



The EU can beat the ‘Von der Leyen’ curse

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Rich bosses and the ivory tower problem

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Trump poised to launch blitz of 100 orders from day one

- ◆ Rush to enact populist promises
- ◆ Migration curbs and tariffs primed

JAMES POLITI, FELICIA SCHWARTZ, AIME WILLIAMS AND MYLES MCCORMICK WASHINGTON

Donald Trump and his top advisers are finalising about 100 executive actions that he will sign in his first days in office from today onwards, as the incoming president rushes to enact his populist and nationalist agenda.

The first measures by Trump, who has vowed to be a dictator “on day one” of his second term, are set to include curbing immigration, increasing tariffs and deregulating sectors from energy to cryptocurrencies.

He will also guarantee that companies helping the video app TikTok to stay in service will not be held liable for violating a ban passed by Congress, he said yesterday. TikTok briefly suspended service this weekend when a deadline passed that required ByteDance, the app’s Chinese owner, to sell it.

Trump and his team aim to reset US policy immediately and start fulfilling some of the huge promises of change he made during the election campaign.

“Their intent is to do shock and awe so that their opponents’ heads are spinning,” said Stephen Myrow, managing partner at Beacon Policy Advisors, a consultancy, and a former George W Bush administration official.

“They have spent the last four years, day in, day out, preparing for [this], and they’ve had teams of lawyers thinking through how they can accomplish what they want to accomplish.”

Trump’s first steps will serve as a test of how far he believes he can act unilaterally without Congress. He wants to make an emergency declaration regarding the southern border, free up federal

resources to detain migrants crossing from Mexico, limit the ability to seek asylum and launch the largest deportation effort in US history.

On Saturday, Tom Homan, who will serve as Trump’s border “tsar”, told Fox News that “targeted enforcement operations” will begin as early as this week to deport undocumented immigrants.

Action on trade is also expected early this week that could affect financial markets. Trump wants to force US trading partners to cut deals on issues ranging from migration to drug trafficking. He has also vowed to slap levies on imports to encourage companies to manufacture more in the US.

Republicans on Capitol Hill who have traditionally opposed tariffs have preemptively defended Trump’s opening moves. “What you’ll see is more countries coming to the table,” a Republican member of Congress said. “It’s going to be more effective than you think it is without actually increasing prices.”

On foreign policy, analysts said there could be efforts to impose new sanctions on Iran.

On the campaign trail, Trump had pledged to end the war between Russia and Ukraine on his first day in office. But more recently he has said he hopes to resolve it in the first six months.

He has vowed to slash red tape and “end all Biden restrictions on energy production”. He is also set to order the issuing of licences for liquefied natural gas export terminals and expected to reopen protected Alaskan lands to drilling. [Memecoin rise & Mexico shelters page 2](#) [Big Read page 17](#) [Anne-Marie Slaughter page 18](#) [Rana Foroohar page 19](#)

Family reunited Hamas returns first three hostages to Israel as Gaza ceasefire takes hold



Israel Defense Forces

Freed Israeli hostage Doron Steinbrecher is comforted by a family member after being released from captivity in Gaza yesterday.

Three Israelis were handed over to the Red Cross by militant group Hamas; 90 Palestinian prisoners were due to be freed yesterday in exchange.

It was the first step in a three-stage ceasefire deal that has brought 15

months of brutal conflict to a halt. The war is the bloodiest chapter in the decades-long history of the Israeli-Palestinian conflict and has left Gaza in ruins, consumed Israeli society and brought the Middle East to the brink of a full-blown regional conflagration.

During the initial six-week phase of the agreement, thrashed out by US-led mediators last week after months of

attempts, Hamas is set to free 33 of the 97 Israeli hostages still in Gaza.

But the chances of the deal being implemented in full remain uncertain as Benjamin Netanyahu is under pressure from far-right allies to resume fighting once the first phase is over.

James Shotter in Jerusalem, Neri Zilber in Tel Aviv and Heba Saleh in Cairo [Report & analysis page 2](#)

Briefing

◆ Lower prices in view for diabetes and obesity drugs

Prices in the US for Novo Nordisk’s blockbuster diabetes and weight-loss drugs Ozempic and Wegovy face the prospect of steep cuts after Washington included them in the next round of Medicare negotiations.— [PAGE 6](#)

◆ Banks test climate accord

European banks have threatened to pull out of their largest climate alliance unless it softens its rules, as executives on both sides of the Atlantic fret over the future of net zero collaboration after Donald Trump’s return to office.— [PAGE 6](#)

◆ Santander weighs UK exit

The Spanish bank is reconsidering its UK operations two decades after its acquisition of Abbey National gave it a presence on Britain’s high streets and as it contends with lower returns relative to other markets.— [PAGE 10](#)

◆ Seoul court under siege

Backers of the suspended South Korean president have stormed a courthouse after a judge extended Yoon Suk Yeol’s detention on charges of insurrection and abuse of power.— [NEWS & ANALYSIS PAGE 6](#)

◆ Commerzbank eyes cuts

New chief Bettina Orlopp is exploring job cuts as the German lender seeks to fend off unwanted advances from Italy’s UniCredit, with the target figure likely to be “in the low thousands”.— [PAGE 10](#)

◆ China car plants welcome

The EU should encourage Chinese carmakers to open more plants in the bloc as part of a deal to drop punitive tariffs on its imported electric vehicles, Mercedes-Benz’s boss has suggested. [PAGE 4](#)

◆ Indian IT pins hope on US

The vast information technology outsourcing sector is hoping for a revival under the new US administration as it expects incentives for clients in its biggest market to raise spending.— [PAGE 8](#)

◆ Crossword and Lex

The Lex column, Business Life and the FT crossword can be found inside today.— [PAGE 13](#)



Scars of colonisation run deep for Greenlanders

From the 1950s to the 1970s the residents of dozens of traditional Inuit settlements across Greenland were forcibly relocated by their Danish colonial rulers to apartment blocks in larger towns. In a country of just 57,000 people — where many still live in small, remote communities — these wooden ghost towns stand as testaments to the bitter experiences of colonisation and reminders of the goal to one day secure independence. [Ghost towns page 3](#)

Hedge fund investors see nearly half of all gains eaten up by management fees

HARRIET AGNEW — LONDON

Investors in hedge funds have paid out almost half of their profits in fees since the early days of the industry more than half a century ago, new data shows.

Managers generated \$3.7tn of total gains before fees, but fees charged to investors were \$1.8tn, or about 49 per cent of gross gains, according to the analysis by LCH Investments, an investor in hedge funds.

The figures, which date back to 1969, show how the scale of the fees raked in by managers has soared as the industry has matured.

“Up to the year 2000, the hedge fund fee take had been running at around a third of overall gains but since then it has increased to a half,” said Rick

Sopher, chief executive of Edmond de Rothschild Capital Holdings and chair of LCH Investments. “As returns came down, fees went up.”

The world’s 20 most successful hedge funds made their biggest profits on record in 2024, according to LCH — for the second consecutive year and against a backdrop of surging equity markets. The top 20 managers in the \$4.5tn industry made total profits for investors of \$93.9bn, up from \$67bn in 2023.

Managers in the top 20 had a much lower overall fee take, at just over a third of gross gains, compared with 55.7 per cent for the rest of the industry since inception, LCH found.

The standout performers last year were three multi-strategy hedge funds: DE Shaw, Izzy Englander’s Millennium Management, and Ken Griffin’s Citadel. They also have some of the highest over-

all charges. Citadel cemented its position as the most profitable hedge fund of all time, topping the rankings for the third consecutive year.

Hedge funds have historically been known for a “two and 20” fee model, where investors pay 2 per cent in management fees every year and a 20 per cent performance fee on investment gains.

However, that model has come under pressure since the global financial crisis as investors have complained about performance and a lack of protection against market falls.

LCH’s list calculates which managers are most successful based on the cumulative dollar profits they have made for investors, net of fees, since inception. The sources for the calculations were LCH’s internal estimates as well as data from Nasdaq eVestment and HFR.

World Markets

STOCK MARKETS

	Jan 17	Prev	%chg
S&P 500	6004.63	5937.34	1.13
Nasdaq Composite	19634.52	19338.29	1.53
Dow Jones Ind	43593.80	43153.13	1.02
FTSEurofirst 300	2085.29	2071.64	0.66
Euro Stoxx 50	5147.78	5106.53	0.80
FTSE 100	8505.22	8391.90	1.35
FTSE All-Share	4621.70	4566.59	1.21
CAC 40	7714.55	7634.74	1.05
Xetra Dax	20893.67	20655.39	1.15
Nikkei	38451.46	38572.60	-0.31
Hang Seng	19584.06	19522.89	0.31
MSCI World \$	3746.86	3744.47	0.06
MSCI EM \$	1066.67	1055.80	1.03
MSCI ACWI \$	848.63	847.30	0.16
FT Wilshire 2500	7678.59	7686.65	-0.10
FT Wilshire 5000	59722.10	59784.30	-0.10

CURRENCIES

	Jan 17	Jan 10		Jan 17	Jan 10
\$/€	1.030	1.025	€/£	0.971	0.976
\$/¥	1.220	1.223	£/\$	0.820	0.818
€/¥	0.844	0.838	€/€	1.184	1.193
¥/\$	156.125	157.580	¥/€	160.824	161.511
¥/£	190.473	192.714	£ index	82.637	83.409
SF/¥	0.941	0.939	SF/€	1.115	1.121

CRYPTO

	Jan 17	Prev	%chg
Bitcoin (\$)	104609.50	101413.42	3.15
Ethereum	3440.54	3367.50	2.17

COMMODITIES

	Jan 17	Jan 10	%Week
Oil WTI \$	77.36	75.89	1.94
Oil Brent \$	80.87	78.97	2.41
Gold \$	2716.50	2674.60	1.57

GOVERNMENT BONDS

Yield (%)	Jan 17	Jan 10	Chg
US 2 yr	4.28	4.24	0.03
US 10 yr	4.62	4.61	0.01
US 30 yr	4.85	4.85	0.00
UK 2 yr	4.37	4.37	-0.01
UK 10 yr	4.77	4.79	-0.02
UK 30 yr	5.21	5.25	-0.04
JPN 2 yr	0.69	0.70	-0.01
JPN 10 yr	1.20	1.20	0.00
JPN 30 yr	2.29	2.32	-0.03
GER 2 yr	2.23	2.23	0.00
GER 10 yr	2.53	2.52	0.01
GER 30 yr	2.76	2.79	-0.03

Prices are latest for edition
Data provided by Morningstar

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No: 41,844 ★

Printed in London, Liverpool, Glasgow, Dublin, Frankfurt, Milan, Madrid, New York, Chicago, San Francisco, Tokyo, Hong Kong, Singapore, Seoul, Dubai



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INTERNATIONAL

Exchange deal

Three hostages freed by Hamas in ceasefire

Fragile truce brings hopes of end to bloodiest war yet in decades-long conflict

JAMES SHOTTER — JERUSALEM
NERI ZILBER — TEL AVIV
HEBA SALEH — CAIRO

Israel's military said three hostages held in Gaza had been handed over to its forces and returned to Israeli territory, as a long-awaited hostage and prisoner exchange deal began yesterday after 15 months of brutal conflict.

Israel said the three were Romi Gonen, 24, Emily Damari, 28, and Doron Steinbrecher, 31, the first of dozens of captives due to be released.

The handover came hours after a six-week ceasefire between Israel and

Hamas took effect, raising hopes of a pause — and potentially an end — to the bloodiest chapter in the decades-long history of the Israeli-Palestinian conflict: a war that has left Gaza in ruins, consumed Israeli society and brought the Middle East to the brink of a full-blown regional war.

The truce, the first stage of a three-phase agreement thrashed out by US-led mediators last week after months of failed attempts, had been due to take effect early yesterday.

But the fragile ceasefire began nearly three hours late, with Israel continuing to bomb Gaza after a delay in Hamas providing names of the hostages to be released.

Some 90 Palestinian prisoners were due to be freed late yesterday in

exchange for the hostages. The next exchange will take place in seven days' time, with four more hostages freed.

The chances of the agreement being implemented in full remain uncertain, with Israeli Prime Minister Benjamin

Some 90 Palestinian prisoners were due to be freed in return, amid the launch of three-phase plan

Netanyahu under intense pressure from far-right allies to resume fighting once the deal's first phase is complete.

The fighting in Gaza was triggered by Hamas's shock October 7, 2023 attack on Israel, during which militants killed

1,200 people, according to Israeli officials, and took 250 hostages in the deadliest day for Jewish people since the Holocaust.

Mohamed Bassal, spokesperson for Gaza's civil defence agency, said its teams were starting to retrieve bodies from areas vacated by Israeli forces, while police who operated when Hamas ruled the enclave had begun redeploying in cities.

Hamas fighters also began to resurface, with footage showing armed men in cars driving in convoy through various locations in the enclave, including Rafah and Khan Younis.

Under the deal struck last week, the first phase will involve a six-week truce, during which Hamas will release 33 of 97 hostages still in Gaza — including

children, women, the sick and elderly — in exchange for around 1,900 Palestinian prisoners.

During this time, displaced Palestinians will be allowed to return to their homes, Israeli troops will partially withdraw from the enclave and humanitarian aid will sharply increase.

By day 16 of the first phase, Israel and Hamas are meant to start negotiating details of the second phase, during which the remaining living hostages will be freed in exchange for more Palestinian prisoners, the withdrawal of Israeli forces from Gaza, and a permanent end to the war.

The final phase will involve the return of bodies of deceased hostages and the beginning of Gaza's reconstruction. *Additional reporting by Myles McCormick*

Crypto endorsement

Trump's memecoin hits \$13bn in value days after launch

PHILIP STAFFORD — LONDON

The total value of a memecoin backed by Donald Trump has hit more than \$13bn, sparking accusations that the incoming US president is exploiting his supporters for financial gain.

Since its launch on Friday evening, the \$TRUMP cryptocurrency — in which Trump's family business owns a direct stake — has soared from about \$6 to \$67, making the value of the coins in circulation worth about \$13.2bn, according to data from Coinbase yesterday.

The rapidly increasing value has already made it one of the crypto market's biggest "memecoins", or tokens that represent online viral moments. Initially developed as an insiders' industry joke, memecoins have no business model or cash flows.

The number of new memecoins, and their value, has jumped since Trump's election victory in November. Industry executives and traders are betting that the new administration will adopt a friendlier approach to cryptoassets.

Trump's coin was launched on his Truth Social website after a Washington gala to celebrate his imminent inauguration. An accompanying picture shows Trump with his fist aloft and describes the coin as "the only official Trump meme".

About 80 per cent of the tokens will be

'Timing [the] launch hours before inauguration is predatory and many will probably get hurt by it'

held by CIC Digital, which is affiliated to the Trump Organization, and a CIC-owned business called Fight Fight Fight LLC, according to the token's website.

The tokens held by insiders will start to be unlocked for sale over the next three to 12 months and will be available during Trump's four-year term.

"Trump owning 80 per cent and timing [the] launch hours before inauguration is predatory and many will probably get hurt by it," said Nick Tomaino, a venture capitalist, on X.

The launch took many in the crypto market by surprise but Binance, Coinbase and Kraken, three of the largest cryptocurrency exchanges, have all since announced plans to trade the Trump coin on their markets.

The Trump family has taken a growing interest in cryptocurrency. The president-elect and his three sons have been promoting World Liberty Financial, a crypto venture set up by his long-time business partners and others, while Trump's social media company unsuccessfully tried to buy Bakkt, a cryptocurrency trading venue.

Anthony Scaramucci, Trump's former communications director turned critic, also hit out at the launch. "The Trump memecoin stuff is bad for the [crypto] industry. Don't delude yourself," he wrote on X.

The price of Solana, the blockchain used by the Trump coin and many other memecoins, hit a record high of \$295 yesterday.

A spokesperson for the Trump transition team did not immediately respond to a request for comment.

Gaza truce. Prisoner release

Israel's relief over captives is laced with dread

Families await return of more detainees but officials believe at least half of the 94 are dead

JAMES SHOTTER — JERUSALEM

It was the moment Israelis had been yearning for. Yesterday afternoon, 471 long days after they were seized by Hamas in the blackest hour of Israel's history, three young hostages made the painstaking journey from imprisonment in Gaza to freedom in their homeland.

The release of the women — Romi Gonen, Emily Damari and Doron Steinbrecher — marked the beginning of a multiphase deal that offers a chance to end the brutal war in Gaza, and the hope of freedom for dozens more hostages after more than 15 months of torment for them, their families and the nation.

But Israelis' relief at the release is laced with anguish at what the coming weeks will reveal. Israeli officials believe at least half of the remaining 94 hostages are dead. And many doubt the fragile truce will last long enough for all to be returned.

"There is this dichotomy between this state of mind where this might be the last day [of life] for their husband or child — and the possibility that that same person might be sleeping in the room next door by next week," said Udi Goren, whose family is waiting for the return of the body of his cousin Tal Haimi, who was killed on October 7 and then taken to Gaza.

For the past 15 months, the fate of the hostages has been seared into Israel's national consciousness. Their faces from happier times have been plastered and replastered on buildings and billboards from Haifa to Eilat. Details of their lives fill daily news bulletins. Rallies demanding the government act to secure their release have become a weekly fixture.

But as the clock ticked towards the truce this weekend, alongside the hopes that at least some would finally be freed, there were reminders of how volatile the situation remained. Missiles from Yemen set off the eerie howl of air raid sirens across the country. In Tel Aviv, a Palestinian stabbed an Israeli before being shot dead by a passer-by.

Meanwhile, Israeli warplanes contin-



People in Tel Aviv react to the release of Romi Gonen, Emily Damari and Doron Steinbrecher yesterday
Shir Torem/Reuters

ued to pulverise Gaza yesterday morning, bringing the death toll in the shattered enclave since the deal was announced last week to more than 140, according to Palestinian officials.

Even for relatives of the 33 hostages due to be released in the first phase of the deal — when children, women, the sick and the elderly will be freed — the uncertainty is acute.

Sharon Lifschitz's parents, Yocheved and Oded, life-long advocates of coexistence with the Palestinians, were both seized on October 7. Yocheved was freed 17 days later. But the family has no idea of Oded's fate. When Yocheved returned, she told her family he was dead. But hostages released a few weeks later in a truce in November 2023 said they had seen him alive.

And so for the past 15 months, the family has waited, hoping against hope for Oded's safe return, while grappling with the enormity of what it would mean for a frail octogenarian shot in the wrist during Hamas's assault to have survived so long in Hamas captivity.

For families whose relatives are not due to be freed until the second and third phases of the deal — when the remaining living male hostages, and then the bodies of those who have died will be returned — the uncertainty is even greater.

When the previous truce and hostage for prisoner exchange took place in November 2023, freeing 110 of the 250 hostages originally seized by Hamas, many in Israel hoped that it would spawn further such deals, and that the remaining hostages could be brought back soon as well.

But what followed was 14 months of false dawns, as Israel and Hamas repeatedly failed to strike a deal, and the number of living hostages steadily dwindled. Claims by far-right ministers in Benjamin Netanyahu's government to have repeatedly thwarted an agreement have outraged hostages' relatives. And it has left those with relatives not due to be released until stages two or three fearing their time may never come.

Among them is Herut Nimrodi,

'I know that my son's name is not on the list [for release in the first phase] because he is a soldier and we're terrified'

whose then 18-year-old son Tamir was seized in his pyjamas, barefoot and without his glasses, from his military base near the Erez crossing in the early hours of Hamas's attack on Israel.

Nimrodi knows the exact time — 6.49am — of their last message, when Tamir contacted her and said rockets were landing in the base. The family found out he had been seized when one of her daughters saw a video on Instagram. But in the months since they have had no indication of his condition. In November, they marked his 20th birthday without knowing "if he even reached 19".

"I know that my son's name is not on the list [for release in the first phase], because he is a soldier, and we're terrified," Nimrodi said. "What I fear is not only that we will not get to the next stage. But also that [once the first group have been released] the lobby [for further releases] will become much smaller, because there will be fewer hostages, and they are only men."

There is also a widespread recognition that even for those who do come back, the return will just be a first step. Lifschitz said that her mother is coping "better than most of us" with the return from her imprisonment.

But for those who have spent more than 15 months in captivity, the process of recovery is likely to be far harder. Hostages previously released have spoken of being kept in cages, or in complete darkness, of being drugged and beaten, and in some cases of suffering or witnessing sexual abuse.

Hagai Levine, a physician working with a forum supporting the families of hostages, said in a press briefing last week that he expected "every aspect of [hostages'] physical and mental health will be affected".

But for all the angst over the challenges ahead, families are desperate for the process to begin. "Everyone in Israel — and of course the families — needs closure. We are a wounded society right now. We're in trauma. We didn't even start the post-trauma yet," said Nimrodi. "We need to heal. And to see hostages coming back is a healing process for us as a community."

Lifschitz agreed. "We know that so many hostages are not alive and we will have quite a few funerals and shivas to sit through," she said. "But at least there will be a kind of closure."

Migrants

Mexico prepares shelters in anticipation of mass deportations

CHRISTINE MURRAY — MEXICO CITY

Mexico is racing to provide extra shelter capacity for tens of thousands of people in cities along the US border, one of which declared a state of emergency ahead of Donald Trump's plan to remove record numbers of migrants.

People briefed on the plans said at least 60,000 additional shelter places were being prepared after the US president-elect pledged the largest mass deportations in the country's history, focusing on people in the US illegally and with criminal records.

About half the estimated 11mn unauthorised migrants in the US are Mexican. Some 662,000 non-citizens in the US have been convicted or face pending criminal charges, according to Immigration and Customs Enforcement (ICE).

Last week the city of Tijuana declared a state of emergency because of the expected arrivals, while in nearby Mexicali the mayor said the city would convert a conference centre to receive people.

Two people with knowledge of the plans said the federal government provisionally hoped to open 25 shelters,

each with capacity for 2,500 people, to receive deported Mexicans, but was keeping the plan quiet and flexible as numbers remain uncertain.

The government declined to comment and referred the Financial Times to President Claudia Sheinbaum's public messages on the matter.

Trump has threatened Mexico with tariffs of 25 per cent on all exports to the US if it does not do more to prevent migrants and drugs from crossing the border. He has legal options for expelling people, including executive orders and public health restrictions.

Sheinbaum has broadly taken a tougher public response to Trump than some other world leaders, hinting at retaliatory tariffs.

The leftwing leader has said her team has a plan for responding to the deportations but she will not present the details prematurely. The government will have to deal with the influx while implementing double-digit budget cuts for the foreign ministry and National Migration Institute.

A planned "panic button" app for migrants to alert their nearest consulate if they believe they are about to be

detained for deportation has yet to be launched because of technical difficulties. Extra lawyers will be present at Mexico's 53 consulates in the US.

The US has carried out deportations for much of its history, with a record number removed in the fiscal year 2012 under President Barack Obama, when ICE deported more than 409,000 people. In the fiscal year 2024, President Joe Biden removed more than 271,000 people, according to US government data. But both the scale and profile of migrants to be deported could now change significantly.



Migrants head towards the US border from Huixtla this month

During Trump's first term, Mexico took back migrants from around the world, initially those waiting on asylum claims and later those pushed back across the border during the Covid-19 pandemic.

Sheinbaum suggested this month she would be open to accepting other nationalities, but it was not clear whether Mexico would take back citizens deported from the US interior as well as those near the border.

Returning migrants to their home countries presents additional legal and practical difficulties for the US where those regimes are repressive or lack a friendly relationship with Washington.

Numbers may not climb immediately, as Trump faces challenges including a lack of detention space, flights and co-operation from some police forces.

Chad Wolf, Trump's former acting secretary of homeland security, suggested an initial aim could be exceeding Obama-era levels of deportations.

People working with migrants in Mexico said thousands of people would be vulnerable to recruitment by gangs if they were dumped in northern cities rampant with organised crime.

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Published by
F.T. Publications Inc.
330 Hudson St, New York,
NY 10013, USA;
Tel: [+1 212 551 5000](tel:+12125515000);
Editor: Roula Khalaf

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

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

US subscription rates, 1 year \$406. Periodicals postage paid at New York, NY and at additional mailing offices; Post-Master. Send address changes to F.T. Publications Inc, PO Box 469, Newburgh, NY 12551; USPS number, 190640; ISSN# 0884-6782.

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INTERNATIONAL

Danish and US power haunts Greenland’s ghost towns

Trump’s talk of buying Arctic land has stirred painful memories for its people

POLINA IVANOVA
QOORNOQ AND NUUK, GREENLAND

An abandoned railroad cuts through deep snow and an icy wind rattles the empty window frames of a derelict fish processing plant in the deserted village of Qoornoq, perched on the edge of Greenland’s second-biggest fjord between chunks of glacial ice.

Once a busy Arctic fishing village, Qoornoq is one of dozens of traditional Inuit settlements across Greenland whose residents were forcibly relocated by their Danish colonial rulers to apartment blocks in larger towns, in what was billed in the 1950s to 1970s as a modernisation drive. Now, for many Greenlanders, these wooden ghost towns stand as testaments to some of the more bitter experiences of colonisation and reminders of a prevailing goal: to secure independence some day.

“It is still a painful past for us, and perhaps one of the reasons why there’s such a strong antipathy towards Denmark,” said Vittus Qujaukitsoq, a former government minister whose father was forcibly displaced from a village in the far north of Greenland.

The relocation of Qujaukitsoq’s father and his family from their home village of Uummannaq in 1953 was also triggered by the establishment of a big US air base in the area at the time. His father spent years suing Denmark for the loss of his home.

Greenlanders still resent Denmark “because of the arrogance, because of the way people were treated”, Qujaukitsoq said. Now, he said, Greenland

should shake off its colonial past and set out on its own. It is a conversation brought to the fore by incoming US president Donald Trump’s interest in the Arctic territory and the fly-by visit this month by his eldest son. When the younger Trump spoke of Greenlanders experiencing “racism”, Qujaukitsoq said it resonated with him.

But though Greenlanders overwhelmingly support independence, they are not keen simply to replace Denmark with the US as a solution to the problems independence could raise for the island, which receives a large share of its budget in the form of a grant from Copenhagen and has no self-reliance in defence.

“That’s the duality of the question, always. If you’re not owned by Denmark, who are you owned by?” said Pele Broberg, head of the Naleraq party. “But that’s not how you should look at it.”

A small opposition party, Naleraq takes the strongest line on independence. Unlike Greenland’s main political parties, it believes the island is ready to cast off, and has pledged to start separation negotiations immediately if elected.

Naleraq’s plan for independence – which potentially includes slashing the government budget by half to make up for the lost Danish block grant – also sees a big role for the US.

“What I want the other parties to do in this election cycle is to go to the US and say: ‘Look, guys, we need a defence agreement that will be put in effect the second we become independent,’” Broberg said. However, the US’s lasting inter-



Road to nowhere: the abandoned line to Qoornoq, a village whose Inuit residents were forcibly relocated by Danish rulers

Polina Ivanova/FT

est in the island – Trump is not the first US president to raise the idea of purchasing Greenland – has left a mark.

When tens of thousands of US troops arrived in the 1950s to north-eastern Greenland to build the Pituffik Space Base, it came as a shock for the remote, 300-strong village of Uummannaq. The villagers were subsequently forced to move 150km north to an even more unforgiving climate, where they had to start a new settlement from scratch.

The base, the US’s northernmost military facility – locked in by ice for three-quarters of the year – is critical for missile warning systems and space surveillance, and exemplifies Greenland’s strategic importance for US security.

Having heard stories of his forebears’ experience growing up, Qujaukitsoq also campaigned in government to secure funding to reverse environmental damage caused by some 30 US military installations across Greenland during the second world war. But it was Denmark that the politician felt should pay up, and his family holds Denmark, not the US, responsible for their forced move. “That was the Danes that did that,” Broberg said. The founder of his party

grew up in a village that was partially resettled, he added.

He said Greenlanders would be happy to see the US presence expand. “If they want to build 30 new bases on our east coast, be my guest.”

“It’s a reality that the US is protecting us, as they have done for the past 83 years,” said Qujaukitsoq, who has served both as Greenland’s finance minister and foreign minister. “So what’s the point of having this anti-US sentiment?”

Frustration with their experience of Danish rule is a big motivator for Greenlanders’ desire for independence, said Naaja Nathanielsen, minister for justice and gender, as well as for mineral resources, who said she also found a “grain of truth” in Trump Jr’s words about discrimination. “It’s not ancient history,” said Nathanielsen, who hails from a larger political party and believes Greenland needs years’ more work before it can become independent.

Greenlanders – many of whom live in small, remote communities in the country of just 57,000 people – all knew people affected by colonial policies or experienced them directly, said Nathanielsen, whose own father was sent to

‘It’s a reality the US is protecting us, as they have done for the past 83 years. So what’s the point of having this anti-US sentiment?’

boarding school in Denmark as a child.

Copenhagen, which has ruled Greenland since the 18th century – first as a colony and then granting it increasing degrees of autonomy in 1979 and 2009 – has apologised for certain cases, such as a 1950s “social experiment” in which two dozen Inuit children were brought to Denmark and cut off from their families in a bid to reshape their identities.

Another Greenland resident spoke of her family’s shock to discover that the reason a relative was unable to get pregnant was that, as a young woman, she had been fitted with a contraceptive coil without her understanding or consent.

Some 150 Greenlandic women are now suing Denmark over the practice, which is believed to have been implemented by Danish doctors in the 1960s to limit Greenland’s population and to have affected some 4,500 women. But many of these wrongs go unacknowledged, Nathanielsen said, with Denmark loath to see itself as a coloniser.

“If you don’t give people a stage and a platform to grieve, to be angry and to hear acceptance from the one who caused all this anger, we’re not going to move past it.”





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INTERNATIONAL

South Korea

Yoon supporters storm district courthouse

Dozens of protesters clash with police after judge extends leader's detention

CHRISTIAN DAVIES — SEOUL

Supporters of South Korea's suspended president stormed a Seoul courthouse early yesterday morning after a judge extended Yoon Suk Yeol's detention on charges of insurrection and abuse of power.

More than 40,000 people had gathered outside the Seoul Western District Court on Saturday evening in a show of support for Yoon as investigators sought to extend his detention. He was arrested

on Wednesday over a failed attempt to impose martial law last month. After a judge issued the extension at around 3am local time, dozens of supporters broke through police barricades and stormed the building, according to the South Korean police, smashing windows and doors and blasting fire extinguishers at officers guarding the courthouse.

Police reinforcements eventually took back control of the building and arrested almost 90 people, according to local media reports.

The clash is the latest chapter in a spiralling political crisis triggered by Yoon's decision last month to dispatch troops to the country's national assembly as he tried to prevent lawmakers

from rejecting his attempt to impose military rule on the east Asian country.

Yoon was suspended from his duties after the national assembly passed an impeachment motion by a two-thirds majority last month. But he has vowed to "fight to the very end", claiming he is a victim of a conspiracy of leftwing and pro-North Korea forces.

Many of Yoon's hardline supporters

The president's lawyer told protesters not to 'go too far . . . [in case of] counter-attacks by leftist forces'

have adopted the language of US president Donald Trump's followers, carrying US flags and holding placards with the words "Stop the Steal" — a reference to allegations of fraud in the 2020 US presidential election that preceded the storming of the US Capitol by Trump supporters on January 6 2021.

While his powers have been transferred to deputy prime minister Choi Sang-mok as acting president, Yoon remains South Korea's head of state as the country's Constitutional Court deliberates on whether to approve his impeachment or reinstate him in office.

Yoon was arrested and detained on Wednesday after a stand-off at his hill-top compound between his security

detail and investigators from South Korea's Corruption Investigation Office.

The president's legal team have repeatedly argued that the CIO has no standing to investigate charges of insurrection, and that the Seoul Western District Court has no jurisdiction in his case. Both claims have been rejected by South Korean judges. According to the CIO, Yoon has refused to co-operate with investigators since his detention.

Seok Dong-hyeon, a lawyer for Yoon, wrote in a Facebook post yesterday that he had found the court's decision "really hard to understand". But he called on the president's supporters not to "go too far" as they could be caught up in "counter-attacks by leftist forces".

Seoul. Struggle for growth

Political shocks add to deeper economic woes

Policymakers face problems that long predate strife caused by martial law and Trump

CHRISTIAN DAVIES AND SONG JUNG-A — SEOUL

South Korea's worst political crisis in decades is playing out against a darkening economic backdrop, as policymakers grapple with challenges ranging from a tumbling currency and weak consumer confidence to slowing job growth and intensifying competition from China.

Asia's fourth-largest economy is facing these problems as it navigates twin political shocks: Donald Trump's re-election in the US and the fallout from South Korean President Yoon Suk Yeol's failed attempt to impose martial law.

While South Korea's political strife is likely to exacerbate its economic woes, analysts stressed that these weaknesses long predated, and are much deeper than, the current crisis.

"Even if the present political crisis were to be resolved soon, there are not many reasons to be optimistic about our economic outlook," said Park Chong-hoon, head of research at Standard Chartered in Seoul.

The South Korean won was the worst performer in Asia against the US dollar last year, weakening more than 10 per cent in the fourth quarter. And while a weaker currency often benefits export-oriented economies, South Korea's reliance on expensive imports, notably energy, outweighed any potential benefits, economists said.

The currency's slide led the Bank of Korea to defy widespread expectations on Thursday and hold its benchmark interest rate at 3 per cent, despite sluggish growth and signs of trouble in the jobs market.

South Korea was the largest source of foreign direct investment in the US last year as the country's manufacturers, attracted by generous subsidies, rushed to set up chip and battery plants.

But a surge in US imports of South Korean goods for those facilities helped drive a record trade surplus, a long-standing bugbear for Trump, making Seoul vulnerable to retaliation.

Finance minister and acting president Choi Sang-mok acknowledged this week that Trump's threats of across-the-board trade tariffs would have a "significant impact" on South Korea's export-oriented economy.



Supporters of President Yoon Suk Yeol chant slogans outside the Seoul Western District Court on Saturday
Anthony Wallace/AFP via Getty Images

The BoK also warned on Thursday that the country was likely to miss its 2024 GDP growth forecast of 2.2 per cent and trimmed its 2025 forecast to 1.8 per cent. That is down from an average annual rate of more than 3 per cent in the 2010s. "Downside risks to economic growth have intensified, and the

volatility of exchange rates has increased," said Bank of Korea governor Rhee Chang-yong, citing "political risks that have recently escalated".

Analysts note that pressure on the won as a result of the BoK's back-to-back rate cuts in October and November was compounded by the US Federal Reserve's pivot to slowing its pace of easing in response to Trump's election.

If Trump's protectionist trade and immigration policies fuel US inflation, as many economists expect, a more hawkish Fed would put further pressure on the won and South Korea's growth.

Economists also warn slowing growth is likely to have an outsized long-term impact because of the looming demographic crisis in South Korea, which has the world's lowest fertility rate. South Korea's ability to address structural economic issues — as well as policymakers' efforts to lobby the incoming Trump administration — has been paralysed by an unfolding domestic political crisis.

Shortly after Yoon's aborted martial law declaration last month, Rhee told

the Financial Times that Trump's trade policies constituted a greater risk to the economy than the turmoil at home.

But with the crisis showing no signs of abating after Yoon was arrested this week on insurrection and abuse of power charges, Rhee has changed his tune. "Previously, US monetary and trade policies were the biggest factors determining how much lower the growth rate would fall," Rhee said on Thursday. "But I think it now depends more on whether the political process will function stably and whether the economy will perform in the interim."

The weaker won and political instability have also damaged consumer and business confidence.

Retail sales hit their lowest level in 24 years between January and November last year, according to government figures. Household debt as a proportion of

'There are not many reasons to be optimistic' about the nation's economy

GDP is one of the highest in the developed world, with retailers reporting a surge in demand for discounted goods and food as South Koreans face a higher cost of living. The country also recorded a net loss of 52,000 jobs last month compared with the previous year, the sharpest fall in four years since the depths of the coronavirus pandemic.

Meanwhile, the BoK released a survey this week showing large Korean companies faced more severe credit risks than at any time since 2016.

South Korean exporters in sectors spanning tech, steel, petrochemicals, textiles and cosmetics are struggling to compete with Chinese rivals, as industrial overcapacity and sluggish demand in China spill over into global markets. More worrying, Chinese companies are making rapid progress in the development and production of memory chips, South Korea's most valuable export and its main economic growth driver.

China "has caught up fast with Korea in many key industries", said Jaemin Lee, a trade expert at Seoul National University.

"If the US blocks Chinese products, this will prove a double-edged sword for Korean exporters as China will try harder to find alternative export destinations," he added. "All this will mean Korea facing even stiffer Chinese competition in third countries."

South Korea's won drops to 15-year low



Inflation has accelerated in past 2 months



Housing supply

Riyadh's property boom puts home ownership beyond reach of many working Saudis

AHMED AL OMРАН — RIYADH

Saudi Arabia's housing minister has acknowledged that soaring property prices in Riyadh have become a "concern" for the government, highlighting the difficulties facing officials desperate to turn home ownership into a reality for the vast majority of its citizens in the capital.

Property prices in Riyadh have surged since the pandemic, with the cost of a house now almost 81 per cent higher than in 2020, according to real estate researchers Knight Frank. Apartment prices in the city, meanwhile, have increased 56 per cent over the same period.

This sharp rise in prices is complicating Crown Prince Mohammed bin Salman's attempts to hit a 70 per cent goal for owner-occupancy by 2030.

At present, 63 per cent of Saudis own their own home, up from 47 per cent in 2016, when the Crown Prince's ambitious reforms of the Saudi economy were first unveiled. But the figure in

Riyadh, where 4.4mn of 18.8mn Saudis live, is far lower at 53.2 per cent, according to the latest census data, taken from 2022.

Housing minister Majed al-Hogail said in an interview with the Financial Times in November that the government was trying to address the affordability issues through different initiatives. He emphasised that the government remained on track to reach the national home ownership target on schedule, despite the surge in prices in the capital.

Those initiatives include the building of more than 30,000 units by the state-owned National Housing Company with prices starting at SR375,000 (\$100,000) in newly developed suburbs, about an hour's drive from the city centre. Citizens can sign up for state-subsidised bank loans to buy these homes off-plan.

A wave of young Saudis moving to Riyadh, lured by job opportunities at new government authorities and projects at the Public Investment Fund, the country's sovereign wealth fund, has

pushed up property prices despite a rise in borrowing costs.

While Saudi workers were paid an average of SR121,908 a year in 2023, the average house price for a three-bedroom villa in Riyadh is now about SR2.28mn, according to data by Aqar, a local property listing platform.

"I wish I insisted on buying a house

earlier because now I'm no longer sure if I can afford it with the current prices," said Mansour, a 43-year-old civil servant and father of one, who is paid about SR15,000 a month.

"I don't think I can afford anything in Riyadh right now, unless the interest rates on loans go dramatically lower."

Outside the capital, house prices have



Roshn Group says there is greater demand for units to be built closer together

remained relatively stable since the pandemic. In the Red Sea port city of Jeddah, average prices have even fallen — dipping 8 per cent — since 2020, according to Knight Frank, though apartment prices have increased 14 per cent.

With the influx of young newcomers and the lifting of social restrictions on women and entertainment, developers — including the PIF-backed Roshn Group — have been able to eschew traditional concerns over privacy and a desire for space, and use the increased demand to sell units closer together.

Roshn, which has a mandate to build 400,000 new units by 2030 across Saudi Arabia, has constructed developments in the north-east suburbs of Riyadh that it claims have created integrated communities, with facilities such as playgrounds and sports clubs, which it says are more walkable.

Oussama Kabbani, the company's chief development officer, said it was taking a "big risk" with its first project in the capital city by deciding to build some homes that are not separated from

Tariff dispute

EU should welcome Chinese car factories, says Mercedes boss

ANDREW BOUNDS AND KANA INAGAKI BRUSSELS

The EU should encourage Chinese carmakers to open more plants in the bloc as part of a deal to drop punitive tariffs on imported Chinese electric vehicles, the boss of Mercedes-Benz has said.

Ola Källenius, who is also president of EU car industry body Acea, said China had asked European carmakers to invest domestically to access its market decades ago, and that approach could form part of a solution to the trade dispute.

"Nobody disagrees about the fact that the level playing field is a legitimate discussion. The question is, what tool do you use?" Källenius told the Financial Times in an interview. "Don't accelerate protectionism because . . . we have much to lose."

In October, Brussels imposed tariffs of up to 45 per cent on Chinese EV imports after a big surge in sales, alleging they received unfair subsidies, and opened several anti-dumping and anti-subsidy investigations. Beijing responded with anti-dumping tariffs on brandy and investigations into pork and dairy products.

German carmakers have been the most vocal opponents of protectionist measures as they fear retaliatory moves from Beijing and weakened interest from the country's consumers at a time when they have already suffered a sharp decline in sales due to the rise of Chinese brands. They have also struggled to compete against more affordable and advanced Chinese EVs from companies such as BYD.

When German carmakers sought to establish themselves in the emerging Asian economy in the 1980s they agreed to form joint ventures with Chinese partners. Källenius said it was a decision for EU policymakers whether to come up with a reciprocal arrangement.

"When we came to China . . . there was a call upon us by the policymakers: industrialise here if you want to capture the market. From my understanding, European policymakers have said the same, vis-à-vis the Chinese," he said.

"I think those are legitimate conversations, but that means that you would actually open up markets and create as much as possible a level playing field and then let the best market actor win."

Brussels is also planning to impose criteria requiring Chinese businesses to have factories in Europe and share technological knowhow. BYD plans to build vehicles in Hungary, while CATL has recently agreed to build a €4.1bn lithium battery factory in Spain with Stellantis.

Källenius said tariffs would hurt the industry and Brussels should compromise with Beijing on a deal to remove them, adding that China had become an integral part of the global automotive supply chain, including raw materials, advanced chips and components.

Last week Acea sent a letter to EU leaders urging them not to retaliate against tariffs threatened by Donald Trump when he was US president-elect.

Mercedes-Benz is one of Germany's top three carmakers alongside VW and BMW, with significant operations in both China and the US. Geely and BAIC, which is controlled by the Chinese state, own a fifth of shares in Mercedes-Benz. The carmaker relies on China for about 30 per cent of its global sales.

Companies & Markets

Novo Nordisk obesity drugs included in US price-cut talks

- Medicare move takes toll on shares
- Industry body criticises ‘pill penalty’

OLIVER BARNES — SAN FRANCISCO
HANNAH KUCHLER — LONDON

Prices for Novo Nordisk’s blockbuster diabetes and weight-loss drugs Ozempic and Wegovy could face steep cuts in the US after the government included them in the next round of Medicare negotiations.

Joe Biden’s administration last week named semaglutide, the key ingredient in the two blockbuster Novo Nordisk medicines, among a group of 15 drugs whose prices will be negotiated directly between manufacturers and the government. Investor concerns that prices for Novo Nordisk’s bestselling medicines could be significantly cut knocked the

In a set of talks last year, the insurance programme knocked between 38% and 79% off list prices for drugs

Danish drugmaker from its position as the largest company in Europe by market capitalisation. Its shares fell 4.3 per cent to DKr575.6 on Friday.

The group of drugs accounted for about \$41bn in annual spending by Medicare, the state-backed insurance programme in the US for over-65s, and another round of negotiations could yield billions in savings.

In the first set of talks last year, Medicare knocked between 38 per cent and 79 per cent off US list prices. Drug-pricing controls formed a central part of Biden’s Inflation Reduction Act, and his administration hailed \$7.5bn in savings resulting from the talks.

In total, about a tenth of the 53mn patients enrolled in Medicare’s Part D prescription drug programme used at least one of the 15 drugs on the new list.

Price negotiations affecting this group of medicines will start later this year, with price controls taking effect from 2027.

Between November 2023 and October 2024, about 2.3mn Medicare enrollees used one of the drugs based on semaglutide, mostly Ozempic, costing \$14.4bn.

Novo Nordisk’s Rybelsus is also based on semaglutide and will be affected by the price caps. Semaglutide sells for \$997 a month when branded under Ozempic and \$1,349 a month for Wegovy. The price cut to Ozempic may have a spillover effect on competitor drugs from Eli Lilly — Mounjaro and Zepbound — analysts noted.

Other drugs in the group of 15 include GSK’s chronic obstructive pulmonary disease treatment Trelegy Ellipta and Pfizer’s breast cancer drug Ibrance.

The price negotiation announcement came in the last days of the Biden administration, as president-elect Donald Trump prepares to take office for the second time today. Trump, who has previously criticised high drug prices, is not expected to repeal the law altogether, but industry body the Pharmaceutical Research and Manufacturers of America is pushing for changes.

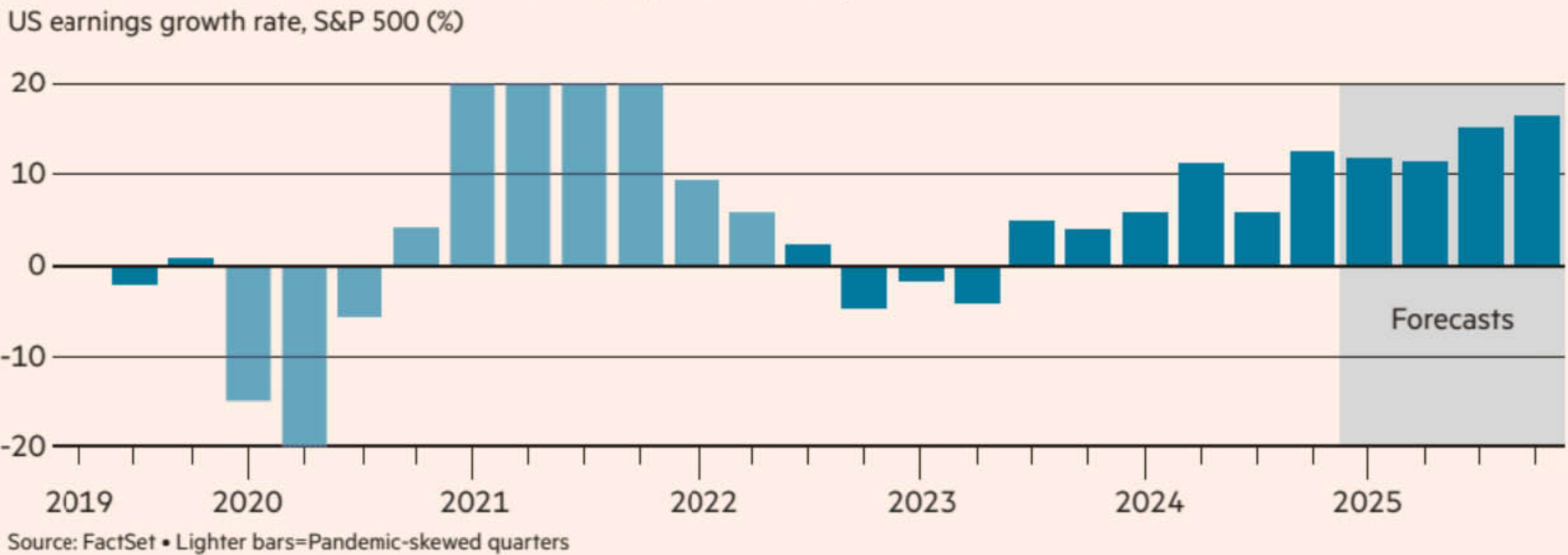
Stephen Ubl, PhRMA president, described the IRA price-setting process as “dangerous for millions of Americans” and expressed the group’s eagerness to work with the incoming administration and Congress to fix the “pill penalty”, which means small-molecule drugs are eligible for drug price negotiations four years before complex biologic drugs.

Novo Nordisk said it remained opposed to government price setting through the IRA “and has significant concerns about how the law is being implemented by this administration”.

Fear factor High hopes pose tough earnings test for Wall Street after shaky start to year



Wall Street forecasts robust earnings growth this year



JENNIFER HUGHES AND GEORGE STEER
NEW YORK

Lofty expectations for US corporate profits mean that the flood of earnings reports in the coming fortnight will play a particularly important role in setting the direction for Wall Street stocks, investors say, after a shaky start to 2025.

The S&P had its best week since the election last week, aided by strong numbers from the biggest banks, pushing the index back into the black for January.

But investors say a strong showing is needed from the many household names — worth a combined \$25tn — due to report before the end of the month, if the market is to surpass the record high it hit last month.

Analysts are forecasting the best quarterly results in three years, with S&P 500 companies’ net profits expected to have risen 11.4 per cent year on year, according to FactSet.

The index rose 23 per cent last year as demand for artificial intelligence-related stocks powered gains for tech

companies. That has put the S&P on a forward price/earnings ratio of 21 times, according to data from LSEG.

On average, a negative January for stocks leads to a median return of 2.5 per cent for the rest of the year, according to Barclays strategists. However, an opening month with gains of at least 1.5 per cent tends to result in annual returns of more than 11 per cent.

After a series of record highs in 2024, stocks have stumbled in recent weeks, buffeted by worries about the potential for higher interest rates to hurt economic growth, and uncertainty about early actions by Donald Trump’s incoming administration.

Companies including Netflix, GE and consumer products giant Procter & Gamble are among those set to report this week. Technology groups including Amazon, Microsoft, Facebook parent Meta and Tesla are due the week after.

The highest growth is still expected to come from tech companies including the so-called Magnificent Seven, but investors are also looking for signs

of improving profitability among other sectors in the hope that this will ease the S&P 500’s dependence on a handful of stocks.

Earnings for the Magnificent Seven — Nvidia, Meta, Amazon, Alphabet, Microsoft, Apple, and Tesla — are predicted to rise 21 per cent this year, slowing from a rate of 33 per cent in 2024, according to FactSet. Earnings growth for the other 493 stocks in the index is expected to pick up to 13 per cent, from 4 per cent.

Market participants will also watch closely for executives’ thoughts on Trump’s policy agenda. Concerns about Trump’s actions have the potential to take the gloss off even strong earnings updates, if the president moves early on some of his tariff threats, which could hurt the outlook for multinational firms.

Roughly 30 per cent of revenues for S&P 500 companies are generated outside the US, with every 10 per cent rise in the dollar translating to a 3 per cent hit to the average company’s earnings per share.

Additional reporting by Ray Douglas

European banks threaten to pull out of climate accord

HARRIET AGNEW, KENZA BRYAN AND SIMON FOY — LONDON

European banks have threatened to pull out of the sector’s largest climate alliance unless it softens its rules, as executives on both sides of the Atlantic fret about the future of net-zero collaboration ahead of Donald Trump’s inauguration.

Top lenders in Europe are reconsidering their membership of the Net Zero Banking Alliance (NZBA), according to three people familiar with their thinking, after bulge-bracket US peers including JPMorgan, Citigroup and Goldman Sachs quit the group.

On Friday four of Canada’s biggest lenders also said they were withdrawing from the climate coalition.

Separately, the senior ranks of the umbrella group called the Glasgow Financial Alliance for Net Zero (Gfanz), of which the banking group was one part until earlier this month, have been struggling to convene a meeting to discuss the future of climate collaboration, ahead of the World Economic Forum in Davos this week.

The “principals” of Gfanz — launched almost four years ago — typically meet in the first quarter of each year. This group includes HSBC chief executive Georges Elhedery, Christian Sewing of Deutsche Bank and Sergio Ermotti of UBS. But efforts to organise a meeting this week to discuss the future of the alliance were scuppered by scheduling issues, antitrust concerns and political distractions, according to people familiar with the situation.

Rightwing US politicians have increased their attacks on “woke” company policies ahead of Trump’s return to the White House. Some 22 Republican attorneys-general have targeted US banks, accusing them of colluding to block finance to oil and gas companies.

A parallel club for asset managers — the Net Zero Asset Managers initiative — announced last week that it would stop tracking “implementation” and “reporting” on membership criteria, and conduct a review to ensure it was still “fit for purpose”. BlackRock left the initiative this month; Vanguard quit in 2022.

Deutsche Bank and UBS declined to comment. HSBC did not respond to a request for comment. NZBA said it would “engage with all members on strategic priorities” in line with its governance process.

Additional reporting by Brooke Masters



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Carriers seek to axe Dublin airport’s passenger cap

US and domestic operators urge incoming government to overturn local planning rules

JUDE WEBBER — DUBLIN

Irish and US airlines are appealing to the incoming government to scrap an “outdated” cap on passenger numbers at Dublin airport that has made Ireland the only big European country where seat capacity is shrinking.

The long-running dispute caused by local planning restrictions has spread to Europe’s top court, with the airline industry warning that it would harm Ireland’s economic growth.

While the legal challenges from local and US carriers have temporarily staved off the Irish aviation authorities’ orders to comply with the cap for this year’s summer season, the battle highlights the rising tensions between local worries over the impact of airports and wider economic and industrial growth.

In November 2023, the Dutch government shelved plans to cut flights at Schiphol airport, after pressure from airlines, the EU and the US.

Some airlines have increased capacity thanks to the temporary stay of the cap. US carrier United Airlines plans to boost flights to Dublin for the summer 2025 season, starting at the end of March.

However, capacity restrictions for the current winter season remain in force and the long-term uncertainty over the cap has led to the sector turning to Fianna Fáil and Fine Gael, the two political parties expected to form a coalition with independents this month. Both parties promised to get rid of the cap during their election campaigns.

Donal Moriarty, chief corporate affairs officer at Aer Lingus, appealed for the new government to “urgently” pass legislation permitting a temporary rise in passenger numbers “to allow airlines and the airport to plan for future investments and growth”.

Airlines For America, a lobby group including American Airlines, JetBlue, Delta and United, has called on Fianna Fáil and Fine Gael to keep the issue “at the forefront of the new government’s agenda”.

Local planning authorities capped annual passenger numbers at Ireland’s biggest airport at 32mn in 2007 amid road traffic constraints. DAA, the airport operator, said that level was breached for the first time last month.

Dublin airport expects to have handled 33.3mn passengers in 2024, but without a cap, it could hit 37mn in 2025, including some 2mn passengers in transit, and 50mn passengers a year by 2035, DAA chief executive Kenny Jacobs said.

Ireland is home to Ryanair, Europe’s biggest airline, as well as a large aircraft leasing industry, but it is currently the only one of the top 20 European markets for air travel where seat numbers are set to drop in the first quarter of 2025.

Despite aircraft delivery delays and supply chain problems, seat capacity in leading European countries will grow 6.5 per cent from the year before, compared with Ireland’s 3.3 per cent decline, aviation analysts Cirium forecast.

DAA applied to the local county council in December 2023 to to invest €2.4bn in infrastructure and upgrades.

While officials consider that, the operator applied to the council last

month to increase passenger numbers to 36mn — a decision it hopes can be taken swiftly since no additional infrastructure is needed.

Ireland’s outgoing government long argued that it could not overrule planners. But Jacobs was hopeful that the new government would honour the main parties’ manifesto pledges.

Government intervention could mean that lengthy legal action challenging the cap, which is now under way, would no longer be necessary, airlines say.

Ireland’s High Court in December asked the European Court of Justice to clarify certain elements of the airport cap “given the centrality of the EU law measures involved”. The ECJ’s clarification, which is expected to take at least a year to two years, will then be referred back to the High Court.

Pending that decision, the High Court put on hold capacity cuts ordered by the Irish Aviation Authority for summer 2025.

Michael O’Leary, Ryanair chief

executive, said the length of the ECJ’s deliberations would mean the cap would probably not be enforced for winter 2025 or summer 2026 either — “so we can grow”.

United has already announced it will double flights to Washington to twice a day this summer from Dublin and fly a Dreamliner to Chicago to boost capacity.

Jacobs has warned the cap could cost 1,000 aviation jobs and €500mn in tourist spend and investment, harming Ireland’s booming economy and image as a leading investment destination for global technology and pharmaceuticals.

He expected that the ECJ would rule to protect an “Open Skies” accord granting EU and US airlines access to all transatlantic routes, given Donald Trump’s return to the White House.

“The Americans are very, very animated on this and they’re saying ‘Whoa, whoa, whoa, we have Open Skies — that’s sacred. You can’t have local things get in the way of that,’” Jacobs said in an interview.

He contrasted Ireland’s cap with Saudi Arabia, which has been selected to host the 2034 football World Cup, and where DAA has two airport contracts and provides consultancy services to a third. Saudi Arabia plans to treble the current 130mn passengers at its 29 airports by 2030.

Ryanair’s O’Leary said he was “very confident” the cap would be scrapped. “The legal advice is that it’s in direct contravention to freedom of movement,” he told the Financial Times.

With the stay on the cap in place for this summer, “there will be growth,” Jacobs said. “I think there’ll be an additional 1mn passengers than summer ’24 — and then winter ’25 remains to be seen.”



Ireland is the only big EU country where seat capacity is shrinking

COMPANIES & MARKETS

IT outsourcingers look to Trump for revival of Indian sector

Hubs from Bengaluru to Pune expect fresh opportunities in largest market

CHRIS KAY — BENGALURU
KRISHN KAUSHIK — NEW DELHI

India's vast information technology outsourcing sector is hoping for a revival of its fortunes under a second Donald Trump presidency, with an industry that derives more than half its revenue from the US expecting incentives for its customers there to increase spending.

With the new administration promising to slash corporate tax and tame red tape, India's \$128bn annual revenue back office and consultancy sector, with its huge campuses across cities from Bengaluru to Pune, sees opportunity in its largest market after years of anaemic demand and growth.

"Mr Trump in the past has been very business savvy," said Atul Soneja, chief operating officer at Tech Mahindra — the IT business of the Mahindra Group conglomerate — in an interview in Bengaluru. "We should hopefully start seeing the benefit."

IT and business process outsourcing is one of India's most important and global-facing industries, employing more than 5mn people in a country that has thus far been unable to provide large numbers of well-paid and formal job opportunities for its vast labour force.

The sector enjoyed a surge of business as clients invested in digital services during the coronavirus pandemic. But that led to Indian tech giants becoming bloated after a hiring splurge, and the industry was hit as corporates cut back

on spending with global economic pressures increasing.

Tata Consultancy Services, India's largest IT company, which last week reported a fifth straight decline in quarterly revenue in North America, expects a better year, partly because of improving client spending as Trump takes office this week.

"Once the new administration comes in, that will also remove any uncertainty," said K Krithivasan, TCS chief executive. "There will be more confidence in discretionary programmes coming into the next financial year."

Nandan Nilekani, the billionaire co-founder and chair of India's second-largest IT services company Infosys, told the Financial Times in November the "bull case" for the sector would be if Trump's presidency were to "unleash market deregulation", allowing companies to expand, while spurring more mergers and takeovers, all providing business to India's outsourcingers.

His comments were echoed soon after by Rishad Premji, chair of rival Wipro, who said he expected Trump's administration to be "very pro-business and pro-growth, which helps all of our customers, which ultimately helps partners here in India and the world over".

Analysts at HSBC estimate the industry will register growth of 6 per cent in the next financial year, up from about 3-4 per cent over the past two years, adding the US outlook is now positive.



India's outsourcingers hope for a wave of US deregulation that will spur corporate activity such as takeovers and provide it with business — GC/Shutterstock/Getty Images

"Any tax cuts would drive more technology spending; that's a fair assumption," said Sid Pai, the Bengaluru-based co-founder of venture capital tech investor Siana Capital Management, who expected "steady growth" across the sector.

The renewed optimism comes as US tech executives have been beating a path to India in recent months. Last week, Microsoft chief executive Satya Nadella unveiled a \$3bn investment, while in October, Nvidia chief Jensen Huang came to Mumbai and announced a batch of artificial intelligence partnerships with the country's biggest conglomerates and outsourcing giants.

However, Trump's America First protectionist stance promises to impose dramatic tariffs on countries — damaging growth and fuelling inflation.

This, in turn, is set to make the Federal Reserve more cautious about lowering interest rates, according to a recent FT poll of more than 220 economists.

"A large part of demand recovery for IT services companies is dependent on how the US economy performs in 2025," said Kumar Rakesh, a Mumbai-based associate director of equity research at BNP Paribas, warning conditions for the sector could worsen if policy changes were to boost inflation and force a pause or even a reversal in rate cuts.

HSBC analysts noted that Trump-led tax cuts in 2017 did not necessarily have a clear impact on tech spending.

During the last Trump presidency, the industry also fell foul of tightening restrictions on the high-skilled H-1B visa programme, mainly used by Indian nationals.

While Elon Musk, Trump's biggest tech industry backer, has argued there is "a dire shortage" of IT engineers in America, Indian outsourcingers have since significantly reduced their dependency on H-1B workers in the US where they have offices servicing clients locally.

Rakesh said less than 1 per cent of out-

'Any tax cuts would drive more technology spending; that's a fair assumption'

Sid Pai, Siana Capital Management

sourcing industry employees now work on such visas.

More widely, economists and industry figures in India expect the world's most populous nation, which has been edging closer into Washington's orbit and whose leader, Narendra Modi, shares good relations with Trump, could be shielded from the worst of the US leader's impulses.

"The relationships between the two leaders have been very strong in the past as well, so we expect that to continue," said Tech Mahindra's Soneja.

Teresa John, deputy head of research at Mumbai brokerage Nirmal Bang, who recently published research on the potential impact of Trumponomics on India, said overall the country was likely to "be relatively insulated" compared with Asian nations such as China, given its lower trade surplus with the US.

"US growth is going to hold up," she added. "We will see that flowing through to the Indian IT sector."

Interview: Hock Tan

Broadcom chief eyes AI after navigating VMware backlash

Software company offers a 'sovereign' alternative to Big Tech groups' cloud services

TIM BRADSHAW — LONDON

When Broadcom, the \$1tn tech group, bought VMware in 2023, the software company's customers could choose between thousands of different products to help them manage their data centres.

During the year after the \$69bn deal closed, Broadcom slashed that number to five. The original plan was for just four VMware bundles, according to Hock Tan, Broadcom's chief executive. But after a backlash from some customers to a series of changes to its software licensing model, a fifth option was added.

"One of the commitments we made was to make VMware easier to use and to make the whole availability of the product much simpler," Tan told the Financial Times in an interview. "Maybe going down to four was a bit too much . . . but we certainly do not need 8,000."

Tan told investors last month the deal would deliver a "significantly" greater boost to earnings than the \$8.5bn it initially expected. It is the kind of manoeuvre that has won him a reputation for ruthlessly effective dealmaking and merger integration, as he hunts for Broadcom's next big acquisition.

Tan is now positioning VMware as the main alternative for companies who do not want to hand over all their data to US cloud providers, especially in Europe, as rapid adoption of artificial intelligence is forcing a rethink of how data centres are run.

VMware's virtualisation system hides the underlying complexity of the various servers, storage and switches that make up a data centre, in effect allowing businesses to run it like a software platform. Tan argues this helps customers spend less on hardware and makes their infrastructure more resilient and secure. Ever since Amazon Web Services invented the modern cloud computing business more than 20 years ago, companies have been forced to weigh up the convenience of outsourcing their IT operations to a large online provider, against the control, ownership and complexity of running their own data centres.

As businesses seek to assess and deploy the new wave of AI tools that have emerged in the wake of ChatGPT's breakout success in the past two years, that element of control has become more important, Tan argues. "The key thing in AI is you use your [own] data, you train your data . . . so you keep your data on [your own] premises," he said.

Sensitivity over data protection has become all the more acute in Europe, where more stringent data rules and a series of regulatory interventions against Big Tech groups are fuelling the concept of "sovereign" data centres.

AI means 'you use your [own] data, you train your data . . . keep your data on [your own] premises'

This is where customer or corporate information is stored in a data centre, either by companies themselves or a local cloud provider.

For customers in Europe "particularly", Tan said, VMware was "an alternative . . . to public cloud". He added: "I'm not surprised we faced noise."

Broadcom spent much of last year embroiled in a firestorm over how it sold VMware's tools. Some customers claimed that Broadcom's shift from one-off, upfront licence fees for VMware's products to an annual subscription had increased their costs several times over.

In September, AT&T, the US telecoms

group, even filed a lawsuit accusing Broadcom of an "attempt to bully AT&T into paying a king's ransom for subscriptions AT&T does not want or need". However, the companies reached a settlement two months later.

Chief among Broadcom's agitators was the trade group Cloud Infrastructure Services Providers in Europe, which counts Amazon among its members alongside several smaller operators. In April, CISPE accused the company of "massive and unjustifiable hikes in prices" that "threatens the economic viability of many cloud services used by customers in Europe".

Despite estimates from IT consultancy Forrester that 20 per cent of VMware customers would leave in the wake of the changes, Tan insisted its customer churn rate had "not dramatically" changed: "The people who are complaining are the minority — who knows what agenda they may have?"

Complaints about the move to subscriptions came from "short-sighted customers [who] tend to forget they paid the [software] licence many years ago and don't think about amortising" its costs over time, he said.

"So when initial anger cooled off and customers have a chance to understand the value that is being delivered . . . after a while, they come back," Tan added. "We are actually quite pleased with the outcome of what we've seen so far."

VMware is just the latest in a series of multibillion-dollar software deals made by Tan in recent years, alongside CA and Symantec. But Broadcom's origins are in semiconductors and networking equipment, and investor excitement about its business making AI custom chips for the likes of Google and Meta propelled its valuation to more than \$1tn for the first time last month.

Tan said he would consider more deals in either chips or software, despite Broadcom's \$142bn hostile takeover attempt of rival chipmaker Qualcomm in 2017 being blocked by then-US president Donald Trump. Tan later announced he would relocate the company's headquarters from Singapore back to the US while standing beside Trump in the Oval Office.

Tan said it was "too early to tell" if Trump's second term would make deal-making easier in the US, adding: "The US is only part of the game. We live in a global market."



Broadcom chief executive Hock Tan sees new AI opportunities ahead

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Santander weighs UK exit as returns fall

High street fixture is frustrated by cost base and ringfencing regime

ORTENCA ALIAJ AND SIMON FOY
LONDON

Santander is reconsidering its UK operations two decades after its acquisition of Abbey National gave it a presence on Britain's high streets, according to people familiar with the matter.

The bank is exploring a number of strategic options, one of which is exiting the UK market, the people said. They added that no deal or announcement was imminent and that the review was at an early stage. The process comes as the Spanish lender contends with lower

returns at its UK ringfenced business relative to other markets, and its exposure to a British court ruling about the possible mis-selling of car loans. In November, it set aside £295mn to cover the potential costs of the ruling.

Santander UK – which encompasses its retail and commercial banking operations in the UK – has caused frustrations within the wider group in recent years, said one former executive.

This was because of its persistently high cost base, the UK's ringfencing regime, its independent board and the fact it did not benefit from recent rising interest rates as much as its other markets such as Spain, they added.

The former executive said that it had “always been a possibility” that Ana Botín, executive chair of Santander,

would decide to sell the ringfenced bank as a result of these frustrations. Two people familiar with the matter said it was unclear who would be interested in buying the unit.

Santander entered the UK retail banking market in 2004 with its purchase of former building society Abbey National and emerged from the financial crisis as one of Britain's largest lenders through the combination of Abbey with Alliance & Leicester and part of Bradford & Bingley. It rebranded the combined entity as Santander UK in 2010.

At the time, Santander's entry into the UK was seen as a huge inward investment. A sale could potentially be perceived as a signal of falling confidence in Britain at a time when the government

is struggling to revive the country's economy.

The Abbey deal helped transform Santander from a family-run regional mortgage lender into a multinational giant. Botín, whose family has controlled Banco Santander since the early 20th century, ran the UK business from 2010 until she was elevated to group chair in 2014 after her father's death.

Some investors in the Spanish group have questioned the logic of Santander maintaining a presence in the disparate set of markets where it operates. Santander's shares have fallen about 30 per cent since Botín became chair.

The bank has already been reducing its staff numbers in the UK and in October announced plans to axe 1,400 jobs in the country as part of a cost-cutting plan

dubbed “Project Nike”. It employs about 21,000 staff in the UK and has 14mn customers. Even if Santander did decide to retreat from retail and commercial banking in the UK, people familiar with the matter said it would continue to operate in corporate and investment banking, retaining a London outpost for that business.

Santander UK reported pre-tax profits of £947mn in the first nine months of 2024, down from £1.73bn in the same period in 2023, as net interest income fell and it set aside money for the car finance ruling. It had total assets of £275bn at the end of September.

Santander said: “The UK is a core market for Santander and this has not changed.”

Additional reporting by Barney Jopson

Financials

Commerzbank considers job cuts to fend off UniCredit bid

FLORIAN MÜLLER — FRANKFURT

Commerzbank is exploring cutting thousands of jobs as it seeks to fend off unwanted advances from Italy's UniCredit, according to people familiar with the matter.

The plans, which have not yet been formalised, were expected to be unveiled to the workers' council over the coming weeks, two of the people said. One person familiar with the discussions told the Financial Times that the figure was likely to be “in the low thousands”.

The German lender's new chief executive, Bettina Orlopp, is due to present an updated strategy on February 13 to show the bank can improve profitability and payouts to shareholders on its own.

UniCredit, led by chief executive Andrea Orsel, has built a position in Commerzbank that has the potential to make it the bank's largest shareholder if it secures regulatory approval.

Orsel has made no secret of his ambitions for Commerzbank, including a full takeover of the German rival.

Investors in Commerzbank have generally been supportive of a deal – with the exception of the German government, which still holds a 12 per cent stake after selling a 4.5 per cent holding to UniCredit last year.

Analysts anticipate that a tie-up would result in billions of euros of cost savings, as the enlarged bank strips out duplicate functions. A crucial point of resistance from both trade unions and

Commerzbank unions have warned that a UniCredit takeover could put 15,000 jobs on the line

the government has been the potential for UniCredit to wield the axe in Germany, where it already has a German subsidiary, HypoVereinsbank (HVB).

Commerzbank unions have warned that a takeover by UniCredit could put up to 15,000 jobs on the line – an issue that has taken on an extra dimension of political sensitivity ahead of Germany's federal elections, held next month.

The potential for Commerzbank to instigate cuts even without being taken over by the Italian bank would mark another chapter in its prolonged restructuring.

Commerzbank has already cut thousands of jobs and shut roughly half its 800 branches since 2021, when former chief executive Manfred Knof embarked on a turnaround effort.

The changes have helped boost operating profits and triple the bank's share price in the past three years, and in 2023 it embarked on the first share buyback programme in its history.

But UniCredit's stakebuilding has put additional pressure on the German bank to prove it can deliver better profitability and value for shareholders as an independent company than part of the Italian bank's empire.

Germany's second-largest listed bank has struggled to tackle costs that are higher than rivals', including HVB.

Even some insiders have expressed doubts about whether Commerzbank could hope to present a standalone case that would offer shareholders more value than a takeover, given the potential synergies involved in a deal.

Market questions. Week ahead

Investors await data on health of EU businesses

Has EU business activity picked up?

Data on Friday will offer a snapshot of business activity in Europe ahead of this month's European Central Bank meeting to set interest rates.

The January reading for the IHS Markit composite purchasing managers' index – which combines manufacturing and services activity – will be closely watched, analysts said, as it is due to come after the inauguration of Donald Trump. The incoming president has promised sweeping tariffs, which may damp sentiment in the coming months.

Many of the bloc's largest economies, including Germany and France, are already battling an economic slowdown. A consensus of analysts expects a reading of 49.7, below the 50 mark that separates growth from contraction. Even so, that would mark a slight improvement on December's reading of 49.6.

The data will weigh on policymakers at the ECB meeting at the end of the month. In December its governing council members became more vocal over the outlook for growth in the bloc, in addition to the uncertainty over the trade policies of the incoming Trump administration.

With inflation slowing, the central bank is widely expected to cut rates by 0.25 percentage points from its present rate of 3 per cent.

Consumer demand remains soft and there are growing signs of “cracks” in the labour market, leaving the ECB “increasingly behind the curve with its slow loosening cycle”, said Tomas Dvorak, an economist at Oxford Economics. *Mari Novik*

Are US companies still optimistic?

January has already proved to be a rollercoaster month for US markets, as investors flipped back and forth in their expectations for interest rate cuts by the Federal Reserve this year.

In a week starting with Trump's presidential inauguration, traders will look at measures of business activity in the world's biggest economy – searching for clues about the Fed's likely course of action.

On Friday S&P Global will publish its monthly “flash” purchasing managers' index, which will give traders insights into manufacturing and services activity. In recent months the number has



People walk past the former European Central Bank building in Frankfurt. The ECB will weigh data due out on Friday when it sets interest rates later this month

Kirill Kudryavtsev/AFP/Getty

underscored the robustness of the US economy. Last month the flash PMI estimates rose to 56.6, a 33-month high, although it was later revised to 55.4. A reading above 50 signals growth.

But another strong reading in January would probably deepen concerns among traders that the Fed will cool on planned rate cuts.

Earlier this month, better than expected December payroll figures sent Treasury yields lurching higher, as traders trimmed their bets on the number of rate cuts this year.

Days later, weaker-than-anticipated inflation data prompted a rethink – sparking a rally in government debt and stocks, as rate cut bets were cranked up again.

“The market is still wary of the incoming administration's policies, especially around tariffs and tax cuts, which could help to stoke inflation,” said John Kerschner, head of US securitised products and portfolio manager at Janus Henderson Investors, shortly after that consumer price index reading. However, the latest “inflation numbers go a

long way to giving the market confidence that Fed policy is on target,” he added. “Perhaps most importantly, the market is relieved that potential nose-bleed interest rates are, for now, taken off the table.” *Harriet Clarfelt*

Will UK wage growth keep rising?

Investors will be hoping that UK wage data tomorrow will provide some clues about the path of interest rates following a tumultuous period for the gilt market.

Economists polled by Reuters expect regular annual earning growth to have accelerated to 5.5 per cent in the three months to November, from 5.2 per cent in the three months to October, which would raise the pressure on policymakers who have concerns about the return of domestic price pressures.

The Bank of England mentioned wages 15 times in its monetary policy summary last month and is also grappling with impact on earnings of the rise in the national living wage, and the increase in employers' national insurance contributions from April.

The labour market numbers will

‘Gradually dialling back [BoE] policy restraint seems warranted given subpar growth and receding inflation’

come after data last week showed an unexpected decline in inflation to 2.5 per cent in December and an economy that barely grew in the three months to November.

Gilt yields, which rose sharply earlier this month, dropped last week as traders bet the central bank will cut interest rates more aggressively to kick-start growth.

Philip Shaw, economist at Investec, also forecast a 5.5 per cent rise for earnings, but said that wage increases were unlikely to derail the BoE from making another rate cut in February, from its current level of 4.75 per cent.

“Gradually dialling back policy restraint seems warranted given subpar growth and receding inflation,” he noted.

Furthermore the BoE has also shown signs that it might play down the expected rise in wages in the official data. In December, it acknowledged the pick-up in wage growth but said that official earning growth “had tended to be more volatile than other wage indicators”. *Valentina Romei*

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FTSE 100 SUMMARY

British Land Company PLC
Bt Group PLC

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Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Market Cap (€)
55.00	AIM	AMCO	Arcore Group PLC	60.00	0.00	62.20	56.00	4310

For a full explanation of all the other symbols please refer to London Share Service notes.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	52 Week					
	Price	Price/Week	High	Low	Yld	P/E
Australia (AS)						
Asx group holdings	29.45	0.08	32.80	25.42	6.10	13.60
Bhp group	40.05	0.78	46.96	38.28	5.90	16.60
Westpac bank	153.90	4.89	181.70	109.94	3.06	25.30
Goodman group	37.84	0.50	43.15	29.54	1.39	32.53
Macquarie group	231.09	3.01	240.63	179.59	3.09	25.03
National Australia bank	31.79	-0.58	40.37	30.51	4.48	16.82
Rio Tinto	118.74	2.29	136.42	105.11	5.54	11.62
Westpac bank	32.16	-1.00	34.00	22.74	6.44	16.54
Belgium (E)						
Antares bank	46.68	1.03	62.16	44.89	1.66	16.52
Brazil (BS)						
Brasilsul	32.39	1.32	37.79	30.11	3.97	8.21
Petrobras	41.70	0.98	44.47	35.47	16.17	5.93
Vale	54.10	2.87	71.79	51.14	11.78	4.13
Canada (CS)						
Agrium agri	120.85	-0.90	123.86	60.17	1.73	46.60
Bank of Montreal	70.39	-1.59	87.27	71.31	0.92	20.70
Brookfield	143.39	1.76	147.54	109.02	4.17	16.86
Brookfield	74.52	-0.10	80.14	60.68	5.58	12.95
Brookfield	83.83	-0.35	87.65	51.15	0.48	139.13
Brookfield	58.26	3.37	62.44	38.18	0.48	139.30
Brookfield	90.83	-0.72	95.40	59.54	3.53	19.32
Brookfield	147.48	1.08	143.18	143.18	2.19	18.00
Canadian national	44.16	-0.75	56.90	40.07	4.56	17.96
Canadian national	107.97	-0.52	123.37	101.76	0.89	29.39
Canadian national	44.04	0.23	46.79	35.69	0.12	121.43
Canadian national	64.03	1.04	64.80	45.59	5.87	6.39
Canadian national	44.44	0.26	46.2	28.81	34.1	16.25
Canadian national	173.41	-1.06	180.45	127.30	3.16	15.51
Canadian national	151.72	0.37	171.84	72.36	-	10.25
Canadian national	2.50	0.03	3.85	2.03	3.88	11.23
Canadian national	66.86	-0.05	70.42	48.12	5.53	14.04
Canadian national	29.25	0.80	29.32	19.47	4.51	35.50
Canadian national	85.80	6.90	87.99	73.22	9.44	18.84
Canadian national	20.58	0.62	27.51	19.66	0.58	54.07
China (HK)						
China mobile	4.18	-0.03	4.49	2.79	5.56	15.06
China mobile	3.98	0.00	4.80	2.79	6.25	41.86
China mobile	5.96	-0.18	6.41	6.41	5.14	28.07
China mobile	35.89	-12.40	32.00	16.70	1.21	22.44
China mobile	2.50	0.03	3.85	2.03	3.88	11.23
China mobile	5.25	0.04	6.41	5.25	4.45	10.07
China mobile	6.02	0.11	6.52	4.30	6.84	4.59
China mobile	13.68	0.58	20.80	8.19	3.24	43.7
China mobile	41.20	3.15	47.35	24.70	4.93	7.29
China mobile	4.28	0.25	56.40	17.18	1.62	48.59
China mobile	3.15	0.60	40.40	26.30	7.51	10.67
China mobile	4.73	0.04	5.00	3.68	5.14	13.07
China mobile	4.92	0.05	5.23	3.51	6.39	4.89
China mobile	6.23	0.13	6.80	4.81	7.32	6.98
China mobile	41.70	0.90	44.00	39.50	5.87	6.39
China mobile	15.54	-0.10	20.10	10.70	2.36	13.52
Denmark (DK)						
Norwegian	575.60	-56.70	1033.2	528.00	1.70	27.53
France (E)						
France 40	11.22	0.34	11.79	9.89	8.08	8.01
Germany (E)						
Antares	30.82	3.26	172.78	124.72	1.10	39.52
Antares	15.29	1.45	36.66	29.04	5.63	10.88
Antares	64.05	2.40	73.88	53.08	7.29	7.46
Antares	63.80	33.50	63.80	2.04	6.28	15.81
Antares	12.02	0.64	15.53	12.72	7.52	6.88
Antares	65.02	0.62	67.80	51.14	3.24	41.78
Antares	34.86	0.96	47.18	30.04	4.65	48.06
Antares	16.04	0.40	15.39	10.77	8.95	7.91
Antares	244.40	9.30	240.40	17.18	1.62	48.59
Antares	149.29	132.00	256.10	80.84	21.78	7.55
Antares	161.42	5.34	179.47	156.32	1.81	30.52
Antares	144.65	17.25	161.61	130.30	1.92	28.39
Antares	68.72	0.40	88.46	56.50	4.40	33.53
Antares	227.10	6.70	228.60	164.50	0.97	57.84
Antares	98.30	2.66	91.41	64.23	15.18	45.68
Antares	98.53	0.29	106.14	84.93	7.36	27.85
Antares	29.50	8.65	29.10	17.50	1.36	38.81
Antares	57.54	2.29	70.00	50.80	5.13	9.19
Antares	102.80	3.74	120.82	96.28	4.40	12.81
India (E)						
India 40	242.40	-1.40	248.80	163.14	0.28	44.89
India 40	306.20	10.20	307.80	238.30	4.44	12.81
India 40	44.84	3.11	54.83	40.18	7.51	8.25
India 40	77.10	11.25	85.26	7.86	6.00	4.80
India 40	72.85	1.00	106.00	61.35	8.14	5.07
India 40	23.00	5.20	23.80	17.50	1.62	23.34
India 40	46.35	1.09	44.48	33.10	5.24	12.80
India 40	30.30	0.86	30.78	20.73	2.50	25.41

Stock	52 Week					
	Price	Price/Week	High	Low	Yld	P/E
Japan (E)						
Japan 40	61.26	2.38	66.56	55.58	3.72	14.23
Japan 40	34.18	1.97	38.81	27.80	1.03	21.01
Japan 40	55.13	0.09	77.45	55.75	9.47	5.27
Japan 40	141.50	-1.05	177.00	136.10	1.53	23.20
Japan 40	50.60	20.10	52.00	38.00	2.98	15.35
Japan 40	255.70	9.85	296.40	143.36	0.85	111.85
Japan 40	22.00	5.65	20.90	15.68	2.31	18.78
Japan 40	50.00	0.52	58.10	43.71	1.80	30.50
Japan 40	95.50	2.90	112.50	85.50	9.29	3.97
Japan 40	93.46	3.10	128.60	76.86	9.49	3.88
Hong Kong (E)						
Asia group	54.40	1.80	74.00	45.25	2.85	16.79
China mobile	75.10	0.30	78.00	62.00	6.11	11.49
China mobile	19.00	0.70	23.90	12.94	0.00	4.47
Huawei	147.80	7.70	217.00	111.00	-	41.08
Netcom	379.80	10.20	462.40	286.00	0.84	23.06
Xiaomi	34.95	1.40	36.85	28.84	-	45.68
India (E)						
India 40	2799.8	-79.10	3143.9	2675	0.05	44.89
India 40	991.05	-70.70	1239.65	975.00	0.09	11.74
India 40	7182.1	-95.35	7824	6167.8	0.47	30.74
India 40	16577.0	-2.45	1779	1075.2	0.46	32.72
India 40	1789.3	-145.90	2012.2	1225	2.84	26.30
India 40	1636.75	-31.05	1880	1385.55	1.16	14.88
India 40	2354	48.10	3035	217.05	1.88	57.29
India 40	1225.45	-36.95	1382.35	975.15	0.77	18.71
India 40	1815.45	-101.85	2005.45	136.35	5.98	29.33
India 40	440.20	-9.80	528.50	396.35	2.94	25.50
India 40	1759.8	-31.80	1942	1545.05	1.11	17.06
India 40	3568.85	40.75	3953.5	315.05	0.74	38.68
India 40	854.90	11.80	1227	807.50	1.10	18.68
India 40	12136.35	-395.80	13880	9733.65	0.05	44.89
India 40	326.15	5.80	448.45	286.40	2.52	17.81
India 40	266.57	3.39	345.00	220.00	4.32	8.68
India 40	1302.35	-14.60	1608	121.05	0.36	27.10
India 40	764.10	3.65	912.00	685.10	1.89	18.14
India 40	1780.15	-39.80	1880.35	1290	0.71	41.23
India 40	4124.3	65.45	4522.25	3951.5	1.28	53.45
India 40	779.75	-0.35	1179	717.00	0.36	9.21
Indonesia (E)						
Indonesia 40	8275	-175.00	10000	7175	-	43.72
Indonesia 40	8970	175.00	10950	8775	2.88	22.38
Indonesia 40	5870	275.00	7500	5575	5.92	9.61
Indonesia 40	4090	80.00	4450	3850	7.67	10.27
Indonesia 40	8825	625.00	12000	6400	0.06	80.72
Indonesia 40	6790	-50.00	12200	6000	0.06	43.45
Ireland (E)						
Asia group	367.78	18.27	395.33	286.06	0.64	34.62
Asia group	88.31	6.53	104.23	65.15	2.01	21.86
Asia group	81.29	26.37	87.16	52.79	1.66	42.97
Asia group	391.34	14.22	422.00	244.11	0.76	34.44
Italy (E)						
Italy 40	7.18	0.14	7.38	5.66	6.27	13.78
Italy 40	14.09	0.35	15.82	12.27	6.54	15.87
Italy 40	29.53	1.15	26.82	16.78	4.35	13.01
Italy 40	4.14	0.13	4.15	2.69	7.04	5.77
Italy 40	12.55	0.27	17.35	12.40	2.87	33.94
Italy 40	42.47	2.40	44.19	25.56	4.49	61.04
Japan (E)						
Japan 40	4862	-288.00	5274	3904	2.88	11.50
Japan 40	6622	-1140	7859	4572	1.15	22.77
Japan 40	4881	-480	5257	4015	1.46	34.12
Japan 40	2074.5	62.50	2485	1926	1.10	26.29
Japan 40	4690	640.00	5310	3540	0.83	38.98
Japan 40	3897	-113.00	4147	2216	1.10	25.65
Japan 40	1460	68.00	1595.5	123.5	4.96	7.19
Japan 40	20520	125.00	21950	15870	0.53	39.97
Japan 40	7104	240.00	8245	5884	2.52	12.53
Japan 40	3886	-79.00	4262	3953	7.47	14.64
Japan 40	4819	74.00	5105	4210	2.89	16.60
Japan 40	66280	2830	77400	52430	0.49	102.43
Japan 40	2454.5	-24.00	2793	2395.5	3.44	9.34
Japan 40	2074.5	62.50	2485	1926	1.10	26.29
Japan 40	1867.5	-26.00	1948	1300	2.42	12.14
Japan 40	3002	58.00	4182.5	2401	2.82	5.55
Japan 40	3906	21.00	4045	2352.5	3.05	10.22
Japan 40	2353.5	-169.00	3916	2825.5	2.28	23.97
Japan 40	9171	67.00	9722	8520	1.29	78.23
Japan 40	150.80	-2.90	152.90	142.50	3.42	10.59
Japan 40	3312	-6.00	3765	3310	0.39	61.40
Japan 40	10570	395.00	11895	5622	0.22	45.41
Japan 40	5086	-103.00	5926	5013	2.01	19.91
Japan 40	191.50	-1.50	210.50	176.85	4.46	12.88
Japan 40	9890	-171.00	12180	9386	0.48	6.18
Japan 40	3890	5.00	3930	3654	-	-
Japan 40	3214	-21.00	3479	3016	0.58	11.67
Japan 40	3919	230.00	4299	3267	2.76	12.52
Japan 40	4038	83.00	4494	3852	4.27	23.41
Japan 40	5237	74.00	5675	3003	7.36	15.65



Rutherford Hall
‘Back to black: the climate has changed on green virtue signalling’
WORK & CAREERS

The thing about rich bosses



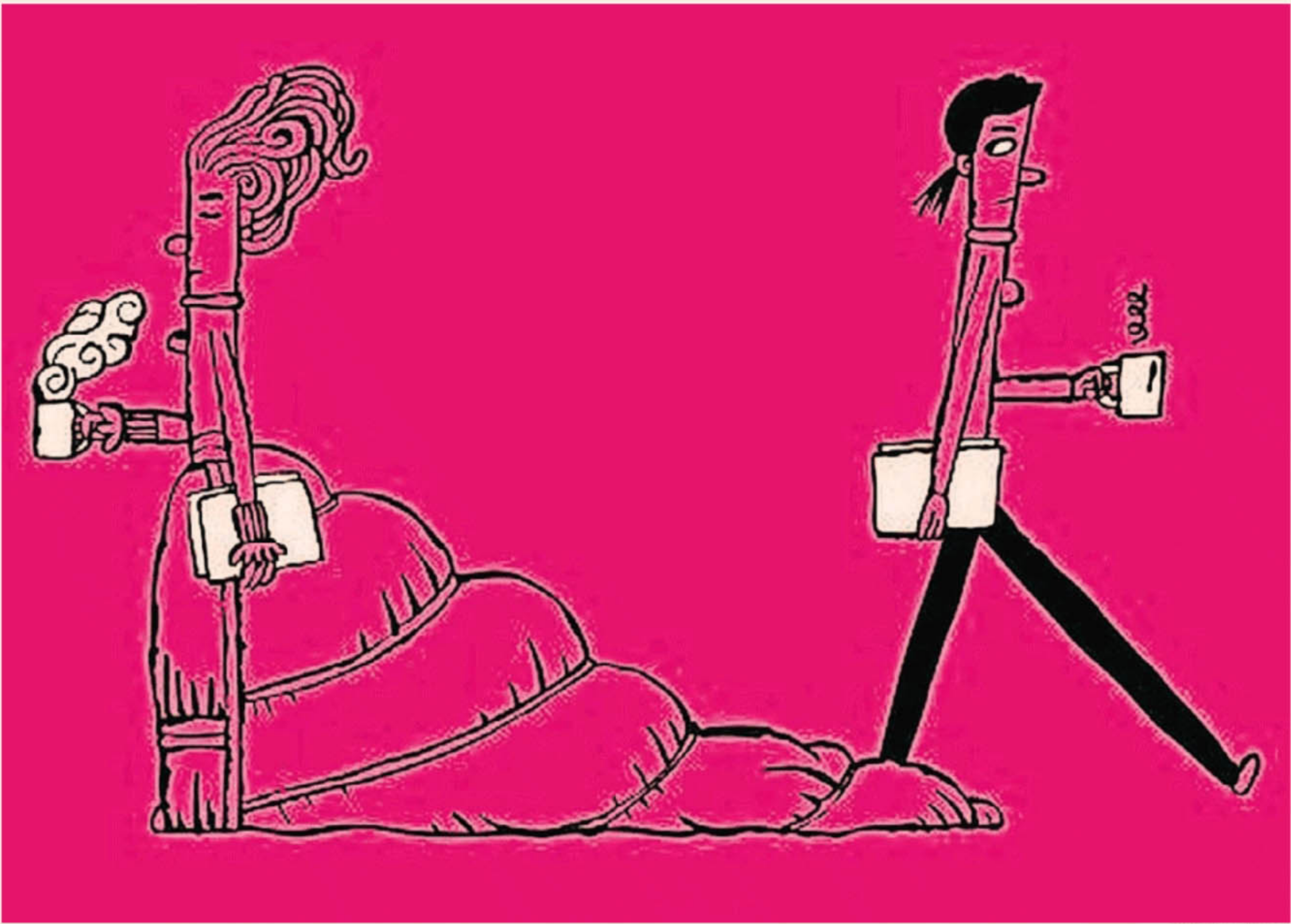
Pilita Clark
Business Life

Does it matter if your boss is rich? This is a question I have thought about only rarely, mostly when non-rich friends have reported unexpected misunderstandings with wealthier bosses.

There was the Australian woman whose patently baffled new manager listened to her explain that she had to leave work at a set time each afternoon to pick up her kids from school before asking her: “Why don’t you just get a nanny?” She explained that, alas, that would be tricky on the salary his firm was paying her.

Another friend who could only afford a property miles from the office surprised her richer boss, who lived closer to work, by revealing how much she had saved on train tickets by working from home during the pandemic. Then there was the executive who invited his team to his home for a morning meeting and ushered them into what turned out to be not the dining room, nor the kitchen, but the “breakfast room”, a space devoted entirely to breakfasting that was bigger than the apartments of most of his guests.

I was reminded of all this when I



Kenneth Andersson

came across some recent research that helped to explain why these moments happen – and why they may be about to become more common.

In developed countries across Europe, Asia and North America, rich workers are becoming ever more segregated from the less well-off.

Within industries and inside individual companies, there has been a “dramatically declining exposure of top earners to bottom earners”, say the authors of *The Great Separation* paper published late last year.

Consider France. In 1994, the top 1 per cent of French earners worked in places where 9 per cent of their colleagues were in that same top income group. By 2019, that 9 per cent share had nearly doubled to 16 per cent. In the Netherlands in 2006, the top 10 per cent of earners worked where about 25 per cent of their co-workers had similar incomes. By 2020

“Within industries and inside companies, there is dramatically declining exposure of top earners to bottom earners”

that percentage had risen to nearly 30 per cent. The bigger the top tier of earners, the less likely it is they mix with the lowest paid workers.

There are many reasons why this is happening, starting with the decline of industrial jobs. Factory life brings blue-collar workers together with supervisors, engineers, managers and executives. It’s different inside a bank, insurance firm or software developer.

Outsourcing or offshoring jobs such as data-entry or payroll clerk roles deepens the divide, by removing chunks of lower-income workers from the office. So does automating low-paying jobs away. This trend underlines a reason why wealth segregation may be set to grow.

The research for the paper began many years ago, says co-author Professor Halil Sabanci of the Frankfurt School of Finance & Management. This was before ChatGPT and other types of advanced AI were unleashed in the workplace. Sabanci thinks it makes sense to expect AI to accelerate the segregation.

All of this could have profound political consequences. Sabanci and his colleagues suspect the isolation of elites at work may have already helped to

breed resentment among poorer staff who read or hear about the lives of top earners but rarely see or meet them.

“This situation could increase feelings and experiences of being left behind, ignored, and misunderstood,” they write, adding that this could have helped to fuel Trumpism and other forms of populism in Europe.

Voter polarisation between wealthy capitals or coastal cities and struggling hinterlands has been a striking feature in a series of recent elections, from the 2016 UK Brexit vote to presidential battles in the US and France.

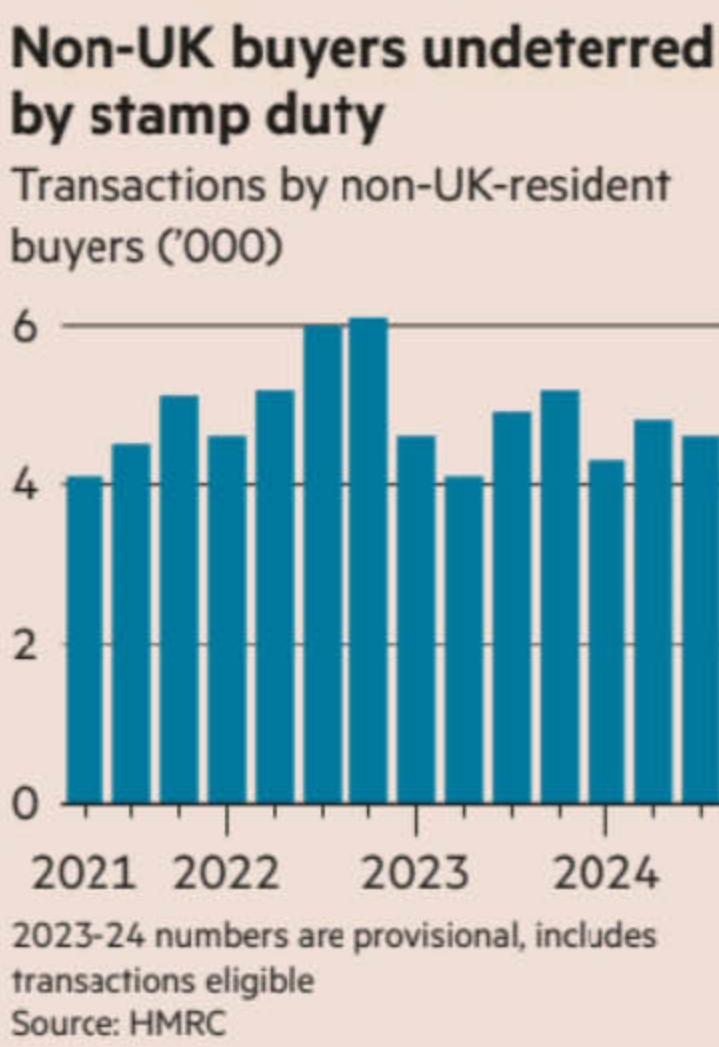
In 1988, Jean-Marie Le Pen’s 15.6 per cent vote share in the Paris region was roughly the same as the 14.4 per cent he got elsewhere, write some of the paper’s authors in earlier research. Thirty years later, support for the right-wing populist leader’s daughter, Marine Le Pen, declined to 12.5 per cent in Paris but rose to 27 per cent elsewhere.

This change was of course not caused solely by the widening separation of top earners from the rest of the workforce. But it is easy to see that this segregation could have fuelled the shift, and may be about to accelerate it.

[pilita.clark@ft.com](#)

Lex.

Cash-toting expats take the rap for unaffordable housing



Home buyers, it appears, should stay home. Spain wants to slap a 100 per cent tax on property purchases by non-EU nationals. Plenty of other places, from the UK to Hong Kong, have similar if more modest taxes in place. Australia, New Zealand, Canada and Denmark are less welcoming still.

Governments reckon keeping foreign buyers out will keep the lid on prices, making homes more affordable for their citizens. It is a fair aim but a dreadful method; mainly because it doesn’t work.

Foreign buyers are usually rich and largely focus on prime spots; smaller levies barely change the calculus, especially if the driving force is lifestyle, education or the desire to park money in a stable economy. Bigger levies also address only one strand of housing prices, which reflect supply, employment, economic growth and interest rates.

Take Canada, which offers the closest proxy to a 100 per cent tax. Ottawa implemented a two-year ban on foreign ownership in January 2023 and subsequently extended it to January 2027. One year in, rent-to-income ratios in Halifax rose to 28 per cent, from 25 per cent in 2019, according to the state-backed Canada Mortgage and Housing Corporation.

Getting on the housing ladder in

Toronto and Vancouver turns out to be even harder without the foreign buyers that once swooped on the two cities. Those earning the median income get a look in at only one in seven homes for sale, fewer than half those they could have bid on in 2019.

If eliminating or deterring foreign investors fails to help affordability in hotspots, expect even less of a leg-up in the hinterlands. Some 35 per cent of the UK’s foreign buyers home in on London, according to estate agent Hamptons.

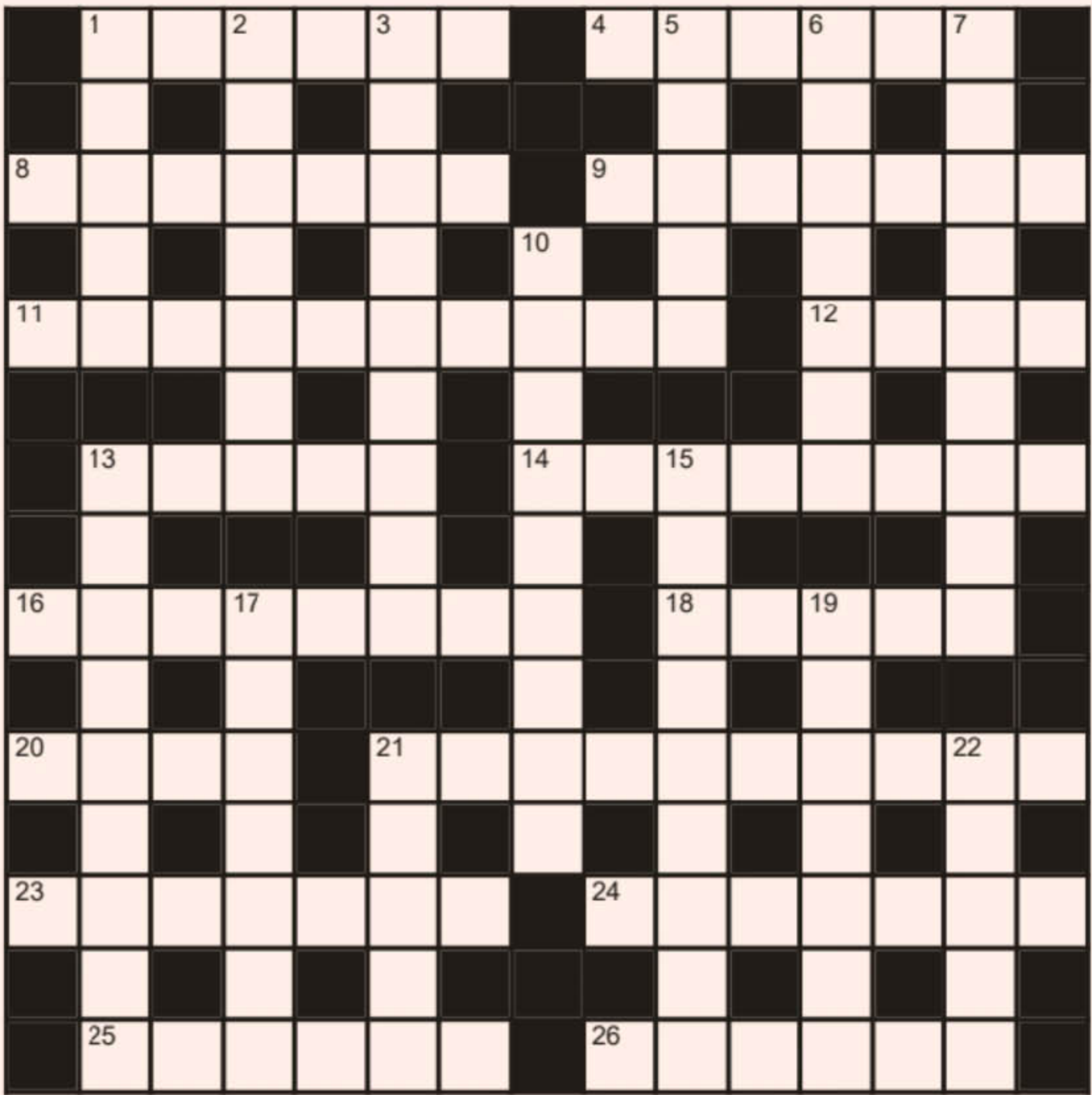
That has zero impact on a two-up, two-down in Hull. Any dip in prices at the top in the past two years are marginal and reflect many other factors that were at play, including war and pre-Budget jitters.

British data throws up another reason to welcome foreign buyers: some of them stay. Nearly a fifth of the non-international transactions in the past 12 months merited refunds, which are offered to those who spend more than 180 days in situ. That represents a net benefit, assuming these buyers are eating, drinking and shopping here too.

Critics cavil that even in Spain buyers will simply avail themselves of loopholes, making their purchases through EU-based shell companies. Still, that is academic. With little to justify it, the tax should never see the light of day.

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CROSSWORD No 17,953 by PETO



Solution 17,951



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JOTTER PAD

ACROSS

- 1 Quickly becoming aware of standing by prince (6)
- 4 Single daughter extremely gullible when nervous (2,4)
- 8 Dante regularly ignored allure of crack (7)
- 9 Note by Rex on manuscript describing popular place of worship (7)
- 11 Visit country to get largely unfamiliar gemstone (10)
- 12 Somewhat degenerate bawd returning to assist in crime (4)
- 13 Obsession of academic starts to nullify intellectual awareness (5)
- 14 Girl overwhelmed by compassion after copper’s greed (8)
- 16 Growth at home to stop around end of year (8)
- 18 By no means all declare belief in revolt (5)
- 20 Deceived over opening of news agency (4)
- 21 Curt once played around in Paris I guess (10)
- 23 Summarise existing course of action (7)
- 24 Curious desire to protect Updike’s source remains (7)
- 25 Workers losing bit of momentum before strike’s conclusion (6)
- 26 Poseidon perhaps in love captured by Degas dancing (3,3)

DOWN

- 1 Paul oddly exaggerated over feature of baroque art (5)
- 2 Occupied during trip (7)
- 3 Cover prohibition with article on American boss (3,6)
- 5 Jack heard about Italian leader being innocent (5)
- 6 Worked on small vehicle kept inside shed (7)
- 7 Basic design of metal eel maintaining hint of naturalism (9)
- 10 Villain’s crimes affected social worker (9)
- 13 Small scale version of car found by volunteers back near river (9)
- 15 Soldier on parade initially finding hesitation hard to endure (9)
- 17 King became confused and unkempt in appearance (7)
- 19 In Crosby covering a race (7)
- 21 Rule on first of claims immediately (5)
- 22 Frank’s dog runs for hours (5)

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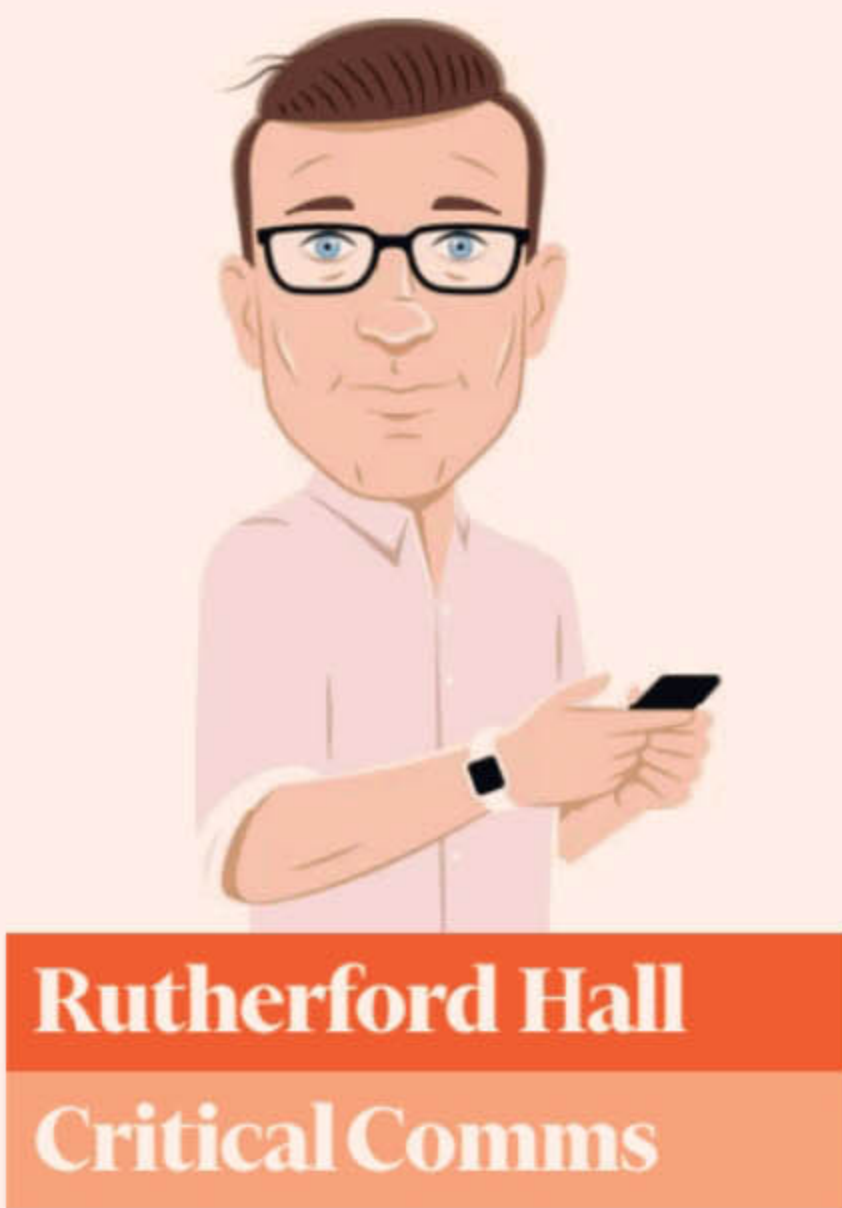
Idris Elba: filmmaker and entrepreneur, speaking at Invest Africa’s The Africa Debate

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Building Partnerships. Creating Opportunities.

WORK & CAREERS

The climate has changed on green virtue signalling



From: Rutherford@monkwellstrategy.com
To: SusanKB@volponebank.com

Hi Susan, Happy New Year. Yes, I think you are absolutely right to leave the Net-Zero Banking Alliance. As we discussed a few weeks back, it is important to act. We may have left it too late to get there before Trump's inauguration day, but as long as we've moved by the time the Village People sing, all will be well.

When I look at the pros and cons of being in an organisation hated by the new US government and dominant party in Congress, then the upsides of staying are considerably below net zero. Not only was it a net zero organisation, but it was originally convened by the United Nations and it is hard to think of two more politically discredited concepts than the UN and climate change.

And you are not alone in this. Many US banks have already quit. Given that this is strictly between us, I can tell you they are all going through the same thinking in this sector. It is a shame, as we were working on amazing new strategies if Kamala had won. We even had this fantastic scheme to get a certain company to put the word green in their title. All these plans, so dear to the hearts of corporate leaders who

care so passionately about climate change, have now been put on ice. Though like the polar caps, that ice may melt before too long.

Anyway, I'll get to work drafting an announcement on this. For what it's worth, I'm sure the shareholders will be delighted at any retreat from greenwashing virtue signalling.

Best, Rutherford.

Find me on Strava, KoM Sydenham Hill, London to Brighton 3 hrs 04m, Al Jubailah/Bawdah Loop – 42 mins.

Help support two world-leading children's hospitals: gofundme.com/tickettorryadh

From: Rutherford@monkwellstrategy.com
To: SusanKB@volponebank.com

Apologies Susan, it was certainly not my intention to suggest you were engaged in greenwashing. The bank's record speaks for itself. While others may be trimming their sales to the political wind, I recognise Volpone's unshakeable commitment to sustainability. I'm sorry if it came across that way. Of course this is about how you can play your part in delivering the low-carbon future while recognising the political landscape.

My point on the finance sector is that, like Volpone Bank, they

desperately want to keep 1.5 alive and believe in its environmental mission almost as passionately as Meta believes in freedom of expression.

But look, the reality is that the climate, as it were, has changed. Businesses such as yours face a political backlash and other potential penalties for prioritising such woke ideologies as preventing environmental catastrophe and will be better able to pursue this vital agenda outside of international alliances, which also rub against the clear fiduciary duty to its shareholders.

Draft statement to follow, Best R.

From: Rutherford@monkwellstrategy.com
To: newsdesk@slit.com

Announcement from Volpone Bank

Three years ago Volpone announced we were "making sustainability our new standard for investing".

Today, as part of our ongoing mission to be the world's greenest bank, we can announce that we are leaving the discredited Net-Zero Banking Alliance and seeking new ways to invest for the future of our planet. We have concluded our participation in NZBA did not materially impact our investment decisions but caused confusion on our practices and was subjecting us to

We believe today's decision will speed the path to a net zero future – albeit on a slightly longer arc

legal inquiries and political attacks.

We remain convinced that sustainability is integral to the way businesses manage risk and investment, but we also expect to remain long-term backers of carbon-intensive industries because they are crucial to the transition to net zero. The success of those businesses is critical to the global economy and the world's low-carbon ambitions. We believe these core values and our unwavering commitment to our fiduciary duty to shareholders are no longer helped by membership of the NZBA.

Volpone remains 100 per cent behind its green mission but there is no value in high ideals if they are not underpinned by practical realities. We believe today's decision will speed the path to a net zero future – albeit on a slightly longer arc.

WhatsApp to SusanKB: Thanks Susan, glad you liked it. I know you've got a bit of flak from environmental corrs but it seems to have gone down well with the target audience. I got a message from our DC office saying it had been positively noted. I think our position is entirely sustainable.

Messages recovered by Robert Shrimley

Commercial property

What is the future of the corporate HQ?



Some employers are doubling down on big offices while others move to smaller yet functional spaces, writes *Anjli Raval*

When Amazon founder Jeff Bezos announced grand plans for a new headquarters in 2017, he said he was "excited to find a second home" for the fast-growing Seattle-based online retailer.

But eight years on, only two of its office towers in Arlington, Virginia, have opened and 8,000 staff transferred. Original plans included more buildings, retail space and jobs for tens of thousands of people but further construction is on hold as the company grapples with getting employees back to the office.

Amazon's struggles highlight a broader question facing businesses: as work patterns evolve, what is the future of the corporate headquarters?

Some companies are doubling down on the return to the office, having made huge property bets before Covid. From this month, Amazon staff are expected in five days a week. US bank JPMorgan Chase, which plans to open a newly built global headquarters in New York next year, has called for a full-time office return from March.

In the UK, advertising business WPP – due to open a new London office this month – has asked workers to return four days a week, with chief executive Mark Read saying success "relies on the fundamentals of human connection, creativity and relationships". Citigroup is on course to spend more than £1bn upgrading its Canary Wharf tower.

"Leaders hate seeing empty seats knowing full well how much this real estate is costing them," says Iain Short-hose, at Paragon Workplace Solutions. "This is where it all gets divisive and mandates come in."

Other employers are taking a different approach, reimagining their headquarters and office spaces to embrace more flexible models of working and new technology. Many hope to downsize space, while upgrading amenities.

HSBC, for example, plans to move from its 45-floor tower in Canary Wharf to new, smaller premises near St Paul's Cathedral in the City of London, as part of a proposal to reduce its global office space by nearly 40 per cent. Lloyds Banking Group is planning to vacate its current City of London building for a refurbished office nearby, as it upgrades properties and makes them more environmentally sustainable.

Some smaller businesses have ditched the head office altogether. Human resources platform Remote, as its name suggests, has a fully remote workforce, while law firm Dentons has lauded its "polycentric" culture where no one building or region dominates and working from home is commonplace.

But overall offices are still in strong demand. Property group CBRE expects

The CBRE property group set out to transform its old headquarters into a modern building that balanced costs, employee preferences and evolving work trends

Charlie Bibby/FT

take up of space in the London office market this year and in 2026 to run above the 10-year average of 12mn square feet. Rents for prime City offices grew by 10 per cent last year and CBRE forecasts another 25 per cent rise by 2029. Its survey of 120 companies with office space in Europe showed lease expirations were prompting businesses to rethink the suitability of their space. Of those choosing to relocate, nearly 60 per cent said they wanted smaller premises but better amenities. Forty-one per cent wanted to build "the next-generation workplace".

CBRE is trying to lead by example. As Covid raged, the company retrofitted its old London headquarters, Henrietta House, into a modern building, balancing costs, employee preferences and evolving work trends, with the help of two psychologists. Its goal – like that of many other large employers – was to turn the office from a static space into a more dynamic environment.

A priority was providing a flexible and adaptable space that was not just a place to work but a way to engage staff, build better culture and deploy technology to improve employee interactions. It wanted to think beyond office freebies.

"You can give away free sandwiches on a Friday but what brings people in is vibrancy – where an office is 60-80 per cent full," says Tim Hamilton, who helps clients of CBRE understand what they want from their office space. "No one wants to wonder why they bothered making their way in."

One popular model is to swap segregated private offices for flexible layouts – with areas such as collaboration zones, tech-enabled meeting rooms and quiet spaces. The idea is that this encourages team work and creativity, rather than rigid, desk-bound work, which can be done at home without distractions. "Historically we had 35 per

cent amenity space and 65 per cent for personal desks. This has flipped on its head," says Hamilton.

Many companies are looking to modular furniture and fittings to adapt their offices for meetings, socialising or events. "People realise coming to work physically is about coming together in collaboration," adds Short-hose. "But there are still a huge number of organisations creating spaces without doing the legwork first about what the people who use the space want from a functional design perspective."

Technology and environmental factors are other big considerations. At a Workplace Trends conference last year, designers such as Maria Tam, spatial psychologist at Make Architects, suggested video links could be integrated

'People who miss the office [really] miss a space where they could feel free and connected at work'

into communal areas so different offices could connect live, as a way to boost informal interactions. Staff at CBRE can use an app that tells them who is in on what day and which desks are available.

With many business leaders already struggling to manage today's ways of working, planning for the future is difficult. Companies designing their offices now are having to think to the 2030s and beyond as plans can take five to six years to come to fruition. "No one knows what the workplace of the future will fully look like," says Hamilton.

Companies are also having to appeal to younger recruits, who often feel less connected to the workplace, particularly since hybrid work has become commonplace. Short-hose says younger workers do "see the value of going into the workplace, but they

don't want to be told", adding: "They want to be trusted to make the right decision that works for them and the business. As long as they see value, they will come in."

Gianpiero Petriglieri, associate professor of organisational behaviour at Insead, argues that one characteristic that will endure is the physical office serving as a space for spontaneous interactions, building a sense of community and creativity that virtual environments struggle to replicate.

"I have long been convinced that people who miss the office . . . miss a space where they could feel free and connected at work . . . Notice that executives, who are likely to have had that experience in their career, often miss it. If the office was not such a space, and home feels more like it, [people] celebrate working from home," he adds.

Harriet Short, associate professor of organisation studies at Bristol Business School, suggests companies think more about bringing staff together through eating and drinking. Her research shows "usually the positive connection is over food".

Catering and facilities management company Compass Group polled more than 30,000 workers and students in 21 countries last year. It found that encouraging sociable moments helped employees look forward to going to work and signalled a commitment to inclusivity, wellbeing and career progression. Among hybrid workers, nearly half said they would come into work more often if there were more opportunities to socialise with colleagues.

Corporate headquarters also have an impact on the surrounding community. "As the office buildings fill up, we do expect to see the astronomical growth in demand they're all promising," says Roy, who works at Tatte, a café opposite the new Amazon towers in Virginia. "It's getting a little busier every week."

Work watch

'Not where you go to laugh' – LinkedIn turns to comedy

Alex Irwin-Hunt

When British creative director Rob Mayhew was scrolling through LinkedIn in 2020, his feed was devoid of funny content. The professional social network was primarily used to find a job and for ostensibly humble, yet often cringeworthy, bragging about personal achievements.

"It's not where you go to laugh," says Mayhew, who saw humour as an opportunity to differentiate himself on a site filled with corporate platitudes and seriousness. He has posted hundreds of sketches about shared work experiences, such as being stuck in a Zoom waiting room, increasing his following to more than 128,000.

As personal and professional lives have blurred following the pandemic, the content individuals and companies post on LinkedIn has changed. Personal posts about low points and vulnerabilities have gone viral. But so has content that makes fun of corporate life, riffs on working from home and raps about being an IT salesman.

"We're tired of corporate jargon, business insights and leadership ramblings," says Charlotte Day, director at social media consultancy Contentworks Agency. In a sea of online advertisements, humour is increasingly being used as a strategy to "break through monotony" and connect in a more informal way.

Comedy-focused "LinkedInfluencers" include Corporate Natalie, whose videos to 140,000 followers poke fun at everything from Gen Z vaping in conference rooms to the irresponsible new hire you should not take on a Las Vegas work trip.

Between 2019 and 2022, LinkedIn recorded a 160 per cent increase in "members requesting more ways to express humour". The use of phrases such as "haha", "lol", and humour-related emojis in comments also nearly doubled, prompting the addition of a laughing emoji to the platform's standard set of five reactions. US comedian Mindy Kaling announced the news, encouraging users to post "hilarious work interactions" on the site.

The shift to be more light-hearted comes as LinkedIn's popularity is growing rapidly.

Yet the humorous potential of the site is complicated by its reputation for "accidental comedy": outlandish posts bragging about punishing routines, or gleaning business lessons from unspeakable tragedies with absurd sincerity. Entire Reddit threads are dedicated to exposing the worst examples of self-promotion or overwork. Parody accounts skewering tone-deaf posts of hyper-ambitious leaders have tens of thousands of followers. At times, it becomes difficult to distinguish between genuine and satirical content.

Gyanda Sachdeva, head of LinkedIn consumer experience, says it is now more common to find humour in posts, especially in video, which lends itself well to "more relatable" content. The platform last year launched a TikTok-style video feed on mobile devices.

However Sachdeva stresses "humour is not the end game at all", and should be used as a "means to an end" on a social network made for people to exchange professional knowledge. "If humour is a good way to do that, fantastic."

For some companies, using snarky posts to pursue marketing goals comes easily. Digital bank Monzo runs "mundane polls" about office small talk, while marketing platform Semrush likens digital marketers to contestants on dystopian thriller *Squid Game*.

Even Blackstone, the world's largest private equity firm, plays for laughs. It has created holiday videos since 2018, including a riff on Taylor Swift's Eras Tour filled with finance jokes. Christine Anderson, Blackstone's head of global corporate affairs, says the videos challenge a "presumption" finance workers are serious.

"We are trying to show that our people are mission driven, but also authentic and great colleagues that enjoy working together."

Mayhew, who describes his content as "holding a mirror up to the ridiculousness of most of our jobs", would love to see more humour on the site but adds there is a fine line between funny and cringeworthy.

Given the high number of laughing emojis in response to Blackstone's posts, the company appears to be walking the right side of that divide.

WORK & CAREERS

Leadership. André Hoffmann, vice-chair, Roche

Scion of Swiss dynasty on pharma, feuds and family business

The Davos trustee and ESG backer is taking a stand against the ‘arrogance’ of Trump and Musk, writes *Andrew Hill*

André Hoffmann sits more than 400 places below Elon Musk in Bloomberg’s Billionaires Index. His net worth is estimated at just under \$7bn, against the \$450bn attributed to the world’s richest man.

If anything, the gap understates the gulf between the soft-spoken, beetle-browed Hoffmann, who is the great-grandson of Fritz Hoffmann-La Roche, founder of pharmaceuticals group Roche, and the noisy SpaceX creator and X owner. “The arrogance of these guys knows no limit,” grumbles the 66-year-old Hoffmann about Musk and his assumption, shared by many of his fellow Silicon Valley entrepreneurs, that he knows how to change the world single-handedly.

Hoffmann has been vice-chair of Roche since 2006 and a board director since 1996. Among many other roles, he is a trustee of the World Economic Forum, whose annual summit takes place in Davos this week, and co-founder of InTent, a platform for developing sustainable solutions to societal problems.

Hoffman advocates for the power of business to work towards the common good, in partnership with government, regulators and other stakeholders. “It’s together doing something for the commons, rather than ‘I’m going to bypass you to make more money’ or ‘you’re going to stop me because I make too much money,’” he says in an interview. “We need a different approach.”

His background has made him a firm believer in the value of family businesses, and a source of wisdom in the dilemmas family owners face, such as whether to serve as operational managers, or – the approach adopted at Roche – to step back and exert pressure from the board and as investors.

A vocal backer of environmental, social and governance initiatives, Hoffmann is the epitome of what Musk and

‘Somebody who denies the power of vaccines, in charge of public health. I didn’t think I’d see that’

US president-elect Donald Trump would decry as “woke” capitalism.

“I define myself as an idealist, and I would say that the couple of days after [Trump’s victory, it] was really quite difficult to pick [myself] up. This is a knockout,” says Hoffmann, speaking a few weeks after November’s US election. “Fifty-one per cent of Americans feel that a corrupt old man is going to make their life better? I’m sure it’s not true.”

Even though he believes that those gathering around Trump are “not good people”, Hoffmann maintains a businessman’s determination to navigate through the changed landscape.

Trump policies, in particular the nomination of vaccine sceptic Robert F Kennedy Jr as head of the US Department of Health and Human Services, could have unpredictable consequences for Roche. But Hoffmann says “Mr Kennedy might simplify the FDA [Food and Drug Administration] procedures. Maybe there is something there where we can help to create something that would serve the patient better. Change always provides opportunities, so let’s try to be pragmatic about this”.

He adds, still in shock: “This is somebody who denies the power of vaccines, being in charge of public health. I’m sorry, I didn’t think I would see that in my life.”

Hoffmann’s conviction that business can and should be directed towards expanding the world’s human and environmental capital, and not just its financial capital, was inspired by his own experience. For many of the last decades of the 20th century, descendants of the Swiss company’s founding family maintained a deliberately hands-off attitude, disparaged by managers of the group as passive *Glückspilze* or “lucky mushrooms”, feeding off their good fortune. During that period, Roche was at the centre of a number of ethical and environmental breaches, from the catastrophic emission of dioxin that polluted the northern Italian town of



Hoffmann advocates for the power of business to work towards the common good, in partnership with government, regulators and other stakeholders

Seveso in 1976, to the vitamin price-fixing scandal of the 1990s.

The trigger for change was an unexpected approach from rival Swiss drug-maker Novartis in the early 2000s. The family’s first reaction was: “We’re being besieged here and we shouldn’t tolerate that,” says Hoffmann. Then he and his relatives realised they “didn’t really have a vision for the business”.

In his recent book *The New Nature of Business*, co-authored with Peter Vanham, Hoffmann explains how the family worked to tighten up oversight. New board committees were set up to underline to management that the family was serious about the company’s identity. The family articulated to the managers a new positive purpose, encapsulated in Roche’s mission of “doing now what the patients need next”.

The book expands on the theme, laying out how Roche and other companies, such as Schneider Electric and cement maker Holcim, have tried to promote a long-term vision of sustainable and inclusive profitability. In particular, the book focuses on how business can work with rather than against nature. The Financial Times’ review drew fire on LinkedIn from one strategy consultant whose firm had worked with Roche. He dismissed the book as “the work of a limousine liberal [feeling] guilty about his heirs’ past deeds” and claimed Roche was really turned round by its then chief executive Franz Humer.

Hoffmann responds: “The family influences, but doesn’t do. He [Humer] did. And you know, we are very grateful for that.” Humer and Hoffmann’s father, Luc, a conservationist who co-founded the World Wildlife Fund, were close. Hoffmann points out that the “intimacy between the family and management” might be one way in which they reconciled their different roles.

But being a family influencer rather than a management doer is subtle and difficult. Hoffmann illustrates the point with a current dilemma about the pressure on Roche to reduce the use of per-

sistent organic pollutants in the drug-making process. “It’s not easy to put through. André Hoffmann walking in on his white horse and saying ‘from now on you don’t pollute the world’ is a joke. That’s not how it happens. So when we talk, we put in evidence, we come back and we talk again and we try to move that forward.”

This style is having positive results, Hoffmann says, but while “the pockets where we are not best in class are diminishing . . . they’re still there”. The approach also does not satisfy environmentalists he works with, who would like the family, which controls a majority of Roche shares, to push harder for wholesale change. “I think that’s probably a little bit over ambitious,” says Hoffmann quietly.

He takes a long-term perspective and points out that the family-owned model “is the norm” worldwide. The Family Business Network, an organisation of 4,000 families, has estimated that family-controlled businesses account for 70

‘If you start hating your cousins or your nephews. There’s nothing that can rescue that’

per cent of global GDP and employ 60 per cent of the workforce. Most entrepreneurs, Hoffmann adds, have the opportunity to maintain family control, unless they float the company or sell to financial buyers.

But he says: “I don’t believe family business is the better model. In fact, it can be diabolical, if you suddenly start hating your cousins or hating your nephews. There’s nothing that can rescue that . . . and I’ve seen a number of these bloodthirsty feuds”.

Similarly, there is no rule that family businesses will always set a positive vision or purpose.

Hoffmann is often approached by frustrated younger family members who want to change their companies’ strategy to do more for nature, against the will of their parents.

Sometimes the parents give a chunk of the family fortune to their children to expand philanthropic activities. “That’s not the way to do it,” says Hoffmann.

Instead, he tells the heirs: “If you run a business and avoid thinking about climate risk, or biodiversity loss risk, or the social inequality risk, or the unhappiness of the people who work with you, you are not running it in a very professional way . . . You are fighting for the survival of your business. If the old generation ignores these sort of threats they are running a very risky business. That’s where you can make a difference as a young generation . . . You see things that perhaps they don’t.”



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Roche could face unpredictable consequences of new Trump policies

ARTS



Erina Takahashi as Giselle and Francesco Gabriele Frola as Albrecht in ‘Giselle’ — ASH

DANCE

Giselle
Coliseum, London
★★★★★

Louise Levene

Someday there will be a “relaxed” performance of *Giselle* and someone will rise up from the stalls and warn the poor heroine that the charming chap in the suspiciously well-cut peasant jerkin is not all he seems. Happily, no one spilled the beans when English National Ballet began its latest revival of the 1971

production by Mary Skeaping, exquisitely set and dressed by David Walker, a welcome palate-cleanser after a seasonal diet of sugar plums. When ENB danced *Giselle* this time last year the company looked out of sorts and failed to engage with the simple yet profound tragedy of a village girl who returns from the grave to redeem the heedless aristocrat who betrayed her. This has all been put right for 2025. The excellent opening-night cast was led by Erina Takahashi, giving her penultimate performance after 29 years with the company before taking up a full-time coaching role. Debuts are always very sexy but the

seasoned ballerina offers more complex flavours, her portrayal the sum of everything she has learned. The Hokkaido-born star gave a heart-rending account of the heroine. At 46, she retains the sharp *pointes* and vaporous *port de bras* so vital for *Giselle*, with its contradictory blend of the everyday and the ethereal. The same steps recur in the harvest celebration, the mad scene and the spectral second act, but Takahashi modulates her delicate *ronds de jambe* and late-flowering *développés* to suit the needs of the drama, aided by the ENB Philharmonic and conductor Gavin Sutherland’s responsive tempi. There was strong dancing and playing

throughout. Noam Durand earned cheers for his clean-cut beaten steps and airy *ballon* in the act one peasant *pas de deux*. Hilarion, the jealous boy next door who penetrates Albrecht’s disguise, was sympathetically played by Fabian Reimair.

The first act is a tricky mix of moods which ENB’s dancers navigate with great skill and the sudden plunge into tragedy was beautifully judged. Peter Wright, forever tinkering with his otherwise splendid Covent Garden production, has reduced act one’s closing moments to Giselle’s mother hugging her daughter’s corpse (© Lady Capulet and Tybalt), but Skeaping is faithful to the original tableau: an entire village united in grief.

Takahashi was partnered by Francesco Gabriele Frola, whose easy lifts made his ghostly Giselle appear completely weightless. Although Skeaping’s stringently researched text denies Albrecht some of his act two fireworks, Frola makes the most of his variations. When the spectral Queen of the Willis tries to dance him to death, his arcing *jetés* are so high and handsome you half expect her to change her mind. Precious Adams was on superb form as the vengeful Myrtha. Her shimmering *pas de bourrée* glides the full width of the spookily sidelit Coliseum stage as if pulled by an unseen magnet and she lands her ferocious jumps with eerie quietness on well-prepared shoes. The corps of 20 Willis might want to agree on a height for their arabesques during their big stage-crossing set piece but were otherwise well-drilled, the furious embodiment of a woman scorned.

[londoncoliseum.org](#)

High-octane sound of state-sponsored music

CLASSICAL

Simón Bolívar Symphony Orchestra/Dudamel
Barbican, London
★★★★☆

Richard Fairman

Is the Simón Bolívar Symphony Orchestra a shining example of how music can lift underprivileged young people out of poverty and hopelessness? Or has it become an instrument of state propaganda on behalf of a discredited regime?

By the time it made its Proms debut in 2007, the Simón Bolívar Youth Orchestra was not only the flagship of El Sistema, Venezuela’s state-sponsored music education system, but an exemplar for other countries to follow. Many did so, but the growing political controversy over President Maduro’s government has since tarnished the brand. Close allies of Maduro, including his son, sit on the board of El Sistema.

Named the Simón Bolívar Symphony Orchestra since 2011 and with its players now adults, it is marking its 50th anniversary with a three-week European tour, taking in concerts in Paris, London, and five other cities. The conductor is Gustavo Dudamel, a beneficiary of El Sistema himself, who has risen to great things, not least his forthcoming arrival as music director of the New York Philharmonic next year.

Citing the transformative influence Venezuela’s music education system had on him, Dudamel has been defending his continued involvement, saying that the values of El Sistema remain important to him and that young people in the country deserve “support and respect”.

Of the programmes they are taking on tour, their second of two

performances at the Barbican was the high-octane one. Dudamel and his Simón Bolívar musicians have long been champions of Latin American music, a vocation he has kept going through his years with the Los Angeles Philharmonic, and a pair of contemporary, home-grown composers from Venezuela shared the first half.

The defining characteristic of this music is rhythm and that was very much to the fore in Ricardo Lorenz’s *Todo Terreno* from 2022. An exploration of the Venezuelan outback, it charts the colours and vistas of the wild in music of poster-paint tones and orchestral panache.

From the same year comes *Odisea* by Gonzalo Grau, in effect a concerto for the *cuatro*, a kind of smaller Spanish guitar, amplified here. This was a looser piece, derived from folk tunes, which owed much of its success to the virtuosity of its soloist, Jorge Glem.

Indeed, the highlight of the whole evening was Glem’s encore. Over five minutes or so of solo *cuatro*, he gave us a whistletop tour of musical history, taking in Bach, Bizet, Beethoven (with some novel harmonies that would have surprised the composer), Carl Orff, Tchaikovsky, and more. It was quite a tour de force.

For the main work Dudamel offered Tchaikovsky’s Symphony No 4 with the stage filled to bursting with players. Very big orchestras are rarely good news in the Barbican acoustic and some thick and heavy Tchaikovsky was the result. Balance and ensemble were also not of the highest standard, though Dudamel whipped up the pace to exciting effect in the finale.

As the usual, rip-roaring encores proved, he is a live wire on the conductor’s podium. The Simón Bolívar players are lucky to have him.

[barbican.org.uk](#)



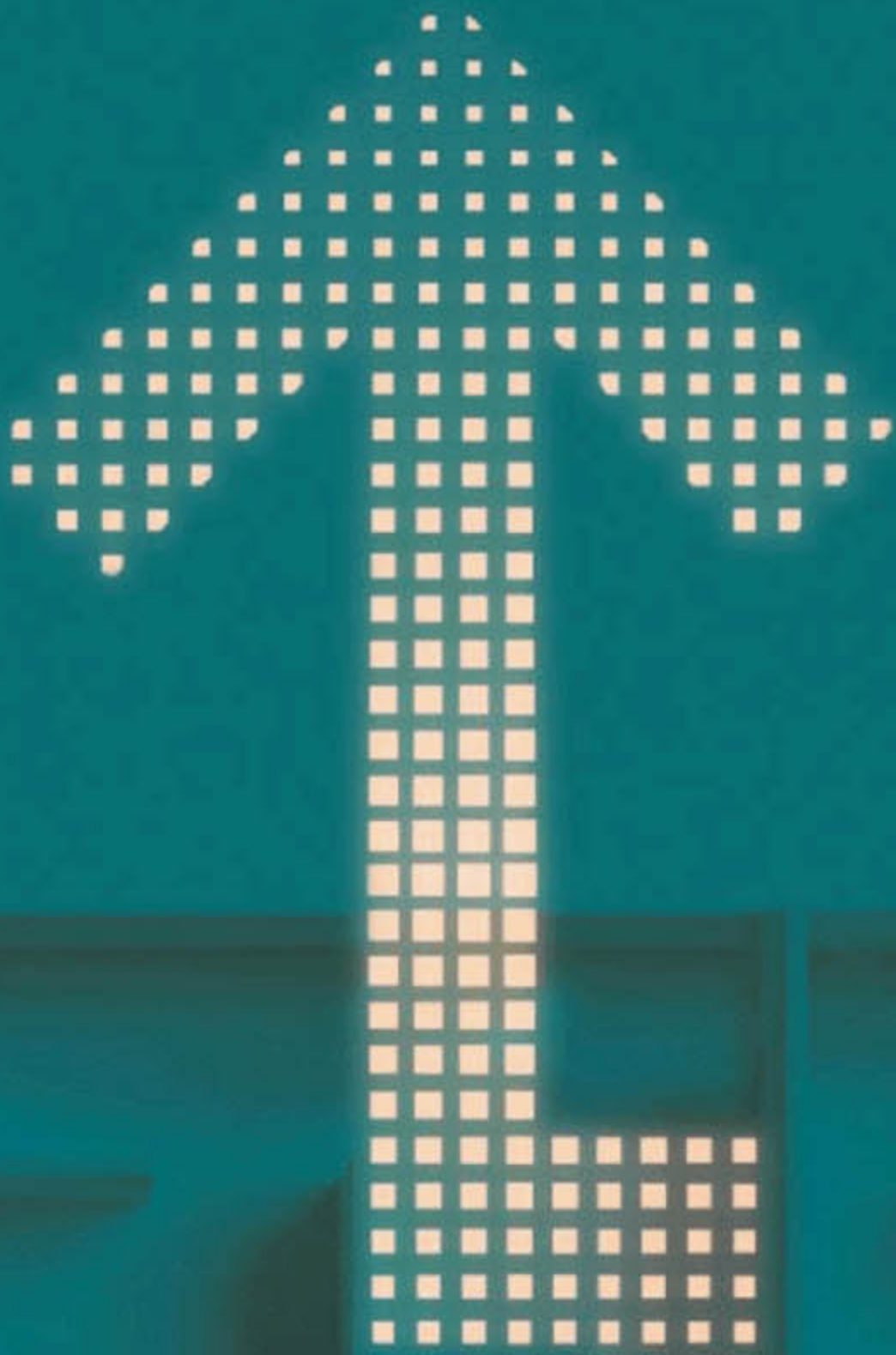
Gustavo Dudamel is a beneficiary of Venezuela’s El Sistema — Getty

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Duped by the mother of all scammers

PODCASTS

Fiona Sturges



Audio trends come and go but stories of scammers never die. While podcasts about murder may have lost their lustre when hosts started salivating over the details of violent crime, con artist tales don’t tend to feature corpses. Done well, they can elicit feelings of astonishment (at the audacity of the ruse), suspense (will the scammers be exposed?) and superiority (we listeners would surely never fall for it).

Welcome, then, *The Con: Kaitlyn’s Baby*, which joins the genre with promising credentials, having been made by the creators of 2023’s *Love, Janessa*, a breathtaking tale of catfishing involving multiple victims across several continents.

But *Kaitlyn’s Baby* is a different beast, partly because the victims were far from random, each having been chosen for their very specific skill set. They were all doulas, who accompany mothers through labour, childbirth and early parenthood. Doulas are not medical professionals; their job is to provide emotional and practical support. But in this case, they were called on to provide a level of support they never imagined. There’s no way of talking about this series without spoilers; in fact, the biggest one is

embedded in the title, which reveals that the figure at the heart of the story is a scammer. The tension lies in the *what* and the *why* — at least that’s the idea.

It opens with two doulas, Amy and Katie, who agree to help Kaitlyn, a Canadian woman giving birth to a stillborn baby conceived through rape. As if that weren’t hard enough, this was during the Covid pandemic, so rather than being in the same room as Kaitlyn, the doulas were providing support over the phone.

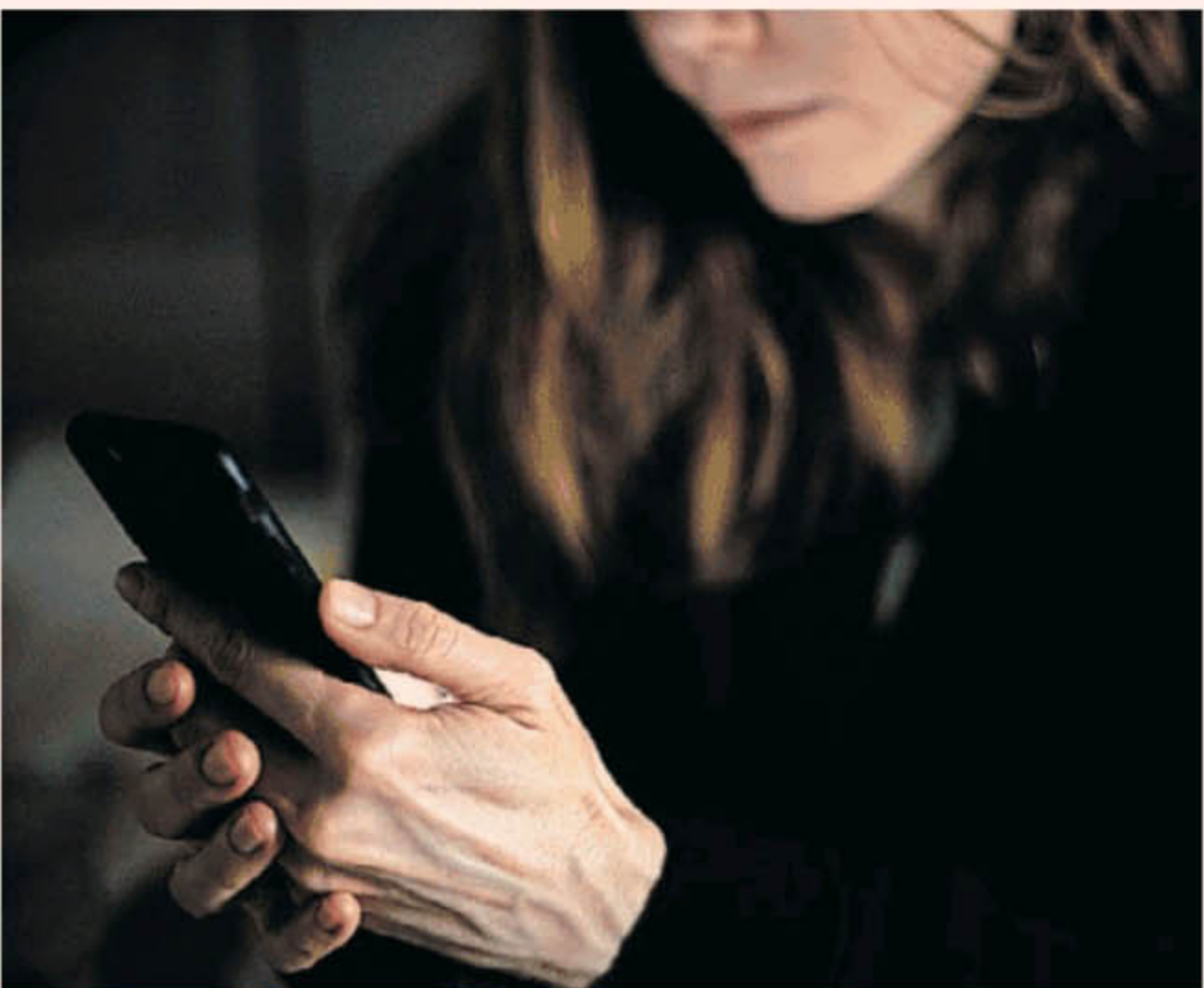
What we hear in the first episode is some of the most stressful and harrowing audio I’ve encountered as, over 10 days, Kaitlyn endures one catastrophe after another: haemorrhaging, surgery, a terminal diagnosis, another sexual assault. But then comes the twist: she’s making it all up.

The woman, who we learn is a

qualified social worker, told outrageously tall stories and put unwitting strangers through the emotional wringer. The police were initially unwilling to investigate, having failed to pinpoint a crime, though later changed their minds when the scale of Kaitlyn’s activities — at least 50 doulas were conned — became clear. She was eventually prosecuted, pleaded guilty and placed under house arrest.

But while the first episode is a masterclass in suspenseful storytelling, subsequent instalments struggle to maintain the tension as all attempts by host Sarah Treleaven to delve into the psyche of Kaitlyn, who declined to be interviewed, draw a blank. “What does she have to gain from this?” asks one of the doulas. It’s a question that was on my mind for all six episodes. Alas, at the end, I’m none the wiser.

[bbc.co.uk/programmes](#)



The con in ‘Kaitlyn’s Baby’ was conducted entirely by phone — Getty

FT BIG READ. US POLITICS

The party is united in personal loyalty to Donald Trump. But after winning an election with a much broader coalition, it is now made up of a number of groups with very different agendas.

By James Politi

The new Republican factions

Over the past decade, Steve Bannon, the veteran strategist and podcast host, has been a pugnacious ally of Donald Trump, revelling in the task of taking on what he views as the liberal elite.

But in the run-up to Trump's inauguration for a second term today, Bannon has been picking fights much closer to home — including an extraordinary bust-up with Elon Musk, the billionaire investor who has become one of the president-elect's closest confidants.

An argument over visas for skilled workers has morphed into a much broader attack on Musk and other wealthy, libertarian technology executives who have grown close to Trump, but who Bannon fears are not sufficiently committed to the populist "Make America Great Again" agenda.

Musk has defended the so-called H-1B visas which are used by lots of tech companies to bring in skilled workers, claiming: "I will go to war on this issue the likes of which you cannot possibly comprehend". Last week, Bannon, who is critical of the visa programme, went so far as to describe Musk as "a truly evil guy" and pledged to "take this guy down".

Speaking to the Financial Times before travelling to Washington for the inauguration, Bannon was more measured — but no less pointed in his critique. "These guys do not believe in the nation state, they believe in techno-feudalism," he says. "That chasm is going to become a serious issue, between the populists and the 'bri-garchs' going forward."

Every new administration has big personalities vying for the ear of the president — and whose clashes sometimes become public. But the Bannon-Musk dispute highlights a crucial and complicated reality for Trump as he begins his second term.

While the incoming president enjoys stronger standing with the American public than at almost any time during his first term, he also has a much more diverse political coalition to satisfy. The Republican party may be united in its personal loyalty to Trump, but it is now made up of a number of factions that

'It's like two giant rams butting heads, big strong rams. Steve has certain beliefs, which may not be Elon's vision of the world'

have very different world views and agendas.

When Trump entered office in 2017 on the back of a narrow election victory — he lost the popular vote by nearly 3mn votes — he was the leader of a party that was more unified around key objectives, even if there were tensions over economic policy.

His decisive victory in last year's election was partly the result of support from pockets of American society that he had not captured before. This allowed him to win the popular vote and to secure Republican majorities in both houses of Congress.

The result of this political success, however, is that his base now stretches from libertarian-leaning technology executives such as Musk to lapsed Democrats sceptical of vaccines and ultra-processed foods like Robert F Kennedy Jr. He also won votes from low-income urban African-American and Hispanic voters angry about inflation.

In the background, the tensions between the business-friendly wing of the Republican party and the increasingly dominant populist faction, which were a feature of the first term, are now much sharper — as the fierce argument over H-1B visas has shown.

These factional disputes are likely to play out in almost all of the issues that the new administration is promising to address. And given their slim majorities in Congress — in the House of Representatives, the Republicans can only afford to lose two or three votes to pass legislation — every proposal will be a political battle.

"I'm not sure that he will actually be stronger institutionally once he's in office," says Lindsay Chervinsky, a political historian and executive director of the George Washington Presidential Library. "There are so many issues that people [in his camp] are going to be fundamentally and intractably in disagreement on."

Even without these tensions, Trump's



Trump's coalition now stretches from hardline conservative Ralph Norman (below) to former-Democrat Robert F Kennedy Jr (right)

Bloomberg/Getty Images

in-tray would be formidable. As he is sworn in to be the 47th US president at the age of 78, Trump will have to deliver on lofty promises he made to quickly tame prices, end foreign conflicts ranging from Ukraine to the Middle East, and use mass deportations to eject millions of undocumented immigrants from the US.

Trump is expected to unleash a torrent of executive orders on his first day in office to reverse some of Joe Biden's policies and introduce some new measures on trade and the southern border.

But internal frictions have started to bubble up as Trump prepares to make his first policy decisions — from how aggressively to pursue tariffs on both allies and adversaries to the details of his immigration crackdown, which spending programmes to slash, and the details of the tax cuts he has pledged for both companies and individuals.

People who have spoken directly to Republican lawmakers and incoming Trump administration officials say there are still big debates and huge uncertainty about the details of his earliest steps — as well as a growing recognition that it may take time to achieve their goals.

"Reality is going to hit the Trump agenda," says one senior Republican lobbyist close to Trump's team. "The system can only go so fast and so far."

A new support base

At Mar-a-Lago this month, Trump hosted groups of Republicans representing different wings of the party, including moderates and hardline conservatives, for different sessions designed to co-ordinate policy.

"He's bringing all the factions together," says Ralph Norman, a South Carolina lawmaker and member of the House Freedom Caucus, who made the trip to Florida this month. "The only disadvantage is he has a short time-frame to get things done."

Bannon says Trump needs to capitalise on the political gains he has made over the past year with voters, including

many who were previously in the Democratic camp.

"President Trump is the leader of this ever-expanding movement, now including Blacks and Hispanic working-class people," he says. "He is seen as an agent of change — and they don't want him to stop until there is real change."

The evolution of Bannon's stand-off with Musk could set the tone for the early part of Trump's second term, and will say a lot about where power truly lies in the Maga universe.

"It's like two giant rams butting heads, big strong rams," the Republican lobbyist says. "Steve has certain beliefs. And he's got a media platform, and he has listeners who subscribe to his vision of the world, which may not be Elon's vision of the world."

It also reflects a key contradiction at the heart of the incoming president's now exuberant, revitalised political movement. While Trump has increasingly picked up support from working-class voters, especially younger men, he has surrounded himself by billionaires, from Wall Street to Big Tech, who are more wary of populist economics.

Many business leaders including Jeff Bezos of Amazon and Mark Zuckerberg of Meta have decided to embrace Trump rather than resist him, but those alliances could fray if Trump leans much more heavily on economic nationalism than expected.

In Congress, the biggest discussions surround the passage of Trump's tax and spending plans, including the extension of his 2017 tax cuts and the spending reductions that Musk is overseeing in partnership with Vivek Ramaswamy, as part of the so-called Department of Government Efficiency.

Republican leaders in Congress have been canvassing opinion on Capitol Hill to find the near-unanimous support they need for Trump's policies, given their very small majorities. But there is still no consensus on the best path. Trump had asked for lawmakers to pass everything in a "big beautiful bill", that would include tax cuts and immigration, but that idea has not gained much traction. Instead, there could be a series of smaller packages up for consideration instead.

The visit by Norman and the House Freedom Caucus to Mar-a-Lago was designed to ensure there are no defections from their end. If the most extreme conservatives believe the legislation will worsen America's fiscal position or lacks key provisions they are campaigning for, they could throw a wrench into the process.

Yet there is also a group of moderate Republicans, some of them from swing districts and states, who often have a dif-

ferent agenda — and a lot of power to make or break Trump's second presidency. Some are insisting, for instance, that he expand deductions on state and local taxes — a move that would be popular in suburban areas of large and often Democratic-controlled cities.

House Republicans are split on whether and how much of the tax cuts should be paid for, whether tariff revenue can be included as offsetting the cost, and to what extent the US can afford more rising deficits.

"I've been surprised by the disorganisation around the legislative strategy for 2025. I think it's going to be harder to pass these laws than a lot of people here in town seem to think it will be," says Michael Strain, an economic policy expert at American Enterprise Institute, the conservative think-tank. "I think the coalition will be stressed."



There's already clear faultlines," he says "To continue to expand and grow, populism has to deliver results. And that doesn't mean tax cuts for the wealthy, it means tax cuts for the little guy."

Wars over trade

On trade, Trump appears to be straddling several camps. In the run-up to the inauguration, he has continued to deliver tariff threats against friends and foes alike, and his chosen top officials include Republican China hawks, such as JD Vance, the incoming vice-president, and Marco Rubio, the nominee for secretary of state.

But more moderate figures with close knowledge of markets, such as Scott Bessent, Trump's pick to be US Treasury secretary, and Kevin Hassett, the economist he chose to be director of the National Economic Council, are expected to play a countervailing force against any extreme policy lurches that could unsettle investors.

"Trump will not want to spoil his own parade by hurting markets on his first day," says Andrew Bishop, global head of policy research at Signum

Global Advisors, a consulting firm. How quickly, on what products and from what nations Trump will launch his new wave of trade wars are still huge sources of uncertainty, even for Trump's closest allies in Congress, suggesting that a plan has not been fully hatched yet and is still the subject of fierce internal debate.

But Trump does not seem to be planning merely incremental changes to trade policy: he said he would swiftly launch an "External Revenue Service" to collect tariffs. "We will begin charging those that make money off of us with Trade, and they will start paying, FINALLY, their fair share," Trump

'I'm not sure that he will actually be stronger once he's in office. There are so many issues people are going to disagree on'

wrote on Truth Social.

Trump and his team have started to manage expectations about what can be achieved quickly, beyond the blizzard of executive actions that will accompany his oath of office today.

His top migration advisers have made it clear that the deportation crackdown will start with undocumented convicted criminals, mainly those already serving prison time, avoiding any immediate disruption to communities and businesses.

Trump's foreign policy team has also said the president is no longer expecting to resolve the conflict between Ukraine and Russia within 24 hours of his arrival at the White House — as he claimed during the campaign — but would like to see the launch of peace talks within three months instead. Trump's top Middle Eastern advisers got a huge boost with the ceasefire and hostage deal that was reached in Gaza last week, but the region could still be volatile during his first year in office.

One big wild card is how far Trump will go in delivering his pledge to purge the civil service of his political opponents as well as his promise to overhaul the justice department.

Both are moves that would raise huge red flags about the rule of law and the health of American democracy, and could trigger new tensions among Republicans.

One particular theory is animating a lot of the discussion in Washington: that Trump actually has very little time to get things done. Although he won a comfortable election victory, political insiders believe his political capital will inevitably be limited by the fact that he cannot run for re-election in 2028.

That means the new administration cannot afford too many delays or missteps, and that the patience of voters will be limited if there is too much chaos or division. Supporters of Trump believe his White House will be far more organised than it was in 2017, with Susie Wiles, his senior campaign manager and strategist, now becoming chief of staff.

But Trump is still prone to going off on tangents, speaking off the cuff and leading erratically. Earlier this month, he turned an announcement about investments into US data centres into a press conference devoted to his plans for US territorial expansion, from Greenland to Canada and the Panama Canal. "He's got more experience. He's had more experienced people around him. He's got a better gatekeeper," says Amy Walter, editor-in-chief of the Cook Political Report. "All of those things theoretically could make this more predictable, but I don't know that we could count on that."

From a political perspective, the challenge for Trump will be to make sure the economic improvement he has promised to people's lives begins to show quickly. Kevin Madden, a Republican strategist at Penta Group, the consultancy, says the "political allegiance" of Democrats and other swing voters, who crossed over to Trump's side last year because of anxiety over inflation, is quite tenuous and could evaporate in short order. "These voters are quite nomadic, and while they're here today they could be gone tomorrow," he says.

But Norman — who backed Nikki Haley in the presidential primary race — is still bullish on Trump's capacity to deliver on his promises, despite the many rifts within the party.

"He is the right man at the right time with the right ideas. So no, I have no hesitancy," he says. "We've just got to get as much [done] as we can while we can."

The FT View



FINANCIAL TIMES

'Without fear and without favour'

ft.com/opinion

Austria is breaching the far right firewall, again

Attempts to exclude or tame the Freedom party have repeatedly failed

Since the 1970s, European democracies have resorted to two strategies when confronted with the rise of radical right-wing parties. The most prevalent has been the *cordon sanitaire*, by which coalitions across the right-left divide have kept extremists from power. The less common but at times more successful has been the bear hug, where a right-wing fringe has been allowed to share power in the hope that the responsibility of office will domesticate it. Ominously, both strategies have now run aground in Austria, where the far-right Freedom party looks set to be leading the next government after winning parliamentary elections last September. A first attempt at coalition talks between mainstream parties unravelled earlier this month, and Freedom party

leader Herbert Kickl has been asked to try to form a government. Austria wore out the *cordon sanitaire* long ago. For much of the postwar era, the Freedom party was excluded by a series of grand coalitions (barring a single early-1980s coalition with the Social Democrats), but these ultimately drove many voters to feel they had no alternative but the far right to express their frustrations. Exclusion was tried at the European level too – Vienna was ostracised by the EU when the Freedom party joined the government in 2000 – but it caused little long-term harm to the party's fortunes. The party had a further spell in government in 2017-19 and now seems on a path to the chancellery. In some countries – Finland, Norway, and Italy – right-wing fringe parties have either imploded or moderated their more radical positions when they have had to govern. In France, too, Marine Le Pen has made a big effort to detoxify her Rassemblement National party,

expanding its appeal and bringing it closer to power. The optimistic analysis of these cases is that liberal democracy is robust enough to change radical parties more than they can change it. It's better, in this view, to include such parties in coalition-building, which requires compromise as the price of power. Excluding them risks having them reject democracy altogether. This has not held in Austria. The Freedom party's last stint in power collapsed in scandal in 2019, when its then-leader Heinz-Christian Strache was caught on film contemplating Russian financial support. While the party lost significant support in the snap election that followed, it rebounded to its highest ever vote share (29 per cent) last year. Simultaneously, the party hardened rather than moderated its positions, embracing such illiberal notions as the "remigration" of immigrants and Austrians of foreign ancestry and employing rhetoric used by the Nazis.

Conservatives, social democrats and liberals all deserve criticism for their inability to agree in the first round of coalition talks

Given the failure of both strategies, what should the Austrian political class now do? Conservatives, social democrats and liberals all deserve criticism for their failure to agree in the first round of coalition talks. Warning loudly about a threat to democracy only to fall out over economic and budget policy differences lacks all credibility. Mainstream parties in France and Germany must do better. The centre-right Austrian People's party (ÖVP), now engaged in talks with Kickl, has no good options: it will be the junior partner if a coalition forms, whereas new elections could well raise the Freedom party's support further. That does not mean, however, it should abandon all red lines. It is all the more important to choose them well. In particular, the ÖVP carries the burden of safeguarding the next government from far-right attempts to rig the system from within – and protecting Austria from becoming, like some of its neighbours, a spoiler in Europe.

Opinion World affairs

'Wolf warrior' diplomacy could backfire on the US

Ben Hickey



Anne-Marie Slaughter

For almost two decades, China adhered to the doctrine of "peaceful rise", a concept developed by state counselor and intellectual Zheng Bijan. It emphasised China's desire to grow in power and prosperity by integrating into the international system, without posing a threat to other nations. The strategy succeeded: from the 1990s to the mid-2010s, China's GDP and global influence rose spectacularly. Xi Jinping, however, changed course. Beginning in 2017, he launched a set of tactics that became known as "wolf warrior diplomacy". Chinese diplomats became more assertive in defending China's interests. And in a few short years the Chinese government succeeded in undoing much of the goodwill that years of peaceful rise had engendered. In 2023, Xi backed off. But this

Its hallmarks are supreme self-confidence and a disregard for rules of any kind

aggressive advance of China's interests had made it worse off in the world, creating lasting distrust and convincing many of China's partners to hedge their bets by strengthening relations with the US. Now, US president-elect Donald Trump and his merry band of tech titans are embracing their own brand of Wild West diplomacy, amplified with a dose of Silicon Valley swagger. Its hallmarks are supreme self-confidence, a disregard for rules of any kind and a willingness to make deals with anyone anywhere as long as they advance immediate self-interest. Trump himself lives in a world of self-bestowed superlatives, which find a ready echo in his new friends from California. Many of the men who have risen to power and unimaginable riches on the back of technological innovation assume that American superiority over other countries is as evident as the superiority of the tech sector over the rest of the US economy. It is the future, and they control it. Such attitudes seem certain to create a regular stream of incidents and mini-crises with other countries. Yet based on the Chinese experience, the issue will not be this or that outrage, but the steady accumulation of statements and actions that gradually

permeate the domestic politics of other nations, shifting coalitions in consequential ways. As Xi discovered, Beijing's truculence and bald assertion of entitlement strengthened the hand of China hawks in both the US and the EU, and sowed doubt among former China supporters. Long-term damage to the relationship between Washington and Beijing was the result not only of Trump's actions during his last term in office, but also a deep shift in the views of former Obama officials who entered the Biden administration and built on many of Trump's anti-China policies. Pushing US technological supremacy, in particular, will embolden those in other countries who are already seeking to challenge the grip of big American tech companies. The EU has been fighting the power and reach of those companies for over a decade. The new Trump administration, following Meta's refusal to deploy its artificial intelligence in the EU, is likely to force showdowns that will provide a needed spur to the creation of integrated European technology and defence markets. In countries such as Mexico, India, Brazil, Turkey, South Africa, Kenya, Ethiopia and Indonesia, even where current leaders are friendly to Trump, the constant push from Washington to open markets and improve terms of trade in favour of US companies will alienate local entrepreneurs and exporters. The US, like China in the wolf warrior years, will increasingly be known for breaking and circumventing domestic and international rules. Demands that everyone else "pay up" for American military protection could look ever more like a global extortion racket. Rising middle powers, now able to play a much more independent role on the global stage than in the 20th century, are not willing to be pawns in a US-China competition. They will insist instead on asserting their own national interests in the same way that Trump wishes to put America first. The George W Bush administration eschewed international rules and processes in favour of "coalitions of the willing". Since then, Republican unilateralists have been followed by Democratic multilateralists who spent years repairing damage to the US's global relationships and creating new informal alliances and coalitions. This cycle, however, has worn away trust and confidence in the US's reliability as a partner and ally. Add a heavy dose of arrogance and insult, and the damage caused by the next era of American wolf warrior diplomacy could be permanent. The writer is chief executive of the New America think-tank and an FT contributing editor

Letters

An economist recalls his time taking the kindergarten class

Your article on Finland's excellent programme instructing preteens on financial literacy and related topics of how their world works reminded me of my own experience as a parent-teacher association president of a public elementary school in the District of Columbia some 30 years ago. I had been invited to a career day to explain my job as a fiscal economist ("Finland fuels its children's future with financial literacy lessons and free food", FT Financial Literacy and Inclusion Campaign, January 7). I expected to talk to 11-year-olds, the

senior grade in the school, but was startled to be escorted into a kindergarten classroom of 5 and 6-year-olds. Thinking quickly, I asked the class which of them had a pavement in front of their homes. All hands went up. The next question was who had put it there. One boy timidly suggested "the City," for which I loudly praised him. My third question "who paid for it?" – had no response, so I told them it was the taxes paid to the City by their parents. And who told the City how much they had to tax parents for this

work? That one I answered myself – "an economist". I had the class chanting "an economist" a number of times. I then posed a similar set of questions around how they knew how much to pay for things at the local convenience store, and how the store's owner knew how much to charge. This had a similar set of answers, and the same chanting. We continued this with a couple of additional examples, such as buying tickets to a movie. Some 20 years later, walking near the school, a police vehicle screeched to a halt near me. A police sergeant jumped

out, pointing to me, saying "You're the economist". I apparently had made a lasting impression on him and his friends. They were learning not only to know what their world comprised but also to question the mechanisms that put such things in place. My point is that while it is an excellent idea to teach preteens such concepts, children much younger also can benefit. It is never too early to teach children to understand their world. Vic Miller Washington, DC, US

How corruption dogged Singh's second term as PM

As Martin Wolf correctly points out, a dynamic India is Manmohan Singh's greatest legacy (Opinion, January 8). Much of the work was when he was finance minister under Prime Minister PV Narasimha Rao, who stood by Singh solidly. Like Singh when he was prime minister, Rao governed in coalition, but carried his partners with him on the need for reform. Rao was a grassroots politician with long experience of having run a prosperous state, the undivided Andhra Pradesh. Singh, by contrast, was a technocrat and not very worldly-wise on political economy. That was the cause of his downfall during the second term of his premiership in 2009-2014, when corruption scandals hit the country. Then, too, it was a coalition. Some of the coalition partners grabbed the ministries of natural resources and infrastructure such as coal and oil, the quid pro quo for their support. To quell the public anger, Singh established a committee for the allocation of natural resources. The committee did an excellent job and turned in a comprehensive report within a few months. However, vested interests prevented publication, which only added fuel to the fire. Singh did not contest the 2014 general elections, when his Congress party returned fewer than 50 MPs, which did not even allow it to take the post of leader of the opposition. If only Singh had not allowed the humongous corruption during his second term the economy would have been better off and he would have continued to enjoy respect and admiration. Pradeep S Mehta Secretary General, Consumer Unity & Trust Society International Jaipur, Rajasthan, India

Principles from Thirty Years' war now at risk

Gideon Rachman ("Trump risks turning US into a rogue state", Opinion, January 14) is right to link the integrity of small states to the breakdown of peace in the 1930s, in the middle of what is often called the Second Thirty Years' war (the period 1914 to 1945). It was of course the Treaty of Westphalia of 1648, at the end of the original Thirty Years' war (1618-48) that enshrined the inviolate rights of all states, regardless of size. It was this and the other principles of international law that came out of that conflict, including freedom of navigation, that made the creation of the US possible. It is therefore ironic that Russia and China are now claiming to defend national integrity. They further oppose foreign intervention in the "internal affairs of sovereign countries" (another Westphalia principle which, in the 21st



The Peace of Westphalia, signed in 1648, ended the Thirty Years' war — Alamy

century, limits enforcement of universal human rights), and defend the "security and stability in their common adjacent regions". These quotes from Vladimir Putin and Xi Jinping's 20-page Joint Statement of February 4 2022 further imply that if the US accepted a Russian sphere of influence that blunted Nato in Europe, and a China sphere in Asia, Russia and China would accept American hegemony in the western hemisphere. In the second world war, Franklin D Roosevelt extended America's Atlantic frontier to the edge of Europe, thus justifying American lend-lease operations in the Azores and bases in Greenland. Would Donald Trump's push to extend sovereignty over Denmark imply that Europe fell under Russian influence? Or would it imply a reinforcement of American interests in Europe? The outcome may well be decided militarily. In the meantime, Trump's threat to small states would only encourage more to seek nuclear arms, destabilising measures that will only anger Russia and China further. Josef Konvitz Author and former OECD official, Saint-Mandé, France

Austria's far-right leader is not one to duck a challenge

Herbert Kickl, the leader of Austria's Freedom party (FPÖ), won't have it all his own way in forming a government, as Ben Hall says ("Far-right success will echo beyond Austria", Opinion, January 16). However his choice of university dissertation – *Die transzendente Deduktion der Kategorien und Bewusstseinskapitel in Hegels Phänomenologie* (The transcendental deduction of the Categories and Consciousness chapters in Hegel's Phenomenology) – shows he's not afraid of a challenge. Dr John Doherty Vienna, Austria

Some reasons law firms are attracting outside investors

Your article ("Investors eye amalgamation of local solicitors", Report, January 13) about the pick up in dealmaking only covers part of the changing picture of legal services and external investors in the UK. The sector is currently attracting a range of outside investor interest including family offices and sovereign wealth funds in addition to the buyout funds you mention. Yes, the latter may be looking for consolidation or scale-up opportunities in the UK regional and consumer market. But there is a wider pool of private capital available to help, among others, bigger firms looking to accelerate international growth, to enhance the technology underpinning their offering, or to branch out into multidisciplinary models and adjacent services. In addition there is plenty of capital chasing legal tech, start-ups and alternative providers. This I call patient or judicious capital and it is a far cry from the classic view of private equity as asset strippers focused only on profit. Of course, whoever the owners are, lawyer or private investors, they have to follow certain regulatory rules. And again, contrary to traditional thinking, in fact the England and Wales region leads the world right now with its approach to legal market regulation – hence its attractiveness to foreign direct investment. This must be why legal is one of the important sectors that the Labour government under Sir Keir Starmer hopes will turbocharge the UK economy in the months ahead. We should therefore celebrate that our law firms and wider legal market are so attractive to investors, rather than focus on disgruntled former employees. Crispin Passmore Senior Consultant, Stratify, London EC2, UK

End box-tick regulation and tokenistic compliance

There is a route to pro-growth regulation – and we have already started on the journey, through principles-based regulation that eliminates box ticking and empowers boards. The Consumer Duty regulations, recently implemented by the Financial Conduct Authority and covering financial services companies, took a principles-based approach which meant that boards made their own decisions about how to implement consumer protections, rather than following detailed rules ("Reeves will urge watchdogs to pivot towards growth after No 11 summons", Report, January 15). This approach is echoed in the duty to prevent bribery introduced in the Bribery Act 2010, where a company needs to demonstrate that it had "adequate procedures" in place to defend itself against any bribery charges, and the new "failure to prevent fraud" offence, introduced in the Economic Crime and Corporate Transparency Act 2023. All of these rules are intended to encourage companies to implement their own solutions to preventing crime within organisations, leaving it to the board to decide what approach to take, not imposing models from outside or encouraging tokenistic compliance. There is surely an opportunity to review more of our regulations and seek to have them follow this approach, moving compliance from a tick box exercise to a question of ethical practice shaping company culture. Rachael Saunders Independent Ethics Adviser, London E1, UK

What if Trudeau . . .

It is amusing to think that if Justin Trudeau had not resigned as leader of the Liberal party of Canada, and by extension as Canada's prime minister, that under Donald Trump's dream that Canada becomes the 51st state of the US, Trudeau would be governor of the great state of Canada and indeed be eligible to run for US president! Gaffney J Feskoe Woodbury, CT, US

Corrections

- Up to the start of 2024, Google's self-driving project Waymo had ferried public passengers for 1mn trips since the initiative began in 2009, not 1mn miles as wrongly stated in an article on January 17. The total rose by a further 4mn in 2024.
- Some EU carmakers are now partly or wholly owned by China's BAIC, not SAIC as wrongly stated in an article on January 17.

Opinion

Britain’s situation remains fragile

ECONOMICS

Martin Wolf



On January 13 2025, spreads between yields on 10-year gilts and German Bunds reached 230 basis points. This was four basis points higher than the peak reached on September 27 2022, when Liz Truss was prime minister. The UK is probably not heading for a borrowing crisis. But its position is fragile. The government must reinforce confidence in the soundness of the UK and its own good sense.

Interest rates have risen across the G7. Even in Germany, the yield on the ultra-long 30-year Bund rose by 290 basis points between January 15 2021 and January 15 2025. In the US, the rise was 300 basis points, and in France 350 points. Alas, the rise in UK yields was the highest in the G7, at 440 basis points. UK

yields on 30-year gilts reached 5.2 per cent in mid-January. This was the highest level in the G7, while German yields were only 2.8 per cent and French ones still only 3.9 per cent. But US yields were not so far behind UK levels, at 4.9 per cent, probably because of the huge structural fiscal deficits in the global economic superpower.

In sum, UK yields on long-term debt have risen by more and reached higher levels than in peer countries. Yields on 30-year gilts were even 56 basis points higher than Italy’s on January 15. Moreover, while UK yields had risen 78 basis points in the previous year, Italy’s did not rise at all. That is embarrassing.

A crucial question is why rates have risen. The big change has been in the real rate of interest, not inflation expectations. In the UK case, we have reasonably robust measures of both, from yields on index-linked and conventional gilts. The difference between the two indicates inflation expectations and perceptions of inflation risk.

These data show that real interest rates in the UK have jumped from a trough of -3.4 in early December 2021 to

a peak of 1.3 per cent on January 14 2025. One might describe this as normalisation after a period of ultra-depressed real rates. The jump in real interest rates largely matches the rise in the yield on conventional gilts, which suggests that changes in inflation expectations have been surprisingly small.

So, what do these real and nominal yields tell one about the stability of UK

The government will have to toughen its stance on spending in its review or consider higher taxes

public debt? If the ratio of debt to GDP is to be stabilised when the real rate of interest exceeds the growth rate of the economy, the government needs to run a primary fiscal surplus (balance between revenue and spending before interest payments). A real rate of 1.3 per cent allows a modest primary deficit if growth is consistently higher than that. IMF data show that this was precisely

the trend rate of growth of the UK between 2007 and 2024. So, debt stability requires consistent primary balances. Happily, according to the Office for Budget Responsibility’s analysis of the October Budget, the primary budget is forecast to move into a surplus of a little under 1 per cent of GDP in the last three years of this decade. This would be consistent with rough stability of the ratio of net debt to GDP, as the OBR shows in its debt forecasts.

The implication is that the situation is manageable. Yet there are risks. One is that global real and nominal interest rates could shoot up further, perhaps because of further jumps in spending on investment or defence, or increased awareness of a host of political, monetary and financial risks. A UK-specific fragility is that the country runs persistent capital account surpluses, which make it highly dependent on foreign funding, unlike, say, Japan. This is also true for the US. But the latter is the prime borrower for the rest of the world.

Another risk for the UK is that GDP growth, already low, might slow even

further. The politics of running primary fiscal surpluses might then become impossible. Yet another risk is that the ratio of net debt to GDP is already close to 100 per cent. This is hardly low. Comfortingly, it is below the levels in Japan, Italy, France and the US. But it is far higher than it was two decades ago. Finally, there is “Trump risk”, particularly threats of high tariffs against an open economy no longer inside the EU.

In brief, the UK’s situation is fragile. The government needs to retain the confidence of its creditors. It is crucial not to adopt policies that raise doubts about its good sense. How taxes were raised in the Budget did just that. So, too, do regulatory developments, notably in the labour market. The government will have to toughen its stance on current spending in its coming review or consider higher taxes.

The UK must focus on resilience and growth. Panic is unnecessary, but the era of cheap borrowing is over. Policy has to respond.

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The UK should take a leaf from France’s book on arts funding

Martin Prendergast

The UK government’s announcement last week of £60mn to support the creative industries is very welcome, but what if there was another untapped source of money to drive economic growth? The UK’s creative industries are vital to the economy. Valued at £124bn, they are worth more than the life sciences, aerospace and automotive industries combined. Arts and culture alone contribute an impressive £34.6bn.

Beyond the economic value, the subsidised arts sector nurtures creative and technical talent and creates new intellectual property. Award-winning creators like Sam Mendes, Phoebe Waller-Bridge and Stephen Daldry honed their craft in the subsidised sector before generating billions through global franchises like *James Bond* and *The Crown*.

Yet this critical element of our creative ecosystem is in crisis. According to a 2024 report by the University of Warwick and Campaign for the Arts, the government’s core cultural funding dropped by 18 per cent between 2009 and 2023. Arts Council England funding also decreased by 18 per cent, and local government funding in England fell by 48 per cent. A 2023 analysis of 2,800 arts organisations showed a combined deficit of £117.8mn – the worst financial position in five years.

A renewed funding model is needed – with state investment at its heart. One compelling solution could lie in France’s Aillagon law. Introduced in 2003 by then culture minister Jean-Jacques Aillagon, this policy incentivises corporate

Tax incentives could encourage the business sector to step in where public finance falls short

philanthropy for arts and charities by offering a 60 per cent tax relief on donations, capped at 0.5 per cent of a company’s annual turnover. The law has transformed France’s cultural funding, with the overall volume of declared patronage increasing from €1bn in 2004 to nearly €4bn in 2018.

Corporate philanthropy is now embedded in France’s creative ecosystem. In 2017 the Louvre was generating €12mn annually from the Aillagon law. Versailles raised €10mn and the Centre Pompidou €5mn. Most strikingly, in 2019, France raised €850mn within 72 hours to rebuild Notre-Dame cathedral thanks to corporate generosity nurtured by the Aillagon law.

By contrast, the UK’s corporate sector remains an untapped resource for arts funding. Over the past decade, FTSE 100 charitable donations fell by 34 per cent. True, there are some visionary, committed sponsors of the arts. But 70 per cent of commercial sponsorship goes to sports, not the arts.

A UK version of the Aillagon law could catalyse private investment in the arts. By offering tax incentives for corporate donors, the government could encourage the business sector to step in where public funding falls short.

Critics of the Aillagon law argue that generous tax breaks shift a lot of the burden of donations on to taxpayers. However, this overlooks the broader benefits. A thriving cultural sector develops new intellectual property and supports jobs, tourism and innovation, while fostering community cohesion.

This isn’t just about the money. It’s about stimulating collaboration between culture and commerce – much needed, given current arts sponsorship protests, which risk making sponsors think twice about aligning with the arts.

France’s Aillagon law demonstrates how visionary policy can transform cultural funding. It’s more than a fiscal mechanism. It’s a catalyst for cultural vitality and corporate engagement, while reducing reliance on dwindling public funds.

Given the state of the nation’s finances, the UK government must match its commitment to support the arts with bold action. Adopting a French-style policy could win the Labour government a place in history for securing the future of the UK’s arts sector – and driving economic growth.

The author is a director of the European Sponsorship Association, a UK council member of Creative UK, and a consultant in the cultural sector

Trump’s challenge on trade

AMERICA

Rana Foroohar



The first Trump administration reversed America’s stance on global trade. Joe Biden then doubled down on Donald Trump’s tariffs, while adding industrial policy to the mix. Now his parting gift to Trump is a new trade verdict that argues for US government support for the maritime, logistics and shipbuilding sectors in the face of Chinese competition. It will be the first big test of whether Trump’s second term will be focused on the economic desires of his base, or the “tech-industrial complex” decried by Biden in his parting speech.

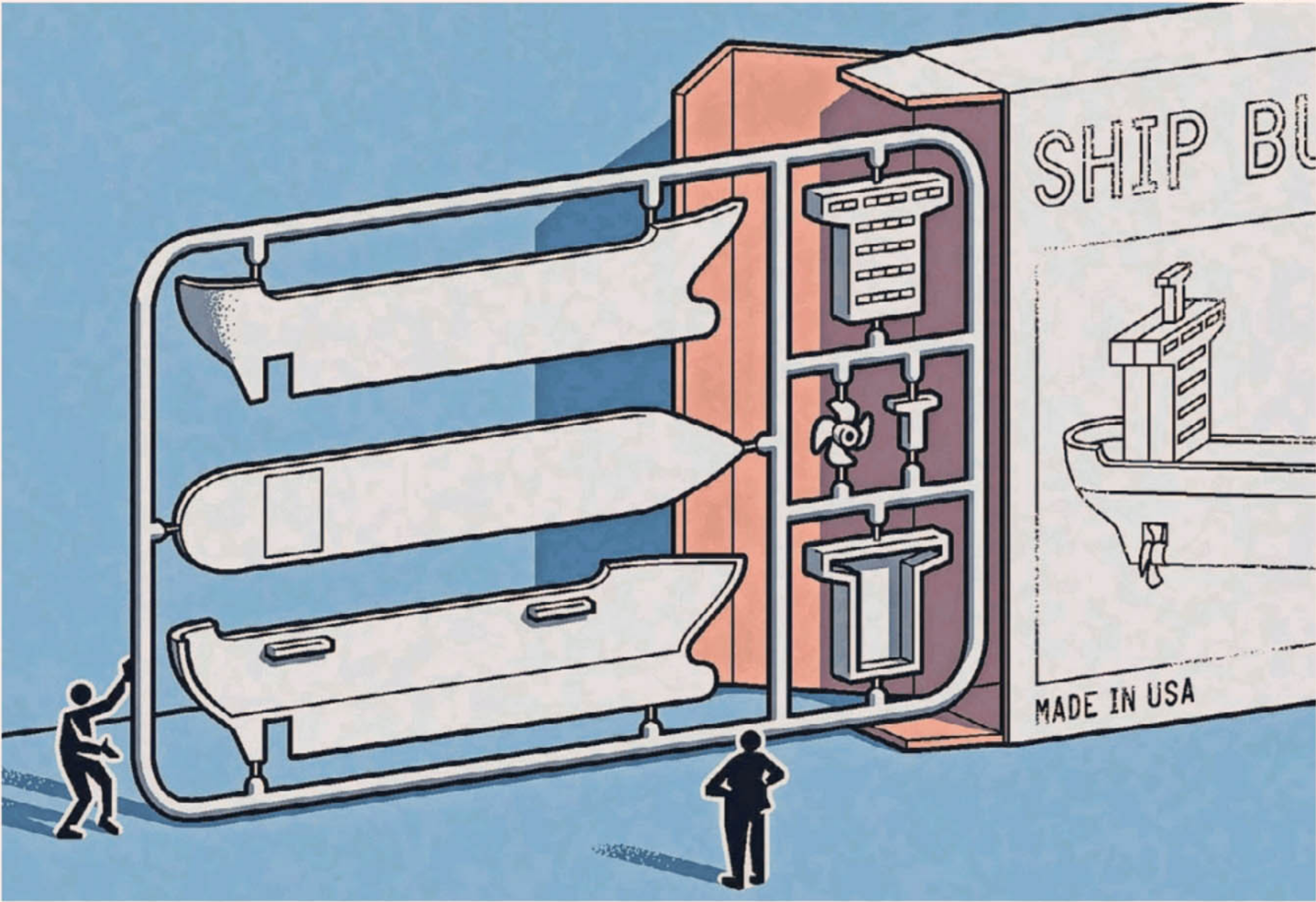
The timing is no accident. The investigation, issued by the US trade representative under Section 301 of the Trade Act, lays out how China has used non-market practices to dominate the global maritime industry. While Biden has supported pushing back against such practices, not everyone in the Democratic party has been eager to make the shift. By releasing the case four days before Trump’s inauguration, the departing administration has made sure it didn’t get derailed by Democrats who would prefer to tip-toe away from the issue of Chinese mercantilism. It

also threw down a gauntlet for Trump. Will tariffs be his only tool? Or will he support industrial policy and US workers in more effective and durable ways?

Whether or not you support Section 301 action, it’s tough to read the case and argue that China’s behaviour in shipbuilding isn’t discriminatory. There are the usual problems, like massive state loans and access to non-market excess capacity in raw materials. Then there are the distortions in the Chinese labour market that make it nearly impossible for market economies to compete in the maritime sector, where China now has a market share of more than 50 per cent.

One of the most interesting sections of the report dives deep into the *hukou* system. In this, Chinese citizens are classified as rural or urban residents, and can’t receive state benefits such as education, housing, or healthcare outside the jurisdiction in which they were born. Since many rural residents migrate to coastal areas to work, the result is that half of the population resides in urban areas, but only a third have an urban classification.

That has a hugely distorting effect on Chinese and global labour markets. As one scholar quoted in the report notes, the *hukou* system creates a “huge class of super-exploitable, yet highly mobile or flexible industrial workers for China’s new economy, now closely integrated into global trade networks”. It is essentially a massive state transfer from labour to the owners of capital, which is one of the reasons why Chinese econo-



mists concerned about bolstering domestic consumption would like to get rid of it (*hukou* reform is happening, though not as fast as many would like).

It’s also one of many ways in which China’s system is incompatible with the Bretton Woods trading system as it exists today. “There’s no question that China’s very different economic model makes it difficult to have a system of globalisation based on WTO rules,” notes economist and Nobel laureate Michael Spence. Indeed, that’s the reason that Biden’s trade representative, Katherine Tai, pushed (albeit unsuccessfully) for a new model of trade based on setting a floor, rather than a ceiling, on environmental and labour standards.

Trump certainly won’t care much about the former, but politically, he will

Slapping tariffs on allies and adversaries alike is far easier than crafting a complex industrial policy

need to care about the latter. The fractures between the Maga base and billionaire class populating the top ranks of his administration are already showing. If he chooses not to take on the shipbuilding support recommendations left by his predecessor, unions and Maga hardliners alike will pitch a fit, which could sow major discontent in his first 100 days.

But I’m betting that the Trump administration will take up the issue, and perhaps even offer up more vigorous support than Democrats might have done. Trump loves bright shiny objects, and nothing is brighter and shinier than a new aircraft carrier.

More importantly, there are legitimate national security and commercial supply chain reasons to build more non-Chinese maritime capacity. Nearly half of US goods and 80 per cent of global trade is transported by ship. China can significantly influence the pricing and availability of ships given its share of the market. It’s hard to imagine that this power wouldn’t be weaponised in the event of any US-China conflict.

Trump has already suggested the US build ships with allies like South Korea.

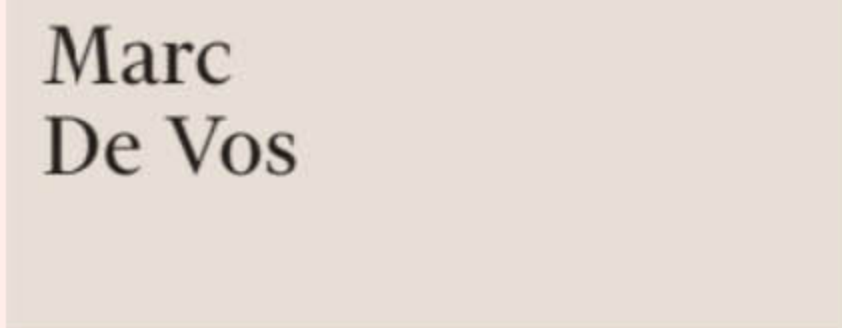
Of course, increasing maritime capacity is a long-term, heavy lift. And yet, the success of the Chips Act, which has rebooted US semiconductor production in less than two and a half years, shows that it is possible to create more resiliency and redundancy in critical industries when there is political will. The question is whether Trump will have any. Slapping tariffs on adversaries and allies alike is much easier than actually crafting a multi-faceted industrial policy.

That said, the political pull towards it will be pressing. Much of the Biden administration’s stimulus went into red states. The Chips Act is supporting construction of new semiconductor plants in Ohio, Texas and Arizona, all of which voted for Trump. The bipartisan Ships Act introduced last month provides a road map for maritime industrial policy. Whether Trump follows it will say much about the direction of his second term.

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How Europe can lift ‘Von der Leyen’s curse’

Marc De Vos



We all know what we have to do, but we don’t know how to get re-elected once we have done it.” So said Jean-Claude Juncker back in 2007 when he was president of the European Commission. Fast forward to 2025, Europe’s new “Juncker curse” is that its politicians know what they have to do but don’t know how to pay for it. Call it, with reference to the current commission president, “Von der Leyen’s curse”.

No fewer than three major reports published last year – by Enrico Letta, Mario Draghi and Sauli Niinistö – urge European leaders to push ahead with deepening market integration, boosting innovation and investment in critical sectors and technologies, and with building self-reliance to face crisis and conflict.

This quest for prosperity, strength and security comes with an unprecedented price tag. Draghi alone advocates an additional €800bn in annual spending. Where is the EU supposed to find this kind of money and how can spending on such a scale be mobilised to support common priorities rather than narrow national preferences?

The most elegant solution would be massive public-private partnership schemes. In an ideal scenario the EU, together with the European Investment Bank, would make institutional investors and venture capitalists offers they cannot refuse: the ability to claim a stake in the economic and technological future of the continent with guaranteed government spending and/or protected market potential as a revenue model. But co-ordinating this from Brussels across 27 member states would be a Herculean task. Just consider how the much simpler common European defence bond has failed to materialise, despite the horrors in Ukraine.

Then there are taxes. An EU that raises import tariffs, emission levies and other taxes to make the playing field fair

and sustainable in the European market can potentially invest tens of billions annually. However, taxes may be counterproductive if they hurt the very European industry we seek to keep and protect. And they may be downright destructive if they end up hurting companies from countries with which Europe does not want a trade war.

What is left are debt mechanisms. But the stability of Europe’s unfinished

The EU’s politicians know what they have to do but don’t know how to pay for it

monetary union imposes preventive budgetary discipline on member states. Deficits for strategic investments remain possible, but require country-by-country negotiations with the commission. Mutualised European debt invested directly from Brussels is a political Rubicon member states still have to cross.

The EU not only has too few resources, it also does not know how to spend what it does have quickly and efficiently. Processes are slow, bureaucratic and generally not very transparent for participating companies or countries. The bloc must compete with China, Russia and the US in what has become a global arms race of state capitalism and mercantilism. But Brussels has neither the political nor financial heft to compete with Beijing, Moscow or Washington.

If the EU really wants to live up to its ambitions, the existing platform for important projects of common European interest can be a stepping stone, provided it can scale up and speed up. More likely is an ecosystem of investment initiatives and vehicles outside formal EU programmes, through coalitions of investors and/or member states.

First-mover advantage will play a role as countries with a stake in strategic sectors can claim future market share by contributing to collective EU ambitions. Poland, for instance, has been leading the pack in mobilising public spending for defence and security capabilities

along Europe’s eastern border and in the Baltic.

This, then, is the way to lift Von der Leyen’s curse. Allow coalitions of states to combine in respective self-interest and in strategic partnership with their industries, taking state aid to a co-ordinated multinational level.

Forget the old separation of the European market and domestic state aid – the latter serves the integration of the former for geopolitical purposes. Forget the decision-making machineries that often stymie EU action and instead create room for ad hoc arrangements within the bloc’s overall strategy. And forget even the distinction between member states and third countries – what matters is the right geopolitical coalition in support of EU policies, and that includes a country such as the UK in matters of security and defence. Lifting Von der Leyen’s curse, it turns out, might even lift the Brexit curse as well.

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