infrastructure often have an incomplete grasp of the systems they attack. Thus, such intrusions can easily introduce bugs or failures, which can lead to peacetime disasters.

Clandestine modifications to phone-switch software for a wiretapping operation during the 2004 Olympics in Greece introduced a fault that led to failed short-message deliveries (this eventually uncovered the espionage). A similar intrusion to the control software for a nuclear reactor or a dam could have graver consequences.

DIOMIDIS SPINELLIS
Professor
Athens University of
Economics and Business

Conservatives' beef

American Republicans want to maintain control over food supplies and are opposed to lab-grown meat, you said (The Economist explains, June 3rd). America may just end up importing the meat alternative instead of growing it. The Netherlands, Singapore, South Korea and the United Arab Emirates are world leaders in lab-grown meat, thanks to favourable regulations and incentives, while regulatory approvals in America have ground to a halt.

This threatens American food security and innovation. Lab-grown meat has to achieve technical milestones for regulatory approval through the Food and Drug Administration, which is unusual for a food product. Unlike the drugs

industry, cultivated-meat startups operate on lean budgets with little cash to spend on R&D, large-scale facilities, lobbyists or long product-development timelines.

To protect food security and innovation, the FDA must be allowed to remain science-driven, collaborative, and with a predictable path to regulatory approval. Otherwise investment will dry up and the industry will die, and not at the hands of cattle ranchers and red-state governors.

DR TONY MOSES
Entrepreneur in residence
At One Ventures
Omaha, Nebraska

A new era for pop music

I don't agree with your claim that "Pop Stars are all about albums" (June 8th). In the 1980s, when I was general manager of EMI's international marketing division, the thinking was certainly to sell singles in order to make the real money selling albums. However, as the commercialisation of pop tours took off, providing super returns derived from scaling up concerts and event experiences, the thinking changed to selling singles to sell albums, in order to sell tickets and merchandise.

Beyoncé's Renaissance tour, grossing \$579m in revenue, and Taylor Swift's Eras tour, \$1bn in gross revenues and counting, have shown that live performance is now the ultimate creative expression and monetary reward for our Queens of Pop.

MANO MANOHARAN
London

Readers may be interested to know that following the publication of a young Swiftie's letter in the May 11th issue critiquing this newspaper's article on whether Taylor Swift had peaked, while raising the issue that her dad had not bought tickets for her to attend Ms Swift's concert, a happy outcome was achieved. Dad and daughter attended the concert. Ms Swift acquired a new fan and the 11-year-old and

her friends have learned about the power of journalism.

ARUN CHOPRA
Edinburgh

Why Iraq invaded Kuwait

OPEC countries failing to stick to lower output targets ("In the shadows", June 1st) was a factor behind Iraq's invasion of Kuwait in 1990. Individual countries in the oil cartel have an incentive to cheat, selling above their quotas, so it needs an enforcer to keep would-be cheaters in line. Historically, the role fell to Saudi Arabia, a swing producer capable of flooding the market when members violated their quotas.

In 1989 Kuwait was the biggest cheater. It undermined OPEC by over-producing oil, depressing prices, and depriving Iraq of critical revenues. When Saudi Arabia failed to act, Saddam Hussein, Iraq's president, took on the role of enforcer. Although clearly attracted by Kuwait's vast oil reserves and having failed to persuade his neighbour to cancel a \$14bn debt, Saddam also seized the chance to signal to other OPEC members not to violate their quotas. So in 1990, also convinced that Kuwait's royal family was complicit in an American-led conspiracy to weaken Iraq, Saddam invaded.

FRANCOIS MELESE
Economics professor emeritus
Naval Postgraduate School
Monterey, California

Reflections on our planet

Kudos for a deeply moving obituary (June 15th) on William Anders, the Apollo 8 astronaut who took the "Earthrise" photograph in 1968. It reminded me of "In the Shadow of the Moon", a documentary film from 2007, which featured reflections from astronauts who flew on lunar missions, and used the famous photo and a trove of spectacular imagery taken on the Apollo flights. That film, like your obituary, reminds us that "They had gone all the way to the Moon to discover the Earth."

TOM NAGORSKI
New York

You touched on 1968 as a year of Vietnam and riots. Anders took his photo at the end of the year, after the assassinations of Martin Luther King and Bobby Kennedy, the Tet Offensive, and widespread disorder on college campuses and city streets. It was a year of chaos, grief and mental and spiritual exhaustion.

I still remember watching the television pictures of Earth from Apollo 8 on Christmas Eve and hearing their unannounced reading from Genesis: "In the beginning God created the Heavens and the Earth." At the close of a ghastly year, Anders and his crew mates gave us beauty and peace, and helped us heal.

JOHN FOX
Mercersburg, Pennsylvania

As a footnote, it is worth contemplating that the iconic photograph taken by Anders, an Annapolis graduate, air-force major-general, nuclear engineer, lapsed Catholic, Nixon administration stalwart and defence-industry CEO, was quickly repurposed by Stewart Brand for his "Whole Earth Catalog", which for many of us was a virtual bible of the counter-culture. It was briefly edited by Paul Krassner, one of Ken Kesey's iconoclastic Merry Pranksters. What goes around comes around, for planets and photographs.

MARTY KRASNEY
Sausalito, California

Bosom poetry

Regarding your review of a book on women's breasts ("The booby trap", June 1st), I composed this when age forced acceptance on me:

I remember the time/Oh
what fun/Quite sublime/
When I was a 38D.

Now they've flattened/And
flap/When I run/What's
happened?

Slap slap/Ah me/Ah gravity.

This is an experience shared
by a down-hearted proportion
of your readers.

Yours despondently.
ANNE SMITH
London



Vice-Chair and Director operating the SRB corporate services and overseeing the Single Resolution Fund of the Single Resolution Board

Single Resolution Board
Brussels

COM/2024/20104

The role

You will be part of the senior management in a key organisation in the Banking Union, and have the opportunity to make a significant contribution to promoting financial stability in the EU. You will lead and manage a directorate responsible for the SRB's corporate services, with approximately 136 staff members, as well as overseeing the Single Resolution Fund. You will also act as a non-voting Member of the SRB decision-making bodies and contribute actively to the agency's mission.

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The SRB promotes equality and diversity in the workplace and is an equal opportunity employer. Applications from women are particularly encouraged. The European Commission conducts the selection process. For the detailed job description and how to apply, please visit the Official Journal of the EU: Document C/2024/03494

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:C:202403494>

The closing time and date for the submission of applications for this call is **8 July 2024**, 12.00 noon Brussels time.



Member of the Board and Director of Resolution Planning and Decisions

Single Resolution Board
Brussels

COM/2024/20105

The role

You will be part of the senior management in a key organisation in the Banking Union, and have the opportunity to make a significant contribution to promoting financial stability in the EU. You will be responsible for helping to shape the strategy and methodology for bank resolution activities in a dynamic agency. As well as taking part in the SRB decision-making bodies and acting as a voting member, you will lead and manage a directorate with approximately 75 staff members.

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Jane Leighton
BEFORE CREATIVE INDUSTRIES
NOW MATHS TEACHER

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Division Chief – Fiscal Management, Washington DC

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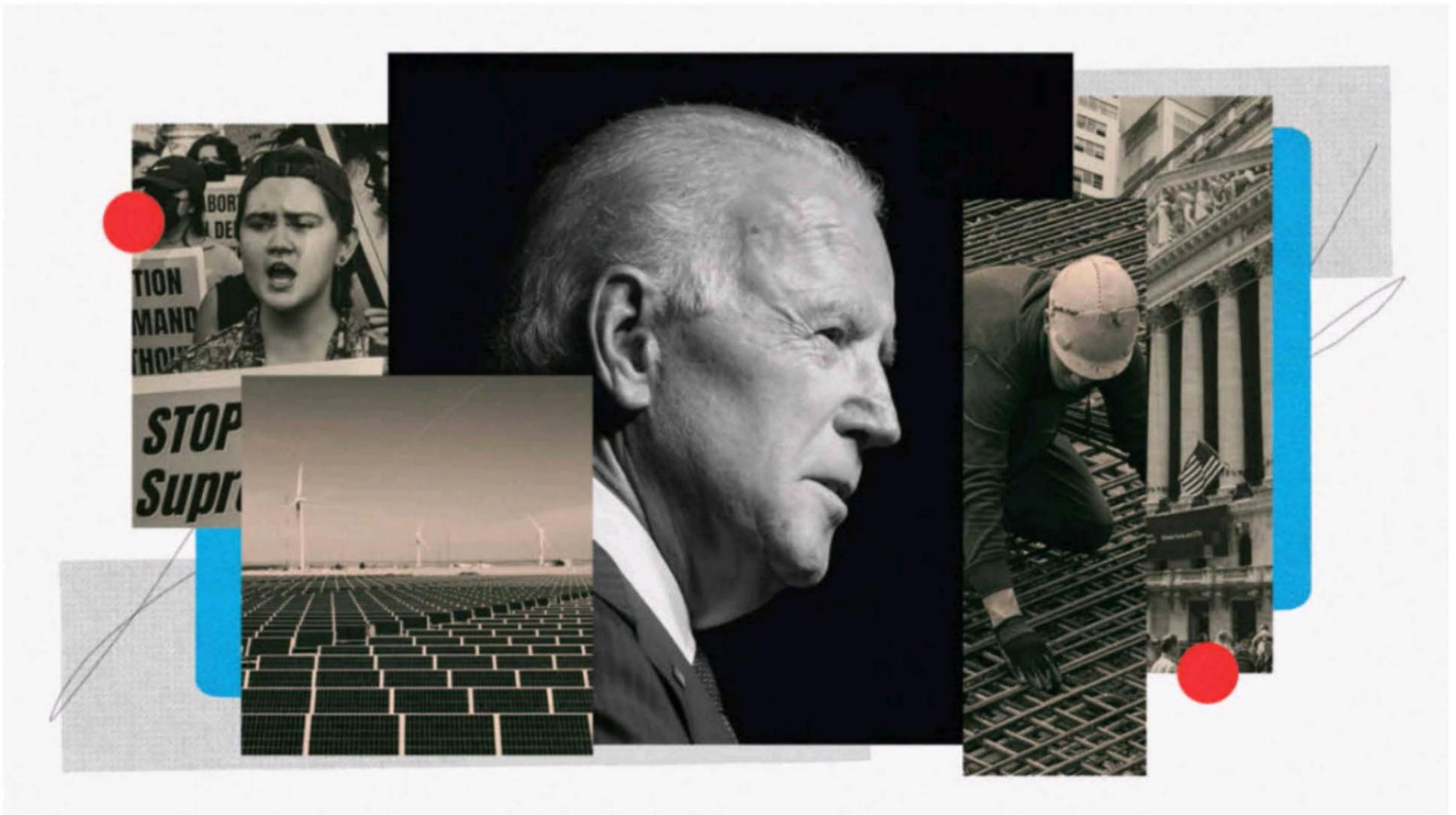
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Briefing If Joe Biden wins...



The trouble with sequels

WASHINGTON, DC

What would the president actually do with a second term?

MOST OCTOGENARIANS opt for the easy life. President Joe Biden is embarking on a gruelling, billion-dollar campaign to win the privilege of continuing to work until he is 86. To what end exactly? In his previous campaign, in 2019, Mr Biden said he wanted to save “the soul of the nation”—by which he meant depriving Donald Trump of the presidency. Mr Trump’s revenge candidacy this year has prompted Mr Biden to revive his old pitch. Our election model suggests the president has only about a 30% chance of securing re-election, although a debate between the candidates on June 27th could cause the polls to shift. A second victory for Mr Biden would properly vanquish his nemesis. But it would also leave the president with four more years in the White House. What would he do with them?

It is common for presidents to struggle to enact their second-term agendas. George W. Bush did not get far with plans to steer federal spending on health care, retirement and education to the private sector, for instance. Barack Obama’s second

term, of which Mr Biden had a front-row view as vice-president, was an endless sequence of fiscal battles with a Republican Congress, ending in a final humiliation when the Senate refused even to vote on Mr Obama’s nominee for a vacant seat on the Supreme Court.

Perhaps that is why, after pitching wholesale reform of the American economy in 2019, Mr Biden is being unforthcoming about his ambitions for a second term. In campaign speeches he likes to lambast Mr Trump and boast about his lavish spending on greenery. But he offers fewer specific pledges about the future, bar a promise to restore the right to an abortion, which the Supreme Court yanked away in 2022. The Biden campaign’s website lacks a policy or issues page, whereas the website of Mr Trump, a man who could not be accused of wonkery, has several.

Bruce Reed, the president’s deputy chief of staff, says, “Biden got more done in the last three years than most presidents have accomplished in two terms.” He casts the president’s plans as building on a lega-

cy of helping the middle class: creating a \$10,000 tax credit for first-time homebuyers, extending the capped prices the elderly pay for insulin and some prescription drugs to all Americans, banning “junk fees” that push up the price of services and shielding ordinary Americans from tax rises while making the rich and big business pay more. It is all sensible enough, but not exactly a new New Deal.

The Edge of Reason

There could be tactical reasons for reticence. With voters so polarised, Mr Biden may be calculating that grand policy ideas simply invite attack and will not win many over. Voters are unhappy with an economy that is the envy of the rest of the world. They praise him and Mr Trump equally for investing in infrastructure, even though Mr Biden did and Mr Trump did not. If actual achievements do not earn him any credit, promises are unlikely to either.

It is nonetheless possible to infer what Mr Biden might do with a second term, based not just on his campaign’s few pro- ▶▶

nouncements, but also on his past actions and his choice of advisers. Much will depend, naturally, on which party controls the Senate and the House of Representatives. Mr Biden will also be able to make policy by executive fiat, although that power may soon be curbed by the courts. In any case, he does have an agenda, and not an altogether anodyne one.

At the moment, Democrats control the Senate by a single seat, while Republicans control the House of Representatives by five. Democrats have high hopes of recapturing the House, given the chaotic infighting among the Republican majority, but retaining the Senate is unlikely. A Democratic seat in West Virginia is as good as gone and seven other Democratic seats are vulnerable. There are no especially vulnerable Republican seats to compensate. If Democrats defend all seven seats, the chamber would be evenly split, 50-50. If Mr Biden wins the election, the vice-president, Kamala Harris, would then be able to break ties in their favour.

A near-perfect defence is not impossible. Democrats did not lose any seats in the mid-term elections of 2022—and in fact gained a vulnerable Republican one—as a result of the Republicans' abysmal candidate selection and popular anger over abortion. Mr Biden could still get things done with a 50-50 split, as he did during the first two years of his presidency, when he pushed through both a big stimulus and the Inflation Reduction Act, which despite its name was an ambitious law to cut America's emissions of greenhouse gases.

In fact, a 50-50 Senate under Mr Biden might be even more energetic in 2025, since Democrats would probably weaken the filibuster, a parliamentary rule that in effect requires a supermajority of 60 to pass non-fiscal laws. The two biggest opponents of reform on the Democratic side, Joe Manchin of West Virginia and Kyrsten Sinema of Arizona, are leaving office. Democrats are already talking about

scrapping the filibuster to pass a law reinstating a nationwide right to an abortion.

If Democrats controlled Congress and the White House, they would not stop at that. Mr Biden's nostalgia for labour unions, up to this point largely rhetorical, would be channelled into the PRO Act, which would overrule states' "right-to-work" laws, making it easier for unions to organise. Congress would probably also empower the National Labour Relations Board, a government agency, to fine employers. A pledge to increase the federal minimum wage for the first time since 2009, from \$7.25 an hour to \$15, is another item on the agenda.

Fury Road

The Democrats also have a long fiscal wish-list. "It's time to restructure the tax code and use the revenues to invest in a stronger country, in child care, health care, housing and fighting the climate crisis," declares Elizabeth Warren, a Democratic senator from Massachusetts. She is a standard-bearer of the progressive wing of the party whose allies hold many big jobs in the administration. "The key is more revenue," she says of the president's agenda for a second-term. "It's not like we need new ideas for how to do this. We need the backbone to tax the wealthy and the giant corporations that have figured out how to make paying taxes optional." That, she hopes, includes taxing wealth directly. Mr Biden has proposed increasing the main corporate-tax rate from 21% to 28%, introducing a "billionaire minimum tax" and eliminating various loopholes for the wealthy. The revenue could in theory be used to plug America's gaping fiscal deficits, though in practice Democrats might be tempted to spend much of it on child-care subsidies, universal pre-school and other schemes Mr Biden advocated unsuccessfully in his first term.

More likely, however, is a Republican-led Senate that would ignore Mr Biden's

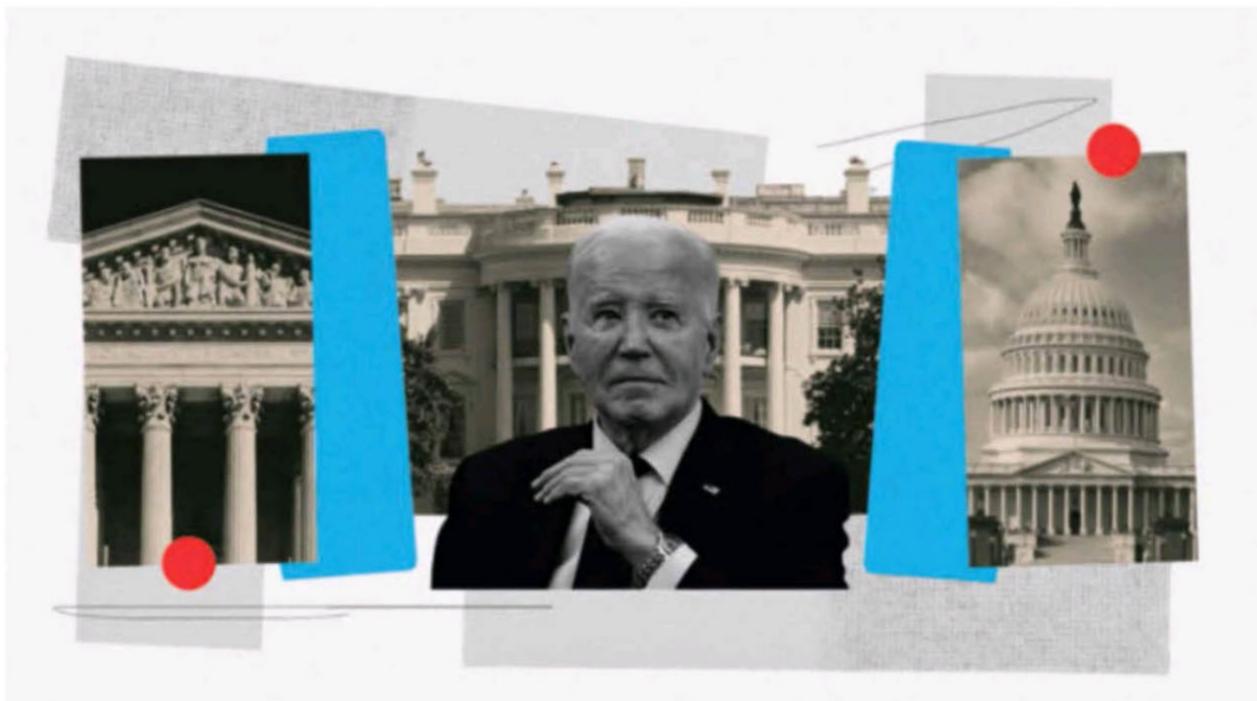
social policies and force him to rein in his budgetary ambitions. The obstreperousness of such a Republican majority is hard to predict: it would be coming to terms not only with Mr Trump's loss, but also with the end of the long tenure as its leader of Mitch McConnell, who is stepping aside. Even so, a new Era of Good Feelings seems unlikely. Most policymaking would probably grind to a halt.

But next year big chunks of the tax cuts pushed through by Mr Trump expire. That will force Congress, whatever its hue, to legislate. Republicans want the cuts extended in full, despite the \$3.3trn price-tag; Democrats may trade a more limited extension for pet projects. "That's the train that's leaving the station," says Bharat Ramamurti, a former deputy director of Mr Biden's National Economic Council. "If Democrats want to do something on paid family leave, on child-care affordability, on housing supply, that tax package becomes the opportunity to do that."

Democrats might be able to extract a corporate-tax rise in exchange for preserving lower tax rates for individuals. Or they might demand more spending, a scenario which could "quite plausibly" increase the already yawning deficit, says Jason Furman, the former chairman of Mr Obama's Council of Economic Advisers. In addition, it is possible to imagine the odd agreement on other bits of legislation, especially if they tap into bipartisan hostility to China and free trade. Further subsidies for domestic semiconductor manufacturing or steelmaking might fit the bill. "You could see momentum on Capitol Hill for some type of carbon tariffs on imported products," particularly if the European Union implements its own carbon border adjustments, says Todd Tucker of the Roosevelt Institute, a progressive think-tank.

Otherwise, Mr Biden's main resort for domestic policymaking would be the president's existing regulatory authority. He is already a prolific rule-maker. According to data from the Regulatory Studies Centre at George Washington University, his administration has issued 273 "economically significant" regulations, almost double Mr Trump's tally at this point in his tenure and the most in any presidential term in the past 40 years. The margin would be even more lopsided had Mr Biden not redefined "significant" to mean affecting \$200m of economic activity instead of \$100m.

It is in this realm that a second Biden term might have the most impact. The president has put ideological allies of Ms Warren at the head of various regulatory agencies. They, in turn, have interpreted their authority expansively, to the ire of business. New edicts include much stricter limits on carbon emissions from power plants, a broader definition of workers who must receive overtime payments and a re-



► requirement for big publicly traded firms to reveal their carbon emissions. Although many CEOs acknowledge what they politely call the “tail risks” of a second Trump presidency, they are reluctant to back a president who aims to raise their taxes, bolster unions and regulate with zeal.

“We’ve been going back to the original statutes, making sure that we’re fully exercising [their] provisions,” says Lina Khan, the head of the Federal Trade Commission (FTC). Her agency, she notes, has the authority to investigate any “unfair or deceptive acts or practices”, not just actions that raise prices or reduce choice for consumers, its recent focus. It has banned “non-compete” agreements, which prevent workers defecting to rival firms, and is campaigning against “junk” (meaning hidden) fees. It has pursued high-profile cases against Big Tech, including against Meta for its domination of social networks and Amazon for its sway over e-commerce.

Ms Khan and Jonathan Kanter, who heads the antitrust division at the Department of Justice, issued new guidelines on corporate mergers in December. These are more exacting than the ones they replaced, requiring many more firms to seek permission in advance to merge and greatly expanding the grounds for refusal. Ms Khan says the intention was to ensure “that we weren’t falling into a pattern of enforcers handicapping themselves or undertaking really cramped meanings of what their own authority or the law is”.

A second Biden term might entrench this sweeping approach to competition. “We were asleep for 40 years, as markets grew more and more consolidated,” says Elizabeth Wilkins, Ms Khan’s former chief of staff. Antitrust cases take years to prosecute and some of the new policies, such as the ban on non-compete clauses, are being challenged in court. “Another four years, and we’ll see development of actual case law enshrining some of our interpreta-

tions,” Ms Wilkins argues. Ms Warren is a fan. “Kahn, Kanter, and their teams have been terrific,” she says. “They have enforced the law as written rather than bowing down to powerful corporations.”

Another probable focus for regulators in a second Biden term is the environment. The massive infrastructure and industrial-policy bills approved in his first term will not translate automatically into serious emissions reductions, points out Kate Gordon, an adviser to the secretary of energy. Doling out tax credits and subsidised loans will take years, as will the dull but important work of easing permitting rules and modernising the grid.

Administration officials also see scope to trim emissions under the Clean Air Act and the Clean Water Act. A rule just finalised by the Environmental Protection Agency (EPA) obliges coal-fired power plants either to capture 90% of their carbon emissions by 2039 or shut down. Rules requiring emissions cuts for new gas-fired power plants will also be coming into effect. Once Mr Biden no longer has to worry about getting re-elected, he might impose further constraints on the use of fossil fuels, such as higher emissions standards for cars and factories. Some even argue that the president has the authority under existing laws to implement something very similar to a carbon tax. (Mr Trump, for his part, has reportedly been asking oil firms to donate \$1bn to his campaign, on the understanding that he would call off this regulatory assault.)

Presidential appointments will have a big impact on this regulatory agenda. Jake Sullivan, the national security adviser, has centralised control over trade, diplomacy and defence within the White House—somewhat disempowering the secretaries of state, defence and the Treasury. Mr Sullivan may leave after the election (his wife is running for Congress in New Hampshire) or step into a grander job himself,

which could undo the realignment.

Janet Yellen, the treasury secretary, is not expected to stay after the election. Her replacement could be Gina Raimondo, the current commerce secretary, who is one of the few members of the cabinet who receives high marks from business, or Lael Brainard, the current director of the National Economic Council and a former central banker. Both might have greater sway over policy than Ms Yellen, whose free-market orientation is out of step with the protectionist impulses of the administration. Ms Brainard is also on the shortlist to replace Jerome Powell, the current chairman of the Federal Reserve, whose term expires in 2026. Trade policy has been moribund under Katherine Tai, the current United States Trade Representative, and largely a continuation of Mr Trump’s blunderbuss mercantilism.

The Empire Strikes Back

The primary constraint on Mr Biden’s regulatory agenda will not be personnel, however, but the courts. The Supreme Court, which has a 6-3 conservative majority, has increasingly circumscribed the power of presidents to set policy without Congress. In 2022 the court ruled that the EPA (and by extension all administrative agencies) could not promulgate economically significant rules without clear congressional authorisation. A pending case is expected to weaken further the deference that courts have typically shown to administrative agencies. The courts will also consider whether the FTC has exceeded its authority in trying to regulate employment contracts. Those irritated by the Federal Reserve’s regulations on banking and by assorted rules from the Securities and Exchange Commission on diversity, pay and greenhouse-gas emissions are also sure to sue for relief. Labour unions have benefited from favourable rulings from the National Labour Relations Board, but these, too, will be challenged. Given the composition of the court, all these aggrieved parties are likely to get a favourable hearing. Conservative justices sceptical of Mr Biden’s use of executive power could stymie him for years—though their influence might wane if there were vacancies on the court for the president to fill with more sympathetic judges.

In 2020 Mr Biden campaigned as a moderate but, once in power, governed in many respects as a progressive. Four years on, the president is again expressing moderation on the campaign trail, focusing on the existential stakes for American democracy rather than sketching out a grand vision for his second term. This reticence is deceiving. Mr Biden does have big plans to put his stamp on America’s business environment, in particular. He will just have a hard time bringing them about. ■



United States



Young voters

But will they turn out?

ANN ARBOR

Despite a pummelling by campus protesters over Gaza, the president is holding his own with young Democrats

FRETTING ABOUT the youth vote is a Democratic pastime. This year, there are obvious causes. At the top of the ticket, 81-year-old Joe Biden struggles to convey the vitality that his 78-year-old opponent musters. Student protesters chanting “Genocide Joe” blame Mr Biden for civilian suffering in Gaza. On TikTok, young leftist influencers attract millions of views for videos urging voters to reject him.

Tour college campuses, however, and you will find plenty of young voters ready—excited, even—to cast a ballot for Mr Biden. “He has been the most progressive president we’ve ever had,” raves Ian Moore, a 20-year-old student executive-board member of the University of Michigan’s College Democrats, an arm of the Democratic National Committee. “Yeah, he’s a little older, he’s a little less exciting,” he acknowledges, “but he gets the job done.”

Mr Moore’s exuberance may be unusual but his preference for Mr Biden over Do-

nald Trump is not. Recent findings from YouGov, an online pollster, suggest that across June those aged 18 to 29 prefer the incumbent president to his predecessor by an average of 20 points, just less than the 23-point advantage Mr Biden enjoyed in 2020. But young voters represent one of the wobbliest legs of the Democratic stool. They have the lowest and most variable turnout rates of all age groups. And polls suggest that when compared with previous

presidential elections, and particularly the last one, young voters are less enthusiastic about voting this time. So if Mr Biden is indeed still winning them by a healthy margin, each young voter who stays home hurts him more than Mr Trump.

Young Americans have long been unreliable voters. At most, around half of those eligible cast ballots in presidential-election years. The figure for those aged 45 or older is roughly 70% (see chart 1 on next page). In 2008 Barack Obama—the magnetic youth-whisperer who filled college-football stadiums with supporters—enjoyed a youth-turnout rate of just over 51%. That was a mere two points higher than the percentage who turned out in 2004 for the race between the decidedly less charismatic George W. Bush and John Kerry.

It was the polarising matchup in 2020 between Messrs Trump and Biden that broke recent records: youth turnout that year reached 54%. Expansive covid-era postal and early-voting policies played a role; younger voters are disproportionately likely to mail in their ballots. Even so, the youth-turnout rate was still a whopping 18 points less than that of voters 45 and older.

And that increase might prove to be short-lived. When the pandemic ended, Republicans restored restrictions on postal and early voting in many states. And if youth turnout more closely resembles the

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much lower levels of 2016, Mr Biden would lose around 850,000 votes from his margin over Mr Trump, even if he holds the 23-point advantage he enjoyed last time.

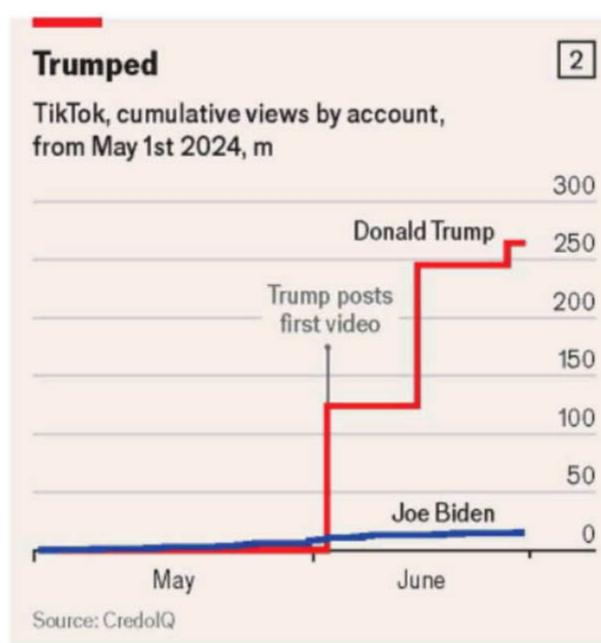
Pundits have attributed much of young voters' mix of apathy and disdain for Mr Biden to the war in Gaza (see Lexington). Half of those under 30 tell pollsters at YouGov that they disapprove of his handling of the conflict. Their views of Mr Biden's performance have soured dramatically since the war's early days in October. And yet the great majority of these unhappy young voters say they still intend to vote for Mr Biden. At the start of the war registered voters under 30 preferred Mr Biden to Mr Trump by a 28-point margin. In June the same group said they favoured Mr Biden by an average of 20 points.

The decline in Mr Biden's popularity may not be dramatic, but it could be significant in a close race. The available data are unclear about whether Gaza is the cause, however. Other White House policies unpopular with young people, such as the forced sale of TikTok within a year that the House of Representatives passed in March with Mr Biden's support, may also matter. According to a poll in May from Generation Lab only 13% of college students say that the conflict in the Middle East is one of their three most important issues, despite a tumultuous springtime of protests on many American campuses.

TikTok tow

The evidence is clearer about two other problems Mr Biden has with young voters. One is his low standing with independents. The president's current polling advantage among young Democrats is the same as it was at this stage in 2020. Yet he is attracting a scant 27% of young independents. (Mr Trump and Robert F. Kennedy junior are performing even worse; and 16% of young independents tell pollsters they are undecided.)

Young independent voters are especially fuzzy about Mr Biden's policies (see Briefing). That points to Mr Biden's second



problem: he is struggling on TikTok, where one-third of Americans under 30 get their news, according to a poll last year. Mr Trump joined the platform only three weeks ago but has already garnered 252m views. His content generates more engagement than Mr Biden's (see chart 2). "Content around Biden just doesn't pop off on TikTok," says Ben Darr, of CredolIQ, a TikTok-analytics firm. "It's not inflammatory, it's not counterculture...and that's what the TikTok algorithm is looking for."

In terms of issues, young voters are not so different from everyone else. In April's Harvard Youth Poll, the three most important issues they cited were inflation, health care and housing. These are priorities for all voters. Young Republicans prioritise immigration more than their Democratic counterparts, while those Democrats prioritise women's reproductive rights.

Overall, Mr Biden's vulnerability with young voters is not a consequence of the policies he promotes. According to a recent YouGov poll, the great majority of policies preferred by young Democrats and independents are ones that Mr Biden favours and Mr Trump rejects. Overwhelming majorities say they want expanded background checks for all gun purchases and increased federal funding for affordable housing and the Affordable Care Act, for instance.

Mr Biden's boomer backers may wring their hands over young voters' seeming apathy about Mr Trump's xenophobic populism. Yet the reality is that for a growing share of young voters, Trumpism is the norm. This year's youngest eligible voter was just nine years old when Mr Trump declared that Mexicans were rapists as he launched his 2016 campaign. And that same voter was only in their first year of high school as his presidency concluded with hundreds of his supporters attacking the Capitol. Younger voters, like generations before them, are focused on their own futures. Quite reasonably, they want to know what Mr Biden will do for them if he is re-elected. ■

Online sleuths

Forensic fandom

NASHVILLE

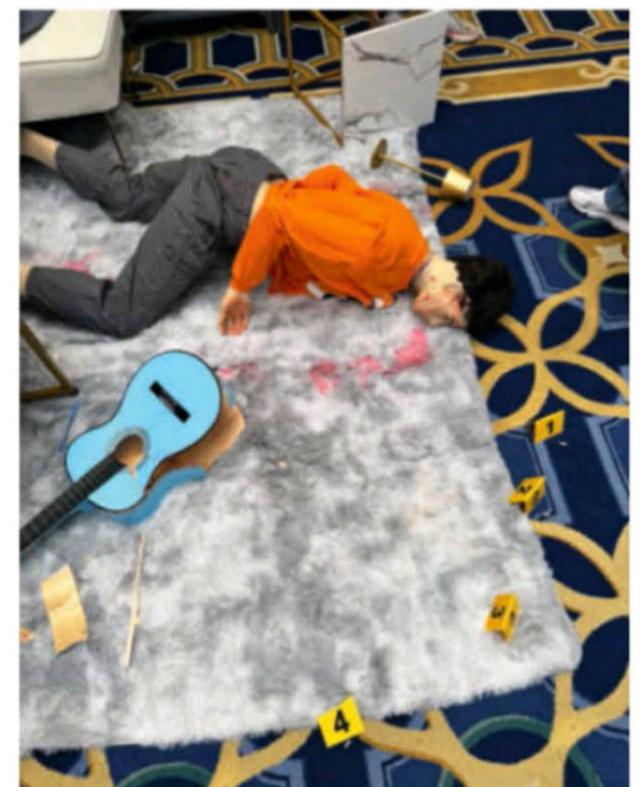
True-crime fans are banding together online to try to solve cases

IT IS 9AM on a Sunday and Liz is trying to figure out who did it. Specifically: who killed this guy splayed across the floor? In her day job Liz is a massage therapist, but today she is a homicide detective. Wearing blue latex gloves she prods a blood-soaked mannequin by her feet, part of a crime-scene simulation at CrimeCon, a convention for true-crime fans. Liz came to learn from the experts. They start with the basics: it is blood *spatter*, not splatter.

At CrimeCon there are panels on topics ranging from sextortion to forensic entomology ("beetles feed on dry remains", "moths are not predacious"), and sessions on famous cold cases. There is merch for sale: pepper spray, stun guns, cocktail covers to guard against date rape. And there are other enthusiasts to befriend. "It's not a celebration of crime, it's a learning of crime," says Liz's friend.

That some 5,000 cheery, normal-seeming people pay \$350 and up to spend their weekend chatting about grisly murders, online predators and what *really* happened to Kathleen Peterson illustrates the genre's popularity. True crime is booming. In 2022 it accounted for a quarter of top-ranked podcasts on Apple and Spotify, according to the Pew Research Centre, a think-tank. That year a third of people surveyed by YouGov, a pollster, said they consume true-crime content at least once a week. Women are the most avid fans.

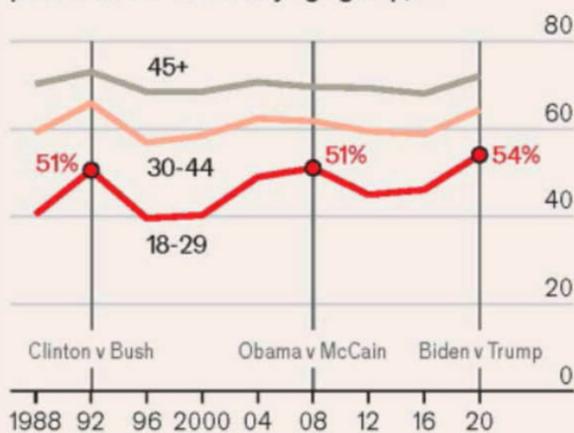
The genre is evolving. These days more ▶▶



Who dunnit?

Ah, youth!

United States, voter turnout in presidential elections by age group, %



Source: CIRCLE, Tufts University

▶ content is devoted to open cases and wrongful convictions rather than solved crimes, notes Haley Gray, a researcher for several podcasts. The shift stems partly from a perception that the criminal-justice system is not functioning fairly, which was intensified by #MeToo and the death of George Floyd, says David Schmid of the University at Buffalo. The other reason is that such cases present a puzzle to solve. And who doesn't like a puzzle?

For consumers and creators of the stuff, it is gratifying that a genre long considered prurient and exploitative might instead promise justice. Some podcasts have indeed changed the course of investigations. "Serial", which spawned the podcast boom a decade ago, led to the release of Adnan Syed from prison (his conviction, over the murder of his ex-girlfriend in 1999, was reinstated last year and is the subject of an appeal). In 2019 Chris Lambert, a singer-songwriter with no journalism experience, made "Your Own Backyard", a podcast series about the decades-old murder of Kristin Smart. It drew new attention to the case, and the police arrested her killer.

Yet as Liz in the latex gloves can attest, true crime is not like other fandoms. It invites participation. Fans listen to stories, and form theories about what happened.

Crowdsourced crime-solving is not new. In medieval England, at the sound of a "hue and cry", bystanders were expected to help nab criminals. Then came "wanted" posters and tip hotlines. But internet sleuthing is different, since it is networked. The Reddit Bureau of Investigation, a forum on that site, has nearly 750,000 members. What such communities lack in the power to issue warrants they make up for in the array and outlandishness of their ideas. This can have nasty consequences.

In 2013 Reddit apologised when its users misidentified suspects behind the Boston Marathon bombing. In 2022 a professor at the University of Idaho sued a TikTok for alleging that she had orchestrated the murder of four students. Victims' families get harassed too. After Maura Murray disappeared in New Hampshire 20 years ago, armchair detectives insinuated that she was running from her family and that her relatives were obstructing the investigation. Internet sleuths "felt they had a right not only to all this information about Maura, but also every single person connected to her," says Julie, her sister.

Tricia Griffith, manager of a site called Websleuths, acknowledges that her forums attract a fair number of conspiracists and that she sometimes feels like a "schoolmarm with a ruler going, 'behave, behave'". No one on her site has ever solved a case, she concedes. But that doesn't mean that law-enforcement agencies don't check it "constantly" and value her members' ability to "think outside the box". ■



The Polish diaspora

Push and Pulaski

CHICAGO

A once-iconic Polish magazine relaunches in America

ON JUNE 21ST visitors to Veterans Park in Milwaukee caught an unusual spectacle. In the late-afternoon sun, a hot-air balloon in the shape of a giant baby was filled up, as a choir sang. The stunt was to promote the launch of the first ever English-language edition of *Przekrój* (Cross-section), a Polish cultural magazine that was influential in the cold-war era. The baby, according to Maria Kozak, the magazine's Polish-American editor-at-large, was intended to symbolise rebirth: "Babies are free of social biases. They have this completely unlimited potential."

And so, she hopes, does her magazine. The new edition of *Przekrój* will be a test of whether Polish-Americans, once a powerful voting bloc in the Midwest, still hold together as a diaspora.

Poles have been emigrating to America since the very beginning. At the Polish Museum of America in Chicago, Beatrix Czerkawski, the resident historian, briskly delivers a 1,000-year history, culminating in the claim that America's constitution has its origin in liberal ideas first adopted in Poland. The country's 16th-century laws protecting freedom of religion inspired Thomas Jefferson, she argues. Behind her a monumental painting of Casimir Pulaski, a Polish cavalryman who fought in the revolutionary war and reputedly saved George Washington's life, fills most of a wall.

Nationwide, according to the Census

Bureau, almost 9m people claim Polish ancestry—the fifth-largest European group in America (behind English, Italians, Irish and Germans). It is in the Midwest where Polishness is strongest. Almost a third of the 375,000 Polish-born people in America live in the Chicago metropolitan area. In early March Chicagoans of all stripes celebrate "Pulaski day", an Illinois state holiday. It is still common to hear Polish voices in Chicago, particularly around construction sites. Migration continued into the 1980s, as refugees fled communism. The city and its suburbs are home to over a dozen Polish-language schools.

Are the links strong enough for *Przekrój* to succeed? Half a century ago Poles were a key constituency in American politics. In the 1960 election campaign John F. Kennedy made sure to pay homage to the Polish American Congress in Chicago. The magazine was then a valued connection to the old country. Stefan Wiktor, a Polish-American whose grandfather was the minister of defence in Poland's wartime government-in-exile, remembers his father reading the paper. Ties are looser these days. "It doesn't really last past the second generation," sighs Terry Repak, Mr Wiktor's wife.

Still, as your correspondent watched, the couple got into a sharp debate with Ms Czerkawski about democratic backsliding in Poland. Perhaps *Przekrój* has been reborn at just the right time.

AI and parenting

Flipping the digital divide

WASHINGTON, DC

Non-white parents are embracing AI faster than their white peers

IN AMERICA, TECHNOLOGY tends to reach non-white people last. Non-white families got landline telephones later than white ones. Today they lag behind in computer ownership and broadband access. This “digital divide” showed during the pandemic, when many non-white pupils struggled with remote learning. When artificial intelligence (AI) spread with the release of ChatGPT in 2022, so did fears about the disparities that might follow.

Yet AI is disrupting the digital-divide narrative. It is true that algorithms have disadvantaged black and Hispanic people in health care, policing and the court system. Facial-recognition software continues to struggle with non-white faces. Some AI chatbots have generated racist content. But when it comes to using AI personally, non-white families may be getting an edge.

According to the Walton Family Foundation, funded by members of the family behind Walmart, while 72% of white parents say they use AI personally, 80% of black and 84% of Hispanic parents say they do. Black teachers use AI in the classroom more often, and non-white children are also more likely to use AI at home: 68% of white parents say that their child uses AI chatbots for school, compared with 75% of Hispanic and 81% of black parents.

“Generally technologies disrupt the lower levels of the socioeconomic ladder,” says Richard Culatta of the International Society for Technology in Education, a non-profit group. Many jobs throughout the years, including travel agents, switchboard operators and typists, have been replaced by technology. “AI is the first technology that is flipped,” says Mr Culatta. This time, computer programmers, lawyers and radiologists fear for their jobs.

Anashay Wright, a black parent, says AI has changed her life. She uses AI to help with her attention-deficit diagnosis. She speaks into the program, and it translates her words into memos and slide decks. “In a world that worships the written word, I could never convey the energy and the soul of my emotions,” says Ms Wright. She also uses AI to help her children brainstorm ideas and get feedback on their schoolwork. She and her son used AI to draft an appeal letter after a university rejected him. (He was then accepted.)

“AI is this universal translator,” says Winston Roberts, a black public-school teacher in Newark, New Jersey, who uses



the technology in his classroom. “AI allows a fifth-grader and a CEO to communicate ideas in a way both respect and understand.” It is also helping black and Hispanic families translate white culture, he says.

It helps that many AI programs can be accessed free using smartphones, which non-white families use at similar rates to white ones, in contrast to their lower access to laptops. Cultural factors also play a role. Many upscale white families prioritise keeping kids away from technology, says Mr Culatta. Black and Hispanic families, who are poorer on average, may be less bothered. “Those families feel the urgency,” says Alejandro Gibes de Gac, the founder of Paloma, an app that uses AI to help parents tutor their children in poor schools. “They are thinking: ‘I’ve got to be the one to help my kid find a better future.’” AI, it seems, can show them how. ■

Abortion laws

SCOTUS snafu

NEW YORK

A phantom ruling appears to permit emergency abortions in Idaho—for now

THE SUPREME COURT loves to keep America guessing. The justices say which days they “may announce opinions” but offer no whisper of which rulings are coming on a given day. On June 26th the court managed to raise the intrigue to new heights. After just two of a dozen pending decisions were released, *Moyle v United States* fleetingly appeared on the Supreme Court’s website.

The document vanished as unceremoniously as it arrived, but not before Bloom-

berg News grabbed a copy. *Moyle* addresses a stand-off between the Idaho Defence of Life Act—which bans abortion unless the fetus is conceived through rape or incest, or if the woman’s life is at stake—and then only in the first trimester—and the Emergency Medical Treatment and Labour Act (EMTALA), a law requiring hospitals that receive federal funding to provide “stabilising treatment”. The Biden administration says that includes abortion when a pregnancy threatens a woman’s health.

The court seemed split in the April 24th hearing. The inadvertently posted document reveals rifts, too. But it suggests that women in Idaho facing pregnancy-related health emergencies—including possible loss of reproductive organs—may soon have access to abortion. An amicus brief filed by the National Women’s Law Center stated that there are about 70 documented cases of pregnant women almost dying when they were denied care following state abortion bans enacted after the court overturned *Roe v Wade*.

The apparent ruling’s method for averting the madness is curious. Five justices appear set to dismiss the case as “improvidently granted”, leaving in place a lower court’s injunction curtailing the full force of Idaho’s ban. This off-ramp is ordinarily a sign that after oral argument, a majority concludes the case never should have been taken up in the first place.

Three conservatives (Justice Amy Coney Barrett, joined by Justice Brett Kavanaugh and the chief, John Roberts) say both Idaho and the federal government have offered shifting arguments. Since “the parties’ positions are still evolving”, Justice Barrett wrote, it would be best to let the proceedings “run their course in the courts below”. Meanwhile, the two liberal justices agreed, but emphasised that the federal law trumps Idaho’s ban.

The document includes a dissent by Justice Samuel Alito (joined by Justice Clarence Thomas and, in part, by Justice Neil Gorsuch) that calls this analysis “plainly unsound”. EMTALA, Justice Alito writes, “does not require hospitals to perform abortions” at all. There is no need to dismiss the case; his colleagues have “simply lost the will to decide the easy but emotional and highly politicised question that the case presents”.

Justice Ketanji Brown Jackson rejects many of Justice Alito’s premises but agrees that dismissing the case is the wrong path. The same problem plagues women in Texas, where a court order allows the state to “flout” EMTALA. *Moyle* may afford Idahoans “a few months...during which doctors may no longer need to airlift pregnant patients out of Idaho”. But the court “had a chance to bring clarity and certainty to this tragic situation”, she wrote, “and we have squandered it.” ■

WPATH

Marking their own homework

NEW YORK

Court documents show how research into trans medicine has been manipulated

IN APRIL HILARY CASS, a British paediatrician, published her review of gender-identity services for children and young people, commissioned by NHS England. It cast doubt on the evidence base for youth gender medicine. This prompted the World Professional Association for Transgender Health (WPATH), the leading professional organisation for the doctors and practitioners who provide services to trans people, to release a blistering rejoinder. WPATH said that its own guidelines were sturdier, in part because they were “based on far more systematic reviews”.

Systematic reviews should evaluate the evidence for a given medical question in a careful, rigorous manner. Such efforts are particularly important at the moment, given the feverish state of the American debate on youth gender medicine, which is soon to culminate in a Supreme Court case challenging a ban in Tennessee. The case turns, in part, on questions of evidence and expert authority.

Court documents recently released as part of the discovery process in a case involving youth gender medicine in Alabama reveal that WPATH’s claim was built on shaky foundations. The documents show that the organisation’s leaders interfered with the production of systematic reviews that it had commissioned from the Johns Hopkins University Evidence-Based Practice Centre (EPC) in 2018.

From early on in the contract negotiations, WPATH expressed a desire to control the results of the Hopkins team’s work. In December 2017, for example, Donna Kelly, an executive director at WPATH, told Karen Robinson, the EPC’s director, that the WPATH board felt the EPC researchers “cannot publish their findings independently”. A couple of weeks later, Ms Kelly emphasised that, “the [WPATH] board wants it to be clear that the data cannot be used without WPATH approval”.

Ms Robinson saw this as an attempt to exert undue influence over what was supposed to be an independent process. John Ioannidis of Stanford University, who co-authored guidelines for systematic reviews, says that if sponsors interfere or are allowed to veto results, this can lead to either biased summaries or suppression of unfavourable evidence. Ms Robinson sought to avoid such an outcome. “In general, my understanding is that the university will not sign off on a contract that allows

a sponsor to stop an academic publication,” she wrote to Ms Kelly.

Months later, with the issue still apparently unresolved, Ms Robinson adopted a sterner tone. She noted in an email in March 2018 that, “Hopkins as an academic institution, and I as a faculty member therein, will not sign something that limits academic freedom in this manner,” nor “language that goes against current standards in systematic reviews and in guideline development”.

Not to reason XY

Eventually WPATH relented, and in May 2018 Ms Robinson signed a contract granting WPATH power to review and offer feedback on her team’s work, but not to meddle in any substantive way. After WPATH leaders saw two manuscripts submitted for review in July 2020, however, the parties’ disagreements flared up again. In August the WPATH executive committee wrote to Ms Robinson that WPATH had “many concerns” about these papers, and that it was implementing a new policy in which WPATH would have authority to influence the EPC team’s output—including the power to nip papers in the bud on the basis of their conclusions.

Ms Robinson protested that the new policy did not reflect the contract she had signed and violated basic principles of unfettered scientific inquiry she had empha-

sised repeatedly in her dealings with WPATH. The Hopkins team published only one paper after WPATH implemented its new policy: a 2021 meta-analysis on the effects of hormone therapy on transgender people. Among the recently released court documents is a WPATH checklist confirming that an individual from WPATH was involved “in the design, drafting of the article and final approval of [that] article”. (The article itself explicitly claims the opposite.) Now, more than six years after signing the agreement, the EPC team does not appear to have published anything else, despite having provided WPATH with the material for six systematic reviews, according to the documents.

No one at WPATH or Johns Hopkins has responded to multiple inquiries, so there are still gaps in this timeline. But an email in October 2020 from WPATH figures, including its incoming president at the time, Walter Bouman, to the working group on guidelines, made clear what sort of science WPATH did (and did not) want published. Research must be “thoroughly scrutinised and reviewed to ensure that publication does not negatively affect the provision of transgender health care in the broadest sense,” it stated. Mr Bouman and one other coauthor of that email have been named to a World Health Organisation advisory board tasked with developing best practices for transgender medicine.

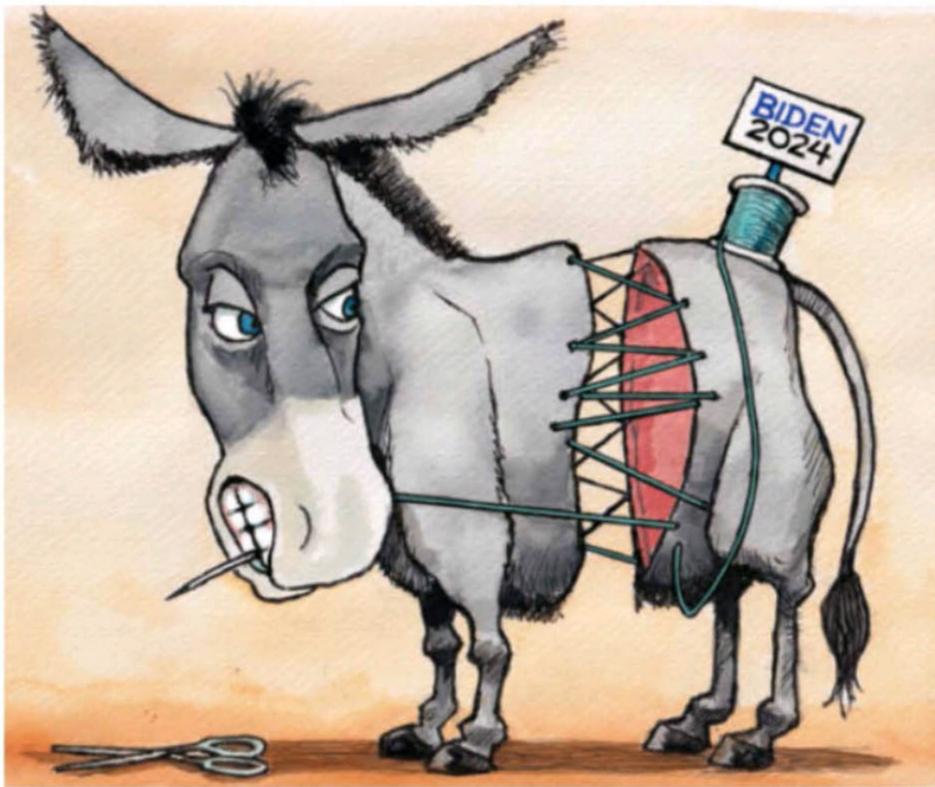
Another document recently unsealed shows that Rachel Levine, a transwoman who is assistant secretary for health, succeeded in pressing WPATH to remove minimum ages for the treatment of children from its 2022 standards of care. Dr Levine’s office has not commented. Questions remain unanswered, but none of this helps WPATH’s claim to be an organisation that bases its recommendations on science. ■



LEXINGTON

The Democratic establishment strikes back

But the defeat of a progressive in New York only shows how deep the party's divisions are



YOU MIGHT expect a party's leaders to inspire its activists about an upcoming election by invoking the vision of their standard-bearer. But on a recent sweltering Saturday afternoon, in a park in the Democratic stronghold of the South Bronx, in New York, Democrat after Democrat, including three congressmen and a senator, spent 75 minutes addressing a crowd of more than a thousand without mentioning President Joe Biden.

For all the enthusiasm, there was, in retrospect, a touching quality to the scene, and not only because the congressman who was the focus of the rally, Jamaal Bowman, would go on to lose his primary three days later, on June 25th. It captured the predicament Mr Biden has presented to his party's leftists, and that they are presenting him in return. Can they praise Mr Biden, and he them, without alienating key supporters? Can they criticise one another to court such supporters without helping Donald Trump?

The war in Gaza has so sharpened such questions about where Democrats stand that it is splitting the anti-war left itself. Mr Bowman's criticism of Israel prompted the American Israel Public Affairs Committee (AIPAC), a pro-Israel group, to spend a record amount of money to defeat him. Yet during the rally, scores of protesters, blocked off by steel barricades and watched by police, chanted for a "free Palestine" and against Mr Bowman and the other Democrats on stage, who included such stars of the left as Congresswoman Alexandria Ocasio-Cortez and Senator Bernie Sanders. "AOC, Bowman, Sanders: Shills for 'Genocide Joe' Biden!" read one sign. Even from inside the barricades, Mr Sanders drew some boos when he said Israel "had the right to defend itself against a terrorist attack" before adding, "It does not have the right to go to war against the entire Palestinian people."

Mr Biden beat Donald Trump in New York in 2020 by 23 points, but a Siena College poll this month found Mr Biden leading by just eight. He and Democrats generally have lost favour with independent voters and others who do not affiliate with either major party, the state's second-biggest bloc after Democrats. With six congressional seats in New York believed to be up for grabs—including five picked up by Republicans in 2022—Democrats are trying to reclaim the political centre. Mondaire Jones, a

former congressman running in a district adjoining Mr Bowman's, once advocated defunding the police, but recently told the *Washington Post* that was "one of the dumbest phrases ever to exist in American politics". Mr Jones alienated former allies on the left by endorsing Mr Bowman's opponent, George Latimer.

Though Democrats' lurch towards the centre in New York is unmistakable, Mr Bowman's race is better understood as an indicator of the tensions building within the party than of how they will be resolved. Mr Bowman, a 48-year-old former school principal given to joyfully rapping in social-media posts, is the first member of the "Squad" of progressive legislators to lose a primary. He is black, and his defeat by a 70-year-old white moderate endorsed by the likes of Hillary Clinton might be read as a sign that the establishment is back in control. But Mr Latimer was a formidable candidate with a long record of service as a local elected official, and Mr Bowman, who first won his congressional seat in 2020, was particularly vulnerable.

Mr Bowman went well beyond criticising Israel's war in Gaza—a mainstream Democratic position—to dismiss reports of rape by Hamas as "propaganda". He apologised for that, but as recently as the final debate of the primary he accused Israel of "75 years of military occupation", a view questioning the legitimacy of the state itself. He had other troubles. It emerged in the campaign that in years past he indulged in conspiracy theories about the attacks of September 11th 2001 and other subjects. He was caught on video last year pulling a fire alarm in a House office building, prompting an evacuation before a vote on a funding bill, and he pleaded guilty to a misdemeanour. He could be tone deaf to the politics of his district, mostly composed of suburbs of New York City. "We're gonna show fuckin' AIPAC the power of the motherfuckin' South Bronx!" he roared on Saturday—a vow that might have vexed his constituents not merely for its profanity but also because the South Bronx is not in their district.

The role of AIPAC in the race also complicates its lessons. The group's political arm spent more than \$14.5m helping Mr Latimer, the most ever spent by an interest group on a House race, but not by emphasising Mr Bowman's views on Israel. Instead, its ads portrayed him as undermining Mr Biden by, for example, voting against his infrastructure bill.

Donald Trump, unifier

Because AIPAC's donors include Republican billionaires, Mr Bowman charged that "Republican racist MAGA Trump money" was trying to buy the district for Mr Latimer. Indeed, to some on the left, how Mr Bowman lost is a sign they are winning the larger struggle. As Usamah Andrabi, the communications director for Justice Democrats, a political action committee, argues, "It shows how weak the establishment and AIPAC are that they have to resort to breaking records alongside Republican billionaires to advance their interests." For its part AIPAC is already boosting the primary opponent of another vulnerable member of the Squad, Congresswoman Cori Bush of Missouri, whose contest is in August.

Far more than admiration for Mr Biden, antipathy to Mr Trump is holding the Democratic Party together. That may prove enough to turn out progressives to vote again for the president this autumn. But whoever wins, any polite silence within the party will end after November, and a great, noisy struggle will begin over whether the likes of Mr Bowman, or of Mr Latimer, should represent its future. ■

The Americas



Failed coup d'état in Bolivia

Ousting in the Andes

MONTEVIDEO

A commander of Bolivia's armed forces stormed the presidential palace, then accused the president of staging the uprising

THE SOLDIERS and armoured vehicles that swarmed through La Paz, Bolivia's capital, on June 26th had one destination: the presidential palace. After a small tank repeatedly rammed its doors, soldiers pushed inside. The leader of the uprising then revealed himself as Juan José Zúñiga, the commander of the armed forces until his sacking on June 25th. "There will be a new cabinet of ministers," he told reporters. Politicians had to "stop destroying, stop impoverishing our country, stop humiliating our army". The army was trying to install "a true democracy". The army, he underscored, "did not lack balls".

Nor, it seemed, did President Luis Arce. At one point he emerged to argue with the putschists face-to-face. Returning inside, he managed to hold a ceremony to appoint new heads of the armed forces, over the booming of tear gas being fired at pro-democracy protesters outside. It was an "atypical" day, he noted dryly, but swore "we will defeat any coup attempt." He called on Bolivians to mobilise to defend

democracy, but also to stay calm. The new top brass demanded all soldiers return to the barracks. Meanwhile one of Bolivia's biggest unions announced a general strike in protest at the coup attempt. Condemnation of the attempted putsch poured in from leaders across the world.

Almost as suddenly as they had arrived, the soldiers left, replaced by crowds of civilians chanting in support of democracy. Mr Arce emerged onto the presidential balcony and used a megaphone to declare that "no one can take away the democracy that we have won at the polls and with the blood of the Bolivian people". The apparent coup attempt had failed.

That is good news for a region that believed coups were largely consigned to history. But the uprising was prompted, at

least in some way, by a profound political and economic crisis. Ahead of elections next year Mr Arce and Evo Morales, a former president, are vying for power. Tensions between the pair—both leftists and former colleagues—have paralysed the government, aggravated economic woes and, in turn, fuelled street protests. The sight of tanks ramming the presidential palace has succeeded only in making Bolivia appear more unstable and chaotic to businesses, investors and tourists.

The rolling political crisis began in 2019 when Mr Morales ran for an unconstitutional third term. He won, but after accusations of fraud and mass protests that caused 36 deaths the army asked him to resign. He did so, and left the country.

In 2020 Bolivia elected Mr Arce as president. He had been Mr Morales's economy minister. But as the pandemic battered the country, the economy slumped. Mr Morales returned, saying he would run against Mr Arce in 2025. The president says this is unconstitutional (the constitutional court agrees). Meanwhile Mr Morales's allies in Congress have made it almost impossible for Mr Arce to govern, blocking efforts to secure loans that would relieve pressure on the government purse, and scotching plans to bring in foreign investors to mine abundant reserves of lithium. Mr Arce calls this an "economic boycott" by his rival's allies. Mr Morales has threatened to unleash unrest if he is stopped from running. ▶▶

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▶ The uprising seemed momentarily to unite the two angry leftists. Mr Morales quickly denounced the attempted putsch and called for a mass mobilisation to protect democracy. It may have helped that General Zúñiga appeared to favour the political right.

Yet with soldiers back in their barracks the chances of a smooth resolution to the leftists' dispute remain slim. The army's escapade may have deepened it. General Zúñiga was arrested on the evening of his failed coup. He may have been attempting to seize power, using the political and economic crisis as justification; he was sacked after saying he would not let Mr Morales be president again on national television. But as he was taken away he accused Mr Arce of asking him to stage an uprising "to raise [the president's] popularity". Even if false, the accusations may fuel more chaos.

Meanwhile ordinary Bolivians continue to struggle. The country is desperately short of dollars. Fuel, which is largely imported, is scarce. The official exchange rate between the boliviano and the dollar has all but collapsed. The black-market rate is some 50% above the official one. Bolivian merchants have flooded over the border into Brazil and Peru desperately trying to buy dollars at a steep premium.

The government spends some \$2bn a year to import subsidised fuel, nearly bankrupting it. Natural-gas extraction, once a source of strength, is fading fast in part due to lack of investment by the state-owned hydrocarbons company. By 2030 the country may be a net importer of natural gas. In February Fitch downgraded the country's debt from junk to even grimmer junk. Now deep divisions in the army must be added to the wider political crisis. ■

of overdose deaths. In 2023 that figure was 85%. The annual body count has risen tenfold over the same period. A record 2,511 people died from overdoses in 2023 across the province of British Columbia, most of them in and around Vancouver, its biggest city. BC's fatal overdose rate is more than double Canada's overall rate, and six times the figure in England and Wales (though still lower than the hardest-hit parts of the United States). Overdoses are now the leading cause of death for British Columbians aged 10-59, taking more lives a year than murder, suicide, accidents and natural disease combined.

The drug problem is at its most acute in Vancouver's Downtown East Side, several astonishingly squalid blocks that protrude from the city's affluent centre. On a given afternoon the area's main drag is lined with people sitting, slumping or prone on the pavement amid a jumble of makeshift shelters. Many openly huff fumes from glass pipes or off patches of tinfoil. Smoking opioids is now more common than injecting them, but used needles are still scattered around. Most of the 50 calls to which the neighbourhood's firefighters respond every day are drug-related. The East Side's lethal overdose rate is a dozen times higher than the provincial average.

But it is far from the only place where fatalities occur. Most happen indoors. "We go all across the city," says a fire-department spokesperson. "We go into mansions and penthouses. It's in every community and all age groups." Often the victims are not hard-core addicts, but unwary partygoers who took something far more powerful than expected. It is an easy mistake, especially as counterfeit pharmaceutical pills laced with fentanyl circulate.

Nor is the scourge limited to cities. ▶▶

Canada and drugs

Fentanyl v Vancouver

VANCOUVER

British Columbia pioneered a liberal approach to reducing drug deaths. Fentanyl is straining the credibility of those harm-reduction policies

HE IS UNCONSCIOUS, barely breathing, sprawled on a pavement in downtown Vancouver. When the firefighters arrive, a bystander explains that the man has overdosed on fentanyl, a powerful synthetic opioid. While one firefighter pumps oxygen into the victim's mouth, another injects him with naloxone, which reverses the chemical effect of opioids. The first shot does nothing; a second is administered. The man sits up, then stumbles to his feet. Refusing all offers of further help, he staggers away down the street. The firefighters can only watch him go.

Blessed with stunning scenery, mild weather and low crime, Vancouver regularly tops lists of the world's most liveable cities. For years, along with British Columbia's provincial government, it has pioneered a programme to curb drug-related deaths known as harm reduction. Health authorities began handing out clean needles in the late 1980s and later added free crack pipes. North America's first supervised injection facility opened in Vancouver in 2003. The city launched a trial prescription-heroin programme (in addition to ones offering lower-potency methadone) in the mid-2000s. In the following years, HIV and hepatitis C infections fell. The number of drug-induced deaths dropped from a record 400 in 1998 to 183 in 2008. Harm reduction seemed a success.

Then came fentanyl. Fifty times more potent than heroin, easy to make and

cheap, the synthetic opioid has flooded North America in recent years. "You can't even find heroin on the streets any more," says Brittany Graham, head of the Vancouver Area Network of Drug Users, an activist group. Other synthetics are often mixed with street drugs, including benzodiazepines, sedatives which are especially dangerous combined with fentanyl.

In 2012 fentanyl was involved in just 5%



Overwhelmingly harmful

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► Overdose rates have spiked across the province. The mountain town of Hope (population: about 7,000), a two-hour drive north-west of Vancouver, has the province's highest rate of drug overdoses. Rural health officials blame a lack of services on top of the supply of bad drugs.

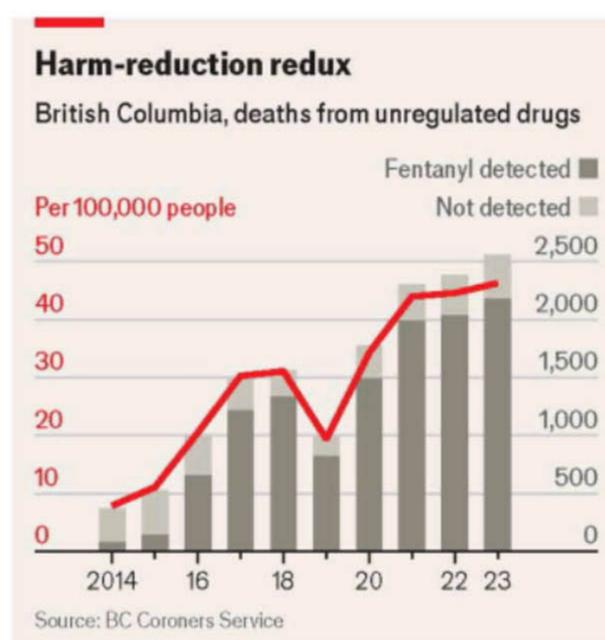
Overwhelmed by fentanyl's assault, the authorities have doubled down on ever further-reaching harm-reduction measures. Since 2020 medical professionals have been given licence to provide thousands of addicts with full-strength prescription opioids, free of charge, in the hope that this will keep them away from unpredictable street drugs. The pills are mostly hydromorphone, a commonly used painkiller, but some hard-core users insist on pharmaceutical fentanyl. Most controversially, BC last year became Canada's only province to decriminalise the possession of small amounts of all drugs subject to abuse—methamphetamine, cocaine, heroin, fentanyl, the lot.

But deaths have been surging anyway, straining the case for harm reduction and posing political risks for Justin Trudeau, the prime minister, and other politicians who have supported it. It is still too early to declare the policy a failure—there are many factors behind the recent surge in overdose deaths, including the covid-19 pandemic, which left many drug users dangerously isolated. Reinvigorated harm-reduction policies have not yet been running long enough to generate sufficient data to offer clarity on whether they are working against fentanyl.

There are some encouraging indicators. A recent study found addicts taking prescribed opioids to be at a lower risk of overdosing. And after years of a steady rise, overdoses may finally be trending down: the rate of fatal ones in the first four months of this year is lower than the same period in any of the preceding three years.

Harm reduction has sparked a backlash. Pierre Poilievre, leader of Canada's opposition Conservative party, calls Mr Trudeau "wacko" for approving decriminalisation. He wants to end federal funding for the prescription of opioids for addicts. In May Mr Trudeau's government turned down a request from Toronto to let it decriminalise drug possession in the city. BC is feeling the pressure: in May it reinstated rules against consuming drugs in public. (In the United States, Oregon has fully reversed its decriminalisation policy.)

Few are calling for a return to a policy of flinging petty drug offenders in jail, but critics say the province should put less emphasis on harm reduction and more on efforts to get people to stop using drugs altogether. Some even suggest forced treatment. For many addicts, however, a lack of affordable housing, treatment beds and mental health care makes recovery nigh-



impossible. "Naloxone can help keep someone from dying today, but it can't solve all these other issues," says Paxton Bach, a leading addiction doctor.

Harm reduction alone can do no more than its name implies. It seems to be helping to reduce the body count, but by itself it cannot cure all the damage done by drugs as potent as fentanyl and other synthetics. "The drug supply is changing under our feet. It's not like a mutating virus but a whole new disease," says Bohdan Nossyk, an addiction researcher. The disease will need new treatments. ■

Haiti and Kenya

Same old story?

A foreign police force aims to restore order, but the omens are bad

CLICHÉD WISDOM suggests that those who wait are rewarded for doing so. Haiti's 12m people are about to find out whether this applies to them. The first contingent of an international police mission tasked with bringing stability to the gang-racked country landed in the capital, Port-au-Prince, on June 25th. Their mission begins eight months after the UN authorised the force, 20 months after Haiti's government requested it.

The arrival of the Multinational Security Support Mission (MSS), led by Kenya, had been trailed for weeks. Its expansion will be gradual: some 400 police officers disembarked from a Kenya Airways plane wearing fatigues and carrying weapons. They expect to be joined by police from another eight countries, bringing the force's number to 2,500.

Garry Conille, Haiti's prime minister, calls the MSS's arrival a "unique opportunity" for the country. But Haiti is in different circumstances today from those in which

the mission was conceived. Ariel Henry, then Haiti's acting prime minister, asked for the intervention in October 2022; gang violence had been growing since the murder of then-president Jovenel Moïse in July 2021. But in February this year the gangs went on a rampage, taking over critical infrastructure, including ports and prisons. Mr Henry was pressed into standing down to make way for a transitional government.

Omens were bad as the Kenyan force landed. Their colleagues in Nairobi, Kenya's capital, were firing tear gas and bullets at protesters demonstrating against proposed tax rises. They killed at least five people. The extent to which the Kenyan police will respect human rights matters: the last international intervention in Haiti, run by the UN, was undermined by allegations of crimes, including rapes and kidnappings, committed by troops who had supposedly come to help.

Kenyan officials think the mission will cost \$600m. The United States alone has pledged \$360m, and is on the verge of handing over \$110m of it. More will be needed. Moreover, 2,500 police may be too few to deal with the gangs. The United States has been the driving force behind the Kenyan-led mission, and has built its accommodation and flown in supplies, but has said it will not contribute officers.

It is unclear how the mission will go about stabilising Haiti. The international police are expected to work behind the scenes with the Haitian police, and perhaps to help guard key places such as the airport, ports and the presidential palace. The United States says the aim is to secure the country so that elections can be held by February 2026. No one doubts that Haiti needs its officials to be elected, but the timeframe is ambitious.

Pessimists say the MSS is replaying a tired and failed formula. Optimists, foremost the United States, say this time is different, because the process of re-establishing legitimate, democratic leadership is already under way. A transitional council, which will run the country until the elections, appointed Mr Conille as prime minister on June 11th. Days later the council installed a new police chief. Jimmy Chérizier, a prominent gang leader better known as Barbeque, has adopted a more conciliatory tone since the Kenyans' arrival.

The force won't "magically resolve" Haiti's problems, says Jake Johnston of the Centre for Economic and Policy Research in Washington. The months of wrangling required to create the transitional institutions demonstrated the messiness of Haitian politics, which may yet scupper the election plans. Deep political and economic reforms are required to tackle the root causes of violence. If that ever happens, a good thing will truly have come to Haitians after years of waiting. ■

Asia



The manosphere

Meet Asia's incels and anti-feminists

SEOUL AND TOKYO

They are young and angry, and threaten to make demographic decline even worse

KIM WOO-SEOK, a 31-year-old chef in Seoul, grew up questioning the way society treats women. He felt sorry for his stay-at-home mother. He considered himself a feminist. But over the past few years, his opinions have shifted. When he came across women activists online, he was shocked to see some of them were making demeaning comments about men, including making fun of small penises. "I felt like my masculinity was under attack," says Mr Kim. He believes that, since the 2010s, Korean society has become more discriminatory against men than women. Although he has a girlfriend, many of those who share his beliefs in the region do not.

In advanced countries the gap between the sexes has widened, with young men tending to be more conservative and young women tending to be more liberal. The trend is particularly striking in East Asia. Men are not adapting well to a society where women are better educated,

compete with them for jobs and do not want to have babies with them. According to one survey in 2021, 79% of South Korean men in their 20s believe they are victims of "reverse discrimination". In neighbouring Japan, a survey the same year found that 43% of men aged 18 to 30 "hate feminism".

At first glance, this may not seem that unusual. Much of East Asia has tended to be rather patriarchal. Japan and South Korea are the worst performers in *The Economist's* glass-ceiling index, a measure of how women-friendly the working environment is in 29 well-off countries. In the OECD, a

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club of mostly rich countries, South Korea has the biggest gender pay gap. Women earn 31% less than men. In Japan that gap is 21%. In a survey in 2023 by IPSOS, a pollster, 72% of South Koreans agreed that "a man who stays home to look after his children is less of a man," the highest rate in the 30 countries surveyed.

Even so, women's lives in much of the region have improved. East Asia's "son preference" is fading, with boys and girls alike expected to do well in school. The college enrolment rate for girls is now higher than that of boys in South Korea, China and Taiwan. In Japan it is still higher for boys, but only by three percentage points. Women are increasingly entering the workforce: in Japan the employment rate for women aged 25-39 surpassed 80% for the first time in 2022. In South Korea 74% of women aged 25-29 are employed.

This success is the first cause of the backlash. Young men are "surrounded by women who do better in school or excel in work", says Lee Hyun-jae of the University of Seoul. Many men feel that "gender equality has already been achieved," says Ms Lee. In a world they believe is already egalitarian, many young men feel that extra policies to uplift women are unfair. Most do not wish to confine women to the home. But they are frustrated all the same.

Another factor is that East Asian men ▶▶

▶ are living in less optimistic economic times than their fathers. Japan witnessed the burst of its “bubble economy”, an end to decades of remarkable growth, in 1991. South Korea was hit hard by an economic crisis in 1997. Young people born since then have lived in an era marked by slow growth. The full-time “salarymen” work model has eroded, with more precarious or part-time jobs on the rise. Last year in Japan, inflation hit a four-decade high (of around 3%, so still low by current rich-world standards). Real wages have fallen for the past two years. In South Korea the share of young men not in education, employment or training (NEET) has surged from 8% in 2000 to 21%. By contrast the share of female NEETs has fallen from 44% to 21% over the same period.

Meanwhile, the dating market is becoming more brutal. Fewer people are getting married: more than 60% of Japanese women in their late twenties are unmarried, double the rate in the mid-1980s. In Japan the age at which men lose their virginity has always been high. It has remained so: in 2022, 42% of men in their 20s said they had never had sex, while 17% of those in their 30s were virgins, too. A government report from 2022 found that 40% of men had never been on a date.

Marriage trends are similar in South Korea and Taiwan, while childbirth outside of wedlock remains rare. This means that the countries are ageing, and not enough babies are being born to support the population. South Korea’s fertility rate is the lowest in the world, at 0.72. Taiwan’s is 0.87, while Japan’s is 1.2. In South Korea some women have sworn off heterosexual relationships altogether. In 2019 a fringe “4B” movement emerged there. It involves women abstaining not just from marriage and childbirth, but also dating and sex with men. They believe a life with a man is a life without freedom. “I’m not even fighting the patriarchy—I’ve decided to walk out of it,” says Kim Jina, a 4B practitioner.

Another factor is that anger towards women is being stoked online. Mr Kim, the chef, follows Bae In-gyu, an influencer on YouTube who leads “New Men on Solidarity”, a men’s-rights group. Mr Bae claims that “feminism is a mental illness.” In South Korea, a popular online slur among men is *kimchinyeo* or “kimchi bitch”, a term that implies young Korean women are materialistic, controlling and willing to live parasitically off men. In Japan *tsui-femi*, which is short for “Twitter feminists”, has become a derogatory term.

Similar to incels (or involuntary celibates) in the West, a group of Japanese men known as *jakusha-dansei* or “weak men” have emerged. “When it comes to dating, women overwhelmingly have decision-making power,” says Horike Takeshi, a 25-year-old Japanese man who has never

had a girlfriend. He identifies as a “weak man” because of his low income and lack of sex appeal to women.

South Korea’s politicians are pandering to these young angry male voters. Yoon Suk Yeol, the current president, campaigned two years ago on a pledge to abolish the gender-equality ministry. He claimed feminism is hurting “healthy relationships between men and women”. The country’s gruelling, 18-month mandatory military service is a particular flashpoint. Unlike their fathers who served in the military without question, young Korean men are increasingly disenchanted. According to a survey in 2021 by Hankook Research, a market research outfit, 62% of Korean men aged 18-29, the prime age for conscription, feel military service is a “waste of time”.

Neighbouring Taiwan faces similar challenges. Its men must also serve in the military, though for a much shorter stint. But an organised anti-feminist movement

is notably absent there, says Huang Chang-ling of the National Taiwan University. Young Taiwanese men’s frustration, unlike South Koreans’, “hasn’t become strong enough for any politician to want to exploit”, says Ms Huang. Similarly, in Japan, where there is no mandatory military service, politicians have not yet decided to stoke up the incel vote.

The rise in anti-feminist sentiment bodes badly for the region’s birth rates. In South Korea, a government survey showed that over 60% of Korean men in their late 20s believe getting married and having children is “necessary” in their lives. Only 34% of women in the same age group agreed. But can East Asian men and women find common ground? A survey by a dating app last year found that, among divorced singles, 37% of Korean women said that a “patriarchal” man would be their least favourite date. A similar share of men said they didn’t want to date feminists. ■

Betting

Beginner’s luck?

SINGAPORE

Casinos are booming in South-East Asia. Thailand could be next

LUSH JUNGLES, pristine beaches, cheap booze and, as of late, readily available marijuana: Thailand seemingly has something for every kind of tourist. But punters in search of a flutter would disagree. Apart from a government lottery and state-controlled horse-racing, gambling is illegal. So for those who enjoy betting, they must cross Thailand’s borders. In Cambodian and Laotian towns on the other side, casinos cater to their needs.

However, such arduous journeys may soon no longer be needed. Riding on a wave of liberalisation—cannabis was decriminalised in 2022 and same-sex mar-

riages were legalised this month—Thailand is now close to permitting casinos. Earlier this year, the Thai parliament backed a study on the feasibility of casino resorts. That paved the way to legislation, which could come in a matter of weeks, according to the deputy finance minister.

Thailand’s proposal is the latest sign of a gambling boom sweeping the region. In the Philippines, where gambling is legal, officials want to build at least one more resort every other year, on top of the 43 currently in the country. Singapore’s government has extended the licences of its two casino resorts, which have been running since 2010. Muslim-majority Malaysia, where gambling is banned, is mulling a second casino for foreigners, along the lines of the one operating in Genting Highlands, a popular tourist spot. In Cambodia the number of licensed casinos increased from 101 in 2021 to 174 in 2023. Throw in the casinos operating in Myanmar, Laos and Vietnam, and there are now around 350 in the region.

Economic growth in South-East Asia has given people more disposable income to indulge in games. But more significant is the rise of China, a country obsessed with gambling. For years, the Chinese could get their fix only in Macau. That special administrative region, home to more than 40 casinos, is the sole part of China where ca-



▶ sinos are allowed. As Chinese wealth has increased, so has the ability to travel.

Many punters have also been forced to travel farther abroad. Xi Jinping, China's leader, is cracking down on gambling, which is a big source of capital flight. Macau's casinos have been asked to tighten money-laundering controls. The clamp-down was extended to "junket" agencies, which are used to woo high-rollers by helping them bypass capital controls. Gaming revenues at Macau's casinos this year are expected to be 17% below those of 2019, the pre-pandemic baseline, according to data from H2 Gambling Capital, a consulting firm, though they remain high (see chart on previous page).

This makes the business case for casinos in South-East Asia compelling. Singapore's two integrated resorts raked in \$4bn in 2023; in the Philippines, the equivalent figure was almost identical. The effects of casinos, however, go far beyond just gaming revenues. They are sources of employment and tourist magnets. In Singapore, employment, construction and tourism all benefited after the casinos opened up, according to Samuel Yin Shao Yang, an analyst at Maybank, a Malaysian bank.

Thailand could hit an economic jackpot. Some 12m tourists have visited so far this year, of whom nearly 20% are from China. According to the study presented to the Thai parliament, the introduction of casinos would raise average tourist spending by 52%. The additional expenditure could boost GDP growth by one percentage point. A real-estate industry body estimated that each new casino complex could create at least 30,000 jobs.

The other big boost will be to government finances. Taxes on casino revenues accounted for roughly 2% of the Philippines' government's total receipts in 2023.

Half of that amount went directly to health care. In Singapore, taxes on betting, which include casinos and other forms of gambling, contributed 2% of government revenue. Such supplemental funds would be welcome in Thailand. The country's social-spending bill is projected to rise sharply as its population ages rapidly.

Yet many Thais do not share their government's enthusiasm for casinos. An opinion poll in 2021 found that nearly half of Thais opposed legalising gambling amid concerns about crime and morality. Earlier this year, the UN's regional drugs agency blamed casinos for the rise in organised crime across South-East Asia.

Thai officials point to Singapore as a model. The city-state restricts entry to casinos for its citizens through a hefty fee, and invests in rehabilitation and education efforts. Between 2005 and 2020, the share of the population diagnosed with a gambling problem fell from 4% to 1.2%.

Ultimately, however, the success of casinos will depend on China. For all the growth in South-East Asia, gambling revenues in the region were still less than half the value of those in Macau. Chinese punters remain the whales, but Mr Xi is trying to cut them down in size. Earlier this year Hun Manet, Cambodia's leader, announced that he would stop issuing licences for new casinos, citing "difficulties" and the importance of creating jobs through other means. Industry insiders believe Cambodia was influenced by China.

China is also wagging a finger at its citizens. In March its embassy in Singapore "solemnly reminded" them that cross-border gambling was illegal. Judging by the crowds at Singapore's Marina Bay Sands, Chinese citizens are yet to take heed. As long as they refuse to do so, South-East Asia will rake in the winnings. ■

Low-income Indians

Left wanting

AYODHYA AND RAMPUR

Improving life for poorer Indians is the new government's biggest challenge

DURGA PRASAD YADAV used to be a big fan of Narendra Modi, India's prime minister, and his Bharatiya Janata Party (BJP). "Back in 2014 they promised jobs and development. I thought they would improve things for ordinary people," says the 36-year-old farmer from a village near Ayodhya in the northern state of Uttar Pradesh (UP). In January Mr Modi inaugurated a new temple in the city on the site of a mosque that was demolished by a Hindu mob in 1992. The project has been accompanied by a big development drive. Yet Mr Yadav says local people like him have seen little improvement in their day-to-day lives. "All the development around here has meant loss for the people of Ayodhya," says Mr Yadav. "Only outsiders have benefited." He is not especially fond of the opposition. But in the national election that ended in early June, he voted for them anyway.

In Ayodhya and across UP, many voters made the same choice, reducing the BJP's share of seats in the state in its northern heartland from 62 out of 80 in 2019 to just 33, its biggest loss in any state. The party also lost 14 seats in Maharashtra, mostly in rural areas, and ten seats in Rajasthan, another poor northern state, as well as in rural constituencies across India. Besides (unfounded) concerns that a new BJP government could abolish affirmative-action policies benefiting poor or lower-caste groups, the party's losses hint at a general sense of economic disaffection among the roughly 450m Indians, mostly from the country's poor north, who get by on odd jobs, small-scale self-employment or farming, supplemented by government welfare.

Mr Modi was swept to power ten years ago on a platform combining Hindu nationalism with anti-elitism, promising better jobs and better lives for poor Indians such as Mr Yadav. But his government has struggled to tackle the lopsidedness of India's economy that is the source of their dissatisfaction. Fixing those problems is the biggest challenge that his new coalition government will face.

With the exception of a big dip during the covid-19 pandemic, India's GDP has grown steadily over the past decade. In the year to April it expanded by 8%, more than any other large economy. Yet many ordinary Indians have not seen enough economic improvements in their day-to-day lives, largely because the growth has not generated enough employment and higher wag-



Doubling down





The left behind

es at the lower end of the scale. The price of food, which forms a large share of poor people's expenses, grew by over 10% between July 2022 and July 2023, and by 9% in the past year. Since 2018 food inflation has averaged over 6%, eating up a good chunk of wage increases (see chart).

Of the 570m, or just over half of working-age Indians in the labour force, 80% still make a living in the informal economy. This includes agriculture. The share has hardly changed over the past decade. Informal work comes without contracts, guaranteed hours or benefits.

Take the most recent annual survey of "unincorporated sector enterprises" (a big non-agricultural chunk of the informal economy) published on June 14th. Even though the estimated number of such firms grew by 8%, from 60m to over 65m between 2022 and 2023, each new enterprise generated just over two new jobs. The annual wage paid by firms remained stagnant, at 125,000 rupees (\$1,500). Among informal rural workers, the poorest of the lot, it barely budged from 90,000 rupees. In ag-

riculture, which employs over 40% of Indian workers, wages on farms have yet to return to their pre-pandemic level.

The government has been supplementing incomes with cash payments, subsidies for cooking gas and free food rations, for which 800m Indians are eligible. It also runs a rural employment scheme which guarantees 100 days of work to rural workers. Some 83m workers used the scheme in the year to April.

Modi's big challenge

Those interventions have saved many from destitution. Yet life remains hard. In a survey conducted after the election by the Centre for the Study of Developing Societies (CSDS), a think-tank in Delhi, voters' top three complaints were inflation, cited by 24% of respondents, growing unemployment, highlighted by 23%, and increasing poverty, mentioned by 11%. Even many who support the BJP are unhappy with their lot. "I appreciate that the government is giving us food," says Rajni Dinesh Kumar, who runs a small shop in a Hindu neighbourhood of Rampur, a town in UP, and approves of Mr Modi. "But what we really need around here are good jobs."

Will the new government deliver? For now, it has extended the food-aid programme and released fresh funds to build houses for the needy. The first budget, expected in July, is likely to contain measures to encourage job creation and stimulate private investment, particularly in underserved areas. These include reducing compliance burdens and improving the accessibility of credit for small companies, as well as more infrastructure investment in rural areas. That could be a good start. But more will be needed if the government is not to squander poor Indians' future—and its own re-election prospects. ■

Japanese politics

Gen Z mayor

ASHIYA

How to buck the political trend

AFTER GRADUATING from Harvard University, Takashima Ryosuke could have gone into consulting or finance, like many of his friends. Instead he embarked on an unusual career path for a Japanese youngster. In 2023, at the age of 26, Mr Takashima was elected mayor of Ashiya, a town in western Japan. "Being a mayor seemed like a career that would allow me to impact society the most," he says.

Mr Takashima has set the record as the youngest mayor in Japan. He stands out in a country with a gerontocratic government. When Kishida Fumio, Japan's prime minister, reshuffled his cabinet in September last year, the average age of its incoming members was 64. Across politics, younger people are under-represented: in 2022, the share of national politicians aged 40 and under was 6%, compared with 29% in Germany and 22% in Britain. Low voter turnout among the youth has also worried policymakers; just over 30% of people in their 20s vote in elections, compared with 70% of those in their 60s.

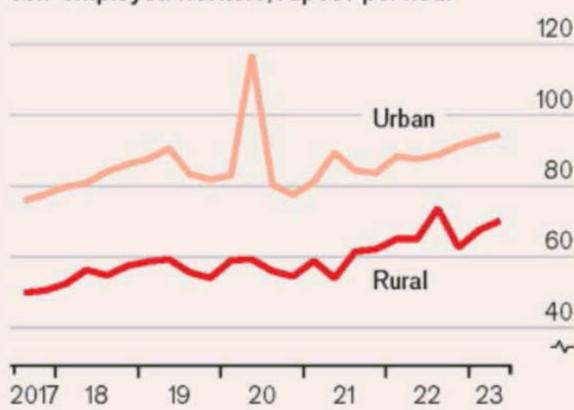
Japan's political system is not set up to reward the young, reckons Charles McClean, a political scientist at Yale University. The minimum age to be a candidate for all offices is 25. It rises to 30 for governors and the upper house. By contrast, in much of the OECD, a club of mostly rich countries, the minimum age to run for office is the same as the voting age, which is



Whippersnappy

Slow progress

India, average real wages* for casual and self-employed workers, rupees per hour



Sources: MOSPI; RBI

*Deflated by food and beverage index at June 2023 prices

usually 18. Candidates must also pay an expensive deposit, which is set at ¥3m (\$19,000) for governors.

According to the Nippon Foundation, a Japanese non-profit, less than half of Japanese teenagers surveyed believe they can “change society through their own actions”. This does not surprise Nojo Momoko, a campaigner: “How could young people be interested in politics when they don’t see people around their age in it?”

Mayors in Japan enjoy relatively strong

executive power, with a lot of discretion over social spending. But Mr Takashima has a tough job: as in much of Japan, Ashiya has a demographic problem. Nearly a third of its 94,000 residents are currently over 65. Mr Takashima believes improving the quality of education at public schools could help retain young residents, or encourage them to move back if they have children themselves (though that may be wishful thinking: see our lead note).

Mr Takashima reckons that in Japan’s

top-down culture, young people cannot voice their opinions. To try to change this, he came up with an experiment. He met students in their early teens, discussing school rules. These are notoriously strict in Japan: they range from restrictions on hairstyles and clothes, to banning students from riding a bicycle to school. He helped them negotiate with teachers to change these policies in Ashiya. “It’s important for young people to know that they can make a difference,” he says. ■

BANYAN

Looted treasure

Why Cambodia’s art restitution efforts stand out in Asia

MOST SCULPTURES in Cambodia’s national museum are missing something. Surya, a sun god, recently returned from the Denver Art Museum without its arms or legs. A Hindu warrior has lost its head. Looters probably nabbed it during what Brad Gordon, an American lawyer helping Cambodia reclaim stolen statues, claims is “the biggest art theft in history”.

The plundering of Cambodian heritage was widespread and recent. Between the 1970s and 1990s the country faced a genocide and civil wars. Thieves took advantage of turmoil. Wielding shovels and pickaxes, they hacked stone gods from most of Cambodia’s 4,000 temples. American authorities allege that many statues passed through Douglas Latchford, an expert in Cambodian antiquities. He was indicted in America in 2019 for trafficking looted relics and falsifying documents (he died before facing the charges). He sold Cambodian art to rich collectors. Lots of it probably ended up in museums.

Now several artworks are being returned. The latest delivery arrives on July 3rd, when the Metropolitan Museum of Art in New York returns 14 artefacts. The Met says this completes the removal of all of its Angkorian sculptures known to be associated with Latchford. This is the most significant delivery from the Met to Cambodia. The last time it sent back objects was in 2013, when it returned two 10th-century statues of “Kneeling Attendants”. Even so, the Cambodians say the Met has 49 more of their allegedly looted artefacts and that hundreds remain in museums elsewhere.

This is part of a broader trend. Countries across Asia, growing richer and more geopolitically powerful, are clamouring for the return of looted artefacts.



Narendra Modi, India’s prime minister, has said he is making restitution a big priority. Indeed in 2018 the Met returned two statues to the Indian government. (The Koh-i-Noor diamond remains in Britain, despite repeated attempts to get it back; however it was absent from the coronation of King Charles III, possibly because of its bloody history.) Nepal has also got several items back from the Met.

Tiny Cambodia stands out for its success. It claims to have brought home around 800 artefacts, from various parts of the world, in the past two decades. By contrast Tanongsak Hanwong, an archeologist, counts a handful of returns to neighbouring Thailand in the same period.

Much of Cambodia’s success can be credited to an energetic, media-savvy local team that jets off to museums to request returns. Remorseful former looters help identify objects, in return for being promised immunity from prosecution. According to Mr Gordon, Toek Tik, a former Khmer Rouge child soldier who claimed he supplied Latchford with statues, picked out many stolen pieces in Western muse-

ums, including several the Met will hand back in July.

Getting a superpower onside also helps. Investigations by American authorities helped prompt the Met to review its Cambodian statues. It also set up a team to examine objects’ provenance. American officials now seize sculptures from collectors, too.

This is not all selfless. Statues are a useful diplomatic tool. Hun Sen, Cambodia’s former leader, has thanked President Joe Biden for returning artefacts and dubbed America the “number one” country at repatriating. A State Department official says that, although “our relationship with Cambodia can be strained,” the returns are “bringing our countries together”. Cambodia’s close ties with China are one area of concern.

But restitution can also divide neighbours. Cambodia and Thailand have long contested ownership of Khmer heritage. For years troops have been stationed at Preah Vihear, a temple on the border that both countries have claimed. Some Cambodians were upset when the Met returned “Golden Boy”, an Angkorian statue with disputed origins, to Thailand in May.

The countries are united in one area—the spiritual significance of statues. In Nepal some consider worshipping a damaged idol a bad omen. For many Cambodians, statues are *neak ta*, meaning guardian spirits holding the souls of their ancestors. “When we lost the statues, the soul was lost,” says Huot Samnang, director of the Department of Antiquities. When Cambodian archeologists visit museums in other countries, some are moved to tears by the sight of gods wrapped in styrofoam in storerooms, or encased in glass, waiting to come home.

China



The third plenum

Blowing against ill economic winds

HONG KONG

As the Communist Party prepares for its next big meeting, Xi Jinping is getting an earful of advice, some of it surprising

IN POLITICS, FRINGE ideas can become mainstream and vice versa. The “window of political possibility” can expand or move, as Joe Overton, an American political analyst, once put it. The same is true even in communist China. In 1978, for example, the country’s Overton window made a momentous shift. Two years after the death of Chairman Mao Zedong, it became possible for the party to acknowledge that the great helmsman was not infallible. This pragmatism paved the way for faster economic reform and for Deng Xiaoping to become China’s paramount leader. The change was sealed at a landmark meeting of the party’s central committee: the “third plenum” of December 1978.

China is now preparing for another third plenum, which will be held from July 15th to 18th. It has been over a decade since such a meeting was devoted to economic reform. In principle, the gathering could signal a renewed determination to tackle China’s long-standing economic problems, including weak consumer demand,

narrow taxes, miserly social spending, restrictions on internal migrants’ access to services and bureaucratic impediments to private enterprise. It is, therefore, a good time to examine the country’s Overton window: the range of permissible economic opinion within Chinese officialdom.

On the face of it, the window is narrow. The ideological ferment of 1978-81 is notably absent. The country’s current helmsman, Xi Jinping, has made costly mistakes: an unsustainable zero-covid policy, clumsy restrictions on China’s internet platforms and a poorly calibrated crackdown on the property market. But no leader would dare say of him what Deng said of Mao: that he

was only 70% right, 30% wrong.

Indeed, some critics of China’s economic model worry that Mr Xi operates in an information bubble. Perhaps the leader has fallen prey to his own personality cult. He does not correct his blunders because he thinks they are triumphs. But the explanation for his mistakes is not so simple. In the realm of economic policy, the range of permissible opinions is wider perhaps than many people realise. On a number of economic issues, including the woes of private enterprise, the shortfall of consumption and the need for social spending, some advisers are surprisingly frank.

One example is Yang Weimin, who helped draft the documents for the third plenum in 2013 and served in the Chinese People’s Political Consultative Conference (CPPCC), an official advisory body. “The core problem”, he told *Caixin* magazine last year, “is that the government carries out too much direct allocation of resources and too much unreasonable intervention.” China suffers from overcapacity, for example, not just because of the blindness of the market, but also because of “blind investment driven by local governments”.

The CPPCC is made up of all sorts of party members, from artists to entrepreneurs. It has negligible power. Nothing its members say is guaranteed, or even likely, to turn into policy. But by the same token, nothing its members say can be considered outside the Overton window. So we

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— Chaguan is away

delved into the minutes of the CPPCC's standing-committee meeting on June 4th-6th (it convenes every few months) to check what remains sayable. Scattered amid the dogma are some good ideas.

"Both theory and practice have proven that the market is the most efficient way to allocate resources," noted Yi Gang, a former governor of China's central bank, at the meeting. The phrase echoed a line Mr Xi himself wrote after the third plenum of 2013. The government, Mr Yi added, should concentrate on providing public goods, responding to market failures and maintaining fair and competitive markets.

Li Longxi, another standing-committee member, pressed the government to "vigorously boost the confidence of business entities", by removing hidden barriers that prevent private firms from competing with state-owned enterprises. The government claims to treat firms equally regardless of their ownership. But equal treatment is "easier said than done", he pointed out.

Mr Li proposed that party officials should be evaluated on their success in cultivating private enterprise. He also urged the government to hasten the passage of a private-sector promotion law, which it began drafting in February. The measure aims to protect firms from what one delegate called "arbitrary actions, multiple inspections [and] selective law enforcement". It also hopes to stop new officials from washing their hands of old contracts and commitments to private enterprises. He proposed that party officials should be evaluated on their success in cultivating private enterprise. Another delegate advised the government to "let private enterprises and entrepreneurs truly feel that they are 'our own people'", setting their minds at ease. The government's actions should be like *dingxinwan*, he said. The term roughly translates as "chill pills".

Firms will not thrive without strong demand for their products. The "three horses" driving growth are consumption, investment and exports, pointed out Sun Jiye, another delegate. But "the role of consumption in driving the economy is not strong enough," he argued, echoing economists outside the party. To "eliminate consumption worries", the government should boost employment and wages and "expand the channels" for residents to earn income from their property, presumably by renting it out. Other delegates recommended giving "full play to the redistributive role of an effective government", revising taxes to favour low-income groups.

Consumers will also spend more and save less if they have fewer concerns about paying for their retirement and potential medical expenses. Government spending on health care and social security has increased as a share of GDP in the past 15 years. Nonetheless, pensions remain inad-

equated. "There is a lack of economic security in old age," one CPPCC member observed, especially in rural areas. Many gig workers also fall outside the pension net. The delegate called on the government to transfer more state-owned capital to the social-security pot, which is meant to fund workers' pensions.

Another way to increase consumer spending is to reform China's *hukou* system of household registration, which denies migrant workers equal access to public services. One speech noted "the policy inertia that regards migrant workers as passers-by". Many internal migrants are unwilling to give up their rural *hukou* for an urban registration if it means forfeiting their collective land rights in their home villages. CPPCC members therefore urged the government to build on pilot schemes that allow these rights to be sold or leased.

Will China's leaders adopt any of these suggestions? Not every third plenum

amounts to much. The meeting in 1978 eventually shook the world. "But no third plenum since the turn of the century has had even a fraction of that impact," writes Mark Williams of Capital Economics, a consultancy. The gathering in 2013, a year after Mr Xi took power, looked bold on paper. But it ultimately failed to live up to its promise to give the market the "decisive role in allocating resources".

The false promise of that meeting will cast a shadow over the gathering in July. Even if the third plenum makes encouraging commitments, the people who most need to hear its message may not believe it. Third plenums are an opportunity for the country's leaders to advertise their priorities to the party. But to revive confidence in China's economy, they will have to convince a far bigger audience: the country's disheartened entrepreneurs, homebuyers and consumers, who take part in the everyday plenum of the marketplace. ■

Gay rights

Last call

BEIJING

One of China's few lesbian establishments closes its doors

FOR NEARLY a decade Roxie was one of Shanghai's (and China's) few lesbian bars. It hosted speed dating and pole dancing, and boasted an unusually risqué decor (patrons were encouraged to hang their bras above the counter). But earlier this month the bar announced that it would close. It blamed "forces beyond our control", a euphemism for official pressure. On June 16th, Roxie's last night, grieving revellers danced and drank while holding a large rainbow flag over their heads.

In the early days of Xi Jinping's rule,



The end of the bar

LGBT groups were allowed some space. But in recent years life has got much harder for them. Shanghai Pride, the country's only big gay celebration, has not been held since 2020, also because of official pressure. Last year the Beijing LGBT Centre, an advocacy group, had to close. Authorities often crack down in June as it is Pride month, reckons a former patron of Roxie. "Everything we celebrate, they want to crush," she says.

Some in the party accuse LGBT groups of corrupting young people and eroding traditional values. But the authorities seem more worried about national security than morality. They see gay activists as potential tools of subversion by hostile foreign forces.

Online discussion of Roxie's closure has also touched on another official concern: that China is producing too few babies. The country's population is shrinking. Shanghai is a big part of the problem. Its birth rate is 0.6 children per woman, far below the 2.1 needed to maintain a stable population. Some commentators believe the state is trying to make it harder for lesbians to meet in the hope that they will pair up with men instead. "I don't know where Roxie's regulars will go now that it's closed," said one netizen. "But I'm sure they won't go home to have children."

Health care

Going private?

Health-care reform is upending the lives of China's doctors

WHEN CHENG YINGSHENG, the director of one of China's top university hospitals, was placed under investigation for alleged corruption in June, it marked a difficult spell for doctors in China. The authorities have recently rattled them with a string of high-profile arrests of leading medical figures. But that is not the doctors' only worry. The government is also pushing through a health-care reform that is upsetting many of them.

China's doctors have long felt aggrieved. Their wages (\$13,000 a year on average) are low compared with those of other Chinese professionals. Yet they work long hours, often more than 50 a week. That is in part because there are too few of them. China has 2.4 doctors per 1,000 people against an average of 3.7 in the OECD, a club of mostly rich countries. Chinese doctors tend to get less respect than their peers in Hong Kong and Taiwan. Trust in them is so low, and medical scandals so rife, that reports of patients physically attacking them are common.

To make up for their low wages, many doctors bump up their income by over-purchasing medical equipment or over-prescribing medication. These scams usually involve illicit profit-sharing deals with medical-device suppliers and chemists. Because more than 95% of Chinese citizens use state-backed health insurance, this means the government has in effect been footing the growing bills.

The new reforms are meant to reduce this by weeding out over-medication and squeezing the cost of equipment. Poorer-quality state-run hospitals are often in debt, and China's populace is ageing fast. So a price cap now limits how much a doctor can charge for each treatment. A fixed annual wage for doctors is being gradually brought in. In June the State Council, China's cabinet, told provincial authorities to start imposing the reforms across every city by the end of the year.

The reforms under way are said to have already saved 400bn yuan (\$55bn). But medical professionals worry that the new system may make it harder for them to do their jobs responsibly. Nurses are using decades-old manuals to prepare for operations. Doctors are relying on tatty medical equipment and giving low-level treatment to save money. At a hospital in the province of Shandong doctors were said to have debated whether to follow standard

procedures during surgery for a cerebral aneurysm. At issue was the cost.

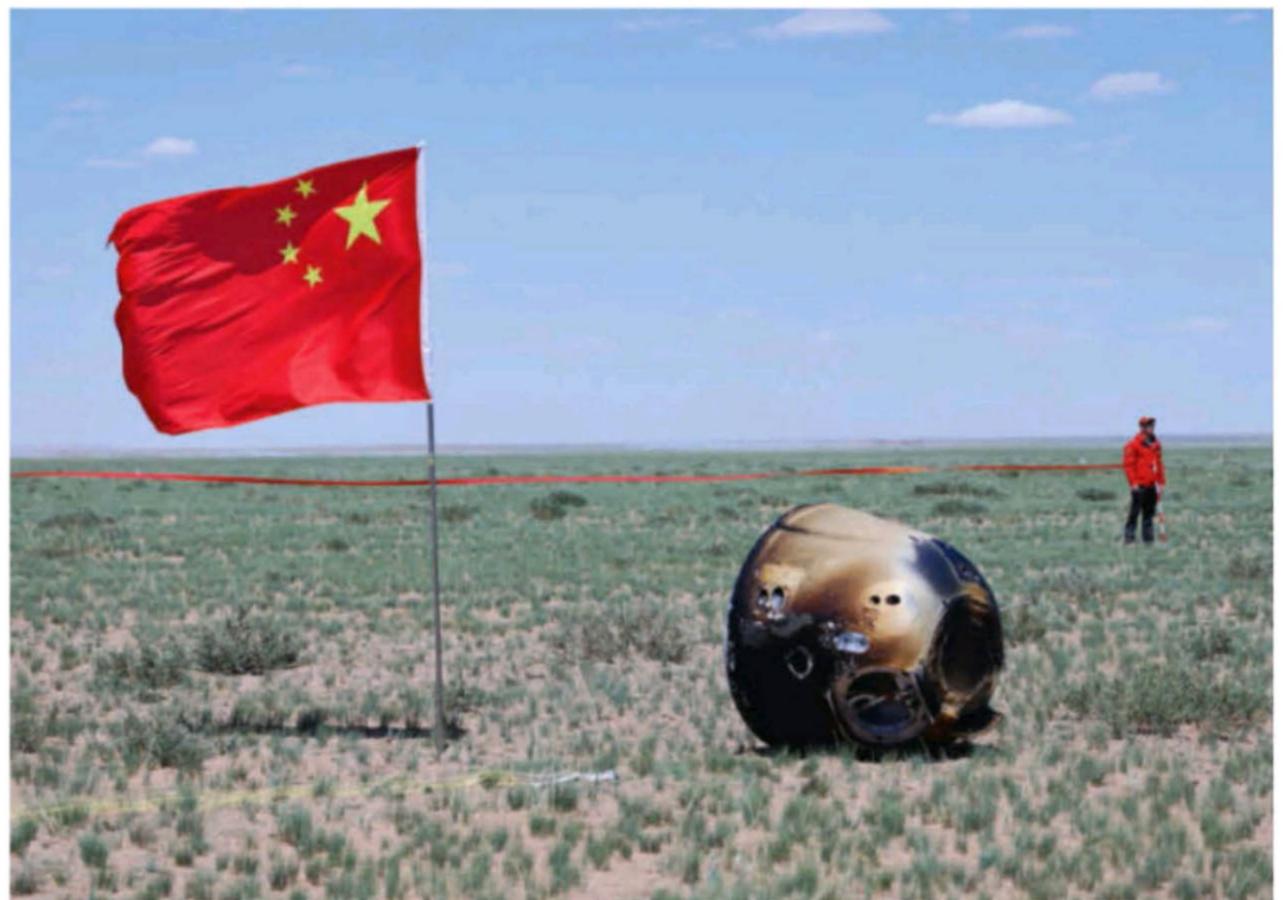
What is more troubling for doctors is that when a treatment or operation goes over the cap they have to pay for the excess themselves. A video that went viral last year showed a Shanghai doctor explaining how he paid 14,000 yuan out of his own pocket in order to perform an operation for throat cancer. "Holding a scalpel is worse than holding hair scissors," he lamented.

Doctors have been loth to treat patients with complicated illnesses that need lengthy procedures far exceeding the price cap. In the past they would usually welcome patients with severe pneumonia and prescribe complex treatment, but now they often turn them away. They are less willing to prescribe costlier imported drugs, so patients who need them must buy them off their own bat. When hospitals started barring patients with complex

conditions from staying for more than 15 days to control spending, the health regulator denounced them and encouraged aggrieved citizens to report them.

The health authorities have also vowed to continue their war on corruption. Doctors have been told to voluntarily hand over ill-gotten proceeds. There are plenty of examples of what happens if they don't. Earlier this year, before Dr Cheng's case was reported, the medical world was shocked by the arrest of Tian Wei, a member of the Chinese Academy of Engineering, for alleged corruption. Last year Wang Tianchao, the former director of the top state hospital in Yunnan province, was sentenced to life in prison for accepting bribes. He owned dozens of properties.

For veteran doctors seeing their incomes plummet, work in private hospitals is plainly preferable. Public ones still handle 83% of the population. But private hospitals now outnumber public ones and their share of patients is growing. With its finances strained, the government might encourage this trend, or at least nudge better-off citizens to take up private insurance as a way of balancing the books. However, that risks widening the gap in the quality of treatment between rich and poor, which is hardly in line with the Communist Party's lofty ideals. ■



Over the moon

China's lunar probe, called Chang'e-6 (pictured), landed in Inner Mongolia on June 25th after a nearly two-month-long mission to the Moon's far side. Scientists hope that the samples it collected will provide new insights into lunar geology and the formation of planets. China is the only country to have explored the side of the Moon that is always facing away from Earth. The successful mission is a boost for China's space programme, to which it has devoted vast resources. It hopes to send astronauts to the Moon by 2030. And it plans to establish a research facility at the lunar south pole, where America is also scouting locations for a base. Welcome to the new space race.

Middle East & Africa



Climate change

Sunk costs

SAINT LOUIS, SENEGAL

West Africa's booming coastal cities are sliding under the sea

IT MAY NOT look like much any more, but in its heyday La Chaumière was “the premier nightclub in all Saint Louis”, recalls Cheikh Badiane. When the tide was low, the long beach extending far into the distance was wide enough for crowds to gather for football matches on the sand. But in recent years, the ageing fisherman says, “so many catastrophes have happened.” La Chaumière is closed. The Koranic school along the waterfront is no more. A few years ago, during a particularly terrible flood, a house next to a mosque collapsed, killing the carpenter who lived there. These days, when the storm-surge comes, the waters go all the way to the war memorial a couple of hundred metres inland. Inch by inch, home by home, Saint Louis is being washed into the sea.

A crowded island city built among waterways, Senegal's former colonial capital—dubbed the “Venice of Africa”—is especially exposed to a changing climate and rising oceans. The thin peninsula on which fishermen like Mr Badiane live has the At-

lantic on its west and the mouth of the Senegal river on its east. A botched attempt, in 2003, to reduce flooding by digging a canal only worsened things, putting a whole neighbourhood under water. A study commissioned by the Senegalese government found that 80% of the city will be at risk of flooding by 2080. “Saint Louis is a city of water,” says Mr Badiane. “If we're not careful, it will all disappear.”

Saint Louis is not just an example of a city that is extremely vulnerable to climate change; it may also presage the future. Many of West Africa's fast-growing cities are at risk of sinking slowly under the waves. Across the globe, seas are expected

to rise by another half-metre or so on average in the next 50 years. Low-lying West Africa will be particularly badly hit. The major cities built by European colonial powers a century or more ago are nearly all found on fragile sandy shores, often among lagoons and mangrove estuaries at the mouths of rivers used for transport and trade (see map on next page). Nigeria's economic capital, Lagos, for instance, straddles a string of islands. Much of Mauritania's, Nouakchott, is below sea level, protected only by a belt of dunes that may itself be breached by the waves.

West Africa's coastal cities may not yet be the most visible victims of rising seas. Several cities in Asia have witnessed more dramatic disasters. Half of Jakarta, Indonesia's capital, was submerged under nearly four metres of water in 2007, which forced half a million people from their homes. But the speed at which West Africa is urbanising, and the particularly low level of income at which it is doing so, will greatly magnify the impact of swelling tides. “These cities are the future mega-hubs of the continent,” explains Kamal Amakrane of the UN's Global Centre for Climate Mobility (GCCM). The World Bank reckons some 42% of West Africa's GDP is generated in coastal areas, which are also home to a third of the region's population.

The problem is not only surging seas. It is also, simultaneously, sinking cities. In much of West Africa, subsidence—the

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lowering of the land surface itself—is often one of the biggest causes of urban coastal flooding, says Rafaël Almar, a geophysicist and oceanographer at France’s Research Institute for Development. Lagos, for instance, is sinking by as much as 87mm a year in places, due in part to uncontrolled development and badly maintained drainage. Most of the region’s coastal cities also pump water from aquifers on which they are built, shaking the earth beneath them, notes Marcus Mayr of the UN’s Green Climate Fund.

This means the ground is weakening just as soaring temperatures and dwindling fresh water push more and more of those living in West Africa’s desiccating hinterlands towards the coast. Indeed, no continent is projected to see faster rates of population growth and urbanisation in its low-lying coastal areas than Africa. A report published by the UN’s Intergovernmental Panel on Climate Change in 2021 found that some 116m Africans could live in such areas by 2030. And nowhere will see faster growth than the West African littoral. Lagos, some reckon, is already growing by 1m people a year. By 2100, according to some estimates, the roughly 1,600km coastal stretch from there to Abidjan, the commercial capital of Ivory Coast, may form a single, sprawling megalopolis containing as many as 500m people.

Managed well, this could be an immense spur to economic growth. But the GCCM warns that on current trends these coastal cities will in fact cease being population magnets by 2050. As the effects of flooding and erosion mount, whole neighbourhoods will become uninhabitable, turning cities themselves into sources of climate migration.

Saint Louis illustrates some of the difficulties in holding back the waves. France and the World Bank paid for an emergency dyke to be built after a particularly catastrophic flood in 2007. But costly protective schemes are not a long-term solution

for most cities in poor countries. Several dykes in Senegal have collapsed, as did a seawall in Ghana. The World Bank instead touts “nature-based” alternatives, such as the mangroves and coral reefs that once protected the coasts. But some of these “themselves are threatened by climate change”, notes Nick Simpson of the Overseas Development Institute, a think-tank in London.

Even if the world stopped carbon emissions today, inexorably rising seas are already “baked in”, says Mr Amakrane. This means many people will have no choice but to move to higher ground. Along the beachfront in Saint Louis houses have been marked for demolition. More than 3,000 residents have been resettled on the other side of the city. Mr Badiane is resigned to moving, too. “Everyone must leave,” he sighs. ■

Democracy in the Sahel

Holding trouble at bay

Mauritania has become a beacon of stability in the Sahel

MOHAMED OULD GHAZOUANI seems an unlikely stalwart of stability. President of Mauritania since 2019, the former general has participated in no less than two of the six coups that shook the country in the first five decades after its independence from France in 1960. In the first putsch he helped boot out Maaouya Ould Sid’Ahmed Taya, who had ruthlessly repressed people for two decades after himself seizing power in a coup. In the second, he helped topple the country’s first democratically elected president and replaced him with his old friend, Mohamed Ould Abdel Aziz, who then went on to win two terms as president.

And yet Mr Ould Ghazouani has presided over a period of unprecedented calm. Though marred by the arrest of opposition figures, his election in 2019 marked Mauritania’s first-ever peaceful transfer of power. He has co-operated with opposition parties, expanded social security and sidelined Mr Aziz, his predecessor, who was jailed for corruption in December. As defence minister and then president he also played an influential part in ousting al-Qaeda in the Maghreb, an Algeria-based jihadist group that launched a series of deadly attacks in Mauritania between 2005 and 2011. A combination of community outreach, mediation with Islamists, and military modernisation has uprooted extremism. Mauritania has been free of terrorism for over 13 years. Mr Ould Ghazouani

is expected to win a second term in office in the presidential election scheduled for June 29th, which the UN reckons will be fair and peaceful.

Though Mauritania has left coups and terrorism behind, the rest of the region has not. Deaths from conflict in the central Sahel increased by 38% last year, according to the Armed Conflict Location and Event Data project, a research group. A new crop of military juntas, which have booted out Western troops and UN peacekeepers and brought in Russian mercenaries instead, have fuelled the violence. Mauritania and Chad have been forced to disband the G5 Sahel, a five-country anti-terrorist operation, after the military regimes in Burkina Faso, Niger and Mali withdrew.

That may let Mali’s chaos seep into Mauritania again. Clashes on their shared border of 2,236km are rising, says Daniel Eizenga of the African Centre for Strategic Studies, a think-tank tied to America’s defence department. Tensions flared in April when Malian and Russian troops pursued jihadists into a Mauritanian village.

Meanwhile, almost 20,000 Malians sought refuge in Mauritania in the first two months of this year, compared with 55,000 throughout last year. The UN says its main refugee camp is short of funds and is overcrowded, having crammed in 30,000 more people than it can accommodate, so the UN’s refugee agency is urging people to settle elsewhere in the country. That makes things worse for poor rural areas.

At the same time, Mauritania has re-emerged as a key point of departure for migrants headed for Europe. Roughly 18,000 irregular migrants arrived in the Canary Islands this year, up 375% from the year before, according to Frontex, the EU’s external border force. More than 80% of them embarked from Mauritania, where people-smuggling gangs overload small boats with migrants, half of whom are Malian. This flow has made Nouadhibou, a port city, a hotspot for migrant smuggling, says Raouf Farrah of the Global Initiative Against Transnational Crime, a research NGO. “Mauritania does not have the capacity to absorb the flow of migrants [to Europe],” says Bakari Gueye, an analyst based in Nouakchott, the capital.

Mauritania gains a surprising advantage from its place as a migrants’ point of departure. Europe offers fisheries, energy and aid deals in return for migration control. In February, just before a new migration pact was signed with the EU, Spain announced €60m (\$64m) of fresh development investment in the country. Relations with neighbouring Senegal, another democracy, are growing. Yet jihadism remains a worry. “The region must generate a common political will to be able to fight against insecurity,” Mr Ould Ghazouani urged other Sahelian leaders this week. ■





Kenya

Breaking the budget

NAIROBI

A new breed of violent protest has left Kenya's president tottering

THOUGH KENYA'S equilibrium is occasionally punctured by bouts of political unrest, the country is generally seen as fairly stable, prosperous and liberal. Such cosy assumptions, however, were rudely jolted by tax riots, which reached a deadly peak on June 25th. Overwhelming the police in Nairobi, the capital, protesters broke into Parliament, set fire to a section of it, pinched the mace and forced terrified MPs to flee. The security forces responded with live fire, killing at least 23 people.

Kenya now stands in uncharted territory. Not only was Parliament overrun, protests also erupted in at least 35 of the 47 counties, including in the highland heartlands of William Ruto, its suddenly embattled president. Even more startling than the widespread nature of the protests were the attacks on offices of Kenyan MPs and local government officials seen as aligned with Mr Ruto's tax policies. Rarely has hatred for the political class felt so acute.

The most pertinent rupture with the past, however, is the nature of the protest movement itself, which has the whiff of revolution. These protests are the first in Kenya with more of a class tinge than an ethnic one. The movement behind them has been driven by youngsters who wear their Gen Z identity with pride and who have spread their message through TikTok videos and social-media memes. "We are not our parents," many say.

Ostensibly leaderless, they have dis-

tanced themselves from all politicians. "The protests aren't being led or directed by political leaders," says John-Allan Namu, a Kenyan journalist. At the movement's core is Kenya's small middle class, but it has found wider appeal. Many of those who joined the protests were poor slum dwellers like Kelvin Ondiek. "This is a new kind of protest," he said as he sheltered from the tear gas. "This time we might actually make a difference."

Confronted with a new threat, Mr Ruto, normally a deft strategist, has repeatedly blundered, underestimating the scale and nature of the opposition ranged against him and then miscalculating his response. The president's first misjudgment arose from the belief that alienating Kenya's small middle class would carry few tangible consequences. After inheriting a debt-ridden country in 2022 from his predecessor, Uhuru Kenyatta, and having campaigned on a populist pro-poor platform, he was left with no choice but to raise taxes to avoid defaulting. Tax rises also allowed the president to pay for poverty-alleviation schemes, including fertiliser subsidies and low-cost housing.

Alienating the 17% of workers in formal jobs may have seemed a small price to pay for winning the support of Kenya's vastly bigger huddled masses. The likelihood of them taking to the streets seemed small. They were merely "cool kids", scoffed David Ndi, Mr Ruto's chief economic adviser.

But enraged by another round of tax increases in the budget for 2024, unveiled earlier this month, the keyboard warriors began to show real fight. As the protests swelled, government complacency gave way to panic. Some drew comparisons with Egypt's uprising of 2011, which was similarly spearheaded by an underestimated middle class and driven by social media.

Many of Mr Ruto's responses seemed to mirror those of Hosni Mubarak, the Egyptian president toppled by the Tahrir Square uprising. On the one hand he sought to placate the protesters by offering desperate concessions that did little more than further enrage the public. On the other, he responded with draconian force. Prominent social activists disappeared in the hours before the protests of June 25th began. Later, as order disintegrated, Mr Ruto ordered the army to mobilise and vowed to crush the "treasonous" protesters. On June 26th he appeared to capitulate entirely, withdrawing the hated finance bill.

Yet a movement that started by opposing taxes is now demanding the resignation of Mr Ruto himself. Enraged by so many deaths and sensing weakness on the president's part, protesters may seek to press home their advantage. Even if Mr Ruto survives, he will be severely weakened. A president forced to veto his own budget can hardly be otherwise. ■

Gaza

Pier pressure

ON THE GAZA COAST

Gaza's new pier is working once again—but it is not enough to solve the aid crisis

FOR SIX kilometres the road is a dusty moonscape without a hint of civilian life. The Netzarim corridor, as Israel calls it, slices across Gaza's narrow waist, from its border with Israel to its Mediterranean coast. The buildings on both sides have been pancaked into piles of rubble. As a convoy bounces along the rutted track, there are no Palestinians in sight, only Israeli soldiers and army vehicles and a constant swirl of grit. And then there is a dazzle of blue: the corridor ends at the sea, and the hulking steel pier that America spent \$230m to install on Gaza's shore.

In March, when Joe Biden announced the pier, he made it sound straightforward. Gaza had a problem with hunger. America had a whizzy solution; a modular floating causeway that its army would haul halfway around the world and assemble in the Mediterranean. It would, the president said, provide a "massive increase" in aid.

The reality was more complicated. The pier was finished on May 16th but was soon damaged by rough seas. It was operational for just two of its first six weeks.

When *The Economist* visited the pier on June 25th, the first journalists to see it from inside Gaza, it was working again: two landing craft unloaded their cargo in just over an hour. Lorries drove off the vessels and down a causeway made of interlocking steel segments. They delivered pallets to a staging area, an expanse of beach flattened by the Israeli army and surrounded by berms and concrete barriers.

The Pentagon says the pier has delivered over 6,200 tonnes of aid this way since it was first installed, equal to 25 to 30 lorries a day—not trivial, but far short of the 150 a day that America promised.

Still, the pier is just one piece of a larger aid operation. Supplies are also entering through Kerem Shalom, the main commercial crossing in the south, and via three land crossings in the north. "We're trying to create different places of entry in order to have less friction," says Rear Admiral Daniel Hagari, an Israeli army spokesman.

This spring, briefly, aid workers said things were improving. In March the Integrated Food Security Phase Classification (IPC), a UN-backed initiative that measures hunger, said that hundreds of thousands of people in northern Gaza would face famine within two months. But its latest study, published on June 25th, found that famine had been avoided, albeit temporarily, by a

▶ big increase in aid deliveries since March.

The good news ends there. The IPC said that 495,000 Gazans (almost 25% of the population) still face “catastrophic” levels of hunger. More than half of Gazans have sold their clothes to buy food; one in five goes entire days and nights without eating.

The staging areas next to the American-built pier have two sets of gates. Lorries coming from the pier use those on the west side, next to the sea, to deposit their cargo. The eastern gates are for Palestinian drivers arriving to pick up aid. But the Israeli army says no one has come through those ones for two weeks, and that 7,000 pallets of aid (mostly food) have piled up in the staging areas. Your correspondents saw long rows of them, most bearing the logo of the World Food Programme (WFP). Aid is getting into Gaza—but no one is distributing it.

Israel blames Hamas for the delays. The group has repeatedly attacked the pier and Kerem Shalom, periodically halting aid deliveries from there. “The distribution problem is something hard to manage,” says Mr Hagari. “The international community has to make more of an effort.”

Aid workers say much the same about Israel. On June 25th the UN warned that it would suspend its operations in Gaza unless the Israeli army co-ordinates more with them. Sending a convoy to pick up supplies involves many delays, often in areas with spotty communication and nearby fighting. “We’re going to ask for the green light to move that empty truck to a waypoint, and then wait for the green light to move to another waypoint,” says Matthew Hollingworth of the WFP. “Your 12-hour days have one hour of action.”

Many Palestinians are sceptical of the pier. On June 8th Israeli troops freed four hostages being held by Hamas a few kilo-

metres away. A video filmed by an Israeli soldier showed them being brought to a helicopter near the pier and then evacuated from Gaza. It has fuelled conspiracy theories that America built the pier for military purposes rather than to deliver aid.

At Kerem Shalom, where aid has been piling up for weeks, Mr Hollingworth likens the stretch of the main road leading away from the crossing to something out of a Mad Max film: “Any truck that goes is going to lose its wing mirrors, people will try to smash the windscreen, people will try to get in.” Much of the violence is the work of criminal gangs using aid lorries to smuggle cigarettes (now costing up to \$25 each) into the enclave. Neither the Israeli army nor Hamas make the road safe.

The UN insists that only a lasting truce will solve the humanitarian crisis. That does not look imminent. On June 23rd Benjamin Netanyahu, the Israeli prime minister, said he was willing to make a “partial deal” to release some of the hostages in Gaza. “But we are obligated to continue the war after a pause,” he added in an interview with a right-wing Israeli network.

His comments sparked anger in Israel, because he seemed to be abandoning many of the hostages. They also upset officials in Washington because in May Mr Biden endorsed a proposal that could end the war for good. A day later Mr Netanyahu seemed to backtrack, saying he was still “committed” to Mr Biden’s suggested deal.

The back-and-forth was typical of a prime minister who has long wavered on whether to make a hostage deal, as most Israelis want, or continue the war, as his right-wing supporters demand. Hamas, for its part, wants firmer guarantees that the deal will end the war permanently. Like his plan for the pier, Mr Biden’s efforts at diplomacy are crashing into a hard reality. ■



Unloading problems

Iran's presidency

No thanks

The job is a study in humiliation, yet people stand for it in droves

PITY THE ISLAMIC republic’s elected presidents. For over three decades their fates have ended in censure, ignominy or early death. The last, Ebrahim Raisi, died in May in a mysterious helicopter crash. Akbar Hashemi Rafsanjani, a president in the 1990s, suddenly died in his swimming pool. Mir Hossein Mousavi, a contender many Iranians believe lost the election in 2009 to rigging, has spent 13 years under house arrest. Muhammad Khataami is banned from the airwaves, Mahmoud Ahmadinejad is banned from travel. Several remain butts of public ridicule.

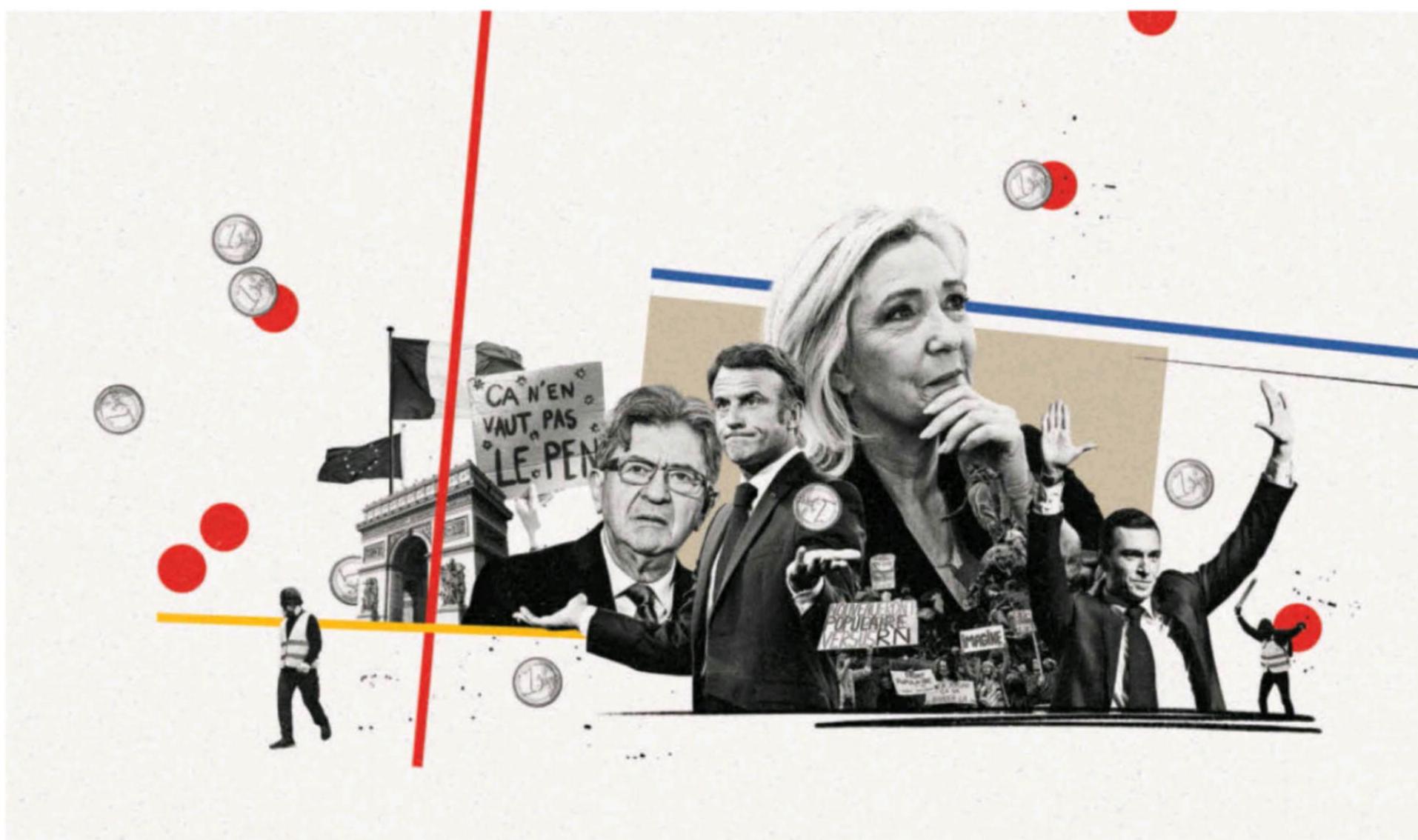
“The affairs of the country must be administered on the basis of public opinion expressed by the means of elections,” says the constitution, and it names the president as Iran’s second highest official. But his prerogatives are hobbled by myriad unelected forces wielding real power. The Islamic Revolutionary Guard Corps, the regime’s crack force, the state broadcaster and a triad of assemblies and councils vet all posts, including the president’s. At the pinnacle the supreme leader, Ayatollah Ali Khamenei, answers only to God.

Collectively, they reduce the president to an apologist onlooker when their bullyboys round up protesters or fire missiles around the region. They trip them up should they question policy, blame them if the regime fails and sneer when their terms end.

Why go through the farce? A sociologist might put it down to a Shia yen for self-flagellation. A hunger to succeed the supreme leader, aged 85, might be a lure. But of past presidents only Mr Khamenei won the spot, in 1989. He seems keen to stop a repeat.

He has warned candidates in this election against straying from the regime’s mores or cosying up to America, choosing the very day for his speech when Shias believe the Prophet Muhammad named Ali, his son-in-law, to succeed him. Yet a cohort of believers, or *shura*, elected other successors ahead of Ali, an icon for Shias. Islam’s Sunni majority still accepts that verdict. As long as he reigns, Mr Khamenei seems determined to deny Iran’s people a real presidential choice.

Europe



France's parliamentary election

The centre collapses

CHÂTEAUDUN

Emmanuel Macron's alliance faces a disastrous first-round vote

CRADLING HIS *demi* of beer with a tattooed arm, Jocelyn needs few words to sum up the upcoming French election: "It's all about Macron". In the small town of Châteaudun, in rural west-central France, he is sitting at a pavement café on the main square, shaded by plane trees, just days before the first round of French parliamentary elections on June 30th. An industrial-machine operator, Jocelyn has no doubt as to the way fellow voters will show their displeasure at the French president, Emmanuel Macron: by backing Marine Le Pen's hard-right National Rally (RN). The RN, he says, "used to have an image as a racist and fascist party, but not any more."

Home to some 13,000 inhabitants, Châteaudun is as close as France gets to a town that reflects the country. Its outskirts are approached via a drive-in McDonald's and a "Buffalo Grill" steakhouse; its town centre is a handsome mix of medieval and renaissance architecture. On the main square, with its ornate centrepiece foun-

tain, a Turkish kebab shop nestles between a hairdresser's and a pharmacy. At the past four presidential elections the town has voted in line with the nation, too. In 2022 58% of the townsfolk backed Mr Macron against Ms Le Pen, almost exactly the score the centrist secured countrywide. Then, at voting for the European Parliament on June 9th, the town swung the other way: 33% supported the RN, just a touch above the national average.

Châteaudun is now bracing for a surge in support for the RN at the parliamentary elections. This has multiple causes; the president has become a lightning rod for

all of them. Philippe Vigier, the town's centrist parliamentary candidate and outgoing deputy, has strong local roots and has been criss-crossing the constituency daily. He describes a "feeling of abandon", with particular anger felt in the surrounding countryside and villages.

Locals offer other explanations, too. "Our bills have gone up, so have petrol prices, but we need to use our car around here," says Pascal, a welder, drinking coffee on the main square. His friend, a retired stonemason, thinks the discontent is more about "the need for authority" and crime. José, who would like a Socialist or Green government, argues that the anger is to do with Mr Macron's pension reform, which raised the legal minimum retirement age from 62 years to 64. "What we need", he says, "is just change".

Fabien Verdier, Châteaudun's independent mayor, points to a paradox. In reality, the town, like France as a whole, has plenty going for it. The hospital has expanded its day-surgery unit. Safran Aerosystems, a French engine-manufacturer, has jobs going at its precision-mechanics plant. Vorwerk, a German manufacturer, is creating 120 new jobs and investing €129m (\$138m) at a second factory in the town to produce Thermomix food-processors. Mr Verdier has advanced plans for a small civilian airport as part of a project to develop an industrial-aerospace hub. "In fact we have

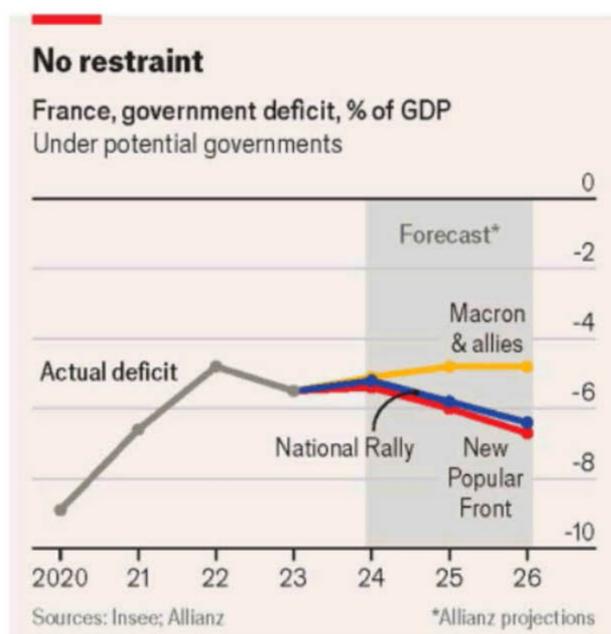
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► trouble finding people to fill jobs,” says Florence Viltart, director of the Adecco jobs agency in the town. For Mr Verdier, who runs an association of small towns across France, re-industrialisation “is a rampart against the political extremes”.

Yet for now that rampart looks fragile. Far from bringing voters back to the centre, Mr Macron’s unexpected decision to call a snap election has pushed them further away. France is no stranger to revolution, and seems to be gripped by a rebellious fervour that could usher in a form of political instability that the country has not seen for decades. It is almost as if the president looked at his poor European election results, and said, with a mix of bravery and recklessness: OK, you don’t want me, but just see what happens if you vote for the others.

The Economist’s poll tracker on June 26th gave an unprecedented first-round lead to the RN and its allies, with a poll average of 37%. The New Popular Front (NFP), a four-party left-wing alliance led by Jean-Luc Mélenchon’s party, comes second on 29%. Mr Macron’s centrist friends trail in third place, on 21%. Such is the president’s damaged brand that many of his own candidates are not using his photo on their campaign flyers. Allies have begun to distance themselves from him. “He killed off the presidential majority,” said his former prime minister, Edouard Philippe.

At this stage, second-round polling is perilous; qualifying candidates (who must secure at least 12.5% of registered voters) can drop out under tactical deals. Tentative projections by four different polling agencies from June 19th-26th suggest that the RN might gain a massive 200-305 of 577 seats, up from 88; the upper limit of this range would give it a majority. The NFP might secure 125-240. Mr Macron’s alliance could be shrunken to a rump of 65-100. A raft of deputies, and some ministers, could lose their seats, possibly in the first round.

In constituencies where a centrist candidate fails to make the second round, or stands down for tactical reasons, this could

present centrist voters with a tough decision at the run-off on July 7th. Clément Beaune, a left-leaning centrist and former minister under Mr Macron, argues for a tactical vote against the RN under any circumstances. This could mean asking moderate voters to back the NFP, which promises a raft of heavy new taxes on income, wealth and profits. According to Allianz, an insurer, the NFP’s plans, if implemented, would push France’s budget deficit even wider than the RN’s (see chart).

Wary of such worries, and keen to sound reasonable, Jordan Bardella, Ms Le Pen’s 28-year-old candidate for prime minister, this week scaled back some promises. In office, insists Jean-Philippe Tanguy, who works on the RN’s economic policy, the party would curb the budget deficit to respect euro-zone rules by 2027.

The French go to the polls on edge. Many are at a loss to explain what voters may be about to do: plunge the country into chronic uncertainty. A poll for the Fondation Jean-Jaurès, a think-tank, found that the predominant feelings in France right now are fatigue, anger, sadness and fear. A month from the opening of the Paris Olympics, this was supposed to be a time when the nation would come together. Instead, it seems apprehensive and more divided than ever. ■

Illegal drugs in Europe

Home-made highs

The faster the police crack down, the faster the gangs find new methods

WHEN SPANISH police looked into a gang from the Canary Islands last year, they unwittingly landed on something big. In an unassuming house in Galicia, in north-western Spain, specialist teams were working around the clock to produce up to 200kg of cocaine a day. Two gangs, one Colombian, the other Mexican, had paid around €2m (\$2.1m) to set up the lab, which the Spaniards supplied with cocaine base. It was only the second cocaine lab found in Spain. So far it is the largest ever discovered in Europe.

Cocaine was rarely produced in Europe until 2018. Increased coca production in Latin America and improved police surveillance have prodded some criminals into changing tack. While most still import the finished product, crooks increasingly get cheaper products like cocaine base, then turn them into cocaine hydrochloride (a white powder) using chemicals in labs. Many more extract cocaine that has been chemically hidden for shipment

in the likes of charcoal, clothing and sugar. In 2022 39 cocaine labs were dismantled in the EU, up from 15 in 2019.

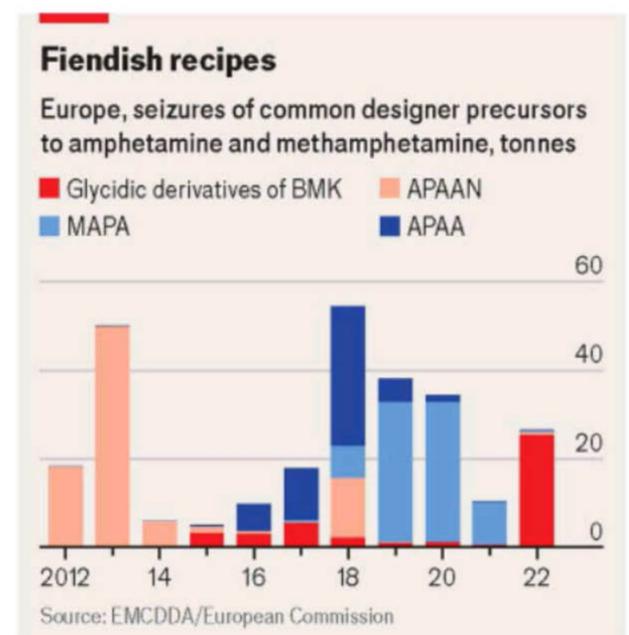
Illegal drug production in Europe is nothing new. Belgium and the Netherlands have exported amphetamines and MDMA (ecstasy) worldwide since at least the 1990s. Cannabis has long been grown across the continent. But in the past decade drug production in Europe has risen fast, not just for cocaine. Last year a record number of labs, most of them for synthetic drugs, were dismantled in Poland, Belgium and the Netherlands. And the labs’ size and sophistication have shot up, says Dr Rita Jorge of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), an EU agency.

Take European methamphetamine. Before 2017 it was mostly produced in Czech kitchen labs catering to local markets. Since then, criminal networks have set up industrial-scale labs in Belgium and the Netherlands. Most of the meth is exported.

Latin American expertise has fuelled Europe’s illegal drug production. Dutch criminals learnt how to produce meth at scale using benzyl methyl ketone (BMK), a precursor, from Mexican cooks, says Arthur Debruyne, a Belgian expert. European gangs are re-oxidising their cocaine, a Colombian method of standardising cocaine base of different origins. Higher-quality chemicals and kit in Europe boost efficiency and drug purity. Some Dutch labs are modelled on Colombian blueprints, but to higher specifications.

European labs are more customised than their Canadian or US equivalents, according to the International Narcotics Control Board based in Vienna. More labs can now switch to producing different types of drugs according to demand. The number of Dutch combination labs discovered rose from nine in 2022 to 21 last year.

Gangs are good at dodging detection. Like any other good business, different teams take care of different stages in the drug-production process. They increasingly use “designer” precursors (see chart), ►►



▶ which are close chemical relatives to banned drug precursors but are much harder for the authorities to detect. Hence, when APAAN, a precursor for BMK, was internationally banned in 2015, MAPA, another precursor, appeared on the market a few weeks later. “As chemistry is full of potential and alternatives, it is relatively easy to find substances that can be used as a precursor,” says Alexis Goosdeel, a Belgian who runs the EMCDDA.

The risk of more potent drugs arriving on the market is growing. Novel MDMA products, such as edibles and liquids, are getting more popular. Cathinone production is growing in Poland. Captagon is now widely produced on demand in the Netherlands. Mexican cooks versed in fentanyl production have set up in Europe.

Public-awareness campaigns can help stem the tide of illegal drugs. A third of police reports in the Netherlands led to the discovery of an illegal drug lab last year. Sharing information is essential, since criminals import chemicals from Schengen countries where licensing is less stringent. Next month the EMCDDA (soon to be renamed the European Union Drugs Agency) will start monitoring enhanced precursors. The challenge is immense. “We need to evolve as quickly as they do,” says Dr Jorge. That may be a tall order. ■

Russia and Ukraine

Border war

Russians in the city of Belgorod are also victims of the war against Ukraine

FOR MOST people in Belgorod, once a quiet and comfortable Russian city 40km from the Ukrainian border, the war started on December 30th 2023, almost two years after it began in Ukraine. That day the centre of Belgorod was hit by a Ukrainian rocket, killing 25 civilians, including two children, and wounding more than a hundred. Since then the city and the province that surrounds it have been attacked almost daily. Some 200 civilians have died and 800 have been wounded—small numbers compared with what Ukraine has endured, but far more than anywhere else in Russia.

Mikhail Ivankiv, a 22-year-old final-year student at Belgorod State University, had just finished shopping for New Year presents for his parents and his fiancée. That New Year was supposed to be the start of his new life, his father says. “He had found his first job, and was about to move in with his fiancée. They planned to celebrate New Year’s Eve together and he said he would



Both sides now

come and see us the next day.” He never did. A few days later Mikhail died in hospital, after losing both his legs.

Mr Ivankiv senior, an ethnic Ukrainian, was born and bred in Soviet Kazakhstan, where his grandfather, a native of western Ukraine, was exiled after spending several years in Stalin’s gulag. He grew up a Soviet man, served in the Soviet army and lived in Pskov, in north-western Russia. In 2013 the family moved to Belgorod. They were attracted by its mild southern climate, its modern feel, its fertile agricultural land and its proximity to Ukraine, where many of their relatives lived.

Kharkiv and Belgorod, 80km apart and linked by a motorway, were not just formally sister cities; they formed a common historic, cultural and linguistic space. Belgorod was settled by free Ukrainian peasants and Cossacks who fled Polish rule and Tatar raids. There was no distinction between their accents and dialects. It was a rare family in Belgorod that did not have relatives on the other side of the border.

For Belgorod, a city of 340,000 people, Kharkiv was a capital. A metropolis four times its size, “Kharkiv had a greater influence on us than Moscow or St Petersburg,” says Noize MC, a Russian rapper and singer, who was born and bred in Belgorod and gained fame in Kharkiv, which had cooler bars and bigger shopping malls and cinemas. It had a McDonald’s that attracted schoolchildren from Belgorod, and the Barabashova open-air market, one of the largest in Europe, that drew traders and buyers from Russia and across the former Soviet Union. The border between Belgorod and Kharkiv was largely notional.

In 2014 that changed. That is when Russian forces first invaded Donbas and tried

to incite strife in Kharkiv. The border between Belgorod and Kharkiv solidified and the fortunes of Barabashova turned sour. In 2022 Russian missiles hit the market, turning 15 hectares of stalls (nearly 20% of the whole) to rubble. But the war has also turned Belgorod into a front-line city.

Over the past few months it has been hit by everything that flies, including rockets and kamikaze drones fired from Ukraine, debris that falls from the sky when Russian air defence intercepts them, and Russian glide-bombs destined for Kharkiv but frequently released prematurely by accident. That is what happened on May 4th when a 500-kilogram bomb damaged 30 houses and ten cars and wounded seven civilians, including a child.

Once popular for its new housing and good schools, Belgorod now excels in concrete shelters, online schooling and regular drills on how to resuscitate, bandage and tourniquet the wounded. Once a champion of attracting migrants from across the country, it now has a record outflow of people. Some 26,000 houses have been damaged, and 9,000 children have been evacuated. Those who have stayed are studying remotely. Elena Koneva, founder of ExtremeScan Group, a sociology-research outfit, estimates that 150,000 people have relocated from the province.

Incoming armour

While many people are heading out of Belgorod, columns of military vehicles are heading in. According to the Institute for the Study of War, a think-tank based in Washington, DC, Russia has concentrated some 30,000 troops in the Belgorod region. Most of the time they remain invisible to civilians there, but on June 1st a man in Bel- ▶▶

gorod died when a drunk tank driver rammed into his car.

Vladimir Putin claims that the purpose of his stalled push into Kharkiv is to protect Belgorod from being shelled. If so, his bombs are having the opposite effect. And people in Belgorod know that when Russia bombs Kharkiv, they also suffer. "When we hear that Russia has launched a big attack, everybody anticipates an avenging strike," says Timofey, a journalist and activist.

Ukrainian commanders in Kharkiv say attacks on Belgorod have a dual purpose. One is to take out military infrastructure. The other is to drive the war home to people in Russia. Although the former is a legitimate act of war, the latter smacks of retribution against civilians.

But, if anything, being drawn into war has consolidated Belgorod. Nearly 70% of its adults are volunteering: collecting money, joining territorial defence, staffing hospitals, says Ms Koneva. Her research shows that support for Mr Putin's "special military operation" is 5-7% higher than in Russia as a whole; not because they wish death on their neighbours, but because they fear retribution from Ukraine. This fear breeds anxiety, a sense of despair, depression and alienation, rather than any real enthusiasm, Ms Koneva says.

Despite his loss, Mr Ivankiv feels no hatred towards Ukrainians on the other side of the border, not even its soldiers. "They are people like us and their soldiers are also someone's brothers, husbands, fathers." He blames the governments of both countries for the war and describes it not as an act of Russia's aggression but as a tragic occurrence. Like many people across Russia he knows that what is happening is not right, but in talking about the war he invokes familiar propaganda tropes about Ukrainian nationalists, America's meddling in Ukraine or NATO's threat to Russia: a psychological safety-blanket, perhaps, that helps him deal with his grief.

As a dutiful citizen, says Mr Ivankiv, he never gave up on his country and he takes part in elections, including the latest presidential one, in March. (He would not say for whom he voted, but that hardly matters since that election offered no choice.) Belgorod came under particularly heavy fire during the three days of voting; most people in Belgorod did not risk coming out. A reporter for *Novaya Gazeta*, one of the very few independent news outlets left in Russia, described empty polling stations. This did not stop Channel One, a flagship state propaganda TV channel, from reporting long queues of voters. *Novaya Gazeta* summed up the election result: "Turn-out—87%, ten people dead, 68 wounded. Victory for Vladimir Putin."

For many people, particularly the young ones who did not bother participating in the farce, that result was a clear sign



of the disconnect between their reality and Kremlin politics. "Moscow just does not give a toss about Belgorod," says Timofey. But just in case, the government has been throwing money and perks at the city. On May 31st Russia's Ministry for Emergency Situations awarded Belgorod the first prize in its all-Russian competition for "a city without dangers". ■

Education and immigration

Getting them while they're young

Finland's shrinking high schools are importing pupils from abroad

IDEALLY, MARIANNE KORKALAINEN'S high school in Rautavaara, a tiny town in eastern Finland, would enrol at least 20 new pupils each year. This autumn, her shrinking municipality will send her only about 12. But Ms Korkalainen, the head teacher, has a plan: she intends to invite half a dozen youngsters from poorer countries to help fill her empty seats. Eager adolescents from places such as Myanmar, Vietnam and Tanzania will swap their tropical cities for her snowy bolthole. They will receive a Finnish education, at Finnish taxpayers' expense.

School-age populations are shrinking in lots of European countries—and in Finland, faster than most. By 2030 the country could have nearly 10% fewer children aged 4-18, according to EU projections. By 2040 their ranks might be smaller by a fifth. This spells trouble in particular for rural schools, which suffer both from having few births and from migration to the cities. Hundreds have shut their doors in recent

decades. Some now offer local youngsters bungs, such as free driving lessons and small cash "scholarships", in the hope of keeping them around.

The idea of giving vacant desks to foreigners is newer, and has been propelled by a Finnish startup. *Finest Future* sells Finnish lessons to eager beavers in Asian, African and Latin American countries. Those who achieve decent proficiency are referred to willing schools. By the end of this year, the firm will have helped import around 1,500 foreign pupils. But it says its goal is ultimately to supply Finland's upper secondary schools—which educate about 110,000 students in total—with around 15,000 new faces each year. Already some small schools are taking in more foreign pupils than Finnish ones.

The scheme competes, in part, with expensive boarding schools in countries such as Britain. In theory, the savings youngsters derive from free tuition in Finland justify the inconvenience of having to learn a language not many people speak. So does the prospect of a free Finnish university place, a few years down the line. Schools approve because, under current rules, the central government coughs up per-student funding for each newcomer, just as if they were Finnish. Settlements in the sticks value the young blood.

In the long run all Finns benefit, argues Peter Vesterbacka, *Finest Future*'s co-founder, an entrepreneur who helped build the "Angry Birds" brand for Rovio, a games company. Finland's total population of 5.5m will start declining within the next decade. The country struggles to attract high-skilled foreign workers (about 9% of its inhabitants were born abroad, one of the lowest rates in Europe). Mr Vesterbacka reckons that foreigners who turn up when they are teenagers, who learn the language, and who are educated in the Finnish system are far more likely to stay, and to succeed, than adults who are targeted later through skilled-worker programmes. He reckons they bring much more money into the country than the government must spend on their instruction.

The question is how far these arguments will keep winning out as the scheme expands. At the moment, high schools require no special permission from the central government to bring in Finnish-speaking foreigners, provided they have vacant spots. That could easily change. The education ministry in Helsinki has made it clear that it dislikes funding places for kids from other countries. And focusing spending on fewer, bigger schools might serve Finnish children much better than propping up small ones, even if country-dwellers find that a wrench. Whatever happens next, Finland's experiment is likely to supply other shrinking school systems with valuable lessons. ■

CHARLEMAGNE

Costa cruising

Can António Costa make a success of the world's hardest political gig?



von der Leyen, the German conservative set to get another five years running the European Commission. Holding the reins of the EU's executive arm is the more powerful job: Mrs von der Leyen gets to boss over 30,000 Eurocrats around. But the European Council sets the political direction for the commission, much as a board of directors bears down over a chief executive. As chairman of the overseers, the PEC should ensure that the Brussels apparatus is firmly under the political control of elected national leaders.

Only if the presidential duo work well together does the union advance smoothly. That has not happened of late. The self-aggrandising Mr Michel has indulged in a pointless turf war with Mrs von der Leyen; in April 2021 the duo literally squabbled over who would sit in a throne-like seat during a meeting with the president of Turkey. (The Belgian won, relegating Mrs von der Leyen to a sofa.) This is the difficulty of the PEC job. It must go to someone who has wielded power—only a current or former national leader has any hope of landing the gig—but is now happy to midwife it instead. Yes, EU treaties endow the position with a role representing the bloc abroad, which Mr Michel used to jet around the world. A more poised successor might leave the high-end photo ops (and throne) to Mrs von der Leyen instead. Nobody at the G7 or G20 would miss having not one but two representatives of the EU, when each country manages to send a single leader.

That would leave the incoming PEC with more time to focus on the hard bit of the job, which is making sure all 27 national leaders can live with EU decisions they will have to defend at home. The seasoned Mr Costa, who exudes the good-time vibes of an uncle who won't rat on teenagers sneaking a bottle of wine at a family function, is known as a capable backroom operator. He has crafted wily party coalitions at home, of the sort that might need to be replicated at the European level. He would also add a touch of diversity in a town that has shockingly little of it: his father was of Goan descent and Mr Costa is an "overseas citizen" of India.

The sole wrinkle on Mr Costa's CV is a tentacular influence-peddling scandal that forced him from the Portuguese premiership. Details of the investigation into Mr Costa and his entourage are scarce, but revolve around infrastructure construction permits that tend to go faster when the right politicians are on board. Wiretaps suggested Mr Costa would at least have been aware of what was going on; his chief of staff was found to be storing €75,800 (\$81,100) in cash in his office. Mr Costa is not a formal suspect and denies all charges, but was questioned by prosecutors as recently as May. Given the turtle-speed pace of the Portuguese judiciary, the prospect of charges is unlikely to disappear soon.

Costa doing business

Having a competent PEC matters more than ever. The Brussels machinery is run by people who have spent too long in the Euro-bunker and whose suggested solution to just about every problem is "more Europe". Voters across the continent seem to feel differently. Many, not least the French heading again to the polls this weekend, have plumped for the extremes of left and right because they are fed up with technocrats in Brussels and elsewhere telling them there is only one way forward, whether it be on immigration or public finances. Lots of the decisions the EU now has to take, from the pace of carbon cutting to enlargement and support for Ukraine, will be all the more credible if they are thrashed out by politicians at the highest level. Wrangling the EU's 27 national leaders into a coherent force is as hard as it is necessary. ■

WHAT IS THE world's hardest political assignment? Being president of France these days is not much fun. Heading up the North Korean opposition is rarely a stepping stone to promotion. The role of "minister for Brexit opportunities" in London proved so hard it was scrapped in 2022 after just two years and few opportunities found. Of the jobs that endure, that of president of the European Council is perhaps the most confounding. As the chairman of the forum where the European Union's 27 national leaders meet, the person in the role supposedly controls the room in which historic decisions are made (alongside many more humdrum ones). Yet finding common ground between the skinflint Dutch, hard-right Italians, sermonising Scandinavians and war-rattled Balts requires a deftness of touch few are blessed with. A competent power broker would go a long way to steering the EU through some choppy waters ahead.

Bar a last-minute calamity on June 27th European leaders will plump for António Costa as the next PEC, as the job is known in the Brussels *patois*. A former prime minister of Portugal from 2015 until April, the 62-year-old will be the fourth person to hold the position since it was created in its current form in 2009 (it used to rotate between the EU's various leaders every six months). The job is in effect for five years, meaning Mr Costa will be on the European scene long after France's Emmanuel Macron has gone, and doubtless outlast the German chancellor Olaf Scholz, too. Making sure that France and Germany are pushing in the same direction is one of the jobs of the PEC, and not one that has been done well in recent years. Of the three cheers that will resound when Mr Costa is confirmed, two of them will be to celebrate the departure of the incumbent, Charles Michel, a former Belgian prime minister who has fumbled his way in the role since 2019.

The white-coiffed Mr Costa, who would take up the job towards the end of the year, is well-liked by his fellow leaders. He is reckoned to have done a good job managing Portugal out of the austere straitjacket imposed by the EU in the midst of the eurozone crisis a decade ago. Beyond not being Mr Michel, his main quality is that he is a socialist from southern Europe. This provides the requisite political and geographical contrast to Ursula

Britain



British politics

The Starmer method

How might Britain's would-be prime minister approach the job?

TO THOSE WHO question his readiness to be prime minister, Sir Keir Starmer has a message: look at how he has run the opposition. "I have changed this Labour Party, dragged it back to service, and I will do exactly the same for Westminster," he told a rally early on in the general-election campaign. It is true that the best clues to his modus operandi are found in the way in which his party has been slowly remade. Less certain is how well this method would work should Sir Keir lead Labour to victory on July 4th.

The transformation of the party under Sir Keir has been remarkable. In the last election in 2019, under Jeremy Corbyn, a leftist, it won 202 seats, its lowest total since 1935. The following year, with Sir Keir installed as the party's new leader, a report by Labour Together, a pro-Starmer caucus, warned that a long-term seepage of working-class support could cost it dozens

more seats. Campaign funds were being consumed by investigations into allegations of antisemitism and of data-protection breaches, and by litigation from former employees. The tentacles of the hard left were wrapped tightly around the party.

For Sir Keir's circle, the job of reclaiming the party for the centre-left began with a cultural critique. Mr Corbyn, as they saw it, was merely the symptom of a party

whose priorities had become warped. It had elevated its members' views over the public's. A party founded as an "instrument of power" for the working classes had become an "expression of virtue" for progressive activists. Labour was more of a T-shirt than a party of government.

Being serious about regaining power implied several things. Labour had to try to get back into office in a single parliamentary term: those who claimed it would take a decade were dodging hard choices. It had to abandon the fatalism that said Labour's old heartlands in northern England and Scotland had been lost to the Conservatives and the Scottish National Party. And Sir Keir would need to breach Labour norms about prioritising party unity.

To understand how he went about this task, you have to look at his career before politics. Sir Keir entered Parliament only in 2015, when he was already in his 50s. Before then, as a barrister working at the frontiers of human-rights law, he took on cases in areas such as the death penalty that he thought would lead to systemic change. And as the head of Britain's public prosecution service, he styled himself as a reformist administrator who improved the service in an era of spending cuts.

A conventional politician, says Tom Baldwin, a former Labour official and au- ▶▶

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▶ thor of “Keir Starmer: the Biography”, will set out a grand vision and then compromise with reality as obstacles emerge. Sir Keir, by contrast, tends to start with the most obvious mechanisms, and becomes iteratively more radical if they are found wanting. It is, says Mr Baldwin, a “common-law” approach, “a series of judgments based on values which slowly forms the jurisprudence, not a Napoleonic code derived from some great principles”.

The remaking of Labour operated via a ratchet. “He’s not iconoclastic and he doesn’t go around saying, ‘I’m going to smash things up,’” is the verdict of one party official. “He always says, ‘Let’s give everyone the benefit of the doubt, lead them properly, put systems in place.’” Only after a by-election defeat in Hartlepool in May 2021 did he become convinced that Labour needed stronger medicine.

The process is oddly unnarrated. When he was in opposition Sir Tony Blair made great play of his largely symbolic reforms to Labour’s “Clause IV”, which ended the party’s constitutional commitment to nationalisation. Take the more consequential changes that Sir Keir secured to the party’s rulebook in 2021, which weakened the influence of Labour members. These reforms were brought forward without fanfare at the party’s conference, and when they passed, he did not bother to mention them in his speech afterwards. His opponents, like unwitting frogs, were boiled slowly. Sir Keir’s leadership began with left-wing Labour MPs in the shadow cabinet; it has since seen the expulsion of Mr Corbyn and a last-minute purge of firebrand candidates in favour of Starmerite loyalists.

On ideology, Sir Keir has travelled light. The most consistent thread has been a self-confessed desire to get the party into power. As a candidate to lead the party in 2020, Sir Keir wooed the Labour selectorate with a Corbyn-lite pitch (“Defend migrants’ rights”; “No more illegal wars”). But once in the job, he changed his focus

to target swing voters in the provinces. One Labour official uses another legal analogy: that of a barrister taking on briefs for different clients and different juries. His defenders argue that this flexibility is a virtue: whereas Mr Corbyn took rigid positions on every question, Sir Keir is deliberative. “It’s not about the colour of the machine, or how inspiring it is, or whether it is modern or old, but whether it works,” says Mr Baldwin.

In some respects, Sir Keir can apply this template to government. As with the overhaul of the party, a cultural critique serves as the starting-point. Britain’s problems, in Sir Keir’s telling, stem from a governing class that has become self-serving and inert; under Labour there would be an ascetic emphasis on ethics. Another change in focus would be needed, this time from swing voters to the country at large. The ratchet would be required, too. There is a gulf in Labour’s manifesto between its five long-term “missions”, such as achieving the highest sustained productivity growth

in the G7, and the more trifling measures it has identified as “first steps”. He will again need to become more radical.

The big question is how well a project to save the Labour Party can translate into government. Many of its positions—hawkishness on fiscal deficits, toughness on crime—have been more about closing gaps in Labour’s electoral appeal than about providing axioms to govern by. The lack of a well-understood project is why internal party disputes—over workers’ rights, for instance, or the scale of a green-subsidy programme—have been resolved with painful slowness. In government Sir Keir cannot afford to be as sluggish.

Similarly, the absence of a narrative is fine when fighting for internal control of a party; it is a problem when trying to steer a government composed of hundreds of MPs and thousands of civil servants. Sir Keir has successfully transformed his party through a mixture of pragmatism and ratcheting ruthlessness. Remaking an entire country will be a lot harder. ■

Our final election prediction

Rout won?

Reform UK costs the Tories votes. Labour reaps the rewards

WITH THE cut-off date for postal-voting applications already past, the Tories are polling at historically awful levels. It is not simply that other parties—Labour, the Liberal Democrats and Reform UK—are taking chunks out of their support. It is the way they are doing it. A new mega-poll conducted by *The Economist* with WeThink, a research firm, suggests that they are hacking away at even the safest Tory seats.

Between May 30th and June 21st, WeThink asked 18,595 adults how they intend to vote. The results suggest Labour has a 20-percentage-point lead over the Conservatives, by 42% to 22%. Reform UK is on course for 14% of the vote, the Liberal Democrats 11% and the Green Party 6%. This is a dramatic turnaround from the 2019 election, when the Tories led by 12 points, and would be the largest swing between the main parties in modern history. But even that does not tell the full story.

Because of the mega-poll’s large sample size, *The Economist* is able to use it to analyse local and demographic trends in voting intention. Using a statistical technique called multilevel regression and poststratification (MRP), we have produced estimates of voting intentions for each constituency in Britain. These MRP estimates suggest that the Labour Party is

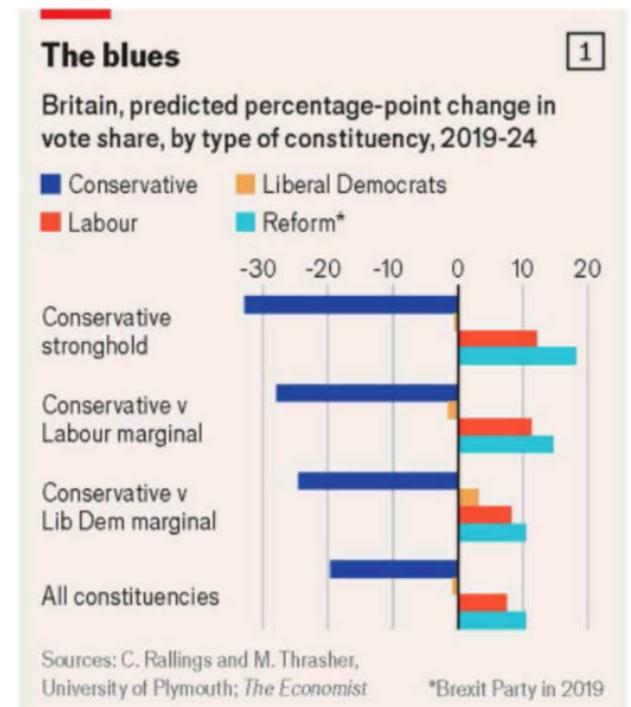
on course to win 465 seats, 263 more than it won at the 2019 election. The Tories are heading for just 76 seats, the lowest number in the party’s history. The Lib Dems are estimated to win 52, their best result since 2010; the Scottish National Party (SNP) is on track to lose 19 seats, though it would remain the largest party in Scotland. Reform UK and the Green Party are on course to take three seats each.

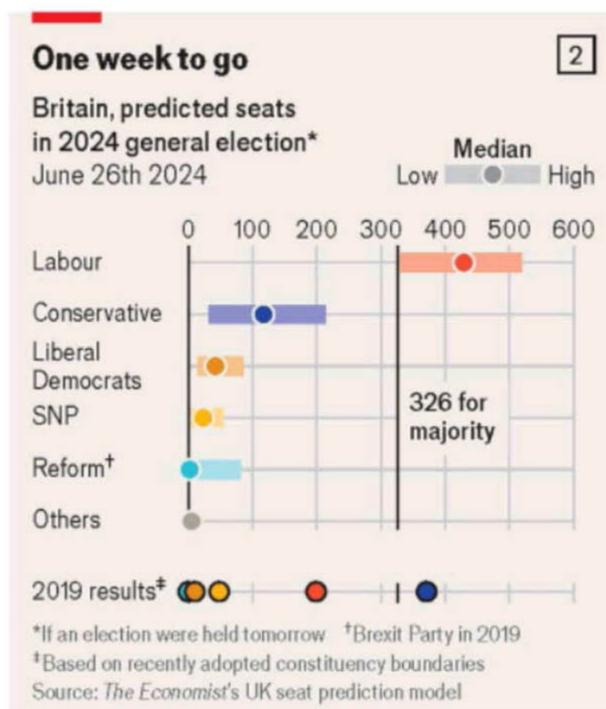
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➔ Our election coverage

To read our analysis of the results of the election, please make sure to download our app. Digital subscribers will have access to a specially updated weekly edition of *The Economist* on the morning of July 5th.





tumble in former strongholds: our MRP poll estimates that it will fall by over 30 percentage points in seats where they won more than 60% of the vote in 2019. Reform gains the votes; Labour reaps the rewards.

Many MRP polls have been published since Mr Farage became leader of Reform UK; all agree that the Conservatives are heading for a landslide defeat. But the range of outcomes is large: four of these recent mega-polls have shown Tory seat totals of between 53 and 155. One reason for that great variation is the knife edge that the Conservatives sit on.

In our MRP estimates, we find that they win or lose by a margin of less than 5% in 91 constituencies. In these extreme electoral circumstances, the difference between a heavy defeat and a total rout is a very small number of votes. According to our own MRP, if Reform UK were to take just three additional percentage points from the Conservatives, the Tories' seat total would fall to only 45.

MRPs are not foolproof. Like all polling,

an MRP poll is a snapshot and has a substantial margin of error due to statistical variation. Like all modelling, the technique also relies on a number of subjective assumptions—which variables should be included, how turnout is estimated, and so on. These assumptions vary between pollsters, and it is difficult to know which set will produce the most accurate estimates.

The best approach, therefore, is to pool information from across a full range of forecasts. So we have updated our prediction model to incorporate the results of all the published MRPs, our own included. This “blended” election model, which will be updated between now and July 4th, is our best guess at the final result. At the time of writing its central estimate is that Labour will have 429 MPs, the Conservatives 117, the Liberal Democrats 42 seats, the SNP 23 and Reform UK two (see chart 2). Pollsters can get things wrong; we will do our own post-mortem after the election. But with only days to go, for this result even to be a possibility is remarkable. ■

lies differ from the predictions of our election model. During the same period that the mega-poll was being conducted, that model was giving a central estimate of around 185 MPs for the Tories, a very heavy defeat but not a rout. The key difference lies in the “efficiency” of each party's vote—how many seats they can expect to win for a given number of votes. Our prediction model, which is based on national and regional polls, assumes the distribution of votes for each party across seats would be similar from election to election. Our MRP poll shows that the Tories are underperforming in marginal constituencies.

This is because opposition parties and voters are highly co-ordinated. Labour has explicitly targeted “hero voters” who supported the Conservatives in 2019. These are people who are older, working-class, Leave-voting and overrepresented in marginal constituencies in the north of England. The Liberal Democrats may have rather similar policies but they have targeted very different voters—wealthier, more educated and more likely to have voted Remain and to live in the south.

The MRP poll shows that Labour's vote share has risen by 11 percentage points in competitive seats where they face the Conservatives, compared with eight points in constituencies where the Lib Dems are the Tories' main rivals. The Lib Dems, meanwhile, have gone backwards in most of the country compared with 2019 but, crucially, have increased their vote share by three percentage points in seats where they are competitive with the Conservatives (see chart 1 on previous page).

This dynamic on its own is enough to make the Tories susceptible to substantial losses. But the installation of Nigel Farage as leader of Reform UK on June 3rd has made even Conservative MPs with huge majorities vulnerable. Reform UK draws its support overwhelmingly from the Tories. The loss of white, non-graduate Leavers seems to be causing the Tory vote share to

Election 2024

Truss v the turnip Taliban

NORFOLK

A local group wants to eject the former prime minister from her seat

IT HAS BEEN a difficult few years for Liz Truss. First she crashed the economy. This was painful for her. (“I could hardly sleep,” she writes in her recent memoir.) Then she became the shortest-serving prime minister in history (she felt “angry and frustrated”). Then there was that nasty business with the lettuce (“puerile”). To add to her woes, just as her premiership began, the queen died. As Ms Truss, ever alive to the emotional needs of the nation, wrote in anguished italics: “*Why me? Why now?*”

“*Why Liz Truss? Why now?*” is a pertinent question once again. For Ms Truss is once again standing for election to serve the constituents of South West Norfolk. Somewhat to the alarm of said constituents, who, on a sunny pre-election day, suggest that she is instead standing because she is “arrogant”, “shameless” and—as one local says in the sort of whisper that deserves its own italics—“*batshit crazy*”.

If the Conservative Party is thrashed on July 4th, Ms Truss's notorious mini-budget will have been a critical moment in its demise. Partly this is a numerical observation. It was after that mini-budget that a 20-odd-point polling gap opened up between the Tories and

Labour, never to close. But partly it is about emotions. The outrage felt at Ms Truss comes not merely from a feeling that she made mistakes but that she seems insufficiently ashamed of them.

It also, for some of her constituents, makes them mobilise. One of Ms Truss's opponents is an independent candidate of the sort that true-blue voters could easily get behind. James Bagge, a former Conservative Party member, army captain and KC, is the kind of man usually described as an “old-school Tory”.

The two could hardly be more different. Whereas Ms Truss is flanked by a personal-protection team, Mr Bagge is flanked by a retriever (“Humphrey...lie down!”). Whereas Ms Truss is a Singapore-on-Thames sort of Tory, Mr Bagge is more a wellies-in-Westminster kind. Ms Truss's memoir is called “Ten years To Save the West”; Mr Bagge champions local issues; he and his followers have been called the “Turnip Taliban”.

The Economist's prediction model still gives Ms Truss a decent chance of keeping her seat. But Mr Bagge's campaign in South West Norfolk feels as if it is not merely about politics but also about penance—for past mistakes; for Ms Truss herself; for 14 years of Tory rule.

BAGEHOT

The next political scandal is already here

In Westminster scandals are not exposed. They are simply noticed



ALL WESTMINSTER scandals are obvious in retrospect. The furore over MPs and aides betting on the date of the general election is no exception. Gambling is rife in Westminster. Memoirs are stuffed with amusing anecdotes of special advisers placing wagers: in the general election in 2017, one adviser lumped £8,000 (\$10,100) on a Tory victory in the hope of winning £1,000, only to lose it all when Theresa May blew her majority. Gambling permeates everyday political coverage: bookmakers offer odds on everything from election dates to future party leaders, and journalists obligingly write them up.

So it should be little surprise that, when rumours of a snap election leaked from Tory high command in May, a flock of Conservative MPs, advisers and candidates—as well as police officers who work around Downing Street—put bets on it. Craig Williams, an MP and Rishi Sunak's parliamentary assistant, was dropped by the party for having a flutter. So was the Conservative candidate in Bristol North West, who happens to be married to the party's director of campaigns. They, and others, gambled on politics because until this week no one thought it was a problem, never mind potentially illegal. Now that the brakes have slammed on, Mr Williams and colleagues have hurtled through the windscreen.

In Westminster scandals are not exposed. They are simply noticed. Gambling is not the first case of outrage about something happening in plain sight, and it will not be the last. Once the row over politicians betting on their own industry has passed, perhaps attention will turn to the close links between the gambling companies and British politics in general. These links are not hidden. At Labour conferences you might expect to see shadow ministers blasting out "Angels" in a karaoke session at a bash sponsored by the Betting and Gaming Council (BGC), an industry lobby group which is chaired by Michael Dugher, a former Labour MP and oft-mooted future Labour peer.

When it comes to wooing MPs in this way, the gambling industry is no different from any other. Outright corruption is rare in politics. Why bother? It is perfectly legal to shovel perks at lawmakers. Freebies are another fact-of-life in Westminster just waiting to be noticed by those outside it. Every fortnight Parliament

publishes a PDF filled with every perk and donation received by an MP. It ranges from donations-in-kind of extra office staff to a day out at the races or free tickets to see Madonna (in some cases courtesy of the BGC). Naturally, it is all within the rules.

Even those at the top of politics are not immune. Each MP must declare every gift. The entry for Sir Keir Starmer, the studious and diligent Labour Party leader, is lengthy. In the past few months alone Sir Keir has accepted free tickets for Coldplay, a middlebrow band, and football tickets worth nearly £20,000 in total. The mystery of why the Labour leader is more nattily dressed in recent weeks has been solved: in April Sir Keir received £16,200-worth of free clothes and £2,485-worth of trendy specs from Waheed Alli, a Labour peer and former fast-fashion executive. Practically every MP from every party accepts freebies. Sir Keir is simply the most prominent, and among the most enthusiastic. In Westminster this is all perfectly normal. But then so was gambling on politics until just a few days ago.

Once the question of freebies has been pored over, donations might become the next thing to attract scrutiny. Kevin Craig, a Labour candidate in Central Suffolk and North Ipswich, was ejected from the party on June 25th for betting on himself to lose in his seat. Before Mr Craig blew up his political career for the sake of a bet, he had earned a fortune as a lobbyist (his firm had even designed a "Responsible Gambling Week" campaign on behalf of the gambling industry). He was also a donor to Labour, handing it £100,000 in 2023. This, again, is within the rules. Mr Craig's company can donate to whom it pleases; Labour is within its rights to hand him a no-hope-turned-surprisingly-winnable seat. (Labour has since returned the £100,000.) All this was as public as any selection in East Anglia is likely to be. But there is a difference between what the public accepts and what it has not noticed.

The media offer only a spotlight, rather than a floodlight. Whatever happens outside its glare goes unseen, and even things that are reported are not always picked up. In 2020 the fact that Boris Johnson enjoyed an illicit birthday party with colleagues during lockdown was a throwaway news story on the inside pages of the *Times*. In 2022 it played a big part in Mr Johnson's fall. What was harmless one year can be fatal the next, if people take notice.

In another example, at the end of 2021 a row erupted over whether MPs should have second jobs. The trigger came when Owen Paterson, a former Conservative MP, directly lobbied ministers on behalf of a company for which he worked. Having MPs with other jobs was once a feature of Parliament, until the public suddenly decided it was a bug. A frenzy broke out, in which MPs were made to justify every penny of external income. Since then the spotlight has moved on again, and little has changed. The same PDF that lists those MPs who love Madonna also shows those who are still on generous outside salaries.

Betting the Houses of Parliament

The gambling scandal will probably follow the same path as its predecessors and successors. Behaviour that was once accepted and common in Westminster becomes forbidden; frenzied journalists root out any politician who has made a dodgy bet; voters tut; an inquiry is launched; a regulator is beefed up. But then people stop noticing and attention turns to a fresh outrage happening in plain sight, whether it be MPs snaffling freebies or making hay in their second jobs. The next scandal will roll along and it will all be so obvious in retrospect. If only someone had noticed. ■

International



A warmer world

When the sun beats down

LOS ANGELES, MADRID AND MUMBAI

Sweltering conditions are increasingly the norm, not an exception to it

IN JAPAN IT starts with the pulsating song of cicadas; in Alaska, with salmon swimming upstream. However it begins, summer in the northern hemisphere—where more than 85% of the world’s population live—soon involves dangerous levels of heat. This year is no exception—indeed, it carries the trend further. In Saudi Arabia more than 1,300 pilgrims died during the *hajj*, the pilgrimage to Mecca, as temperatures exceeded 50°C. India’s capital, Delhi, endured 40 days above 40°C between May and June. And in Mexico scores of howler monkeys have been falling dead from the trees with heatstroke.

That this summer looks set to be punishing should not be a surprise. Global average temperatures have broken records for every month of the past year. And the hot El Niño phase of the oscillating system of Pacific currents and winds called ENSO only recently ended. But it would be wrong

to see this summer as exceptional in today’s world. Stripping out year-to-year variability, the planet is now about 1.2°C warmer than it was in the 19th century. And small-sounding shifts in the average temperature have a disproportionate effect on what goes on at the extremes. Already in many places the number of days in which people around the world are exposed to “very strong” or “extreme” heat stress—which can pose a threat to life—is alarmingly high (see map on the next page).

Cruel summers

That brings enormous burdens. Heatwaves are among the deadliest weather and climate disasters globally, according to the UN and the International Federation of the Red Cross and the Red Crescent. Firm numbers are hard to come by, but one analysis published in the *Lancet* in 2021 estimated that heat contributed to an annual

average of 489,000 deaths globally between 2000 and 2019. Almost a quarter were in southern Asia alone.

Such estimates, including those used in the *Lancet*, are typically based on “excess deaths”—how many more people died across a period than might ordinarily be expected—a measure which is both imperfect and often available only well after the fact. It is harder still to pinpoint heat effects that are detrimental but not fatal. The problem is acute in poor countries with sparse health services, where the toll of high temperatures is not known.

The economic costs can be estimated too, and they are significant. Heat has been shown to have a sapping effect on productivity—a separate analysis in the *Lancet* last year estimated that high temperatures led to 490bn lost labour hours in 2022 around the world, an increase of almost 42% from the annual average for 1991-2000. That, they reckon, reduced earnings in South-East Asia alone by the equivalent of almost 5% of the region’s GDP (see chart on the next page). Extreme temperatures can also play havoc with crop yields. A severe hot spell in the spring of 2022, for example, is thought to have reduced India’s national wheat production for that year by 4.5%.

There are myriad ways to adapt to these new risks and burdens: none is perfect; too

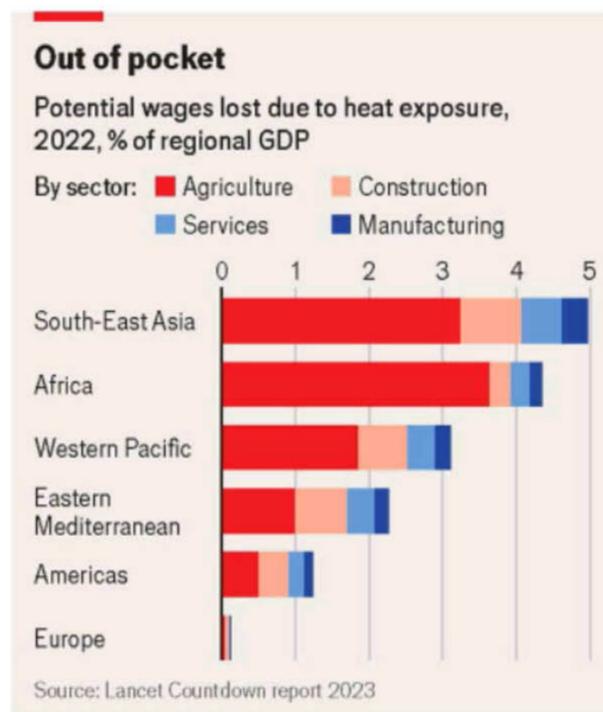
few are being attempted. For heatwaves, in particular, efforts to deal with the problem are lagging behind its increasing salience. In many places a summer that might have been expected once a century between the 1950s and 1980s is now likely to occur once every five years. But many countries have no systematic plans to deal with them. And the plans they do have may be ineffective.

High temperatures generally kill people by exacerbating their existing health issues, such as heart and kidney disease or diabetes; this is one of the reasons that deaths are clustered among the old, the poor and the socially isolated. Temperatures soar far higher in crowded areas, which tend to be cities' poorest neighbourhoods. Cheap building materials, such as metal roofs, exacerbate risks; so does a lack of trees which provide both shade and, through the evapotranspiration of water from their leaves, cooling. Homelessness is more dangerous still.

Basic information is central to planning responses. "You need to sit down with three data sets—income, electricity and water provision—and see where those are lowest," says Aditya Valiathan Pillai, a fellow at Sustainable Futures Collaborative, a climate think-tank in Delhi. "That's where you need to go." To reduce deaths in a city of 25m, he says, most of the effort needs to go on just 500,000.

Deploying resources at the right time would also help. Temperatures are relatively easy to predict. In large parts of the world the problem is that early-warning systems are inadequate, not that the forecasts they rely on are hazy. Still, improving meteorological services would boost the countries where they still lag behind, including across large swathes of Africa. And in rich countries, more finely grained forecasts would help power providers avoid blackouts—a growing risk as more air-conditioning is needed to weather hot spells.

Other potentially useful interventions lie well outside the traditional scope of cli-



mate or health policies, and within the realms of urban planning or labour-market regulation. Workers forced to toil in sweltering conditions are particularly at risk of illness and death. This is true for those outside, such as in agriculture and construction, but also for those crammed inside within poorly ventilated settings. Commonsense measures, like mandatory access to water, shade and rest when the mercury soars, can make a world of difference. But businesses are often hostile to increased regulation of this sort, fearing it will cut into their bottom line.

California, a state with a huge agricultural and manufacturing workforce, has struggled for several years to extend its heat-related regulations. A proposal to enact heat standards for indoor workers (it already has provisions for outdoor workers) was meant to be passed in 2019; it finally won approval this month. But it excludes tens of thousands of employees working in prisons over cost concerns. America has no federal heat protections for workers; many Republican states resist giving them. A new law in Florida prohibits municipal authorities from introducing them.

Elsewhere, the challenge lies in changing norms that make populations more susceptible to heat stress. This appears particularly true in Europe, where many countries' infrastructure was designed for a climate distinctly cooler than today's. Perhaps unsurprisingly, places that have long had hot summers fare better. Spain is a good example. Houses in the south of the country tend to be whitewashed, often with shady interior courtyards.

In Madrid, Spain's capital, the most modest dwellings typically come with awnings to keep the sun off windows or shutters to block it out entirely. Though many Spaniards no longer nap in the middle of the day, a siesta-style break is still common in much of the country, with shops and businesses shut in the hottest period of the afternoon. This gives everyone a chance to cool down and rest.

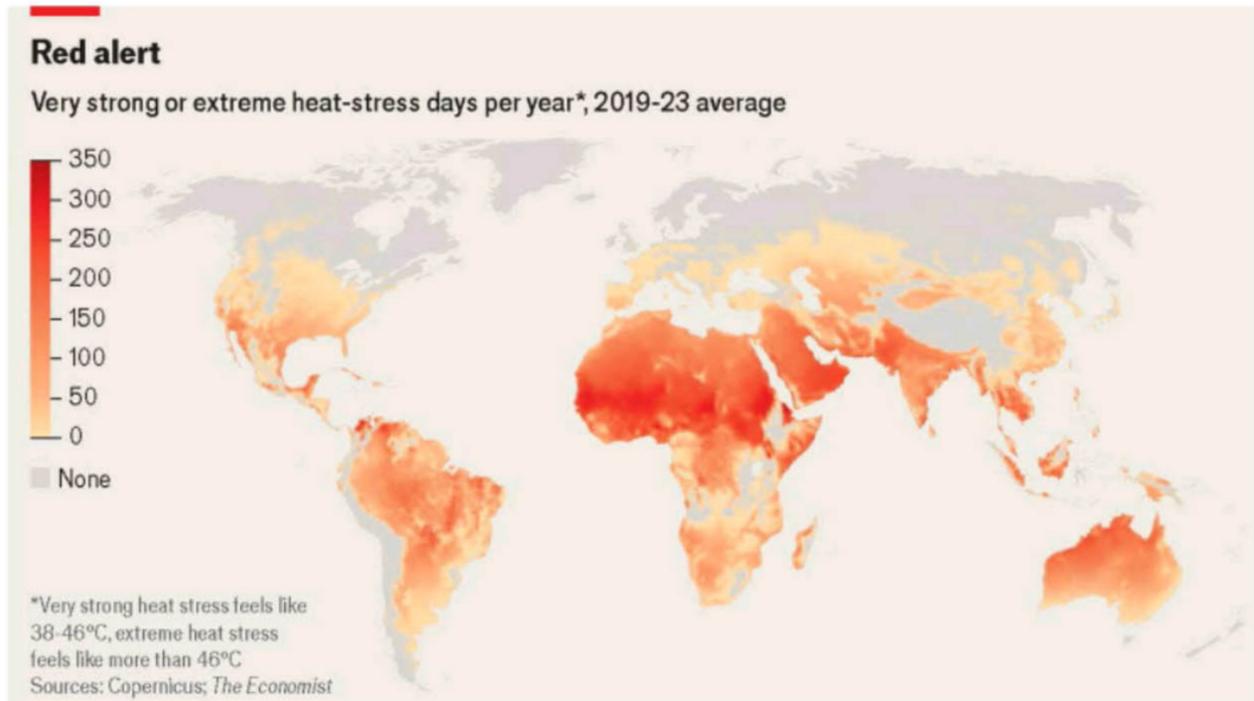
Spain makes more concerted efforts to beat the heat, too. Most of the country is covered by dedicated heat plans, and the national government co-ordinates a heat-wave alert system. Madrid's plan includes measures to reduce or change school hours, increase the frequency of public transport to avoid people waiting outside on platforms, and to subsidise air-conditioning upgrades in homes.

This year the city has also opened up access to air-conditioned spaces like museums, and encouraged people to use them. A 36-year study, from 1980 to 2015, attributed a decline in heat-attributable deaths in Spain to both "societal adaptation" and "socioeconomic development". A repeatedly finessed heat plan in neighbouring France is thought to have reduced deaths in the very worst heatwaves by up to 90%.

In the hot seats

As well as taking more steps of this kind, municipalities and regions need to make sure that they work, and adapt them when they don't. In 2013 Ahmedabad, in India's western state of Gujarat, generated attention and headlines for being the first city in South Asia to implement a heat-action plan. Its measures included strengthening the early-warning system for heatwaves and instructing local authorities when to send extra staff to medical centres. A study published in 2018 credited the plan with averting more than 1,000 deaths in the year after it was launched.

Whether it is still fit for purpose a decade later is an open question. The plan is hard to assess because it is not routinely evaluated, a common problem with climate policies. "I wish I could say that Ahmedabad did a great job this year," says Mr Pillai. "They probably did. But how do I know?" Ascertaining how well current policies have performed is crucial to coping in the future. And there will be a great deal of coping to do. ■



Business



Paris and business

Can the City of Light keep its sparkle?

PARIS

French politics endangers a remarkable commercial renaissance

IN RECENT YEARS Paris has undergone an astonishing revival. Global businessmen, financiers and techies casually drop into conversation that they are spending more time in the City of Light. Wall Street banks have expanded their offices there; venture capitalists are signing more cheques for French startups. An annual investment summit, held in May at the nearby Palace of Versailles, has become a fixture in chief executives' calendars. This year, as they sipped champagne with France's president, Emmanuel Macron, company bosses pledged investment projects worth €15bn (\$16bn).

The renaissance is part of Mr Macron's grand ambition to make France more innovative and business-friendly. But that project is now in danger.

After his centrist party suffered a drubbing in the elections to the European Parliament, the president called a snap national parliamentary vote, the first round

of which is due to be held on June 30th. Hard-right and hard-left parties are polling well ahead of Mr Macron's group. Both have unsustainable spending plans that are spooking investors. Neither is especially friendly to international business.

Only a few weeks ago Paris, which is also due to host the 2024 Summer Olympics in July, was basking in the limelight.

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Now a cloud of uncertainty hangs over its great commercial revival.

The French capital was once seen as a city of red tape, high taxes and clogged-up streets, which dimmed its appeal to anyone other than tourists. But over the seven years that Mr Macron, a former investment banker, has been in charge, much has changed. That is most evident in two areas: finance and tech.

Over the past decade Paris has been climbing the rankings of the world's financial centres (see chart 1 on next page). French financiers manage €5trn in assets, up from €3.8trn in 2015. Amundi, a French firm that has become Europe's biggest fund manager, looks after €2.1trn-worth, more than double the figure a decade ago.

Wall Street has been increasing its Parisian presence. In 2021 JPMorgan Chase, America's biggest bank, inaugurated Paris as its main European trading floor, where it now employs around 1,000 people. Bank of America has increased its Parisian headcount ten-fold, to 700; Citigroup's has risen from 170 to 400, with space in its office for 200 more. Morgan Stanley has more than doubled its headcount in Paris over the past three years.

An effervescent startup scene, meanwhile, is drawing in venture capitalists. In the first quarter of this year they invested \$1.5bn in Paris-based startups, according

to KPMG, an advisory firm (see chart 2). Around \$500m of that went to firms working on “generative” artificial intelligence (AI) of the sort that makes ChatGPT a human-like conversationalist. Their counterparts in London, historically Europe’s premier tech hub, attracted just \$100m in the same period. Only America and China are home to a greater number of “notable” machine-learning models, according to a report by Stanford University.

Of the 100 billion-dollar startups to watch in Europe, 21 are French, according to GP Bullhound, an advisory firm, neck and neck with Britain (which has 22) and far ahead of Germany (with 14). A recent report by Accel, a venture-capital (VC) firm, notes that former employees of 28 such “unicorns” in France have gone on to establish 186 new startups between them. And, as one VC investor puts it, in tech, “France is Paris—and Paris is super-hot at the moment.”

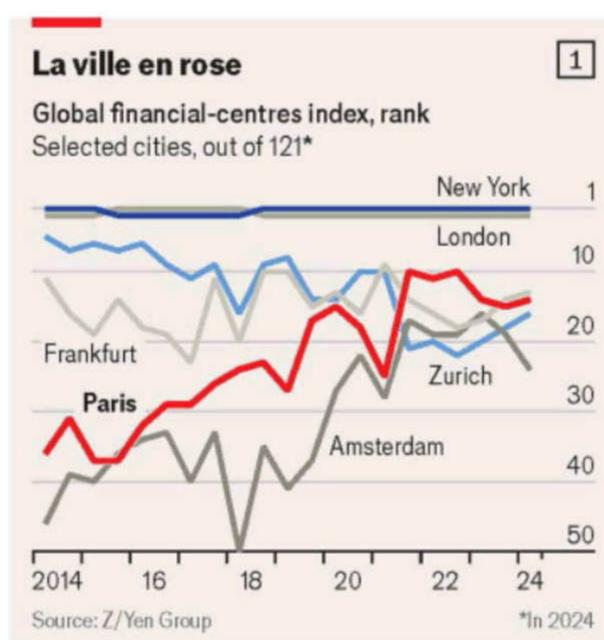
In contrast to the previous wave of French startups, which offered domestic e-commerce and mobile services, the latest lot harbour grander ambitions from the get-go, notes Philippe Botteri of Accel. Founders of new AI firms “now immediately have a global pitch”, agrees Xavier Niel, a telecoms mogul turned venture capitalist and founder of Station F, a bustling tech incubator in Paris.

Catching a second wind

Mistral AI, a maker of cutting-edge generative-AI models, is now talked about with the same breathlessness as OpenAI, creator of ChatGPT. This month it raised €600m in a funding round that reportedly valued it at nearly €6bn. In May H, a fellow Parisian AI darling formerly known as Holistic AI, announced a \$220m seed round only months after it was co-founded by a French researcher at Stanford University and four former employees of DeepMind, the AI lab of Google.

What has driven the great Parisian revival? Luck has played a part. After Britain formally left the EU in 2020 bankers were no longer legally able to provide some services to their European clients from London. For those financiers who did not want to decamp from the British capital, Paris, a two-hour train ride away, was easier to get to than Frankfurt. For those who did decide to move, it was a more pleasant place to live. One finance boss recalls asking his London-based traders to move to Frankfurt, only for them to go home, speak to their partners and return the next day saying “absolutely not”. When he posed the same question about Paris, the family reaction was “of course”. (Preferential tax treatment of foreigners for the first few years of their residency did not hurt, either.)

The boom in AI, meanwhile, has put a huge premium on the sort of mathematical



skills that have long been the forte of Paris’s renowned technical universities. Two of Mistral’s six co-founders are products of École Polytechnique; a third graduated from École Normale Supérieure. This talent pool drew America’s tech giants such as Google and Meta, which opened big AI labs in Paris. It also helps that France’s nuclear-powered electricity grid can provide lots of clean energy to feed power-hungry AI data centres.

But there is more to the city’s recent streak than just good fortune. Take finance, where France was not merely a passive beneficiary of Brexit. Frankfurt’s banking cluster and proximity to the European Central Bank initially made it the more obvious destination for relocation.

Jamie Dimon, chief executive of JPMorgan Chase, remembers that when the bank was first looking for alternatives to London after Brexit, Paris barely featured in the conversation. Amsterdam, Dublin and Frankfurt were all viewed more favourably. What made a difference, Mr Dimon says, was the French president. Mr Macron made it clear to him that France was open for business, and even went out of his way to suggest a possible location for a trading floor. “This is the first time that we have a president who is a former investment banker, who is fluent in English, who is



globally minded, who is pro-business, and who has no inhibition about interacting with the business community,” says Stéphane Boujnah, the French boss of Euro-next, a pan-European bourse.

Mr Macron has successfully translated this pro-business attitude into sound and predictable policy. Bruno Le Maire, finance minister since 2017, has held that office for the longest stretch since the modern French republic was founded in 1958 and, in the words of the CEO of a giant global asset manager, “brought a lot of credibility”. He and Mr Macron promised from the start not to raise taxes, and stuck to their word. They introduced a flat tax on investment income and ditched an unloved (and unworkable) wealth tax. The sense of stability and openness has been strengthened further by the regional government under Valérie Pécresse, who has overseen an expansion of the city’s underground network.

Mr Macron’s government was also early to see AI’s potential and the role Paris could play in the technology’s development. It produced its first national AI strategy already in 2018, drawn up by Cédric Villani, a mathematician. Cédric O, one of Mistral’s co-founders, who was previously Mr Macron’s digital minister, says that the critical decision was to woo American big tech. “At the time people said: you are crazy putting out the red carpet for the Americans; they are going to steal your talent.” In fact, the opposite happened. Many Parisian AI founders, including the Mistral trio, left big tech’s research outposts to strike out on their own.

À bout de souffle?

This business-friendly approach may not survive the parliamentary election. Although Mr Macron himself will remain in office until 2027, some of his reforms could be undone. Both Marine Le Pen’s hard-right National Rally and the New Popular Front (NFP), a left-wing alliance led by a former Trotskyist, Jean-Luc Mélenchon, promise to bring back the wealth tax. The NFP would also raise the minimum wage, which could deter job creation. Patrick Martin, head of the MEDEF, a business lobby, has called both their programmes “a danger to the economy”.

In the event of a hung parliament, the most probable outcome, the most extreme of these policies may not be implemented. Even so, politics looks likely to get in the way of Paris’s revival as a global commercial centre. The city benefited from having politicians in charge who understood and welcomed business, and who worked together to draw in foreign talent and capital. With that project almost certain to lose steam after the parliamentary elections, global bosses may find themselves with fewer reasons to drop by. ■



Bolt-holes

Safe(ish) harbour

DUBAI

Millionaires apparently fear populism more than war

DUBAI SELLS itself as a refuge for the footloose plutocrat. It is an easy place to do business and has convenient flight connections to just about anywhere in the world. Its streets are safer than New York's or London's (not to mention much cleaner). Just in case those attractions are not enough, it levies no tax on income, property or capital gains.

Small wonder that the United Arab Emirates (UAE), of which Dubai is the glitzy business hub, is forecast to draw a net 6,700 millionaires this year, according to Henley & Partners, a wealth consultancy. That is almost twice as many as are expected to head to America, the historic home of the world's rich, with 5.5m residents worth \$1m or more. Long a bolt-hole for rich Russians, Indians and Arabs from neighbouring countries, Dubai is now attracting a new group of mogul migrants: Europeans fleeing rising political uncertainty at home.

Brokers and agents are fielding more calls from wealthy French (at risk from punitive policies if a hard-right government comes to power; see previous article) and Italians (who already have one). Some want to set up a family office to manage their assets. Many are buying property. French and Italians were among the most zealous homebuyers in Dubai in the first three months of 2024 (alongside Indians). Germans worried

about the recent rise of their own hard-right populists could follow.

Dubai's appeal to Europeans got a boost in February, when the Financial Action Task Force (FATF), an intergovernmental body, took the city off its "grey list" of dodgy places favoured by money-launderers and other financial mischief-makers. Emirati banks now examine their clientele more carefully and big property developers no longer accept briefcases full of cash.

Consultants and brokers report that this new scrutiny may have been instrumental in Dubai's removal from the FATF's naughty step. The same scrutiny may also have prompted wealthy Russians to take their money elsewhere, for fear of losing it to Western sanctions. That should make it a bit easier for the newcomers to find nannies, chauffeurs and advisers.

The European arrivals appear undeterred even by the conflict in Gaza, and the threat that it might escalate into a regional conflagration (this week fighting has intensified between Israel and Hizbullah, the Iran-backed group that controls much of Lebanon). Perhaps they reason that a much more dangerous war is already raging on the EU's eastern flank. Or maybe any fear of horrors elsewhere in the Middle East is outweighed by the bliss of the autocratic UAE's politics—or rather lack thereof.

Artificial intelligence

Thinking fast and slow

A new lab and a new paper shed light on two duelling visions of AI

AFTER SAM ALTMAN was sacked from OpenAI in November of 2023, a meme went viral among artificial-intelligence (AI) types on social media. "What did Ilya see?" it asked, referring to Ilya Sutskever, a co-founder of the startup who triggered the coup. Some believed a rumoured new breakthrough at the company that gave the world ChatGPT had spooked Mr Sutskever.

Although Mr Altman was back in charge within days, and Mr Sutskever said he regretted his move, whatever Ilya saw appears to have stuck in his craw. In May he left OpenAI. And on June 19th he launched Safe Superintelligence (SSI), a new startup dedicated to building a superhuman AI. The outfit, whose other co-founders are Daniel Gross, a venture capitalist, and Daniel Levy, a former OpenAI researcher, does not plan to offer any actual products. It has not divulged the names of its investors.

You might wonder why anyone would invest, given the project's apparent lack of interest in making money. Perhaps backers hope SSI will in time create a for-profit arm, as happened at OpenAI, which began as a non-profit before realising that training its models required lots of expensive computing power. Maybe they think Mr Sutskever will eventually convert SSI into a regular business, which is something Mr Altman recently hinted at to investors in OpenAI. Or they may have concluded that Mr Sutskever's team and the intellectual property it creates are likely to be valuable even if SSI's goal is never reached.

A more intriguing hypothesis is that SSI's financial supporters believe in what is known in AI circles as the "fast take-off" scenario. In it, there comes a point at which AIs become clever enough to themselves devise new and better AIs. Those new and better AIs then rapidly improve upon themselves—and so on, in an "intelligence explosion". Even if such a superintelligence is the only product SSI ever sells, the rewards would be so enormous as to be worth a flutter.

The idea of a fast take-off has lurked in Silicon Valley for over a decade. It resurfaced in a widely shared 165-page paper published in June by a former OpenAI employee. Entitled "Situational Awareness" and dedicated to Mr Sutskever, it predicts that an AI as good as humans at all intellectual tasks will arrive by 2027. One such human intellectual task is designing AI mod-



BARTLEBY

Why you should think like a lawyer

The unloved profession has a lot to teach managers

LAWYERS ARE often seen as the most tedious of professionals. And the most derided (“What do you know when you find a lawyer up to his neck in concrete? Someone ran out of concrete”). Yet that damning reputation is undeserved: lawyers are in fact role models. The method and meticulousness entrenched in the legal style of thought has something to teach other knowledge workers and their managers.

In “One L”, a book about his first year at Harvard Law School, Scott Turow describes the slow, arduous progress of going over his first case as “stirring concrete with his eyelashes”. But legal education is not about specific cases or statutes. It is, as Mr Turow later understands, about processing a mountain of information and exercising judgment. It teaches how to infer rules from patterns, use analogies, anticipate what might happen next, accept ambiguity and be ready to question everything.

The sober way of going about this is by sticking to the facts. What matters is what you can prove. In her final year of law school, this guest Bartleby gave her hairdresser of many years advice on whether another client’s behaviour amounted to breach of contract. It did not—the law did not offer an effective remedy for that problem. This left the salon owner grateful not to be spending resources on a lost cause. (She proceeded to remunerate your columnist with a free haircut.)

In a world of business that is increasingly dominated by amorphous, ever-changing markets, the interaction might sound familiar to managers, and many of their subordinates. White-collar workers, after all, also need to remain rational in the face of unexpected situations and undeterred by initial incomprehension.

No lawyer knows every law, but by the time their training is over they are calm in the face of the unknown and know how and where to look anything up. Likewise, anyone running a company will never have all the answers. What they need is equanimity and a method of quickly arriving at conclusions that are likelier than not to be the correct ones.

Managers also have something to learn from the adversarial legal system, central to common-law jurisdictions like America’s and Britain’s, where advocates represent their parties before an impartial arbiter (usually a judge and a jury). In preparing for trial, lawyers attempt to identify and rehearse both sides of litigation. By putting themselves in their opponents’ shoes they are forced to engage with a line of reasoning with which they may disagree.

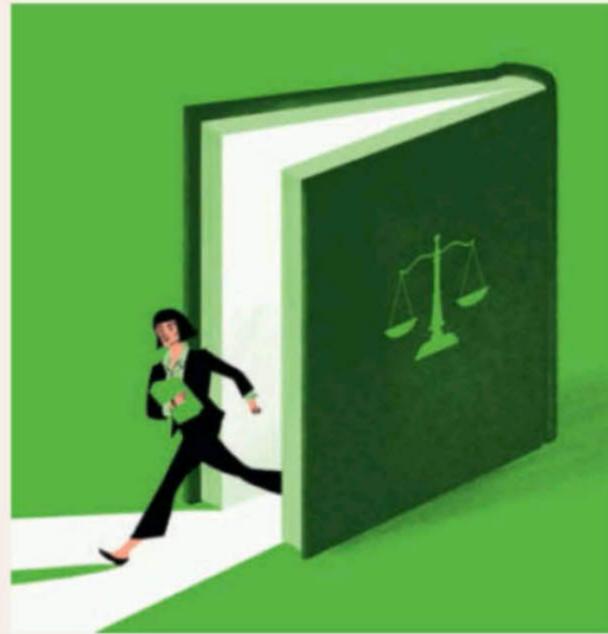
In so far as managing employees is, like arguing a case before a court, about persuasion, managers would be wise to adopt some of the same tactics. That means avoiding emotional reactions (lawyers may try to appeal to jurors’ feelings but

they never let their own get in the way). It also means considering the strongest criticism of their own reasoning. This not only makes their own arguments bulletproof but is liable to look fair in the eyes of employees and fellow managers. (Plus, a friendly but thorough performance review is essentially a mock cross-examination of your witnesses.)

Law, after all, is a way of dealing with social stress. If attorneys are trained for one thing, it is on how to maintain focus, precision and a clear strategic plan in the midst of a crisis. When a team feels a wrong should be redressed, a manager should look for the rule that governs the conduct in question, how that rule was applied in the past and act in a way that seems morally defensible. If the crisis is external, a manager should also follow precedent, which is the basis of common law and much of what lawyers do in court. The purposefulness and heady resolve that characterise most lawyers are attributes that executives, too, should cultivate. There is no room for passivity when something goes wrong, only for action.

Perhaps the most valuable lesson from lawyers is both the most obvious and the most scorned. The antidote to work anxiety is not taking your mind off work with meditation or Netflix. It is disciplined preparation. There are rewards in leaving no stone unturned. By putting in the hours, even if these are not billable, managers can ensure they are as ready as they can be for the uncertainties that lie ahead. As an added bonus, hard graft wins them the respect of colleagues and subordinates.

Your columnist ended up not pursuing a career in law. But she never regretted her training as a lawyer—and not just because of the free haircut.



▶ els. And presto, fast take-off.

The paper’s author argues that before long America’s government will need to “lock down” AI labs and move the research to an AI-equivalent of the Manhattan project. Most AI researchers seem more circumspect. Half a dozen who work at leading AI labs tell *The Economist* that the prevailing view is that AI progress is more likely to continue in gradual fashion than with a sudden explosion.

OpenAI, once among the most bullish

about AI progress, has moved closer to the gradualist camp. Mr Altman has repeatedly said that he believes in a “slow take-off” and a more “gradual transition”. His company’s efforts are increasingly focused on commercialising its products rather than on the fundamental research needed for big breakthroughs (which may explain several recent high-profile departures). Yann LeCun of Meta and François Chollet of Google, two star AI researchers, have even said that current AI systems hardly merit

being called “intelligence”.

An updated model released on June 20th by Anthropic, another AI lab, is impressive but offers only modest improvements over existing models. OpenAI’s new offering could be ready next year. Google DeepMind, the search giant’s main AI lab, is working on its own supercharged model. With luck these will be more deserving of the I in AI. Whether they are deserving enough to convert gradualists to the explosive creed is another matter. ■



The energy transition

Move over, big dirt

What black gold and the white metal have in common

BP AND SHELL, two British oil giants, have long sunk cash into solar and wind farms. Their rivals elsewhere have mostly stuck to their drilling. Investors have rewarded single-mindedness. Exxon-Mobil, an American firm unapologetically wedded to the black stuff, is worth \$510bn, half as much again as the British duo combined. Its share price is up by 50% in the past five years, compared with a rise of 10% for Shell and a fall of 13% for BP.

That is not to say ExxonMobil has no interest in renewables. But rather than getting into generation, it is placing an indirect bet on the energy transition. On June 25th it signed a preliminary agreement to supply lithium to SK On, a South Korean manufacturer whose lithium-ion batteries will power electric Fords and Hyundais. This follows an announcement in November that it was drilling its first lithium well in Arkansas. A “material” part of its \$20bn in low-carbon investments between 2022 and 2027 will go to lithium, says Dan Holton, in charge of these projects. By 2030 the company hopes to produce enough lithium to supply 1m electric vehicles (EVs) a year. Darren Woods, its boss, sees lithium as a “high-return” opportunity.

His fellow oil CEOs agree. In June Occidental Petroleum set up a lithium joint-venture with BHE Renewables, a subsidiary of Berkshire Hathaway, a \$900bn conglomerate. A month earlier Equinor, the state-owned Norwegian oil firm, unveiled

a partnership with Standard Lithium, an American miner. Even the world’s oil colossi, Saudi Aramco and ADNOC of the United Arab Emirates, are taking an interest.

Big oil’s enthusiasm for lithium makes sense. Demand for the stuff is likely to rise as more of the world’s machines go electric. In contrast to running the unfamiliar businesses of solar and wind power, oil firms already have expertise that is useful in lithium mining. Extracting the white metal involves tapping saltwater brine, often underground. This requires careful mapping of reservoirs and precision drilling—skills oilmen have honed over decades of subsurface crude extraction (in which brine also happens to be a common waste product). Even the necessary permits are more akin to those for oil and gas than the still more tedious paperwork associated with tapping seams of ore. Refining the extracted metal is likewise similar to what oil companies do in their petrochemicals businesses.

ExxonMobil, Occidental and Equinor are hoping to juice returns from their lithium ventures with clever technologies to separate lithium ions directly from brine using physical membranes or chemical solvents. This requires less land, water and time than the current method, in which brine is collected in vast evaporation ponds. It is also less polluting. Goldman Sachs, a bank, expects that these innovations could do for lithium what fracking did for oil. Brine accounts for nearly two-thirds of the world’s known lithium resources but so far only 40% of production.

Big miners, for their part, have eschewed big bets on lithium. Their shareholders prefer cash to reinvestment at the moment, and the new technology’s upfront cost is at least a third higher than for the ponds, reckons Goldman Sachs. Specialist lithium producers’ high valuations and wild swings in the metal’s price are another turn-off. Miners that have placed smaller wagers often got their fingers burnt. Rio Tinto completed its \$825m purchase of a lithium project in Argentina in 2022. By the following year spending on exploration and evaluation had doubled, from less than \$200m to nearly \$400m.

In contrast to big dirt, big oil has the profits and the balance-sheets to take on capital-intensive ventures. But does it have the commitment? A quarter of a century before it merged with Mobil in 1999, Exxon dabbled in battery technology after the Arab oil embargo of 1973 frightened the world into considering alternatives to fossil fuels. One of its star researchers at the time was Stanley Whittingham, who went on to share the Nobel Prize in chemistry in 2019 with two other pioneers of lithium-ion batteries. He left Exxon in 1984—around the time that the company threw in the towel on this sort of research. ■

Shipping

Full steam ahead

Boom times are back again for container freight

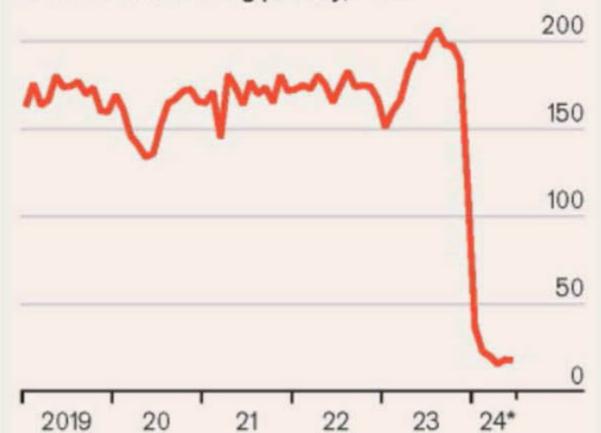
VOLATILE WEATHER is a peril of the high seas. Volatile markets are similarly treacherous for the container-ship industry, which carries 80% of the volume of internationally traded goods. A global pandemic, which kept people at home with little else to do but buy, buy, buy, sent container rates sky-high. In 2022 shipping lines’ return on capital exceeded 40%; the biggest earned profits that were three times the total for the previous two decades combined. Rates and returns tumbled as demand waned and shipping companies started to receive the new vessels ordered during the boom. Then attacks by Houthi rebels on ships in the Red Sea all but closed the Suez Canal. The disruption has sent rates back to records surpassed only during the pandemic. How long will the good times last this time?

On the surface, the answer should be: not long at all. Historically, value destruction has been the industry norm. Bernstein, a broker, reckons that between 2002 and 2019 shipping firms’ average return on capital of 4.7% trailed in the wake of its cost of capital, which averaged 10% or so. New ships take a couple of years to build. According to BIMCO, an industry association, in 2023 the global fleet added capacity of around 2.3m 20-foot equivalent units (the standard measure of container size), surpassing the previous annual record by 37%. Another 1m arrived in the first four months of 2024. In February worries about overcapacity led A.P Moller-Maersk, the world’s second-largest shipping line, to warn it could lose up to \$5bn this year.

Now Maersk reckons it will instead make a pre-tax profit of perhaps \$3bn. ►►

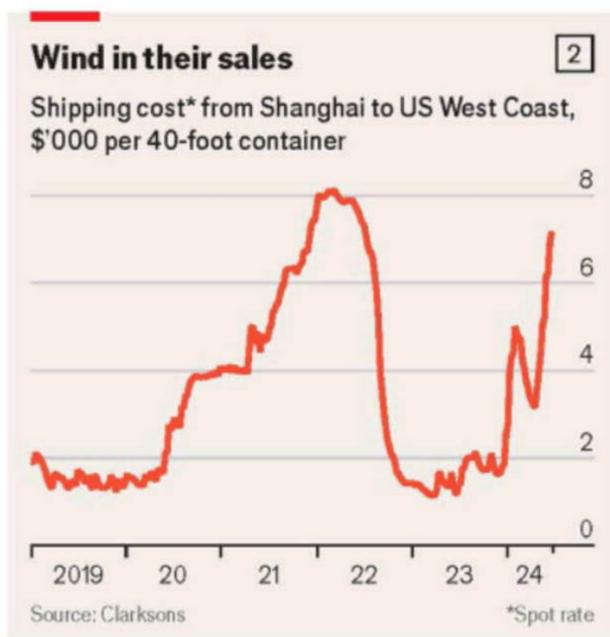
Better take the scenic route

Suez Canal, average number of 20-foot containers transiting per day, '000



Source: Clarksons

*To June 24th



Chinese business culture

The Moutai mystery

SHANGHAI

Who shaved \$250bn from the distiller's market value?

THE ROLE of Kweichow Moutai in Chinese society is complex. The state-owned company's fiery, translucent *baijiu* is by far China's favourite booze. It is one of the country's oldest brands—a rare corporate survivor of the worst days of Maoism. Vintage cases fetch tens of thousands of dollars. In 2021 it was briefly worth a throat-scorching \$500bn and in 2022 it eclipsed Tencent, a digital giant, to become for a time the most valuable Chinese listed company.

Today its market capitalisation is half that. Some of the decline has to do with President Xi Jinping's crackdown on graft, before which prized bottles of the sorghum-based firewater would often change hands in place of cash. When in 2020 state TV accused Moutai of benefiting from bribery, \$25bn instantly evaporated from its market capitalisation.

Yet the most recent slide in the company's share price, which is down by 14% since early May, does not appear to be related to anti-corruption campaigns. Moutai has not been subject to a recent state media hit-piece or government investigation. Its revenues grew by nearly a fifth in the first quarter, year on year, to 46bn yuan (\$6bn). Net profit jumped by 16%, to 24bn yuan. Its margins remain as eye-watering as its booze. What is going on?

The mystery of Moutai has captivated equity analysts, businesspeople and *baijiu*



What changed? Stephen Gordon of Clarkson's, a shipbroker, points to the disruption in the Red Sea as the main cause of surging demand. The Houthis show no sign of letting up. In recent days a sailor was killed, a vessel sunk and another abandoned in flames by its crew. The waterway once accounted for 30% of global container traffic but 90% of vessels that would have gone through the canal are now re-routing around Africa, adding at least a week or two to journeys from Asia to Europe and America (see chart 1 on previous page). And longer journeys mean that more ships are needed to ferry the same volume of goods in a given period.

The Suez onslaught is happening just as other forces put the wind in shipping lines' sails. The global economy has avoided recession and the peak season for container traffic has arrived early, as importers stock up for Christmas to evade disruptions, potential tariffs and further increases in freight rates, explains HSBC, a bank. The cost of sending a container from Shanghai to America's west coast has doubled since late April. It is now more than four times what it was in early December and only 12% below the covid peak in February 2022 (see chart 2).

If the Red Sea remains rough until later this year, the extra demand could more or less soak up the growing fleet, whose capacity is poised to expand by 8% this year. If the Houthis stand back sooner, it would leave many of the new ships idle. What of future years? Vincent Clerc, Maersk's chief executive, concedes that overcapacity is again one possible outcome. Already many of Maersk's rivals are using the unexpected windfall to order new ships. But Mr Clerc remains optimistic that oversupply can be avoided if shipping firms delay taking vessels from lessors and scrap older ships sooner—not a bad idea as they green their fleets to meet emissions targets. Although things are likely to stay “volatile and unpredictable”, that could still mean “a decade of robust market conditions” for the industry. Spoken like an old salt. ■

aficionados alike. Two colourful theories are making the rounds.

One has to do with the woes of formerly prodigious Moutai buyers. Property tycoons, said to have been among the biggest, are in the midst of a particularly severe dry spell. It may be no coincidence that bottle prices and house prices both peaked around the same time in early 2021, as Merchant Securities, a local broker, points out. Moutai's flagship 106-proof firewater now goes for 2,200 yuan a bottle, from 2,700 yuan at the beginning of the year and 3,100 yuan three years ago.

An even quirkier explanation concerns a card game. Over the past few years *guandan* (which translates as “egg tossing” or “bomb tossing”) has become a fixture at banquets across the country. It is rumoured that even some of China's most senior officials enjoy the game, in which two teams of two players attempt to empty their hands by playing high combinations of cards. Richard Liu, who founded JD.com, a large e-merchant, is a self-professed fan.

As a result, *guandan* skills have become indispensable for business dinners. Just as executives around the world have learned to play golf in order to entertain business partners, many Chinese businesspeople are practising the card game in order to make an impression at banquets. Bloggers in China have speculated that playing cards is replacing competitive drinking as the single most important banquet activity. They note that serious *guandan* players tend to stay sober. This might be keeping Moutai off more and more banquet bills.

There are more mundane explanations for Moutai's declining market value. The firm is ramping up production at a time when consumer sentiment is weakening. It has poor control over its distribution. But if Mr Xi's new economy features fewer property magnates and more young tech founders who view winning at *guandan* rather than getting sloshed as a prerequisite to signing deals, then this could really stick the knife into Moutai's future growth. ■

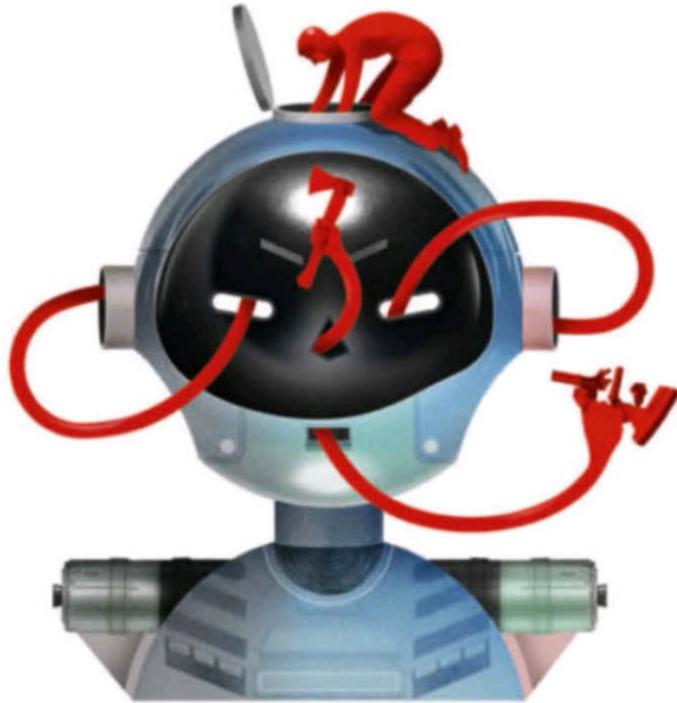


Exhibit A: the victim

SCHUMPETER

Overreachers v overlords

On AI, the tech giants are fair game for antitrust scrutiny



WHEN CHATGPT took everyone by storm in November 2022, it was OpenAI, the startup behind it, that seized the business world's attention. But, as usual, big tech is back on the front foot. Nvidia, maker of accelerator chips that are at the core of generative artificial intelligence (AI), is duelling with Microsoft, a tech giant of longer standing, to be the world's most valuable company. Like Microsoft, it is investing in a diverse ecosystem of startups that it hopes will strengthen its lead. Predictably, given the "techlash" mindset of the regulatory authorities, both firms are high on the watch list of antitrust agencies.

Don't roll your eyes. The trustbusters may have infamously overreached in recent years in their attempts to cut big firms down to size. Yet for years big-tech incumbents in Silicon Valley and elsewhere have shown just as infamous a tendency to strut imperiously across their digital domains. What is intriguing is the speed at which the antitrust authorities are operating. Historically, such investigations have tended to be labyrinthine. It took 40 years for the Supreme Court to order E.I. Du Pont de Nemours, a large American chemical firm, to divest its anticompetitive stake in General Motors, which it first started to acquire in 1917 when GM was a fledgling carmaker. The Federal Trade Commission (FTC), an American antitrust agency, is still embroiled in a battle with Meta, a social-media giant, to unwind Facebook's acquisitions of Instagram and WhatsApp, done 12 and ten years ago, respectively.

This time, rather than waiting until deals are done and markets are stitched up, the preference is to be nimble. It is now the trustbusters who are trying to move fast and break things.

Broadly speaking, the authorities have two areas of concern. The first is whether the world's biggest companies are trying to tie businesses into their products in anticompetitive ways. The second is about control: are some of the largest generative-AI investments poorly disguised acquisitions intended to sidestep antitrust consideration?

Nvidia faces scrutiny on the first count. It is under the gaze of America's Department of Justice, which is understood to be examining allegations that it locks users of its graphics processing units (GPUs) into its software, and that a scarcity of GPUs is the result of

anticompetitive conduct. Nvidia declined to comment.

The attention on Microsoft is more over the second category. The FTC has launched a market inquiry of the software-provider's \$13bn investment in OpenAI, which gives it a 49% share of the profits. It is also investigating Microsoft's hiring in March of most of the staff of Inflection, a rival to OpenAI (the most significant hire was Mustafa Suleyman, Inflection's co-founder, who sits on the board of *The Economist's* parent company). Microsoft also declined to comment. The FTC has other big-tech firms under the spotlight, too. It is looking at investments by Alphabet and Amazon in Anthropic, another maker of large language models (LLMs).

Inevitably, there is little public information concerning this antitrust scrutiny. Yet Britain's Competition and Markets Authority, a regulatory agency that is also probing the two Microsoft deals, has recently published a study of LLMs (it refers to them by their alternative name, foundation models) that illustrates the main concerns. The biggest one, it says, is the potential role of a few tech giants to shape the market in anticompetitive ways. It notes that Alphabet, Amazon, Apple, Meta, Microsoft and Nvidia have forged over 90 partnerships with LLM-makers since 2019, mostly by taking minority stakes. It expresses concerns that they may exert leverage on their partners through supply of critical inputs, such as computing power and data, as well as controlling access to consumers via their platforms. It also notes that some of the deals may have been structured to avoid merger scrutiny.

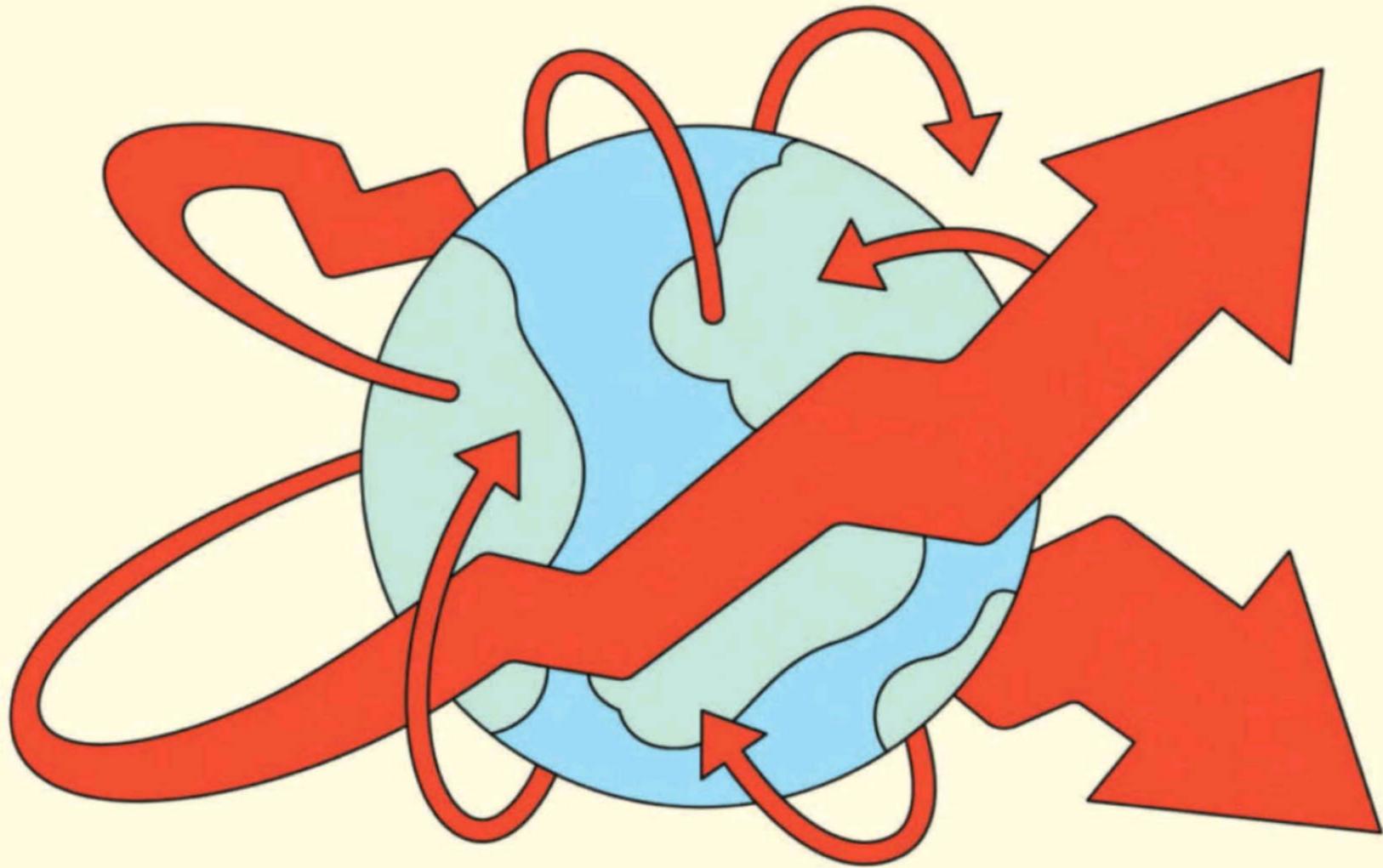
In America, the government's concerns are similar. But the trustbusters are not just looking at LLMs. They have their eyes on the whole caboodle—from the GPUS at the bottom to consumer applications at the top of the generative-AI "stack". The FTC's investigation of Microsoft's Inflection deal is yet another type. The agency is probing whether Microsoft failed to supply the correct merger paperwork when it hired most of Inflection's employees and paid for a non-exclusive licence to its technology. In other words, it suspects it was an acquisition in disguise aimed at avoiding an antitrust review. For Microsoft, it was not an acquisition at all. What is left of Inflection remains an independent company.

This is all tricky terrain. Building LLMs is capital-intensive, like drilling for oil. The requirements for computing power, digital information and human expertise are such that model-builders justifiably turn to tech giants for support. Big tech has the balance-sheets, data and cloud infrastructure to help, as well as providing a seal of approval. Moreover, it is hard to assert that a tech giant has an exclusive hold over any generative-AI startup when so much polyamory is taking place. Satya Nadella, Microsoft's boss, once declared with regard to OpenAI that his firm was "below them, above them, around them". That sounded suspiciously like monogamy. When OpenAI recently announced a partnership with Apple, a Microsoft rival, Mr Nadella was reportedly miffed.

The other type of competition

It is tough political territory as well. If intervention is too heavy-handed, China hawks will accuse the trustbusters of suffocating American innovation in favour of its strategic rival. Yet there is room, at the very least, for a light touch. Generative AI will cause big technological upheaval, though in what ways is still unclear. If the incumbents are left to their own devices, they will surely use their imperial might to try to bend it to their advantage. Regulators have a duty to prevent them squashing competition. So, by all means move fast. Just don't break things too badly. ■

Finance & economics



Industries of the future

Virtual everything

DELHI, ISTANBUL AND SINGAPORE

Service exports are booming. Will they make the world rich?

IN APRIL A New York fried-chicken shop went viral. It was not the food at Sansan Chicken East Village that captured the world's imagination, but the service. Diners found an assistant from the Philippines running the till via video link.

The service is provided by Happy Cashier, which connects American firms with Filipino workers. Chi Zhang set up the business after his restaurant failed during the covid-19 pandemic. He says that overseas workers also answer phone calls and monitor security-camera footage—doing so at a fraction of the cost of locals.

Virtual cashiers are a visible part of a much bigger trend: the rise of service exports from the developing world. Exports of goods are familiar. Factories churn out widgets, which are shipped to customers around the world. Yet improved international connectivity has made various kinds of outsourcing and digital commerce

much easier. As a result, service exports have jumped by 60% over the past decade, reaching \$7.9trn (7.5% of global GDP) in 2023. The market for physical merchandise is even bigger, at \$24trn, but has grown far more slowly, staying flat as a share of GDP.

What does this mean for countries hoping to get rich? Speaking in 2005 Lee Kuan Yew, Singapore's first prime minister, observed that, "since the industrial revolution, no country has become a major econ-

omy without becoming an industrial power." But since 2005, the world has changed. Manufacturing is now more capital-intensive, making it easier for China to retain its role as the world's factory. In the past few years, Western countries have embraced industrial policy and protectionism in an attempt to boost domestic manufacturing. Policymakers in emerging markets are arguing about how best to respond.

At present, services are mostly exported by rich countries, where white-collar professionals often work across borders. Although China surpassed America as an exporter of goods in 2009, Uncle Sam still exports two-and-a-half times more services than his rival. Britain, which has fallen to 14th place in the global rankings when it comes to goods exports, remains the world's second-largest services exporter.

But developing economies are starting to make a mark in the more advanced types of services that can be sold overseas. Many countries export audiovisual, computer and telecommunication services. In Bulgaria, Estonia, Latvia, Moldova, Romania and Ukraine these run to more than 3% of GDP. India is the best-performing Asian country in this category; its exports fall just short of 3% of GDP. In an economy of India's size, that means a sizeable industry. The country's five largest IT firms have a

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Rising in the east

Services exports by type, 2022, % of GDP

Ranking of countries with a population of at least 1m and GDP per person of less than \$30,000



▶ joint market capitalisation of nearly \$350bn. It is also home to 1,600 global capability centres—technology and research centres for multinational firms—that employ 3m people. All told, India’s service exports account for nearly 5% of the world’s, up from 3% a decade ago.

The less techy category of “business and trade-related services”, which covers things such as accounting and human resources, is another area of growth. Estonia and the Philippines top the table here, with such exports accounting for over 5% of their GDP. Like India, the latter offers low labour costs, as well as a large English-speaking population. In many countries workers also take casual gigs online. These are hard to measure, but two-thirds of the freelancers on English-speaking platforms such as Upwork and Fiverr are based in emerging economies.

The barnet formula

Then there is tourism. Not every country can replicate Japan’s temples or Mexico’s beaches, but many are finding ways to entice visitors, such as with medical services. Dentistry, hip replacements and hair transplants are among the treatments on offer. Costa Rica, Croatia and Moldova export health services worth between 0.2% and 0.5% of their economic output. Armenia and Jordan manage 1% each. A few hours in

Istanbul airport provides a display of the thriving industry, as men return home with their heads wrapped in plastic, fresh hair taking root underneath.

In the short term, it seems likely that service exports will keep growing. In 1992 Stan Shih, founder of Acer, a Taiwanese computer-maker, coined the term “smile curve” to describe how value added in the manufacturing process was rising faster in the first and third parts of making a product (design and distribution, respectively) than in the second stage (manufacturing). As manufacturing has become more competitive, the smile has deepened. Think of Apple, which designs and distributes iPhones, and collects the rents from its brand, but produces none of the devices itself. Its market capitalisation is more than \$3trn, whereas Foxconn, which makes 70% of the firm’s iPhones, is worth just \$91bn. Even more cheerful is the fact that the rise of remote work has made firms far more comfortable with outsourcing operations. After all, a remote employee is not that different from an outsourced one.

But will service exports raise living standards in the manner of manufacturing? As Dani Rodrik of Harvard University notes, industry has historically possessed advantages in three areas: it is more technologically intensive, produces internationally tradable goods and creates lots of jobs. Although services is closing the gap in the first two areas, manufacturing still offers more employment.

Start with technological growth. A factory in a poor country brings man and machine together, placing an unskilled worker at the tech frontier. Then, as the tech improves, the worker becomes still more productive. Tradable services cannot absorb unskilled workers in this manner. Yet as the World Bank has observed, since the 1990s labour-productivity growth in emerging economies outside of East Asia has risen at roughly the same rate in services as manufacturing—and services productivity has grown faster in emerging economies than rich ones. Moreover, artificial intelligence may soon provide service workers with another lift. Two experiments

have found that AI tools help the least skilled knowledge workers catch up with more skilled ones when writing marketing copy and providing customer service.

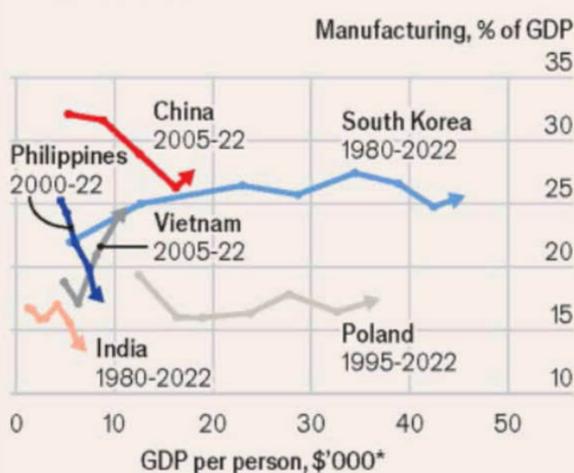
Services are also closing the gap with manufacturing when it comes to tradability, albeit slowly. Before the internet, the ability to send products overseas was the main way in which goods differed from services. Trade allows exporters to reach much larger pools of demand and achieve economies of scale that would otherwise have been beyond them. Because goods trade has been stagnant as a share of global GDP since 2010, it has become more difficult for newcomers to compete. Services trade is booming, and thus more welcoming. But even at the growth rate of the past decade, it will take 15 years to reach half the value of trade in manufactured goods.

Job creation is an even thornier issue. Marc Lautier of the University of Rennes has calculated that, despite automation, the number of manufacturing jobs in 160 countries for which he has data has remained stable since 1991, accounting for 14% or so of total employment. The problem is that it has become more difficult for governments to attract these jobs. Manufacturing is not moving away from East Asian powerhouses at the same pace as it moved to them in the late 20th century, in part because modern factories require more capital and skill to build. Our analysis of labour-market data from 51 mostly emerging markets finds that only five—China, Sri Lanka, Taiwan, Turkey and Vietnam—have 18% or more of their population employed in manufacturing, compared with 16 in 1990.

Growth in services offers only some consolation, because services do not tend to provide labour density. The World Bank notes that, since 1990, service jobs have risen from 40% to 50% of global employment, as workers left agriculture. But just 5-10% of emerging-market service jobs are in tradable, techy industries, compared with 15-20% in rich countries. India’s IT industry ▶▶

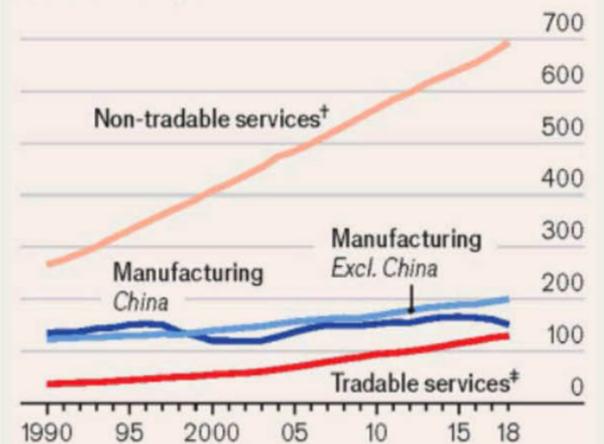
Miracle on the Han river

Selected countries



Bangalore and more

51 countries*, jobs, m



▶ may garner \$250bn in annual exports, worth nearly 8% of national GDP, which is on a par with manufactured exports. Yet it employs less than 10m people from a working-age population of around 1bn.

In the longer run, AI might cause problems. Models are best at well-defined tasks that do not need in-person context. That makes business services vulnerable. A report by Capital Economics, a consultancy, argues that AI could lead to the “slow demise” of India’s service exports, cutting

growth by 0.3-0.4 percentage points a year over the next decade. The spread of communication tech has facilitated services outsourcing. Fresh technological change could, in time, be its undoing.

Despite the downsides of a services-oriented approach to development, especially when it comes to providing decent jobs in large numbers, developing economies simply have fewer choices today than they once did. Governments that want to boost growth will therefore have to focus

on different things. Whereas they once had reason to ensure that workers could easily move from farms to factories, today they would be better off paying attention to human capital among future white-collar workers. Richard Baldwin of IMD Business School says that large, well-functioning cities will take on greater importance, too, because services often depend on agglomeration. Getting services right, especially those which can be sold overseas, is now a crucial condition for growth. ■

BUTTONWOOD

Egg-in-one-basket strategy

American stocks are consuming global markets. That does not necessarily spell trouble

SIXTEEN YEARS ago American stockmarkets reached their modern nadir. During the early 2000s European and emerging-market equities went on a bull run. By March 2008 America had entered recession and its financial crisis was under way. The country’s stocks accounted for less than 40% of the world’s total stockmarket capitalisation.

Fast-forward to today and things look rather different. America’s share of the world’s stockmarket capitalisation has climbed pretty consistently over the past decade and a half, and sharply this year. It now stands at 61%. That is astonishing dominance for a country which accounts for just over a quarter of global GDP. The extent of market concentration is all the more extreme given what is happening within the American stockmarket itself. Just three companies—Apple, Microsoft and Nvidia—make up a tenth of the market value of global stocks.

Investors who would rather not put all their eggs in one basket are worried. Nvidia is now so large that a 13% fall in the chip-designer’s share price between June 18th and 24th, driven by not very much at all, knocked 0.5% off the value of the MSCI All Country World Index, which covers both emerging and developed markets. The company’s share price later rebounded, rising by 7% over the following two days.

History offers a mixed picture when it comes to market concentration. Sometimes the dominance of a single country or a handful of stocks is a warning. For instance, during the dotcom bubble, which inflated in the late 1990s, the ten largest American stocks made up a third of domestic market capitalisation, similar to their share today. At the country level, Japan provides an ominous example. By the end of 1989, just before its

asset bubble burst, Japanese stocks accounted for 40% of the global total. The four largest companies by market capitalisation were Japanese banks.

But concentration can also be benign. During the 1950s and early 1960s, markets were concentrated in both a single country and a small group of firms within it. Europe was still recovering from the second world war and Asian markets had yet to reach global prominence, meaning that American stocks made up as much as 70% of the global market. A handful of blue-chip firms, such as AT&T, Exxon and General Motors, were ascendant. Indeed, the ten biggest stocks also accounted for a third of the stockmarket back then, without obvious adverse consequences.

Does today’s situation resemble the benign leadership of the 1960s or the speculative bubble of the late 1990s? Valuations are certainly steep. Nvidia has a price-to-income ratio of 43, based on earnings expected next year. That explains the volatility on show over the past week. Relatively small changes in expectations can drive large movements in market

value, especially when a company is as large as Nvidia. The recent broader market rally is based on hopes about the future impact of artificial intelligence, which is inherently uncertain.

Yet even at current prices, there is a gulf between today’s AI-driven optimism and past periods of speculative mania. In 2000 Cisco Systems, a darling of optimistic investors, traded at over 125 times its expected earnings. The price-to-earnings ratio of Japanese stocks—not just the priciest firms, but the entire market—reached 60 in 1989.

Instead of speculative excess, the main reason for America’s dominance is more prosaic. The earnings per share of the MSCI US index have risen by 162% since March 2008. By contrast, the earnings per share of global markets excluding America have dropped by 2% in dollars terms over that time. More than those anywhere else, American firms have shown an ability to grow, become profitable and return money to investors.

In reality, only a bit of America’s dominance reflects technology companies. Perhaps the most revealing analysis is one that removes them from the calculation entirely. Exclude tech firms and America’s share of global equities falls to 55%. Even that share is the highest it has been in decades, up by more than 20 percentage points from its low in 2008.

This is not an argument for complacency about an undeniably expensive market. But concentration is always a symptom of some driving force. When it comes to America’s current dominance, the driving force is entirely familiar: strong companies in new markets have become highly profitable. Although diversification remains a worthy goal, diversifying away from success is unlikely to leave investors very happy.



International trade

The Tijuana two-step

How Chinese goods are dodging American tariffs

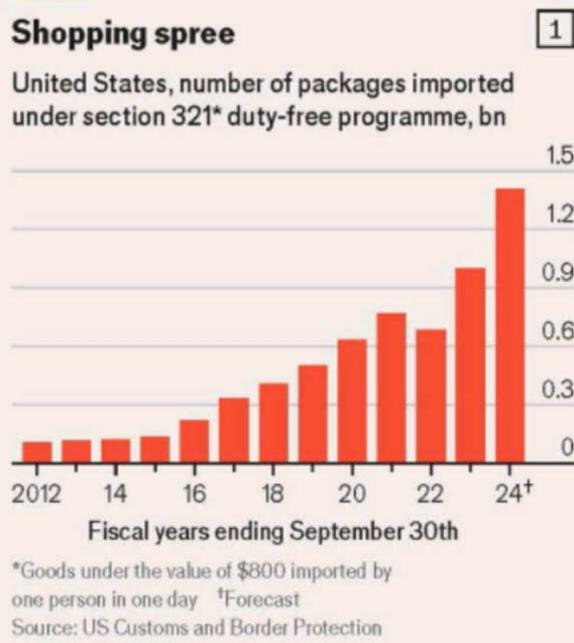
QUEUES OF IDLE trucks trying to enter America are standard fare at Mexico's border. Recently, however, vehicles at the Otay Mesa crossing, which separates California and the city of Tijuana, have been lining up to get into Mexico. The trucks do not travel far—they offload their shipping containers in newly built warehouses just 15km south of the border. The goods are then separated into thousands of small packages and driven back to America. Although such imports are made in China and purchased in America, no tariffs are paid. Call it the Tijuana two-step.

The two-step is a way in which some retailers make use of a loophole in American trade rules known as the “de minimis” exemption, which means “too small to be trifled with” and allows packages worth less than \$800 to enter America without facing duties. More than 1.4bn packages, worth at least \$66bn, are expected to arrive under the exemption this year, up from 500m in 2019 (see chart 1). The rule exposes flaws in Uncle Sam's tariff strategy: bricks-and-mortar retailers that import from China must pay duties, while their offshore rivals bypass them altogether. Some legislators now want to close the loophole, a move that would hit poor Americans.

Bordering on madness

Congress created the exemption in the 1930s to reduce hassle for, among others, tourists bringing home souvenirs. But Trump-era policies and the rise of e-commerce have made it more important. In 2016 legislators lifted the threshold on packages from \$200 to \$800 to save on enforcement. In 2018-19 they raised tariffs on Chinese products, increasing incentives to find a dodge. During the covid-19 pandemic, American imports of cheap goods such as clothes and homeware, which often come in under the threshold, shot up.

Trade through the exemption—mostly the regular import of small packages rather than any trickery—is now so large it distorts national data. Seven in ten de minimis parcels arrive from China. Shein and Temu, two large online retailers with Chinese supply chains, alone account for three in ten. Our calculations, based on China's share of de minimis imports, suggest that America's trade deficit in goods is 13% larger with China, and 5% larger with the world, than official numbers indicate. This may help explain a growing puzzle in Sino-



American trade statistics. China says that it exports about \$73bn more than America thinks it receives, and some economists believe the true gap may be more than \$150bn. Figures from America's Customs and Border Protection (CBP), a law-enforcement agency, suggest that at least \$37bn of the gap comes from goods which fall under the \$800 threshold.

The real de minimis tally may be bigger still. CBP relies on values entered by foreign shippers, who lack both training and a reason to declare goods accurately. An improbably high 16% of parcels claim to be valued at \$1 or less, according to data from private carriers. A Senate investigation in 2018 found that foreign-shipment data was often a “long line of illogical letters and characters” in place of information about the origin and value of parcels.



Some sellers exploit the threshold in ways other than simply posting parcels worth less than \$800. One option is to falsely declare a good's value. Amit Khandelwal of Yale University and Pablo Fajgelbaum of the University of California, Los Angeles find that America receives 79% fewer shipments from China with reported values just above \$800 than just below, compared with 24% fewer shipments from all other countries, which face lower duties (see chart 2). Although some of this may reflect consumers opting for cheaper items to avoid tariffs, it seems unlikely the whole difference does. American authorities recently found that almost a tenth of parcels violated import rules, typically by falsely listing the content or value of imports.

A different approach is what CBP calls “structuring”. Senders split a high-value order from a single customer into multiple parcels that qualify as duty-free. Many e-commerce platforms advise shoppers to split orders when a cart exceeds the \$800 threshold, which is allowed so long as the orders are placed 24 hours apart. The Tijuana two-step is another crafty but not illegal workaround, in which containers land in America, before travelling in “bonded” lorries to Mexico, meaning the goods are treated as if they have not entered the country. Once they arrive at a Mexican distribution hub, they are split into smaller packages and sent back to America, arriving under the \$800 threshold. The manoeuvre saves sellers in the region of 6-12% a package, according to Divy Gulati of ShipBob, a logistics firm.

There are big winners from this tariff avoidance. They include Chinese producers. However, the avoidance also generates a windfall for American consumers. Messrs Khandelwal and Fajgelbaum calculate that, absent the exemption, consumers would have paid \$7.8bn more in tariffs in 2021. Include fees and the fact that producers often cut prices just below the threshold to avoid tariffs, and consumers save \$22bn a year, or \$69 each. Poor households benefit most as they are the biggest consumers of cheap Chinese goods. Indeed, one in every two de minimis parcels from China lands in the poorest postcodes, compared with one in five for the richest. Without the exemption, tariffs on China would be even more regressive.

Border towns, and those seeking employment within them, are another winner. Although the number of commercial lanes at the Otay Mesa crossing has doubled over the past year, waiting times for trucks entering Mexico have risen, such is the level of demand. Firms are building warehouses fast. DHL, a freight company, has constructed 15 in Mexico since 2016. Industrial floorspace on the American side of Otay Mesa, where packages are received before distribution, has grown by 45% ▶▶

▶ since 2019. Amazon, an online retailer, built 340,000 square metres of warehouses across Otay Mesa and Tijuana in 2021-22.

But there are also losers. The wave of de minimis parcels, mostly filled with cheap clothing, is hitting America's heavily protected textiles sector. Industry representatives say 18 cotton mills have shut since last summer. Retailers with physical stores receive bulk shipments and thus cannot avoid border levies. For example, retailers importing T-shirts from China must pay a 16.5% duty, 7.5% in China-specific tariffs, as well as brokerage and customs fees. That, in part, explains how Shein is able to list women's fashion items at 39-60% cheaper on average than H&M, a rival clothes retailer. H&M paid \$205m in import duties in 2022; Gap, a rival, paid \$700m. By contrast, Shein and Temu paid no import duties, according to a recent congressional report.

Sheiny new things

Some firms, including Shein, say they want rules enforcing more transparency for de minimis shipments, but the exemption to remain. For its part, China shows no signs of relenting. In May the country's cabinet passed a resolution announcing its desire to "expand exports via cross-border e-commerce and advance the development of overseas warehousing". The de minimis exemption is crucial to this strategy. Without it, average tariffs on Chinese parcels worth less than \$800 would jump from zero to 15%, as well as a fixed charge.

All this is causing anxiety in America. In May CBP suspended several brokers from a programme designed to speed up shipments. Foreign shippers are now made to declare contents before packages reach American shores. A broker notes that some shipments which disclose scant data on their prices are now being delayed by a few days as CBP steps up inspections. In future, shippers may be required to provide a product webpage so that the American authorities are able to verify the prices of the goods in question. Congress is working on one bill to close the loophole by removing tariffed goods from de minimis eligibility. Another bill would have America simply match its trading partners' de minimis thresholds (China's is set at 50 yuan, or \$7). Any move would probably come after November's presidential election.

Neither option is particularly attractive. Getting rid of the de minimis exemption would punish America's poorest consumers and raise prices at a time when policymakers are doing their best to cool them. Yet leaving the loophole in place gives China something akin to a free-trade deal on low-value goods, while taxing American retailers—an approach that is almost comically at odds with the rest of Uncle Sam's trade policy. The Tijuana two-step has America in a muddle. ■

McDonald's v Burger King

Biggie deal

What a fast-food price war says about America's inflation fight

IN THE CARTOON "SpongeBob SquarePants", Mr Krabs, purveyor of krabby patty hamburgers, is a frequent and ruthless price-gouger. He can get away with it because he has no competition, save for the unappetising Chum Bucket. McDonald's, a chain that flips real-world hamburgers, can only dream of Mr Krabs's pricing power. It has been forced into a fast-food price war.

Since June 25th Americans hungry for a deal have been able to get a sandwich, fries, chicken nuggets and soft drink under the golden arches for just \$5. Burger King, a rival fast-food chain, is matching the offer with a \$5 meal deal of its own. The two are following in the footsteps of Wendy's, which is temporarily adding an ice cream to its long-standing Biggie Bag combo. Starbucks, seemingly determined to protect its reputation for high mark-ups, is pricing a sandwich and a coffee at \$6. McDonald's calls this the "summer of value"; economists call it deflation. However labelled, the development is heartening for consumers—and for Federal Reserve officials, who would like to reduce interest rates before the year is out.

The food fight is a return to normality in an industry defined by high volumes and low margins. To make a buck, fast-food chains need to attract vast

numbers of value-conscious, typically low-income diners. McDonald's, fearing that Burger King and Wendy's were eating its lunch, introduced a Dollar Menu in 2002. Yet in recent years, rising incomes and surging inflation have given fast-food joints a reason to supersize prices. The cost of a McDonald's meal has risen by 40% since 2019, compared with a 19% rise in consumer prices more broadly. This boosted the firm's operating profits until March, when they came in below expectations.

McDonald's put the disappointing results down to consumers becoming "more discriminating with every dollar". American households spend almost all of what they earn and have made their way through savings built up during the covid-19 pandemic. In the face of slowing disposable-income growth and a robust-but-cooling jobs market, consumers are pulling back and plan to dine out less often. Takeaway meals have been in part responsible for keeping inflation above the Fed's 2% target, with prices growing by 4% in the year to June, compared with 1% for groceries. But that may be about to change. Although McDonald's plans for its value offer to last about a month, the economics of the fast-food industry have shifted. Lower prices appear to be on the menu for good.



A \$5 meal whichever you pick



Dirty commodities

The new gold

Coal is meant to be on the way out. Yet it remains a disturbingly safe investment

FROM SOME angles it seems as if thermal coal, the world's dirtiest fuel, is having a tough year. Prices are down a bit. China, which gobbles up over half the world's supply, is in economic trouble; a surge in hydropower generation there is squeezing out the fuel. In May G7 members agreed to phase out coal plants, where emissions are not captured, by 2035. Mining stocks are trading at a huge discount.

Zoom out a little, however, and it is clear the embers of thermal coal remain uncomfortably hot. (Metallurgical coal, burnt to produce steel, is a much smaller market.) Although prices have come down from the peaks reached in 2022, when the stand-off between Europe and Russia sparked a global dash for energy, they have stabilised at higher levels than before the war in Ukraine began, even in real terms (see chart). And in a period when economic wobbles, war and weather are shaking many commodities, coal markets have been placid. Is coal the new gold?

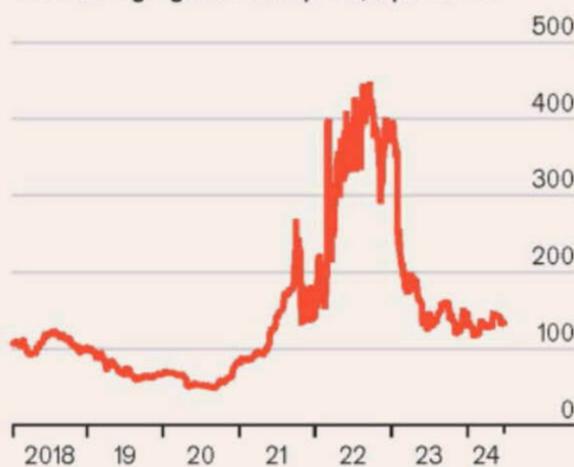
The price of coal is holding up despite formidable challenges. Mad restocking in 2023, followed by a mild winter, means that Europe's storage facilities remain 65% full, well above the long-run average. China's stash is healthy, too. Supply is abundant: having risen by over 10% in two years, China's output is hitting records as the country seeks to cut dependence on imports. Russia has managed to redirect the 50m tonnes of coal—worth about 3% of globally

traded volumes—it once sold to Europe. Meanwhile, the global economy is tepid, cooled by high interest rates, a strong dollar and lacklustre growth in China.

On top of this, the political will to move away from coal is reducing consumption, particularly in rich countries. Last year America and the EU reduced their use by 21% and 23%, respectively. In April Germany shut down 15 coal power plants in a single weekend. China, too, is fast-tracking solar and wind at the expense of coal so as to cut pollution. The International Energy Agency, an official forecaster, reckons the country's coal use will shrink by 4% by 2026. Glen Kurokawa of CRU, a consultancy, predicts it will ebb as soon as next year.

In the black

Thermal high-grade* coal price, \$ per tonne



Sources: Bloomberg; Liberum

*Newcastle 6,300 CV

Yet even as wealthy economies ditch the dirty stuff, developing ones are using more to keep the lights on. Many are in Asia, with India, where the economy is going gangbusters, leading the way. Coal has always been a cheap and reliable source of power, but the energy crisis in 2022 underlined these strengths. Unlike natural gas—which, absent a pipeline, must be super-chilled into a liquid and loaded on expensive, specialised vessels—coal is easy to transport to anywhere in the world. Energy-security concerns, and the search for profit, are trumping climate ones. A coal trader that serves Asian clients says it has become easier, not harder, to borrow from banks, even European ones, to finance transactions. Last year exports reached 1.5bn tonnes worldwide, a record.

Even as demand moves eastward—China, India and South-East Asia consume three-quarters of global supply, up from a third in 2000—other features of the market make it remarkably stable. Coal is almost entirely used to produce “baseload” power, the type that economies use to move at cruise speed, meaning plants which burn it are almost always on. Its limited use in industry and transport make it less sensitive to the economic cycle than other minerals and fuels. Four-fifths is sold through long-term supply contracts, notes Tom Price of Liberum, a bank, which guarantees the bulk of demand. That is unlike oil, copper and many other commodities, which traders often buy on the spot market before hedging risk by buying derivatives contracts. Most coal is also consumed in the country in which it is produced.

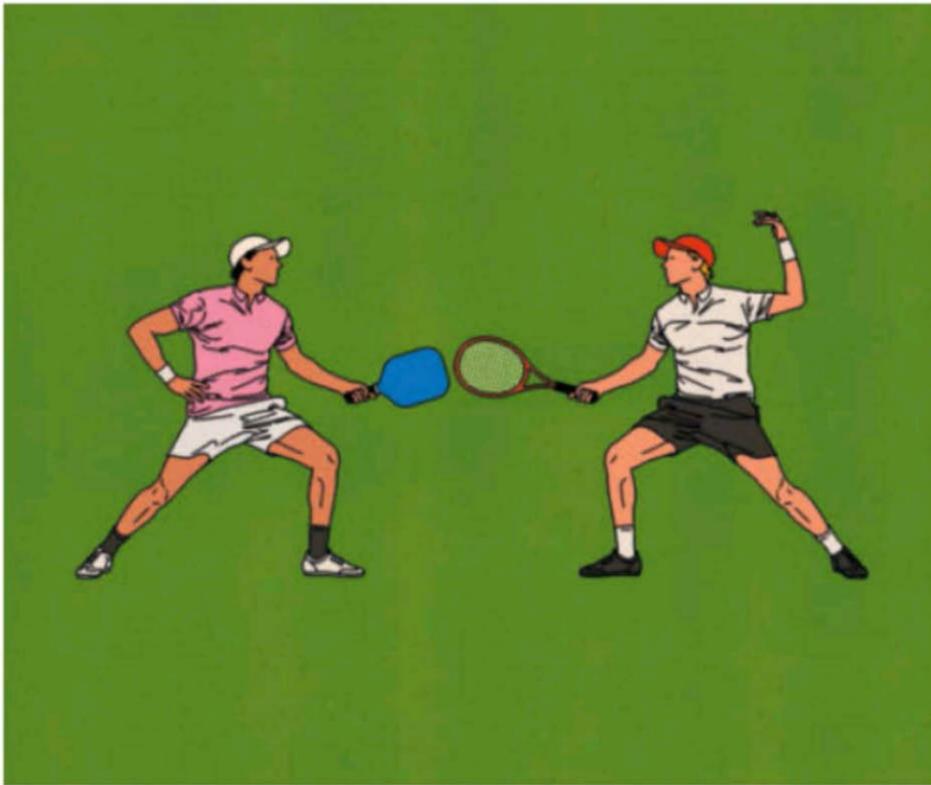
In time, demand will wane for good. Yet that may not diminish coal's appeal to investors, since supply will probably fall faster. In the late 2000s, when Chinese demand pushed coal prices to \$200 a tonne, a wave of investment in new mines followed. This time peaks above \$400 and prices that remain high have not triggered a similar rush. Outside China, capital expenditure by coal miners, uncertain about future demand, has cratered. Banks may finance traders, but they no longer want to lend money to get coal out of the ground. Acquiring permits for new mines is hellish.

Coal supply may therefore fall sharply, and do so sooner than most people anticipate. This may, in turn, transform today's sure-fire bet into a riskier but potentially even more profitable proposition, with price spikes succeeded by busts as demand is suppressed. Existing coal investors who stay in the game, or new entrants with a desire to gamble, could hit the jackpot. Private-equity groups, as well as Chinese and Indonesian companies, are already snapping up existing mines on the cheap in the hope of making it big, says Steve Hulton of Rystad Energy, a consultancy. King coal will reign for a while yet. ■

FREE EXCHANGE

Don't hate the game

Tennis players should learn to love pickleball players, and economics can explain why



WHICH IS THE greatest rivalry in tennis? Older players might reminisce about the “fire and ice” contests between the cool-headed Bjorn Borg and the tempestuous John McEnroe; those a generation younger might rave about the all-American duels between Andre Agassi and Pete Sampras. After a two-decade-long era dominated by rivalries between Roger Federer, Rafael Nadal and Novak Djokovic, younger players are at last starting to shine. Carlos Alcaraz and Jannik Sinner, aged just 21 and 22, respectively, produce electric tennis—and have claimed four grand-slam titles between them since 2022. Do not be surprised if they meet again at Wimbledon, which starts on July 1st.

Yet these matchups look tame in comparison with the all-out war being waged between recreational players of tennis and those of pickleball—a sport that has gained widespread popularity in recent years, and which can be played on the same surface. In 2022 police in San Diego, California, had to be called to mediate a dispute when some pickleballers staged a takeover of a local tennis club. In Arlington, Virginia, a group called “Team Pickle-nah” leafleted the area around tennis courts due to be converted into pickleball ones, accusing pickleballers of hijacking courts, bullying children and urinating in public.

The source of the dispute is a familiar one to economists: the allocation of a scarce resource. Pickleball is a hotch-potch of other racket sports. It was invented, or so the story goes, when a group of Seattleites wanted to play a game on an old badminton court, but could find only table-tennis bats and a perforated whiffle ball to knock about. They made do. The result was a sport that is a sort of tennis “lite”—it requires less power, less running and is much easier to pick up. It has gained legions of fans since the covid-19 pandemic, especially among those over the age of 55. America now has 14m pickleball players, triple the number in 2020 and not far short of the 24m tennis players. In the absence of dedicated facilities, many pickleballers have taken to bringing nets and stickers to play on public tennis courts.

It is not just the study of scarce resources that might make the pickleball-tennis rivalry noteworthy to economists. It is also the nature of how the two sports interact. Basic economics teaches

students about substitute and complementary goods. Substitutes are goods that can be replaced by one another—think Coca-Cola and Pepsi. Rising demand for one will lead to falling demand for the other. Complements are the opposite. Rising demand for one stimulates demand for the other—think booze and painkillers.

It is easy to see why the two sports appear to be substitutes. Public-court space is limited. There are private clubs for tennis and pickleball, but using them can quickly become expensive. As pickleball has added more than 9m players since 2020, the number of tennis players has also shot up. Growth in facilities has not kept pace. Skirmishes are prompted by various etiquette disputes, too. Noise complaints about the loud thwacking of pickleballs are common. In America public tennis courts often dictate that a court should be used for no more than an hour if there are players waiting. But setting up to play pickleball takes time. And should eight pickleballers not be allowed to use a court for longer than the four, at most, who can play tennis on the same patch?

In the long run, however, the impact of pickleball on tennis might be rosier. There is even an argument that, rather than acting as substitutes, the two sports may end up complementary.

First, it is hard to imagine there has ever been a time in which local authorities have been keener on the provision of asphalt surfaces. Muriel Bowser, mayor of Washington, DC, went to play pickleball in March last year, having committed \$750,000 in a recent budget to the sport. City commissioners in Fort Pierce, Florida, a city nestled on the state’s Treasure Coast, were asked to step in to mediate a homeowners-association disagreement over the building of five courts in a gated community. They sat through a four-and-a-half-hour hearing attended by more than 80 people. Some of this energy will result in the conversion of tennis courts. But what is really apparent is a rise in demand for hard-court spaces on which to play both sports. If provision keeps up, it will result in more suitable surfaces for both sports.

Second, consider that the act of playing either sport is probably a complement to the other. Tennis is both hard to learn and athletically demanding. Pickleball is easier for children and the elderly to pick up. As a consequence, it could easily become something of a gateway racket sport—one that encourages children to graduate to tennis once they have a little more muscle and hand-eye co-ordination. A rise in the demand for pickleball might result in a rise in the demand for tennis, too. And this process might later work in reverse. Lifelong tennis players, who find the sport too demanding as they age, might enjoy switching to pickleball.

Up in rackets

There is a parallel with what happened to skiing after the invention of snowboarding in the mid-1960s. The rival sport fast became popular. At first, there was a backlash. Skiers were disinclined to accept baggy-trousered, young interlopers taking up space on their pristine slopes. Many resorts banned snowboarders, forcing them into dangerous backslopes. Yet in time their existence emerged as a boon for the resorts that did allow them in. They used the extra revenues to invest in expansion, new lifts and slope-grooming technology. This made both sports more appealing, inducing even more demand. The sports turned out to be complements and today only three American resorts maintain snowboarding bans. Having more winter-sport enthusiasts was good for winter sports. Despite the squabble, having more racket-sport players is probably good for racket sports, too. ■

Science & technology



Space wars

Satellite Armageddon

Fears of a Russian nuclear weapon in orbit are inspiring satellite-protecting tech

IN EARLY 2021 Micross Components, a designer of highly specialised circuitry in Melville, New York, received an intriguing request. An American aerospace giant wanted components that could protect a military system's electronics from the radiation generated by a nuclear detonation. Micross signed the contract, and set about doing the work, but was left in the dark about why such a system would be needed. The puzzle pieces fell into place earlier this year, says Mike Glass, a product manager at Micross, when American officials

began to talk about Russian plans to place a nuclear weapon in space.

That talk was motivated by a Russian satellite called Cosmos-2553, which is thought to be secretly testing the necessary electronics some 2,000km above Earth's surface. A nuclear detonation there

would probably be too high to wreak any meaningful direct damage on the surface of Earth. But it could cause what Lieutenant-Colonel James McCue, an outgoing official with America's Defence Threat Reduction Agency, calls a "satellite Armageddon". Many of the nearby spacecraft tightly packed in lower orbits would be immediately fried; a greater number farther afield would slowly succumb to the radioactive aftermath. The blast would affect all countries' satellites indiscriminately.

Terrestrial catastrophes would swiftly follow. Satellites do more than relay communications and survey the planet. They also provide critical geolocation and timing signals used in transport, financial transactions and infrastructure such as electric grids and mobile-phone networks. Victoria Samson, head of space security at the Secure World Foundation, an American research outfit, says a big technological push is on to mitigate the risk.

In the vacuum of space, a nuclear detonation does not generate a ball of fire or a blast wave. It does, however, create a surge of radiation and charged particles known as an electromagnetic pulse (EMP), which can disrupt electrical circuitry. In 1962 the EMP from an infamous American nuclear test called Starfish Prime disabled a third of all satellites then in orbit (though some took months to succumb). The detonation, which took place at an altitude of about 400km, also disrupted electrical equipment on the ground in Hawaii. The following year such tests were banned by an international treaty.

Strictly speaking, it is not the EMP itself that ruins circuitry. Rather, the radiation and excited particles switch on microchip transistors all at once, and the resulting voltage surge from the hardware's power supply does the frying. This means that if a satellite's power can be shut down before the brunt of an EMP arrives, the system may well survive. Devices designed to do just this were first made during the cold war, but few companies have carried on building them. Space nukes were "supposed to be off the table", so investing in protection wasn't a priority, explains Colonel McCue. The assumption that no one would be reckless enough to park a nuclear weapon in orbit, he says, no longer holds.

The defence firm that got in touch with Micross sought a much better "nuclear-event detector" (NED), as these microchip assemblies are known. Micross says it has succeeded. On April 8th it announced a new line of NEDs that are now in final testing. The devices shave up to 40 nanoseconds off the response time of earlier models. Their new NED series has a uniquely ungainly name: MYXRHNEHCJ. The de- ▶▶

→ ALSO IN THIS SECTION

65 A new strain of mpox emerges

66 LLMs are writing scientific papers

► vices detect the initial build-up of gamma rays produced by a nuclear detonation in 15 nanoseconds flat, before the radiation has risen to dangerous levels. The devices immediately fire off what John Santini, the firm's chief technologist, calls a "here it comes" signal that shuts down power across the hardware's circuitry. Once the EMP subsides less than a second later, the devices send a command to restore power.

Concerns over Russia's nuclear intentions in space have fuelled a jump in demand for NEDs that has surprised even Microcross. Such gizmos are not cheap. Equipping America's GPS satellites with NEDs has increased their total cost by about 1-2%. The same would be true for any other big spacecraft, largely because making the necessary changes to the satellite's circuitry can take a handful of engineers half a year. Equipping smaller satellites, which are typically flown in low Earth orbit, at altitudes below 2,000km, raises their total cost by a higher percentage.

Small satellites have, therefore, rarely been protected with NEDs. This may change as rising demand lowers costs. Though Mr Santini declines to name customers, he says it's fair to assume that the MYXRHNEHCJ series will be put in future military satellites for low Earth orbit. Microcross is now fielding inquiries for detectors to protect ground vehicles. Fears of Russian tactical nuclear-weapons use in Ukraine might be inspiring such precautions.

Surviving an EMP is a good start, but not enough. Discharging a nuke in space fills regions around Earth with radiation and energetic particles that can zip around the planet for months before subsiding. A big detonation could contaminate areas with three and possibly even four orders of magnitude more radiation than background levels. Speaking at a space conference in Colorado Springs in April, Heidi Shyu, the Pentagon's top engineering officer, urged companies to develop better radiation protections for spacecraft.

This is not easy. As circuitry got faster and smaller, it has generally become more delicate. The energy deposited by incoming radiation, for example, can rewrite individual bits of memory. The problem is worsening as chipmakers continue to develop new technologies. Daniel Loveless, an engineer at Indiana University, Bloomington, specialising in the radiation-hardening of electronics, laments that the field is "at the whim" of chip innovations that render previous protections obsolete.

Hardening advances are nonetheless being achieved. One method is to reconfigure circuitry to reduce wiring. Conductive wires are prone to storing bits of energy. When exposed to radiation, this energy can cause malfunctions. To shorten wires, Apogee Semiconductor, a Texas firm that hardens electronics for space, arranges chips in stacks rather than side by side, and feeds wire through thin plastic encasements rather than bulky ceramic ones (any subsequent loss of protection can be rectified by additional layers of lead shielding).

Exactly how well such defences would weather a nuclear detonation is unknown. Satellites that do remain operational, however, would face another problem—heavy radiation can interfere with radio signals. A project led by DARPA, a Pentagon research arm, could help. Called the Space-Based Adaptive Communications Node, it aims to use lasers to ferry data between satellites. This would facilitate handoffs to get urgent data, such as a target's co-ordinates, to a ground station sooner. Crucially, a laser's high frequency also renders it far less vulnerable to radiation.

But what if the threat itself could be neutralised? A nuclear weapon launched from Earth's surface and detonated in space would be hard to stop. But an armed satellite already in orbit could potentially be disabled or jammed—if it could be identified in the first place. With today's roughly 10,000 active satellites likely to be joined by many thousands more in the next few years, detecting such a threat is getting ever harder. DARPA reckons artificial intelligence (AI) will help.

Slingshot Aerospace, a company based in California, has used funding from DARPA to develop AI that can single out potentially nefarious satellites. Slingshot operates a network of telescopes and other sensors that collect data on the position, behaviour and appearance of satellites from more than 20 stations worldwide. This is augmented with data from the Department of Defence, satellite manufacturers, and even online posts about activity in space. The information gives Slingshot's algorithms lots of dots to connect.

Some conclusions would be straightforward enough. A satellite with a nuke, for example, would probably be heavy, requiring more small manoeuvres than average

to remain in orbit. An armed satellite might also contain different metals from its neighbours, potentially giving it a distinctive brightness. Fluctuations in reflectivity can also reveal changes in orientation, perhaps because a satellite is extending a grappling arm or aiming a laser or pellet gun. The frequency with which the satellite transmits data back to Earth, and the countries over which such data transfer occurs, provide additional clues.

The software also forecasts behaviour. Audrey Schaffer, Slingshot's VP of strategy and a former head of space policy on America's National Security Council, gives the example of a Russian spy satellite called Luch-2, whose movements have been correctly predicted by a Slingshot AI model called SCOPE. Slingshot describes it as a "neighbourhood watch" for space. Such eyes on the sky are welcome. Charles Galbreath, a colonel in America's Space Force until his retirement at the end of 2022, says a nuke in orbit would be like a "gun to our head". One hopes the accuracy of the analogy need never be tested. ■

Infectious diseases

Breaking out

A new mpox strain in the Democratic Republic of Congo could spread, fast

MPOX IS A viral infection typically found in parts of Africa and spread through contact with infected animals as well as within households. It causes severe fever, flu-like symptoms and a rash of pus-filled blisters across the body. In 2022 the disease, formerly known as monkeypox, spread around the world—cases turned up everywhere from Nigeria to America and Australia. A newly discovered strain of the virus, described by some researchers as the most dangerous yet, now threatens to spread beyond the Democratic Republic of Congo into neighbouring countries such as Rwanda, Burundi and Uganda.

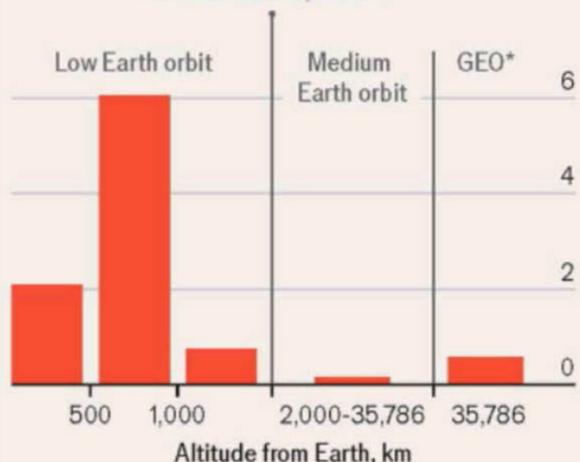
Although much remains unknown about this strain, Jean Claude Udahemuka, a lecturer at the University of Rwanda who has been studying the outbreak, reports fatality rates of approximately 5% in adults and 10% in children. The virus exhibits different transmission patterns and disproportionately affects children. On June 25th the World Health Organisation emphasised the urgent need to deal with the surge of mpox cases in Africa.

The mpox outbreak in 2022 was caused by a different, and less severe form of the virus of the type "clade II". The new strain was first identified in April in Kamituga, a ►►

Looming threat

Number of satellites, June 2024, '000

Russian Cosmos-2553 satellite orbits about 2,000km



Source: Slingshot Seradata

*Geostationary orbit



A worrying rash of cases

► gold-mining town in Congo's South Kivu province. Researchers discovered it was a new lineage of the virus, distinct from previously known mpox strains, which they called "clade Ib". The clade Ib strain has reportedly mutated to become more efficient at human-to-human transmission. This is causing concern about its potential for broader spread. Mpox has been circulating in humans for many years but it also exists in wild animals in several African countries and occasionally jumps to humans, for example through the consumption of bushmeat.

Unlike the mpox outbreak in 2022, which was driven by male-to-male sexual contact, the new strain is spreading through heterosexual contact, particularly among sex workers, who account for about 30% of recorded cases. Researchers estimate that the outbreak began around mid-September 2023. As of May 26th, 7,851 mpox cases and 384 deaths have been reported in Congo (though it is unclear how many are clade Ib infections, as there is likely to be more than one outbreak going on in the country).

In Congo the new strain is behaving quite differently from other strains of mpox, with cases also suggesting transmission through close (non-sexual) contact. Dr Udahemuka reports instances of household transmission as well as an outbreak in a school. It is also just as common in women as in men, and is reported to be causing miscarriages. The risk of international spread appears to be high, with the strain detected in towns near national borders. The new strain has also been found in sex workers from Rwanda and Uganda, a group that is normally quite mobile. With the arrival of the dry season facilitating greater migration, experts fear it is only a matter of time before the virus starts to emerge in neighbouring countries and

then spreads worldwide through close contact at international airports.

In April the Africa Centres for Disease Control and Prevention called for an increase in surveillance and contact-tracing efforts. Some experts suggest it would be worth deploying the smallpox vaccine among high-risk groups such as sex workers and health-care workers, as it has been known in the past to offer cross-protection against mpox, which is a related virus. However, the effectiveness of the smallpox vaccine against this new strain remains unknown. Trudie Lang, a professor of global-health research at the University of Oxford, suggests that although there are uncertainties, the vaccine is safe, easy to use and worth trying. There are also trials under way of an antiviral drug known as tecovirimat, with results expected next year.

The situation in the region is complicated by war, displacement and food insecurity. Containment efforts are made harder still by the likelihood of asymptomatic cases, where individuals do not know they are infected but can nevertheless spread the virus to others. Dr Lang emphasises that this, along with the number of mild cases of the infection, are the biggest unknowns in the current outbreak. Preventing this new mpox strain from becoming another global health crisis requires swift and co-ordinated action. ■

Publishing

Scientists, et ai

LLMs help write 10% of research papers

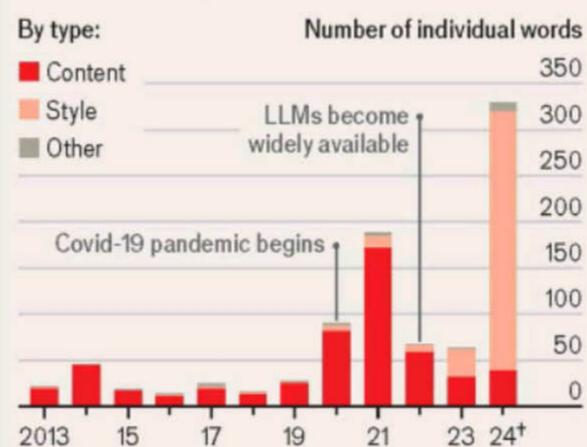
“CERTAINLY, HERE is a possible introduction for your topic...” began a recent article in *Surfaces and Interfaces*, a scientific journal. Attentive readers might have wondered who exactly that bizarre opening line was addressing. They might also have wondered whether the ensuing article, on the topic of battery technology, was written by a human or a machine.

It is a question ever more readers of scientific papers are asking. Large language models (LLMs) are now more than good enough to help write a scientific paper. They can breathe life into dense scientific prose and speed up the drafting process, especially for non-native English speakers. Such use also comes with risks: LLMs are particularly susceptible to reproducing biases, for example, and can churn out vast amounts of plausible nonsense. Just how widespread an issue this was, though, has been unclear.

In a preprint posted recently on arXiv,

In other words

Excess vocabulary used in scientific papers*



*Words with abnormally high usage compared with past years in English-language abstracts on PubMed †First quarter
Source: "Delving into ChatGPT usage in academic writing through excess vocabulary", by D. Kobak et al., 2024 (preprint)

researchers based at the University of Tübingen in Germany and Northwestern University in America provide some clarity. Their research, which has not yet been peer-reviewed, suggests that at least one in ten new scientific papers contains material produced by an LLM. That means over 100,000 such papers will be published this year alone. And that is a lower bound. In some fields, such as computer science, over 20% of research abstracts are estimated to contain LLM-generated text. Among papers from Chinese computer scientists, the figure is one in three.

Spotting LLM-generated text is not easy. Researchers have typically relied on one of two methods: detection algorithms trained to identify the tell-tale rhythms of human prose, and a more straightforward hunt for suspicious words disproportionately favoured by LLMs, such as "pivotal" or "realm". Both approaches rely on "ground truth" data: one pile of texts written by humans and one written by machines. These are surprisingly hard to collect: both human- and machine-generated text change over time, as languages evolve and models update. Moreover, researchers typically collect LLM text by prompting these models themselves, and the way they do so may be different from how scientists behave.

The latest research by Dmitry Kobak, at the University of Tübingen, and his colleagues, shows a third way, bypassing the need for ground-truth data altogether. The team's method is inspired by demographic work on excess deaths, which allows mortality associated with an event to be ascertained by looking at differences between expected and observed death counts. Just as the excess-deaths method looks for abnormal death rates, their excess-vocabulary method looks for abnormal word use. Specifically, the researchers were looking for words that appeared in scientific abstracts with a significantly greater frequency than predicted by that in the existing literature (see chart 1). The corpus which

▶ they chose to analyse consisted of the abstracts of virtually all English-language papers available on PubMed, a search engine for biomedical research, published between January 2010 and March 2024, some 14.2m in all.

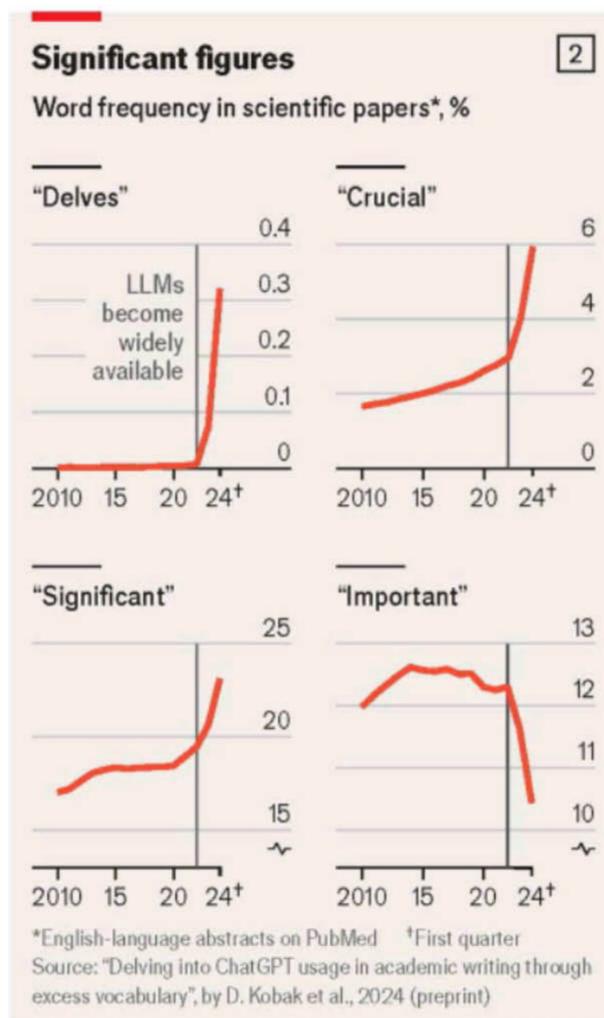
The researchers found that in most years, word usage was relatively stable: in no year from 2013-19 did a word increase in frequency beyond expectation by more than 1%. That changed in 2020, when “SARS”, “coronavirus”, “pandemic”, “disease”, “patients” and “severe” all exploded. (Covid-related words continued to merit abnormally high usage until 2022.)

By early 2024, about a year after LLMs like ChatGPT had become widely available, a different set of words took off. Of the 774 words whose use increased significantly between 2013 and 2024, 329 took off in the first three months of 2024. Fully 280 of these were related to style, rather than subject matter. Notable examples include: “delves”, “potential”, “intricate”, “meticulously”, “crucial”, “significant”, and “insights” (see chart 2).

The most likely reason for such increases, say the researchers, is help from LLMs. When they estimated the share of abstracts which used at least one of the excess words (omitting words which are widely used anyway), they found that at least 10% probably had LLM input. As PubMed indexes about 1.5m papers annually, that would mean that more than 150,000 papers per year are currently written with LLM assistance.

This seems to be more widespread in some fields than others. The researchers found that computer science had the most use, at over 20%, whereas ecology had the least, with a lower bound below 5%. There was also variation by geography: scientists from Taiwan, South Korea, Indonesia and China were the most frequent users, and those from Britain and New Zealand used them least. (Researchers from other English-speaking countries also deployed LLMs infrequently.) Different journals also yielded different results. Those in the *Nature* family, as well as other prestigious publications like *Science* and *Cell*, appear to have a low LLM-assistance rate (below 10%), while *Sensors* (a journal about, unimaginatively, sensors), exceeded 24%.

The excess-vocabulary method’s results are roughly consistent with those from older detection algorithms, which looked at smaller samples from more limited sources. For instance, in a preprint released in April 2024, a team at Stanford found that 17.5% of sentences in computer-science abstracts were likely to be LLM-generated. They also found a lower prevalence in *Nature* publications and mathematics papers (LLMs are terrible at maths). The excess vocabulary identified also fits with existing lists of suspicious words.



Such results should not be overly surprising. Researchers routinely acknowledge the use of LLMs to write papers. In one survey of 1,600 researchers conducted in September 2023, over 25% told *Nature* they used LLMs to write manuscripts. The largest benefit identified by the interviewees, many of whom studied or used AI in their own work, was to help with editing and translation for those who did not have English as their first language. Faster and easier coding came joint second, together with the simplification of administrative tasks; summarising or trawling the scientific literature; and, tellingly, speeding up the writing of research manuscripts.

For all these benefits, using LLMs to write manuscripts is not without risks. Scientific papers rely on the precise communication of uncertainty, for example, which is an area where the capabilities of LLMs remain murky. Hallucination—whereby LLMs confidently assert fantasies—remains common, as does a tendency to regurgitate other people’s words, verbatim and without attribution.

Studies also indicate that LLMs preferentially cite other papers that are highly cited in a field, potentially reinforcing existing biases and limiting creativity. As algorithms, they can also not be listed as authors on a paper or held accountable for the errors they introduce. Perhaps most worrying, the speed at which LLMs can churn out prose risks flooding the scientific world with low-quality publications.

Academic policies on LLM use are in flux. Some journals ban it outright. Others have changed their minds. Up until November 2023, *Science* labelled all LLM text as plagiarism, saying: “Ultimately the product must come from—and be expressed by—the wonderful computers in our heads.” They have since amended their policy: LLM text is now permitted if detailed notes on how they were used are provided in the method section of papers, as well as in accompanying cover letters. *Nature* and *Cell* also allow its use, as long as it is acknowledged clearly.

How enforceable such policies will be is not clear. For now, no reliable method exists to flush out LLM prose. Even the excess-vocabulary method, though useful at spotting large-scale trends, cannot tell if a specific abstract had LLM input. And researchers need only avoid certain words to evade detection altogether. As the new preprint puts it, these are challenges that must be meticulously delved into. ■



Culture



Entertainment and news

Hollywood's stage fright

LOS ANGELES

The prospect of Donald Trump's return is making Hollywood nervous

THE STANDING ovation lasted for more than ten minutes. "The Apprentice", a dramatisation of the early career of Donald Trump, had one of the buzziest premieres at the Cannes Film Festival in May, with Hollywood grandees in attendance, including Cate Blanchett, an actress, and Oliver Stone, a director. Distributors snapped up the rights to release the title in many countries. But in America no big studio was willing to touch it. The reason is simple, says one American content buyer, glancing around a restaurant in Beverly Hills to check for eavesdroppers: "Fear."

In some ways Hollywood is more daring than ever. The shift from broadcast to streaming has freed producers from the rules that restrict bad language and raunchy scenes on TV in many countries. Relying more on subscription income and less on advertising has also reduced the need to make inoffensive "brand-safe" content. In the past decade provocative drama has flourished; boundary-pushing comedy is

enjoying a rollicking renaissance.

Yet when it comes to news and politics, Hollywood seems to be growing more timid. As films like "The Apprentice" struggle to secure a release at home, studios are trying not to offend important foreign markets such as China. On the small screen, entertainment-focused streaming companies are declining to commission the current-affairs shows that were a mainstay of broadcast and cable. The result is a broad retreat from political programming.

Hollywood is Democratic territory: Joe

Biden raised \$30m there at a recent fundraiser with actors such as George Clooney and Julia Roberts. But whatever happens during the first televised debate, held on CNN on June 27th, after *The Economist* went to press, the probability of a sequel to the Trump presidency is making Hollywood's top brass nervous. A media personality in his own right, as well as a cable-news addict, Mr Trump is notoriously sensitive to his on-screen depiction. His lawyers' cease-and-desist letter to the makers of "The Apprentice" warns that "President Trump will pursue every appropriate legal means to hold you accountable." One Hollywood executive predicts a chilling effect on America's TV and movie industry should he be re-elected: "He will go after people who make content he doesn't like."

Relations between studios and the government are especially sensitive, because the film business is heading for a period of regulatory scrutiny. During Mr Trump's first term, trustbusters attempted to stop AT&T buying Time Warner, whose CNN news channel was a frequent critic of the president—and one of his favourite punch-bags. With studios struggling to make streaming pay, a new round of consolidation is likely. Paramount is looking for a buyer, and Warner Bros Discovery may soon need one. Comcast, a cable giant touted as a potential acquirer, has been labelled "Concast" by Mr Trump ("C-O-N, ▶▶

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▶ right, con, because it's a con job"), who dislikes its MSNBC cable-news network.

Mr Trump aside, polarisation in America has made studios warier of alienating audiences with content seen as political. After Disney got into a fight with Ron DeSantis, Florida's Republican governor, over gay rights in 2022, conservatives pored over Disney's output for evidence of "wokeness". They detected it in the plots of films such as "Elemental", a blameless if subtle story of racial harmony. Bob Iger, Disney's boss, has assured investors that "Where the Disney company can have a positive impact on the world...great. But generally speaking, we need to be an entertainment-first company."

The risk of repelling viewers is heightened as streaming brings media companies' news content closer to their entertainment offerings. In the past conservative audiences might not have associated MSNBC with the "Despicable Me" films. Today the two sit side-by-side on NBCUniversal's streaming service, Peacock.

It is not just at home that things are trickier. American movies began to make most of their box-office takings overseas 20 years ago, forcing studios to pay attention to the whims of audiences (and censors) in China and beyond. Now streaming is internationalising television in the same way. Netflix, the biggest streamer, is in more than 190 countries, each with different politics. Sometimes local edits are required: last year Netflix removed "Flight to You", a Chinese series, from its platform in Vietnam after the government there objected to the show's endorsement of China's claim to territory in the South China Sea. No big streamer picked up "The Dissident", a film released in 2020 about the Saudi-orchestrated murder of Jamal Khashoggi. Bryan Fogel, its Oscar-winning director, described streamers' calculus as: "It's better to keep our doors open to Saudi business and Saudi money than it is to...anger the kingdom." (Streaming executives dispute this.)

Some of Hollywood's new entrants from Silicon Valley have particular reason to tread carefully. Apple has become a big player in video streaming, but the business remains insignificant relative to its hardware operation, which generates around \$300bn in sales a year. It does not want to jeopardise this gusher of cash. Last year Apple parted ways with Jon Stewart, a comedian, who said the break-up was caused by the firm's discomfort with his coverage on his Apple TV+ series of subjects such as excessive corporate profits in America.

Amid such controversies, news is one part of the old television bundle that is being left behind in the transition to streaming. Netflix has pushed into most genres of TV—including, recently, live sport—but has no intention of entering the news busi-

ness, sticking to the mantra of its co-founder, Reed Hastings, that "We're not in the truth-to-power business, we're in the entertainment business." Warner Bros Discovery cancelled its CNN+ streamer in 2022 after less than a month. Apple makes a bland daily-news podcast and has no plans to do more. Nor has Amazon (which is fielding requests that it reveal footage of Mr Trump allegedly using racist language while filming a TV series for MGM, which Amazon now owns).

"To be in the news game right now is seen by these companies as a more political act, arguably, than it ever was," says James Tager of PEN America, a free-speech group. "And if politics means 'choosing sides' in an increasingly polarised country, then...reporting the news will seem to cautious executives as a no-win situation." Social-media firms have reached much the same conclusion and have started down-

ranking news content in their feeds. Instagram's boss explained recently that news and politics were "not at all worth the scrutiny, negativity (let's be honest) or integrity risks that come along with them".

Hollywood has not fled from politics entirely. Disney, which owns ABC, is considering bringing more news to its streaming platforms. Jeff Bezos's ownership of the *Washington Post* shows that not all tech-media barons are afraid of current affairs (though it has lately given the Amazon founder a headache, with a newsroom revolt over a new publisher at the *Post*).

And not everyone in the media is scared of Mr Trump: one executive hopes that a Trump administration might at least be more aggressive in asserting intellectual-property rights in piracy-prone countries such as China. But for now, most of Hollywood has decided that politics is a channel best left on mute. ■

Regional inequality

Here and there

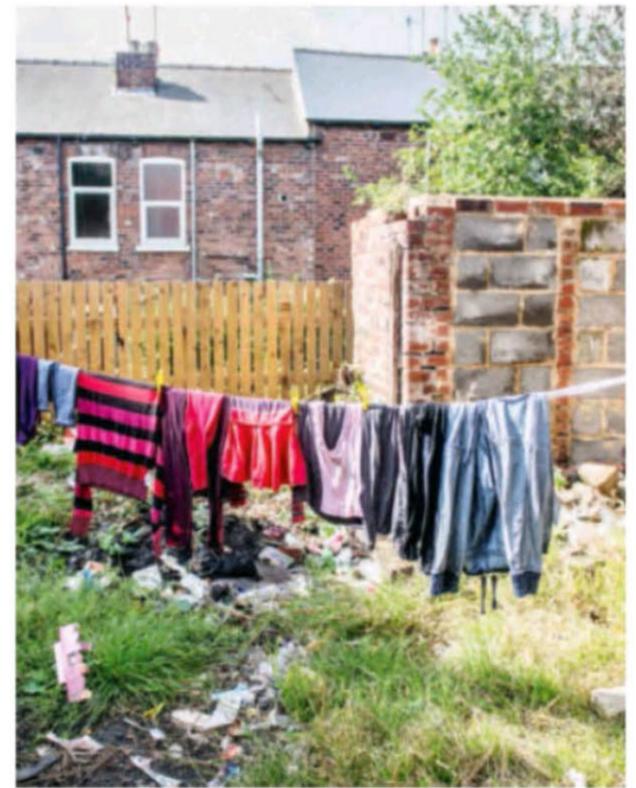
Two books look at what ails Britain's left-behind places

Left Behind. By Paul Collier. *Allen Lane*; 304 pages; £25. To be published in America by *PublicAffairs* in August; \$32

The Changing Electoral Map of England and Wales. By Jamie Furlong and Will Jennings. *Oxford University Press*; 272 pages; £90

EIGHT YEARS ago Britain shook. Confounding many opinion polls—and against the advice of every major political party—a majority of people voted to leave the European Union. Political havoc ensued. The Conservative Party quickly lost two prime ministers, rebounded under Boris Johnson, then collapsed again. The party will probably be crushed in the general election on July 4th.

Britain's political geography had shifted. Some of the most fervent support for Brexit, and then for Mr Johnson's Conservative Party, was found in areas dubbed "left behind". Sir Paul Collier, a British economist, picks up this theme to look at the growing gap between successful places and laggard ones, in Britain and elsewhere. His book starts in Sheffield, a once-thriving English city that has been ailing since the 1980s. Sir Paul grew up there but moved away (he is now a professor of economics at Oxford University). He is, therefore, part of a trend that troubles him: the exodus of talented people from poor areas.



Hung out to dry

Sir Paul convincingly argues that a big reason for Sheffield's state is that it has little control over its destiny. England is a highly centralised country with an overweening Treasury, which strangles projects that might help poor places. "Leveling up", as the Conservative Party's effort to help poor regions is known, is a sham, with little money behind it. Compare it with similar policies in Germany, which has invested heavily to bring the formerly ▶▶

▶ communist east up to speed.

Neglected places tend to latch onto politicians who promise easy solutions to their problems, argues Sir Paul. It is a reasonable explanation for the political upheavals of the past decade, although the news makes it seem a little dubious. Eastern Germany, which has received so much attention and cash, is falling in love with the far right. England's neglected north will probably help Sir Keir Starmer, a cautious politician of the centre-left, to a huge parliamentary majority.

The book makes some intriguing stops in the left-behind parts of Colombia and Russia. Strangely, it goes on to describe whole countries, including Haiti and Somalia, as left behind, as well as the entire Sahel region. Sir Paul knows this terrain well—"The Bottom Billion", his book about the world's poorest people, is excellent—but surely he does not think that an underperforming British city is at all like Somalia, with its warring clans and jihadists?

Yet that is precisely what he thinks. Both have been "stripped of local agency, neglected and subjected to ill-informed micromanagement from elsewhere". Sir Paul contends that aid agencies are as bad as Britain's Treasury, pushing remedies that make their patients worse. This is rather a stretch.

A contrasting view is offered by Jamie Furlong and Will Jennings, two British academics, in "The Changing Electoral Map of England and Wales". They also explore what happens when some places fall behind others, yet they do not believe in a unified global phenomenon of left-behindness. They do not even think that all struggling British places have been left behind in the same way.

Some locales, especially post-industrial towns, have been left behind demographically. They are rapidly growing older as young people flee to big cities. Other places are left behind economically, meaning they are deprived, with high unemployment and lots of social housing. A third group have few steady jobs. Politics has played out differently in these places. The first group has swung from Labour to the Conservative Party in recent decades; the second and third have not. The authors also distinguish between levels and changes. Poor places do not favour the Conservatives, but those that are growing poorer relative to the country as a whole do.

The book's serious title is a clue—prepare yourself for many charts and even a few formulae—but it contains some amazing details. Even people who know Britain well might not realise that the voters who propelled Margaret Thatcher to power in 1979 were more working-class than those who elected Mr Johnson in 2019. It is a fascinating guide to a country that is about to undergo yet another political gyration. ■

The view from Kyiv

Putin's delusions, Ukraine's pain

I Will Show You How It Was. By Illia Ponomarenko. Bloomsbury; 288 pages; \$28.99 and £22.99

ILLIA PONOMARENKO moved to Kyiv in 2016 with a backpack and \$100 in his pocket. He typified the can-do spirit of the post-Soviet generation: when a tycoon-proprietor tried to muzzle critical reporting at the *Kyiv Post*, the newspaper where Mr Ponomarenko worked, he and the entire writing staff quit. They then founded a feistier paper, the *Kyiv Independent*. Since the war began, it has been an essential source of news about Ukraine.

"I Will Show You How It Was", Mr Ponomarenko's book about wartime Kyiv, serves two useful functions: it is a gripping account of Ukrainians' struggle and it offers moral clarity about the causes of the war. The conflict has nothing to do with NATO or imaginary Western provocations. The problem is that Russia is a dictatorship. The state is geared to serve Vladimir Putin's interests, not those of the Russian people. That is why the Kremlin spent "years and billions on the propaganda of hatred, revanchism, territorial grabs and confrontation with the West", all designed to cement Mr Putin's hold on power, "while more than 12% of Russians did not have toilets in their homes".

Mr Putin's invasion plan was built on a fantasy: that Ukraine was not a "real nation", and that, "except for a handful of grotesque Nazis and armed nationalists", it



Ukraine's army, fired up

would not resist the invaders. This was such a preposterous delusion that, at first, Ukrainians did not take the signs of looming war seriously. In 2021 Mr Putin published an essay twisting centuries of history into a list of supposed crimes committed by foreigners against Russia, and threatening that if Ukraine did not end its anti-Russian policies it might lose its statehood. Many dismissed it as a bluff rather than the rationale for "one of the most shamelessly trumped-up, absurd and unnecessary wars the world had ever seen".

The lesson, for Mr Ponomarenko, is simple: "Do not underestimate the lunacy of aged dictators." As a defence reporter, Mr Ponomarenko has long understood the geopolitical threat from the Kremlin; as a Ukrainian, he understands viscerally why "We did not want these creeps to tell us what to do." He took part in the Maidan revolution of 2013-14, when huge popular protests forced out a kleptocratic Putin-backed president of Ukraine, Viktor Yanukovich. The protesters wanted a future as part of Europe, not as a Russian satellite.

Mr Putin could not abide the idea of a Westernised democracy on his doorstep, setting an example of what Russians, too, could have if only they shook off their despot. So he tried to make Ukraine fail. He started by annexing Crimea and orchestrating the takeover of Donbas by criminal gangs in 2014. But he overreached catastrophically when he launched what he thought would be a lightning war to seize the whole country.

Ukrainian troops are not only motivated, since they are defending their homeland, but also encouraged to think for themselves. Mr Ponomarenko describes how they took aerial pictures of damaged aircraft hangars, then printed life-size copies and draped them over undamaged hangars, so the Russians thought their bombs had destroyed them and did not bother to bomb them again.

As for how the war will end, Mr Ponomarenko is grimly realistic. He has seen what happens to towns the Russians capture: the torture, the rape, the death pits. If Ukrainians do not keep fighting, their nation will "simply cease to exist".

For the Russian troops who commit atrocities, the author reserves a chilled fury. Yet he musters empathy for those who are merely cannon fodder. Seeing the patch on the uniform of a dead conscript, he searches the man's name online. He was from "a poor village of log houses and dusty, unpaved streets" in the Russian far east, near Mongolia. His mum is a teacher; he loved football. "You could have just stayed home," laments Mr Ponomarenko. "You could have had a family." Instead, the soldier died "7,000km away...in an idiotic war for the sake of just one delusional old man's monstrous act of megalomania". ■



World in a dish

The rest is shishtory

BERLIN

The döner kebab has a meaty role in German society

“I HAVE AN onion on my head/I am a kebab/because kebab makes you more beautiful.” It is no surprise that the lyrics of “Döner macht schöner”, a German hit from 2004, do not deliver quite the same emotional payload in English. In Britain the kebab is a byword for drunken excess, devoured before bed and recalled in shame. In Germany, especially its capital, it is a more exalted affair. Every Berliner has a favoured *Dönerladen*. Many build family outings around them.

The döner kebab (the umlaut is essential) long ago displaced currywurst as Berliners’ fast food of choice. But these days its ubiquity obliges it to carry a lot more than succulent strips of seasoned meat—lamb, veal or beef—served in flatbread with salad and sauces.

Take inflation: where Germans once assessed price rises via the cost of ice-cream or beer, today newspapers calculate how many kebabs an hour’s labour might earn you. After supply-chain shocks and war sent prices soaring, some politicians called for a *dönerpreisbremse*: a cap on the cost of kebabs. “Talk to Putin, I want to pay four euros for a kebab!” one döner-demonstrator shouted at the chancellor in 2022.

Don’t laugh: *Döner-Diplomatie* is a thing. In April Frank-Walter Steinmeier, Germany’s president, was skewered for inviting a Berlin kebab-shop owner, complete with a 60kg slab of meat, to join him on a state visit to Turkey. Might a better symbol of German-Turkish amity, sniffed columnists, not have been Ugur Sahin and Ozlem Tureci, the Mainz-based couple be-

hind the first mRNA covid vaccine? Nonsense, says Eberhard Seidel, author of “Döner: A Turkish-German Cultural History”, who snagged an invite on the president’s plane. The kebab was served to Turks at a reception in Istanbul, while Germans feasted on plates of garlic sausage with a side of sauerkraut. What better way to celebrate the humble roots of the migrants on whom the relationship between these two countries rests?

Any foundational cuisine attracts its myths. Mr Seidel places the origins of the döner in the Ottoman empire. (The vertical-roasting technique was probably invented in Bursa, in north-west Turkey.) In the 1970s some Turkish *Gastarbeiter* (guest workers) in West Germany were forced to open kebab stands after the factories and mines they had migrated to work in were closed. They adapted the döner to German tastes, concocting the trio of sauces that any self-respecting stand must offer—herb, garlic and *scharf* (spicy)—and, crucially, serving it in bread. This cheap, portable dish spread across Germany quickly.

More recent migrants have taken the döner in new directions. At Rüyam Kebab, in Berlin’s Schöneberg district, your correspondent is served a *gemüse* (vegetable) döner as big as his head. The staff, largely Arabs rather than Turks, have added carrots and aubergine to the usual salad. The resulting array of lushly coloured, carefully layered ingredients is not just delicious but (perhaps not coincidentally) perfect for Instagram. It is not yet 6pm, and the queue extends out of the door. ■

Classical music

Stringing along

SAN FRANCISCO

The world’s most innovative string quartet turns 50

FOR DECADES string-quartet recitals conjured an image of men in tailcoats demurely playing staid classical works in a concert hall. But the Kronos Quartet took to the stage in San Francisco on June 20th—for the first of four concerts celebrating their 50th anniversary—in rose-embroidered satin and brick-red linen. As for the music, it was resolutely contemporary, and included a virtuosic piece by Aleksandra Vrebalov, a Serbian-American, as well as one called “Kiss Yo’ Ass Good-bye”, a reworking of a song by Sun Ra, an American composer.

In other words, it was a typical Kronos performance. The group has dedicated itself to expanding chamber music’s repertoire. They have sold over 4m albums—more than any other string quartet in history—and won three Grammy awards. On their golden anniversary, Kronos has a radiant record. And the group is poised for both change and continuity.

The change stems from the retirement of two members: Hank Dutt, the violist, and John Sherba, the second violinist, after 47 and 46 years respectively. Ayane Kozasa and Gabriela Diaz have taken their places. Both have extensive backgrounds in contemporary music—Ms Kozasa with the Aizuri Quartet, which she co-founded, and Ms Diaz with the Boston Modern Orchestra Project and the International Contemporary Ensemble.

The continuity, meanwhile, comes from Kronos’s mission. David Harrington, the group’s founder and first violinist, describes his wife’s miffed reaction to the quartet’s debut concert, in which they performed works by Bela Bartok and other early-20th-century musicians. Mr Harrington explains that his spouse “looked right at” him and asked: “Where were the women composers?” His ignorance of female luminaries, and of non-Western ones, prompted him to think: What am I going to do about it?

Kronos’s body of work has been his answer. In 1975 the group formed a nonprofit, the Kronos Performing Arts Association, in part to solicit funding that would let them commission new works and pay for the time it takes to rehearse them. The quartet has since ordered over 1,100 new works and arrangements by composers from around the world. Ahead of the anniversary, the group launched “50 for the Future”, a library which is free for any quar- ▶▶

► tet to access. More than half the composers commissioned for the project are non-white; many are women.

The quartet has long revelled in breaking genre barriers. It has played songs by Thelonious Monk and Jimi Hendrix and recorded original pieces by some of the greatest living composers, including Philip Glass, Steve Reich and Terry Riley. Kevin Kwan Loucks, the head of Chamber Music America, a nonprofit, argues that Kronos has “revolutionised the string quartet. They’ve made it a living, breathing entity that continues to evolve.”

Mr Dutt jokes that sometimes string quartets can be like “a bad sexless marriage”: intimate but often racked with resentment. But for Kronos, success and

shared commitment has bred stability and comfort. “We always felt that anyone could say anything if they’re having trouble,” Mr Dutt says.

Still, the quartet’s dynamics may change, not least because Mr Harrington will soon be the only member based in San Francisco, the group’s home for almost five decades. Ms Kozasa and her partner, Paul Wiancko, the group’s cellist, live in Cincinnati and Ms Diaz in Boston, though Ms Diaz explains they will “meet for big chunks of rehearsal time”. Already they have two premieres and a festival lined up for next year, as well as a project tied to America’s 250th anniversary in 2026. Kronos offers a salutary message to any middle-aged fan: life can begin again at 50. ■

Travel guides

Not going anywhere

Despite predictions that the internet would kill them, guidebooks are proving robust

THEY DECLARED that it was dead—or, if it wasn’t dead yet, it soon would be. The cause of the malady was viral: first blogs, then influencers on Instagram and TikTok. Yet, for all journalists’ poor prognoses, the printed travel guide is still in fine fettle. Sales in Britain were mostly flat in 2014-19, a period when smartphones became both ubiquitous and powerful.

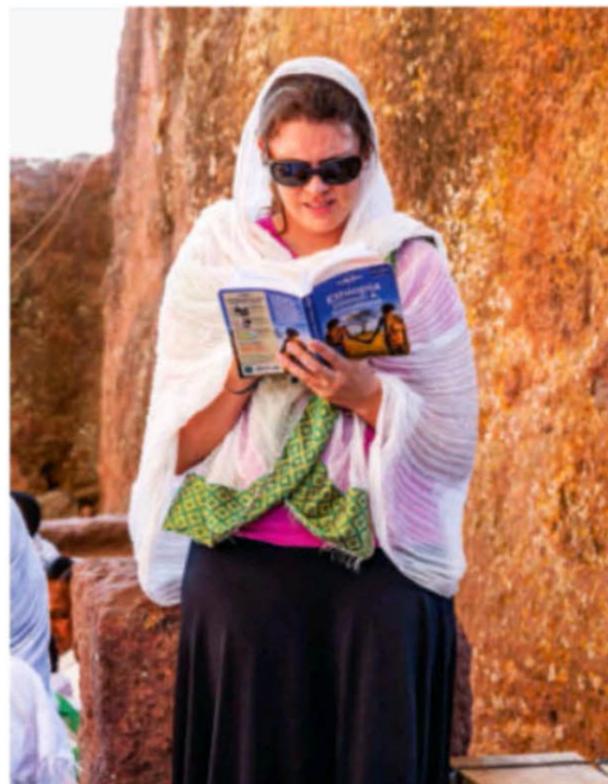
That is not to say there have not been spells of ill health. Frommer’s, the grandfather of American guidebooks, was sold in 2012 for \$22m to Google, which reportedly planned to end the series’ print run. (The following year Arthur Frommer, its founder, bought the company back.) Lonely Planet, the best-known publisher, has been through several owners at ever-lower valuations. In 2020 the company ended up in the hands of Red Ventures, a publishing house funded by private equity.

The one virus that did come close to killing guides off was covid-19. Guidebook publishers saw 95-99% of revenues evaporate when lockdowns hit. Yet in both America and Britain, the biggest markets for English-language guides, sales are approaching pre-pandemic levels. Last year Americans bought 5.8m guidebooks and maps—down from 6.9m before the pandemic, but up from 4m in 2020.

Any obituaries, then, are premature. But why do guidebooks still roll off the presses when all the information you could need is in your pocket? One answer is that print is a useful medium for information on the go. Books can be scribbled on and dog-eared; they need no charging or internet access.

They can be easier to browse than social media, websites or e-books (and attract less attention from pickpockets).

Another is that guidebooks have changed with the times. Rick Steves, the author of America’s bestselling guides to European destinations, published his first guidebook 44 years ago. He still personally researches many of his books, which offer a lot of information in small type. His publishers, being more business-minded, also produce pocket guides, which take those tips and enliven them with photographs. Double-dipping is one way to boost profits; many other publishers do it.



Doing it by the book

A more dramatic adaptation is visible in the newest editions of Lonely Planet’s flagship guides, which look like someone printed out an Instagram account. The books relegate restaurant and hotel listings to the margins. Nitya Chambers, Lonely Planet’s executive editor, says the overhaul was driven by market research that showed that readers “have more information than ever before” on eating and stays, but are looking for things to do.

Sales data support Lonely Planet’s claim. Guides that focus on food and accommodation are falling out of favour in Britain according to Stephen Mesquita, the author of the Nielsen Bookscan Travel Publishing Yearbook, an industry bible. Between 2019 and 2023, sales of such guides for domestic destinations were down by 49% and by 20% for overseas ones.

If print books are no longer selling comprehensiveness, then what is it they are selling? One answer is authenticity. “I can’t help people that just want to do what everybody else does,” Mr Steves says. Another is curation. “The more content out there, the better for guide publishers,” says René Frey, who publishes Rough Guides and Insight Guides.

Trust—or, rather, brand—is important. Mr Frommer, Mr Steves and Lonely Planet’s founders, Tony and Maureen Wheeler, all produced their first guides decades ago, in an era when both international travel and self-publishing were expensive and rare. That allowed them to stand out and build businesses. Now, thanks to cheap air fares and social media, anyone can opine on eateries on the other side of the world. But wannabe travel writers will find that it is hard to gain traction online.

One market in which guidebooks have struggled is China, the world’s biggest spender on outbound tourism. On June 26th Lonely Planet announced that it was closing its China branch after ten years. Many Chinese travel as part of organised tours, so see no need for guides; younger travellers are more likely to organise their own itineraries, but rely on digital resources rather than books. The most popular app for tourists is Xiaohongshu, which Rest of World, a digital news outlet, describes as “a cross between a niche subreddit, a Tripadvisor page and a video game”. Gaode, a map app, offers user-generated lists of “must-visit sites”.

Perhaps, in time, similar apps may take off in the West. Artificial intelligence is another incipient challenge. Like a good guide, AI’s promise is that it can do the tedious research and produce a precis. Frommer’s, for its part, experimented with using AI to offer tailor-made answers to travellers’ questions, but found that it was making things up too often to be useful. Nothing makes a traveller reach for their trusty guidebook more than a bogus tip. ■

Economic & financial indicators

	Gross domestic product				Consumer prices			Unemployment rate			Current-account balance		Budget balance		Interest rates		Currency units	
	% change on year ago latest	quarter*	2024†		% change on year ago latest	2024†		%			% of GDP, 2024†	% of GDP, 2024†	10-yr gov't bonds latest, %	change on year ago, bp	per \$ Jun 26th	% change on year ago		
United States	2.9	Q1	1.3	2.2	3.3	May	3.0	4.0	May	-3.8	-6.3	4.3	60.0	-				
China	5.3	Q1	6.6	4.7	0.3	May	1.0	5.0	May [§]	1.2	-4.8	2.0	5 [§]	-45.0	7.27		-0.6	
Japan	-0.1	Q1	-1.8	0.8	2.9	May	2.4	2.6	Apr	3.2	-4.8	1.0		66.0	161		-10.6	
Britain	0.2	Q1	2.5	0.4	2.0	May	2.6	4.4	Mar ^{††}	-2.8	-4.2	4.1		-27.0	0.79		nil	
Canada	0.5	Q1	1.7	1.9	2.9	May	2.4	6.2	May	-0.4	-1.1	3.5		17.0	1.37		-3.6	
Euro area	0.4	Q1	1.3	1.0	2.6	May	2.4	6.4	Apr	3.0	-3.1	2.5		15.0	0.94		-2.1	
Austria	-1.1	Q1	0.7 [†]	0.5	3.3	May	3.5	4.7	Apr	2.9	-2.3	3.0		6.0	0.94		-2.1	
Belgium	1.3	Q1	1.3	1.2	4.9	May	3.5	5.8	Apr	-0.6	-4.6	3.1		10.0	0.94		-2.1	
France	1.3	Q1	0.6	1.2	2.6	May	2.7	7.3	Apr	-0.3	-5.2	3.1		27.0	0.94		-2.1	
Germany	-0.2	Q1	0.9	0.3	2.8	May	2.4	3.2	Apr	6.5	-1.5	2.5		15.0	0.94		-2.1	
Greece	1.9	Q1	3.0	2.6	2.4	May	2.8	10.8	Apr	-5.8	-1.3	3.7		18.0	0.94		-2.1	
Italy	0.7	Q1	1.4	1.0	0.8	May	1.5	6.9	Apr	1.0	-5.4	4.0		4.0	0.94		-2.1	
Netherlands	-0.6	Q1	-2.0	0.4	2.7	May	2.8	3.6	May	8.2	-1.2	2.8		15.0	0.94		-2.1	
Spain	2.4	Q1	3.2	2.4	3.8	May	3.0	11.7	Apr	2.2	-3.5	3.3		-10.0	0.94		-2.1	
Czech Republic	-0.3	Q1	1.3	1.3	2.6	May	2.3	2.8	Apr [†]	0.5	-2.5	4.2		-11.0	23.3		-7.0	
Denmark	-0.2	Q1	-6.9	1.4	2.2	May	1.7	2.9	Apr	9.5	1.6	2.5		-9.0	6.98		-2.1	
Norway	-0.8	Q1	0.7	1.0	3.0	May	3.3	3.9	Mar ^{††}	15.9	12.0	3.6		10.0	10.7		0.2	
Poland	2.0	Q1	2.0	2.9	2.5	May	3.8	5.0	May [§]	0.4	-5.4	5.7		-9.0	4.04		0.7	
Russia	5.4	Q1	na	2.7	8.3	May	7.1	2.6	Apr [§]	1.8	-1.6	15.0		393	88.7		-4.0	
Sweden	0.3	Q1	2.9	0.3	3.7	May	2.1	8.7	May [§]	5.5	-1.0	2.2		-43.0	10.6		1.3	
Switzerland	0.6	Q1	1.8	1.0	1.4	May	1.4	2.4	May	6.6	-0.3	0.6		-29.0	0.90		nil	
Turkey	5.7	Q1	9.9	3.0	75.4	May	55.8	8.5	Apr [§]	-2.9	-4.7	26.9		1,069	32.9		-22.0	
Australia	1.1	Q1	0.5	1.7	3.6	Q1	3.2	4.0	May	0.3	-1.3	4.2		21.0	1.50		nil	
Hong Kong	2.7	Q1	9.6	3.2	1.1	May	2.2	3.0	May ^{††}	8.1	-2.8	3.6		-4.0	7.81		0.3	
India	7.8	Q1	5.4	6.9	4.7	May	4.8	7.0	May	-1.1	-5.1	7.0		-7.0	83.6		-1.8	
Indonesia	5.1	Q1	na	5.1	2.8	May	3.0	4.8	Q1 [§]	-0.3	-2.2	7.1		80.0	16,405		-8.5	
Malaysia	4.2	Q1	na	4.4	2.0	May	2.5	3.3	Apr [§]	2.5	-4.4	3.9		-2.0	4.71		-0.8	
Pakistan	2.8	2024 ^{**}	na	1.8	11.8	May	19.7	6.3	2021	-2.9	-7.0	14.1	†††	-108	278		2.9	
Philippines	5.7	Q1	5.3	5.4	3.9	May	3.7	4.0	Q2 [§]	-2.5	-5.9	6.7		54.0	58.9		-5.4	
Singapore	2.7	Q1	0.2	2.4	3.1	May	2.9	2.1	Q1	19.5	0.1	3.2		24.0	1.36		-0.7	
South Korea	3.1	Q1	5.3	2.7	2.7	May	2.6	3.0	May [§]	2.5	-1.6	3.3		-32.0	1,389		-5.9	
Taiwan	6.6	Q1	1.1	3.3	2.2	May	2.0	3.4	May	14.2	0.5	1.7		56.0	32.5		-4.7	
Thailand	1.5	Q1	4.6	2.8	1.5	May	1.0	1.2	May [§]	2.4	-3.6	2.8		4.0	36.8		-4.4	
Argentina	-5.1	Q1	-9.9	-3.4	276	May	223.2	7.7	Q1 [§]	nil	-0.8	na		na	910		-72.0	
Brazil	2.5	Q1	3.1	2.0	3.9	May	4.2	7.5	Apr ^{§††}	-1.4	-7.8	12.1		113	5.50		-13.1	
Chile	2.3	Q1	7.8	2.7	3.4	May	3.8	8.5	Apr ^{§††}	-3.2	-2.3	6.2		92.0	948		-15.0	
Colombia	0.9	Q1	4.4	1.0	7.2	May	6.6	10.6	Apr [§]	-2.8	-5.7	10.7		40.0	4,127		1.3	
Mexico	1.6	Q1	1.1	2.3	4.7	May	4.5	2.6	Apr	-0.3	-5.0	9.9		136	18.2		-5.8	
Peru	1.4	Q1	3.2	2.5	2.0	May	2.6	6.2	May [§]	-0.4	-3.1	7.2		21.0	3.82		-4.7	
Egypt	2.3	Q4	na	2.6	28.2	May	30.9	6.7	Q1 [§]	-3.4	-5.0	na		na	48.0		-35.7	
Israel	-0.5	Q1	14.4	1.6	2.8	May	3.0	3.4	May	5.9	-6.8	4.9		128	3.75		-3.2	
Saudi Arabia	-0.8	2023	na	1.0	1.6	May	2.0	4.4	Q4	-0.3	-2.2	na		na	3.75		nil	
South Africa	0.5	Q1	-0.2	1.1	5.1	May	4.8	32.9	Q1 [§]	-2.0	-5.2	9.8		-78.0	18.3		2.1	

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. Note: Euro area consumer prices are harmonised.

Markets

In local currency	Index	% change on:	
		one week	Dec 29th 2023
United States S&P 500	5,477.9	-0.2	14.8
United States NASComp	17,805.2	-0.3	18.6
China Shanghai Comp	2,972.5	-1.5	-0.1
China Shenzhen Comp	1,641.5	-2.7	-10.7
Japan Nikkei 225	39,667.1	2.8	18.5
Japan Topix	2,803.0	2.7	18.4
Britain FTSE 100	8,225.3	0.2	6.4
Canada S&P/TSX	21,793.9	1.3	4.0
Euro area EURO STOXX 50	4,915.9	0.6	8.7
France CAC 40	7,609.2	0.5	0.9
Germany DAX*	18,155.2	0.5	8.4
Italy FTSE/MIB	33,542.0	1.0	10.5
Netherlands AEX	923.1	-0.2	17.3
Spain IBEX 35	11,030.5	-0.2	9.2
Poland WIG	87,849.4	1.7	12.0
Russia RTS, \$ terms	1,137.5	nil	5.0
Switzerland SMI	12,015.7	-0.4	7.9
Turkey BIST	10,486.7	0.1	40.4
Australia All Ord.	8,022.9	0.2	2.5
Hong Kong Hang Seng	18,089.9	-1.8	6.1
India BSE	78,674.3	1.7	8.9
Indonesia IDX	6,905.6	2.7	-5.0
Malaysia KLSE	1,591.0	-0.6	9.4

	Index	% change on:	
	Jun 26th	one week	Dec 29th 2023
Pakistan KSE	78,275.6	2.0	25.3
Singapore STI	3,331.7	0.8	2.8
South Korea KOSPI	2,792.1	-0.2	5.2
Taiwan TWI	22,986.7	-1.0	28.2
Thailand SET	1,319.2	1.2	-6.8
Argentina MERV	1,574,472.0	-0.1	69.4
Brazil BVSP*	122,641.3	2.0	-8.6
Mexico IPC	52,468.0	-1.6	-8.6
Egypt EGX 30	27,500.6	4.1	10.5
Israel TA-125	1,962.6	-0.6	4.0
Saudi Arabia Tadawul	11,656.4	1.4	-2.6
South Africa JSE AS	79,252.4	-1.8	3.1
World, dev'd MSCI	3,520.2	-0.1	11.1
Emerging markets MSCI	1,086.2	-0.8	6.1

US corporate bonds, spread over Treasuries

	Dec 29th	
Basis points	latest	2023
Investment grade	109	154
High-yield	372	502

Sources: LSEG Workspace; Standard & Poor's Global Fixed Income Research. *Total return index.

Commodities

The Economist commodity-price index 2020=100	Jun 18th		Jun 25th*		% change on	
	Jun 18th	Jun 25th*	month	year		
Dollar Index						
All items	133.5	132.2	-6.8	3.9		
Food	145.0	143.2	-4.8	0.5		
Industrials						
All	123.9	123.1	-8.6	7.4		
Non-food agriculturals	136.0	136.6	-0.9	20.2		
Metals	120.8	119.7	-10.7	4.1		
Sterling Index						
All items	135.1	134.0	-6.0	4.5		
Euro Index						
All items	142.0	141.2	-5.3	6.3		
Gold						
\$ per oz	2,323.2	2,324.4	-1.3	21.4		
Brent						
\$ per barrel	85.1	85.6	2.0	18.5		

Sources: Bloomberg; CME Group; Fastmarkets; FT; LSEG Workspace; LME; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; Urner Barry; WSJ. *Provisional.

For historical indicators data, visit economist.com/economic-and-financial-indicators

OBITUARY

Willie Mays

Possibly the best baseball player ever died on June 18th, aged 93



AROUND NINE o'clock in the morning, a tap would come at his window. Outside his house in St Nicholas Place in Harlem milled a group of grinning boys. They carried mop-handles and a pink bouncing ball, all the equipment they needed. The street and the parked cars would provide the rest. What they wanted was to play stickball, and he was only too eager to join them. He'd play for an hour, morning or evening, as his job allowed. Soon he was crouching, swinging the stick, just an ordinary man in a Polo shirt and trousers. But when he made contact he whacked the ball so hard that it went for three or four sewers, or three or four city blocks. Because, after all, he was Willie Mays, then the star of the New York Giants.

Playing stickball taught him how to hit curveballs. You never knew how the surface of the street might skew that high, wild bounce. Apart from that, though, he did not have much to learn. His father, nicknamed "Cat" for his slinky prowess on the field, had played baseball between jobs down near Birmingham, Alabama. It was he who taught him how to be a centre fielder and to stick with the game. At 16, playing practically barefooted, he already knew exactly what he had to do. His body was built for baseball, strong, sinewy and graceful, like his Dad's. He could hit a ball out of the park, defend, outsmart anyone and catch mostly anything. Easy. That happy certainty lasted years.

The statistics followed. Over his 22-year Major League career—six years with the Giants in New York, 15 more when they moved west in 1958 to become the San Francisco Giants, two with the New York Mets—he stacked up 3,293 hits, 660 home runs, 339 steals, a .301 batting average, two National League Most Valuable Player awards and 12 Gold Gloves. Ten of those hits, all that were recorded, were added in 2024 from his time in 1948-50 with the Birmingham Black Barons in the segregated Negro League. He could have scored even higher without army service, which he mostly spent playing baseball anyway to entertain the troops.

Entertainment was the thing. Statistics didn't lodge in his brain. Besides, a few other players surpassed him in the numbers game, and it never mattered as much as the way he played, with sheer joy. His philosophy was "They throw the ball, I hit it; they hit

the ball, I catch it." If he did that as well as he could, he could lead by example, and make the people around him play better. When younger players asked him for advice, as they often did, he would tell them first to enjoy themselves. He didn't smoke, drink or fool around with women, because baseball was the most fun he could think of. His pink Lincoln Continental and his smile said it all. He also had ways of making his job even more fun for fans: breaking late on a ball, to bait a runner, before speeding up at just the right time; stealing bases on the riskiest dare, in heroic explosions of dust; and wearing a cap one size too small for him, which at exciting moments would blow right off his head.

It blew off, predictably, in his best play of all, in the 1954 World Series when the Giants were facing the Cleveland Indians. Vic Wertz of Cleveland powered the ball to the back of the ground, 460 feet or so, and Willie Mays ran, raced, and right at the wall snagged it with one of his famous basket catches over his left shoulder. It was known ever after as "The Catch", and brought the crowd to its feet. But he knew he had made better ones than that. For a start, he was sure he would get it. (He often had a strange sort of premonition about that. Lying down at night, watching TV, suddenly a flyball would come out to him, and he'd know how to deal with it. The next day he would recognise that very ball, because he had seen it the night before.) But second, where The Catch was concerned, that was not the most important bit of the play. The vital part was to instantly do a 360, whirl around (cap off) and hurl the ball to the infield, so the runners at the bases couldn't score. He did it, and the Giants won the Series. Now, that was truly great.

Being lighthearted was not always easy. When he signed for the New York Giants in 1950 he went initially to Trenton, New Jersey, in the Interstate League. From being a happy teenager in the Birmingham Black Barons, where they were all brothers and everyone took care of him, he was suddenly the only black player around. As he moved higher, too, the pitching got fiercer. And he knew no one; his nickname, "The Say Hey Kid", came from his clumsy attempts to break in and make friends. In the smaller towns people said openly that they didn't like him playing. But he had a neat answer for that: if they mocked him, he'd hit the ball further. After a few nights of that, they would be applauding him.

Racism followed him, sadly, to the west coast. Two things surprised him about San Francisco. First, how cold and windy Candlestick Park was, so much so that he had to rub himself with hot oil before he played. But second, that he could not buy a house in elegant Sherwood Forest because the white neighbours objected. They backed down, but after two years he moved 3,000 miles to the east coast, just north of New York. The city had always welcomed him with open arms. So though he did not like to be traded, he was content to end his career there with the New York Mets.

He hardly ever spoke out about civil rights. Off the field he was shy, and it wasn't his thing. Other black baseball greats, especially Hank Aaron and Jackie Robinson, criticised him for that. But in Alabama he had learned to keep his head down and his mouth shut. His way of joining in the fight when he retired was again to lead by example, this time by giving his money away. He gave his dentist \$12,000 for a new chair, a young woman \$10,000 to clear her credit-card debts, and set up the Say Hey Foundation to do what he could for underprivileged youngsters. This, he wanted to say, was how black folk responded to prejudice. Whether by good works or by playing ball, they changed hatred to joy. ■


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No.JIP/Admn.4(FW)/1(12)/2024 Date: 29.06.2024

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1. ESSENTIAL QUALIFICATIONS:

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4. MAILING ADDRESS: Eligible candidates may apply in the prescribed proforma along with self-attested photocopies of all relevant certificates and documents to the address below through **Registered/Speed Post, in an envelope super-scribed as**

“Application for the post of Director, JIPMER”

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 First Floor, Administrative Block, JIPMER
 Dhanvantari Nagar, Puducherry
 Pin code 605 006
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5. Applicant must submit self-attested copies of certificates with regard to the fields mentioned in the application form (prescribed proforma).

6. The cut-off date for determining the eligibility as per the prescribed qualifications, experience etc., for the post shall be the last date of receipt of duly filled-in applications.

7. The prescribed proforma to apply for the post of Director, JIPMER is available on the institute's website <https://jipmer.edu.in/announcement/jobs>

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