The Economist

The commodities catastrophe

Will China help Putin?

Latin America's new left

Millions of refugees: can Europe cope?

MARCH 12TH–18TH 2022

THE STALINI  ATION OF RUSSIA

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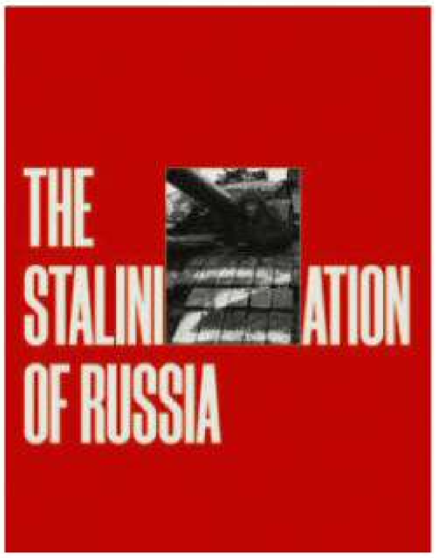

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By Invitation For International Women's Day Malala Yousafzai, the Nobel peace-prize laureate, wrote an online essay on girls' education. She invited four other women to do so, too. Read them at *economist.com/by-invitation*

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to take part in *"a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress."*

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The world this week Politics

Vladimir Putin's forces bombarded cities in **Ukraine**, hitting homes, schools and clinics. In at least one besieged city, Russia violated a ceasefire intended to allow civilians to escape. Mariupol, a port, suffered an indiscriminate barrage, including of a maternity hospital. Ukraine's vastly outnumbered forces fiercely resisted the invasion, killing thousands of Russian troops. Unarmed Ukrainian civilians staged protests in towns occupied by Mr Putin's forces. Russia moved closer to encircling Kyiv, the capital, and also seized a nuclear power station.

The exodus of Ukrainians exceeded 2.2m, making it the fastest-growing **refugee surge** in Europe since the second world war. More than 1.3m have entered Poland. Britain told refugees to apply for visas, and made it bureaucratically difficult for them to do so. The European Union is allowing all Ukrainians in for a year, no questions asked.

President Joe Biden banned the import of **Russian oil, gas and coal** to the United States. Britain said it would phase out Russian oil imports by the end of the year. The EU, which is more dependent on Russian fuel, moved to reduce Russian gas imports by two-thirds. Russia warned it may retaliate by switching off its main gas pipeline to Europe.

Other countries sent **weapons to help Ukraine** defend itself, including anti-aircraft and anti-tank rockets. Poland and America disagreed publicly over the supply of fighter jets. America had suggested that Poland send some of its old MiGs. Poland offered instead to give them to America so that it could hand them over to Ukraine. America said this would risk dragging NATO into a direct conflict with Russia.

Mr Putin cranked up **repression** at home. Anyone in Russia who calls his war a war risks 15 years in jail. The last independent TV channel and radio station were closed. Even so, anti-war protests erupted in several cities. Thousands of protesters have been arrested; many were beaten and abused. Polls suggested that fewer Russians now believe Mr Putin's story that he is protecting Ukrainians from a "Nazi" regime. Support for the war fell sharply as real news seeped into Russia via the internet.

The White House's top adviser on Latin America met **Venezuela's** dictator, Nicolás Maduro. It was the first high-level meeting between the two governments in years. America imposed sanctions on Venezuelan oil in 2019. It now wants to loosen Venezuela's alliance with Russia and explore conditions under which it might buy oil from Venezuela to offset the boycott of Russian exports. Venezuela released two imprisoned Americans.

Britain, France and Germany, which have been negotiating, along with America, China and Russia to revive a deal that would curb **Iran's** nuclear ambitions, urged Russia not to add conditions that would make it harder to clinch an accord, which is said to be close. Russia wants to include a clause that would exempt its trade with Iran from sanctions.

Guatemala's Congress passed a law to increase the jail sentence for women who have abortions, unless their lives are in danger, from three years to ten. The law also stops schools from teaching that gay sex is "normal". A human-rights ombudsman said it was unconstitutional.

Turkey's president, Recep Tayyip Erdogan, said that a visit by his **Israeli** counterpart, Isaac Herzog, had marked a turn for the better in relations between the countries. Turkey, he said, was ready to co-operate with Israel over energy.

Yoon Suk-yeol, a conservative opposition candidate, won **South Korea's** presidential election, narrowly beating the ruling party's Lee Jae-myung.

Results from the count in five state elections in **India** showed that the ruling Bharatiya Janata Party will retain control of Uttar Pradesh, the most populous state. But the Aam Aadmi Party, which opposes corruption, won an upset victory in Punjab.

President Rodrigo Duterte signed into law a bill raising the age of consent in the **Philippines** from 12, among the lowest in the world, to 16.

China faced its biggest outbreak of covid-19 since the early stages of the pandemic. Hundreds of new cases were reported. Most of China's provinces have been hit. The surge is much smaller than recent outbreaks in other big countries, but it is testing the government's "zero covid" policy, which relies on mass testing and lockdowns.

Austria suspended a law that would compel all adults to take a covid-19 vaccine. The law had not yet been enforced. The government now thinks compulsory vaccination is a disproportionate response to the Omicron variant.

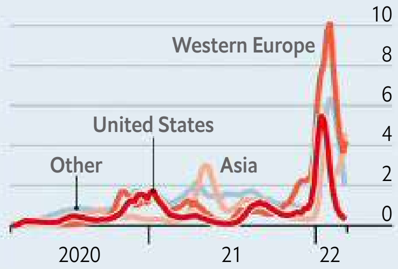
Michelle Bachelet, the UN's senior human-rights official, accused **Ethiopia** of killing hundreds of civilians in bombing raids against the northern regions of Tigray and Afar. Ethiopia's blockade of Tigray has pushed millions of people to the brink of starvation.

Tanzania's president, Samia Suluhu Hassan, released Freeman Mbowe, a leading opposition member, from jail. This marked a shift away from the authoritarian style of her predecessor, John Magufuli.

Coronavirus data

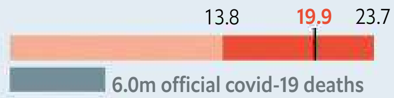
To 6am GMT March 10th 2022

Weekly confirmed cases by area, m



Estimated global excess deaths, m

With 95% confidence interval



Vaccine doses given per 100 people

By country-income group

Low	20
Lower-middle	108
Upper-middle	184
High	192

Sources: Johns Hopkins University CSSE; Our World in Data; UN; World Bank; *The Economist*'s excess-deaths model

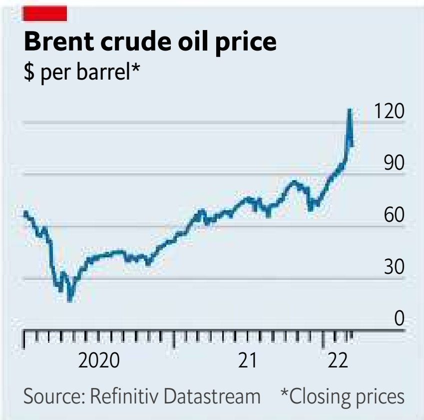
→ *For our latest coverage please visit economist.com/coronavirus*

An American man who received the world's first transplant of a heart from a genetically modified **pig** died two months after the operation.

Sadiq Khan, **London's** mayor, said he hoped to expand an ultra-low emission zone across the whole of the city next year. The £12.50 ($16.50) a day charge for vehicles that do not comply with the standard costs daily drivers over £4,500 a year; public-transport options are less reliable farther out from the city centre.

An enduring tale

A scientific expedition discovered the wreck of the ***Endurance***, the ship that carried Ernest Shackleton and his crew of explorers to the Antarctic until it became trapped in sea ice and sank in 1915. The vessel, still remarkably intact, was found in the Weddell Sea at a depth of 3,008 metres. It will be designated a monument under the Antarctic treaty, meaning it cannot be disturbed.



The decision by America and Britain to ban Russian **oil** imports rattled markets. At one point Brent crude briefly came close to $140 a barrel; Russia warned that the ban would send it hurtling towards $300. But prices retreated when the United Arab Emirates became the first member of OPEC to support ramping up production. Earlier, the International Energy Agency said that its member countries were ready to release more oil from their **emergency stockpiles** to help tame prices. **Shell**, meanwhile, said it would withdraw fully from Russia. This came after the energy giant was criticised for buying a ship's cargo of heavily discounted Russian oil to supply one of its refineries.

European markets for **natural gas** underwent huge price movements. Benchmark Dutch futures briefly hit a record high of €345 ($380) a megawatt hour before falling back; prices swung back and forth within a spread of €200. The price a year ago was around €17.

Trading in other commodities was also volatile. Shipments of **wheat** from Russia, the world's biggest exporter, and Ukraine, the fifth-biggest, have ground to a halt, pushing crop prices to a record. The London Metal Exchange was forced to halt trading in **nickel** when prices more than doubled to over $100,000 a tonne; Russia is the biggest supplier of the top-quality nickel used in things like electric-car batteries. **Palladium**, manufactured in catalytic converters to help curb emissions, hit a new peak. The spot price for **gold** touched $2,070 an ounce, close to its all-time high, before falling back.

American Express, Mastercard and Visa suspended their operations in Russia. Russian banks are trying out several alternative payment systems, such as China's UnionPay. **Credit cards** will be no good anyway for Russians hoping to go on a spending splurge; Cartier, Hermès, LVMH and other **luxury-goods** companies have stopped selling their products there. **Professional-services firms** also headed for the exit. Deloitte, Ernst & Young, KPMG and PwC all cut ties with Russian business.

McDonald's temporarily closed its restaurants in Russia, a move filled with symbolism. The fast-food chain opened its first outlet in Moscow in January 1990, during the *glasnost* era and two years before the formal dissolution of the Soviet Union. Pictures of hundreds of Muscovites queuing for their first taste of a Big Mac were beamed across the world.

Under public control

The British government imposed sanctions on **Roman Abramovich** and six other oligarchs suspected of having links to Vladimir Putin, freezing their British assets. The government took control of Chelsea football club, which Mr Abramovich owns. The Premier League side now has to operate under a special licence, which grants "permissions" for the team to continue playing matches.

Aeroflot suspended all flights outside Russia, except to Belarus. This came after the country's civil-aviation authority warned Russian airlines that planes leased from foreign entities could be impounded if they land abroad (the British government is making it a criminal offence to fly Russian aircraft into Britain). Russians seeking to return home were advised to transit through countries that have not signed up to sanctions.

The **Chinese** government set an annual GDP growth target of 5.5%. That is the lowest target in 30 years, but higher than most analysts had expected, given the war in Ukraine.

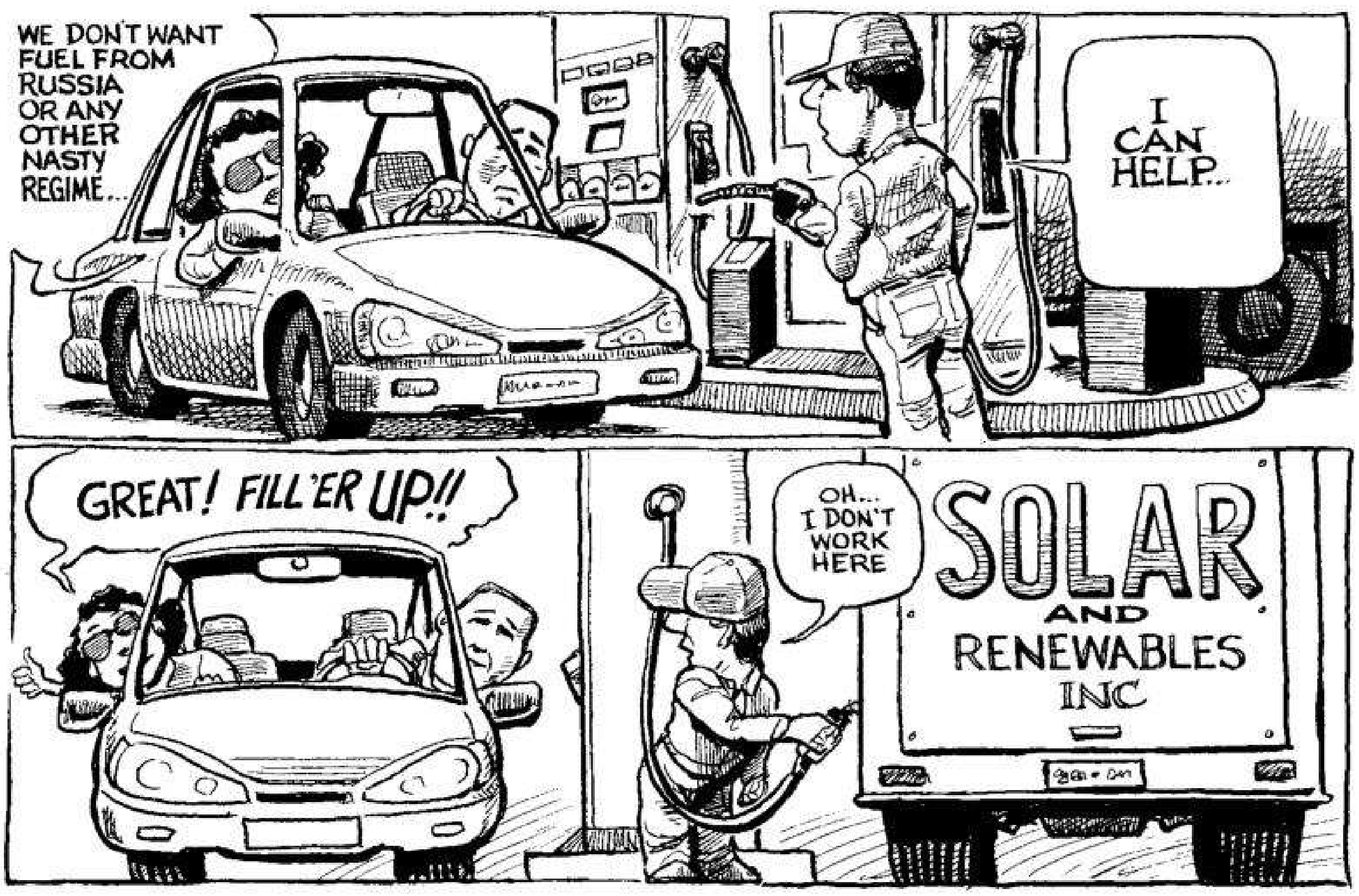
American regulators have reportedly launched an investigation into whether Barry Diller, a media mogul, used **insider information** to buy options on Activision Blizzard's stock days before the announcement that it was being sold to Microsoft. David Geffen, a music tycoon, and Alexander von Furstenberg, the son of Mr Diller's wife, are also being investigated.

Amazon approved a 20-for-1 stock split and announced a share buy-back of up to $10bn. The move is an effort to boost the company's stockmarket performance. The share price has fallen more sharply this year than most of Amazon's other big tech peers.

With cyber-attacks on the rise, **Google** agreed to pay $5.4bn for **Mandiant**, a company that specialises in identifying threats and tracking down perpetrators. It helped respond to the ransomware attack on the Colonial Pipeline last year.

The last word

Elon Musk asked a judge to throw out a settlement he reached with the Securities and Exchange Commission requiring Tesla to review and sign off tweets he writes that relate to the business. The SEC and Mr Musk agreed to the settlement in 2018, after he had suggested on Twitter that he would delist the company and take it private (Tesla's share price soared in response to that tweet; it remains a public company). Tesla's boss says the settlement is unenforceable.



The Stalinisation of Russia

As it sinks in that he cannot win in Ukraine, Vladimir Putin is resorting to repression at home

When Vladimir Putin ordered the invasion of Ukraine, he dreamed of restoring the glory of the Russian empire. He has ended up restoring the terror of Josef Stalin. That is not only because he has unleashed the most violent act of unprovoked aggression in Europe since 1939, but also because, as a result, he is turning himself into a dictator at home—a 21st-century Stalin, resorting as never before to lies, violence and paranoia.

To understand the scale of Mr Putin's lies, consider how the war was planned. Russia's president thought Ukraine would rapidly collapse, so he did not prepare his people for the invasion or his soldiers for their mission—indeed, he assured the elites that it would not happen. After two terrible weeks on the battlefield, he is still denying that he is waging what may become Europe's biggest war since 1945. To sustain this all-encompassing lie, he has shut down almost the entire independent media, threatened journalists with up to 15 years in jail if they do not parrot official falsehoods, and had anti-war protesters arrested in their thousands. By insisting that his military "operation" is de-Nazifying Ukraine, state television is re-Stalinising Russia.

To grasp Mr Putin's appetite for violence, look at how the war is being fought. Having failed to win a quick victory, Russia is trying to sow panic by starving Ukrainian cities and pounding them blindly. On March 9th it hit a maternity hospital in Mariupol. If Mr Putin is committing war crimes against the fellow Slavs he eulogised in his writings, he is ready to inflict slaughter at home.

And to gauge Mr Putin's paranoia, imagine how the war ends. Russia has more firepower than Ukraine. It is still making progress, especially in the south. It may yet capture the capital, Kyiv. And yet, even if the war drags on for months, it is hard to see Mr Putin as the victor.

Suppose that Russia manages to impose a new government. Ukrainians are now united against the invader (see Briefing). Mr Putin's puppet could not rule without an occupation, but Russia does not have the money or the troops to garrison even half of Ukraine. American army doctrine says that to face down an insurgency—in this case, one backed by NATO—occupiers need 20 to 25 soldiers per 1,000 people; Russia has a little over four.

If, as the Kremlin may have started to signal, Mr Putin will not impose a puppet government—because he cannot—then he will have to compromise with Ukraine in peace talks. Yet he will struggle to enforce any such agreement. After all, what will he do if post-war Ukraine resumes its Westward drift: invade?

The truth is sinking in that, by attacking Ukraine, Mr Putin has committed a catastrophic error. He has wrecked the reputation of Russia's supposedly formidable armed forces, which have proved tactically inept against a smaller, worse-armed but motivated opponent. Russia has lost mountains of equipment and endured thousands of casualties, almost as many in two weeks as America has suffered in Iraq since it invaded in 2003.

Mr Putin has brought ruinous sanctions on his country. The central bank does not have access to the hard currency it needs to support the banking system and stabilise the rouble. Brands that stand for openness, including IKEA and Coca-Cola, have closed their doors. Some goods are being rationed. Western exporters are withholding vital components, leading to factory stoppages. Sanctions on energy—for now, limited—threaten to crimp the foreign exchange Russia needs to pay for its imports.

And, as Stalin did, Mr Putin is destroying the bourgeoisie, the great motor of Russia's modernisation. Instead of being sent to the gulag, they are fleeing to cities like Istanbul, in Turkey, and Yerevan, in Armenia. Those who choose to stay are being muzzled by restrictions on free speech and free association. They will be battered by high inflation and economic dislocation. In just two weeks, they have lost their country.

Stalin presided over a growing economy. However murderously, he drew on a real ideology. Even as he committed outrages, he consolidated the Soviet empire. After being attacked by Nazi Germany, he was saved by the unbelievable sacrifice of his country, which did more than any other to win the war.

Mr Putin has none of those advantages. Not only is he failing to win a war of choice while impoverishing his people: his regime lacks an ideological core. "Putinism", such as it is, blends nationalism and orthodox religion for a television audience. Russia's regions, stretched across 11 time zones, are already muttering about this being Moscow's war.

As the scale of Mr Putin's failure becomes clear, Russia will enter the most dangerous moment in this conflict. Factions in the regime will turn on each other in a spiral of blame. Mr Putin, fearful of a coup, will trust nobody and may have to fight for power. He may also try to change the course of the war by terrifying his Ukrainian foes and driving off their Western backers with chemical weapons, or even a nuclear strike.

As the world looks on, it should set out to limit the danger ahead. It must puncture Mr Putin's lies by fostering the truth. Western tech firms are wrong to shut their operations in Russia, because they are handing the regime total control over the flow of information. Governments welcoming Ukrainian refugees should welcome Russian émigrés, too.

NATO can help temper Mr Putin's violence—in Ukraine, at least—by continuing to arm the government of Volodymyr Zelensky and supporting him if he decides that the time has come to enter serious negotiations. It can also increase pressure on Mr Putin by pushing ahead faster and deeper with energy sanctions, though at a cost to the world economy (see next leader).

And the West can try to contain Mr Putin's paranoia. NATO should state that it will not shoot at Russian forces, so long as they do not attack first. It must not give Mr Putin a reason to draw Russia into a wider war by a declaring no-fly zone that would need enforcing militarily. However much the West would like a new regime in Moscow, it must state that it will not directly engineer one. Liberation is a task for the Russian people.

As Russia sinks, the contrast with the president next door is glaring. Mr Putin is isolated and morally dead; Mr Zelensky is a brave Everyman who has rallied his people and the world. He is Mr Putin's antithesis—and perhaps his nemesis. Think what Russia might become once freed from its 21st-century Stalin. ■

The world economy

Fuel, food and fury

Chaos in global commodity markets is about to strike the world's households and politicians

Global commodity crises tend to cause severe economic damage and political upheaval. The oil shocks of the 1970s left Western economies with runaway inflation and deep recessions. Oil revenues also helped prop up the Soviet Union and fuelled the export of Saudi extremism. Soaring grain prices in 2010 and 2011 were a trigger for the street protests that led to the Arab spring and the toppling of dictators.

Today Russia's invasion of Ukraine is unleashing the biggest commodity shock since 1973, and one of the worst disruptions to wheat supplies since the first world war (see Finance & economics section). Although commodity exchanges are already in chaos, ordinary folk have yet to feel the full effects of rising petrol bills, empty stomachs and political instability. But make no mistake, those things are coming—and dramatically so if sanctions on Russia tighten further, and if Vladimir Putin retaliates. Western governments need to respond to the commodity threat as determinedly as to Mr Putin's aggression.

The turmoil unfolding in energy, metals and food markets is broad and savage. Overall indices of commodity prices are now 26% higher than at the start of 2022. The cost of a barrel of Brent crude oil has swung wildly around levels that indicate the biggest supply shock since Saddam Hussein's army crossed from Iraq into Kuwait in 1990. European gas prices have almost trebled amid panic that pipelines from the east will be blown up or starved of supply. The price of nickel, used in all electric cars among other things, has spiralled so high that trading in London has been halted and Chinese speculators are nursing multi-billion-dollar losses.

Commodity prices
January 1st 2022=100

Such are the consequences of Mr Putin's decision to drive his tanks across the breadbasket of Europe, and the subsequent isolation of Russia, one of the world's biggest commodities exporters. Western sanctions on Russian banks have made lenders, insurers and shipping firms wary of striking deals to carry Russian cargoes, leaving growing piles of unsold industrial metals and an armada of vessels full of unwanted Urals crude. Stigma and danger have caused others to stay away. Shell has abandoned buying Russian crude oil after a backlash. The Black Sea is a no-go zone for commercial shipping because some vessels have been hit by missiles and Russia is menacing Ukrainian ports. Not many seeds will be planted in Ukraine's blood-soaked fields this spring.

It could get worse. On March 8th, in the latest measure to increase pressure on Mr Putin, America announced that it would ban purchases of Russian oil. The United States is a small consumer of Russian crude, but if the European Union were to join the embargo, about two-thirds of the 7m-8m barrels a day of exports of Russian crude and refined products would be affected, equivalent to about 5% of global supply. A full global embargo, enforced by America, could send the oil price towards $200 a barrel. If Russia were to retaliate by limiting gas flows, Europe would reel: last year the EU relied on Russia for 40% of its consumption. Meanwhile, bitter experience teaches that countries often respond to food shortages by banning exports, leading to a tit-for-tat breakdown in global trade.

The effects of this commodity calamity could be brutal. If you look narrowly at the economy, the world is far less energy-intensive per unit of GDP than in the 1970s (see Free exchange). Nonetheless, global inflation, already at 7%, may rise by another two to three percentage points, to a level last seen for a sustained period in the early 1990s, when Mr Putin was doing mafia deals in St Petersburg and globalisation had yet to flourish. Growth may slow as firms' confidence is knocked and interest rates rise.

In the political realm, leaders in the West will have to face furious voters, not least in America's mid-term elections in November. Remember the *gilets jaunes* protesters in France in 2018, furious at the cost of petrol. In poorer countries where food and fuel are a larger part of people's spending, the backlash could be still more violent: food-price spikes in 2007-08 led to riots in 48 countries, and there are already signs of panic and unrest today (see Middle East & Africa section).

Such a panorama of suffering and instability is worrying in its own right. But it also threatens to undermine the credibility of the Western response to Russia's decision to start what may become the largest war in Europe since 1945. The greater the global pain, Mr Putin may judge, the harder it will be for the West to sustain the sanctions: all he has to do is wait it out.

That is one more reason for Western governments to counter the ill effects of the commodity crunch. The priority is to boost supply. American allies in OPEC, including Saudi Arabia, have declined to pump more oil, but more adept American diplomacy could yield results. Rich countries could speed up the release of the 1.5bn barrels of oil they hold in reserve. Having disparaged America's shale-frackers, the Biden administration needs to prod them to drill more. The EU must promote or prolong its use of nuclear, renewable and coal-powered generation, so as to stock up on gas for the winter. It should also prepare for the worst case: gas rationing. Rich-country governments may have to protect the poor at home with handouts. Stimulus could mean higher interest rates or taxes, but that is a risk worth taking to protect the world against an aggressor.

Digging deep

Whatever the privations of rich countries, poorer ones are in worse trouble. So the West must strengthen the global financial safety-net. Some food and oil importers may face a balance-of-payments squeeze and tumbling currencies. Even in Europe, some countries, such as the Baltic states, are vulnerable to gas cut-offs. The Federal Reserve and the IMF should make it easier for friendly but fragile countries to gain access to hard-currency loans. And Europe should press ahead with an idea to issue joint debt to help spread the costs of the crisis.

A world facing a physical shortage of raw materials dug up from the ground seems like a throwback to an earlier age. Yet that is exactly the predicament that lies ahead. After decades of drift, the West has shown resolve and cohesion by confronting Mr Putin's aggression. Now it must match that by showing leadership in the teeth of the economic storm. ■

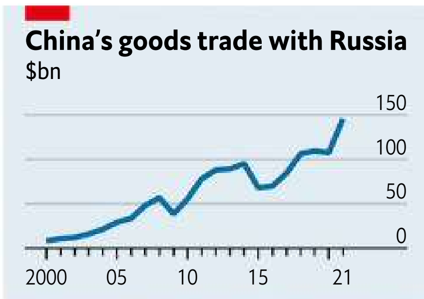
Sanctions

Will China help Russia?

A bit. But it will mostly seek to learn from Russia's mistakes

If you believe China's diplomats, relations with Russia are "rock solid" and the friendship between Xi Jinping and Vladimir Putin has "no limits". Western sanctions are about to put those warm words to the test. Russia needs an economic and financial lifeline. It would like to use China as a conduit through which to continue trading with the rest of the world. China, however, must strike a delicate balance between helping Mr Putin stand up to their joint rival, America, and retaining its own access to the global financial system. No doubt to Mr Putin's regret, its financial aid to Russia is likely to be qualified at best.

Although China abstained in UN votes condemning Russia for invading Ukraine, its rhetorical support has been more fulsome. On March 7th, as civilian casualties mounted, Wang Yi, the foreign minister, called Russia his country's "most important strategic partner". It is just a month since Mr Xi and Mr Putin heralded a new era for their countries. As well as preserving relations, China probably wants to undermine the legitimacy of sanctions as a tool of Western policy, given they have been used against it over Hong Kong and Xinjiang. Chinese firms may spot an opening in Russia as Western ones, such as McDonald's and Shell, close their doors. Bloomberg news says that some are eyeing cheap energy assets.



Yet this embargo-busting brotherhood faces several problems (see Finance & economics section). China's technical abilities are no substitute for the West's. CIPS, its payments network, has a small global footprint and low volumes and relies on sending messages through SWIFT, a European body from which some Russian banks are now barred. Another difficulty is that Chinese multinationals with a legal presence in Western-allied countries may fall foul of the existing sanctions regime. China's international banks are wary. Volvo (based in Sweden but owned by a Chinese firm) and TikTok (run from Singapore but Chinese-owned) have suspended some operations in Russia. Even Chinese firms without a legal presence in the West could be hit by "secondary sanctions", which take aim at third countries that help the subject of primary ones. America has not yet used this weapon over Russia, but it might. Chinese banks that dealt with Iran and North Korea were penalised by America.

Given all this, China's help to Russia is likely to be half-hearted. It may stick to its existing Russian trade arrangements, hoping that America will tolerate them. Chief among these is energy. China received 32% of all Russian crude exports in 2020 and 17% of its exports of liquefied natural gas. China may also conduct trade and financial transactions through smaller banks that do not have a legal presence in the West, using roubles and yuan rather than the dollar. It may also grant Russia's central bank access to its yuan holdings. Last, China will probably try to limit the overall scale of trade volumes and payment flows so as to avoid provoking a direct confrontation with America.

Chinese officials must juggle several priorities. China wants to see Russia survive these sanctions, to teach America and allies that they are not a magic weapon, but is anxious to limit collateral damage to Chinese interests. In the process, it plans to learn from Russia's mistakes. If it comes to blows with America, China wants its financial system to be shielded. Its aims will include improving its payments system and diversifying its $3.2trn of reserve holdings out of Western currencies and accounts by, for example, investing in commodities. It could get foreign firms and governments to issue more securities in China's own capital markets, creating a new pool of assets for China to buy. Russia may hope for a Chinese bail-out; China's priority will be to learn from a case study of failure. ■

British help for Ukrainian refugees

Here's a form and a KitKat

The treatment of Ukrainian refugees gives the lie to Britain's global boasts

"Of course we're going to take refugees," promised Boris Johnson, Britain's prime minister, as Ukrainians dodged Russian bombs. "The UK is way out in front in our willingness to help." You hardly dare imagine what unwillingness would look like. Britain's treatment of Ukrainian refugees so far has combined foot-dragging, hard-heartedness, ineptitude and dishonesty. It is sadly typical of the government.

As the invasion began, European Union countries quickly agreed that all Ukrainians could enter without visas and could live, work and receive welfare for at least a year. By contrast, the country that Mr Johnson calls "Global Britain", which supposedly left the stodgy, bureaucratic EU to pursue closer relations with places (like Ukraine) that are outside the bloc, came up with the meanest offer imaginable. The home secretary, Priti Patel, said Ukrainians might be granted refuge if they had close family members already in Britain. But they would have to obtain visas before being let into the country. After all, Russian infiltrators and "extremists" might be trying to sneak in. Officials even insinuated that Ireland was hazarding Britain's security by opening its doors.

And where could people blasted out of their homes obtain a visa? Not in Calais, the nearest port to Britain. Ms Patel did not want to process applications there, she told Parliament, lest a "surge" occur. Ukrainians who turn up in Calais have been given a KitKat bar and a packet of crisps and told to apply online, then make their way to Paris, Brussels or Lille for an appointment a ▸▸

week later. Offices are thinly staffed and often closed. Incredulous Tory backbenchers have called the response "robotic", but that is unfair on robots, which are at least efficient.

It is not the first time that Britain has cold-shouldered desperate people while promising to help them. Last year Ms Patel promised not to abandon Afghans "living in terror" after the Taliban took over. When her visa scheme opened in January, it transpired that many of the 5,000 or so slots in the first year would be filled by Afghans already living in Britain. The government is now trying to pass a bill that would criminalise asylum-seekers who turn up without permission (as asylum-seekers generally do). In that case, too, it has the nerve to claim that it has their best interests at heart.

One excuse for the government's behaviour is that Britons are fickle. Although opinion polls show them to be far more generous than their leaders, their sympathy for Ukrainians might last only as long as the war leads the news. If a Ukrainian, or somebody pretending to be a Ukrainian, commits a crime in Britain, they will blame the government. But this excuse is a poor one. Other European countries also have jittery, xenophobic populations. Their leaders have rightly decided to offer shelter while the war rages and sort out the inevitable mess later. Only Britain is following a paperwork-first policy.

Britain can treat foreigners generously. It has allowed about 100,000 Hong Kongers to immigrate in the past year, and regularised 5m-odd EU citizens fairly easily. But when confronted with a fast-moving crisis the government lapses into meanness and pettifoggery, as though piqued that it did not receive advance written notice of events. This time it seems not to have listened to its own spooks, who had warned for months about a Russian invasion.

Let them eat crisps

It is a fundamentally unserious government led by fundamentally unserious people. But more than a change of personnel is required. The Home Office has long been one of Britain's worst departments, partly because of its sprawling role. It manages both immigration and crime, so tends to view immigrants as actual or potential criminals. It should be cut in two. Neither arm should be run by the incompetent Ms Patel. ■

South Korea

From prosecutor to president

Yoon Suk-yeol must restore his citizens' faith in politics

At last, it is over. A bitter presidential election campaign between two unpopular candidates, marred by scandal and notable chiefly for mudslinging, culminated on March 9th, when South Koreans turned out in droves to keep from office one of two roundly despised men: Yoon Suk-yeol of the conservative People Power Party, and Lee Jae-myung, a populist from the ruling left-of-centre Minjoo party. In the end it was Mr Yoon who prevailed—by a wafer-thin margin (see Asia section). He will take charge of the world's tenth-largest economy in May.

Mr Yoon, a former prosecutor instrumental in bringing down Park Geun-hye, a scandal-plagued former president, joined politics only last year. He ran on a platform of anti-corruption and a more realist foreign policy. Yet when he takes over from Moon Jae-in, the outgoing president, he will face a set of challenges similar to those that greeted his predecessor five years ago. At home, these include stratospheric house prices, a lack of opportunities for the young and a persistent disillusionment with politics. Abroad, he faces an increasingly tricky balancing act between China and the United States and tetchy relations with South Korea's close neighbour, Japan.

Geopolitics has taken on a new urgency as Vladimir Putin's invasion of Ukraine forces smaller states to reconsider their security. South Korea has joined America, Europe and Japan in condemning Russia and imposing sanctions. Mr Yoon has joined analysts in Seoul in stressing the importance of closer alignment with the West and said that he will take a harder line on China and on nuclear negotiations with North Korea. Yet South Korea sends a quarter of its exports to China, making it vulnerable to coercion should its more forceful commitment to its Western partners irritate the government in Beijing. So Mr Yoon must strive to reduce his country's dependence on its big neighbour, perhaps by forging closer ties in South and South-East Asia. He must also find a way for South Korea to make common cause with Japan, the former colonial power.

On the home front, there are signs that house prices, which nearly doubled during Mr Moon's term, may be cooling. The central bank has started raising rates, and some of Mr Moon's policies, such as tightening mortgage rules, may be working. Mr Yoon's main task will be to avoid the temptation to fiddle.

Yet that will not be enough to solve the economic woes of South Korea's overqualified young people, who are frustrated by a dearth of high-quality jobs. Mr Yoon should pick up the thread of Mr Moon's labour-market reforms. That means improving conditions for people in irregular work by expanding unemployment insurance and pension contributions; loosening over-stringent protections for regular employees; and acknowledging discrimination against women and improving their job prospects.

The most important task for Mr Yoon, however, is to tackle the disgust many South Koreans still feel about their country's politics, despite Mr Moon's promises to bring about change. After an unedifying campaign that has confirmed citizens' views of politicians as lying, corrupt and altogether unpleasant, it will not be easy.

For a start, politicians should forswear personal attacks on their opponents and on members of civil society, not least women and minorities. Since his party lacks a majority in the National Assembly, the new president must work with his opponents. That is a chance to set an example, rather than continuing to stoke partisan division. He should show that he works for all the people, not just say it. If Mr Yoon can help voters feel represented by their politicians rather than appalled by them, it would count as a welcome achievement. ■

WORLD BANK GROUP

Senior Vice President & Group General Counsel
The World Bank Group
www.worldbank.org

The World Bank Group (WBG), headquartered in Washington DC, has launched a global search for the Senior Vice President & Group General Counsel. The WBG consists of five institutions that specialize in different aspects of development: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for the Settlement of Investment Disputes (ICSID).

As one of the world's largest sources of development assistance and global expertise for developing countries, the WBG brings 16,000 experts in diverse fields to work in more than 100 developing economies with twin goals of ending extreme poverty and promoting shared prosperity. In that context, the WBG is looking for a leader to oversee the WBG's Legal Vice Presidency with a strong commitment to development and affinity for WBG institutional values of collaboration, respect, diversity and inclusion.

The Senior Vice President & Group General Counsel is expected to bring:

- Intellectual leadership and substantive legal expertise in devising innovative solutions to enable the WBG to meet its developmental objectives and challenges.
- Deep understanding of international law and the complex geopolitical landscape including knowledge of the global development agenda.
- Strong leadership experience with a track record of developing, inspiring and empowering multicultural teams within complex organizations.
- Strong communication skills and ability to build relationships with all stakeholders and work collaboratively across the WBG.

The Senior Vice President & Group General Counsel will report to the WBG President and serve on the Senior Leadership Team to ensure the success of the WBG in fulfilling its missions to relieve poverty in the world and promote shared prosperity in a sustainable way. The position is based in Washington, DC.

Application Process: Further information will be sent by our partner Heidrick & Struggles upon receipt of nominations and expressions of interest to wbggc@heidrick.com

Applications should be submitted by **31st March 2022**.

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EUROPEAN CENTRAL BANK
EUROSYSTEM

Call for research proposals Wim Duisenberg Research Fellowship Programme

Fellowship position

The European Central Bank (ECB) is seeking applications from leading researchers for the Wim Duisenberg Research Fellowship. Fellowships are awarded annually. Successful candidates will conduct economic research in the ECB's Directorate General Research (DG/R) for a period of two to twelve months during 2023. The aim of the Wim Duisenberg Research Fellowship Programme, which was established in 2006, is threefold:

- promote policy-relevant research that meets the highest academic standards;
- expose ECB research staff to recent advances in economic research;
- give scholars the opportunity to gain an insight into the policy-making environment of the ECB.

Further information can be retrieved at: **http://www.ecb.europa.eu/pub/economic-research/programmes/duisenberg/html/index.en.html.**

Service to provide

Due to the evolving pandemic the Research fellows will conduct their activities in a combination of remote and onsite working at the ECB in Frankfurt and will be encouraged to interact with ECB staff members from both DG/R and other business areas. While at the ECB, research fellows will be expected to complete a research paper for presentation at internal seminars and for publication in the ECB's Working Paper Series. Successful candidates will be offered a monthly allowance in line with the seniority of the described profile.

Qualifications and experience

Selected candidates shall hold a PhD from a leading university and have an outstanding publication record in top academic journals.

Application

Applications should include:

- a detailed curriculum vitae including publication record;
- a one-page research proposal;
- preferred time period.

Applications should be submitted by e-mail to **WDFP@ecb.europa.eu.**

Deadline for applications: 31 May 2022

Cambodia and Myanmar

You trivialised serious attempts by the government of Cambodia to improve matters in Myanmar ("The chastened cowboy", February 26th). Hun Sen, the Cambodian prime minister, visited Naypyidaw, Myanmar's capital, in January. He conveyed the important message to military leaders that Myanmar would be welcomed back into ASEAN only if it made substantial progress implementing the five-point consensus, namely: the immediate cessation of violence; holding constructive dialogue with all stakeholders; letting ASEAN help mediate that dialogue; allowing safe access for humanitarian assistance; and enabling regular visits by ASEAN's special envoy.

These diplomatic efforts do not lend legitimacy to Myanmar's military government. Rather, they are part of an ongoing process that, in the short term, pushes for the delivery of humanitarian assistance and that, one hopes, will ultimately lead to peace and a return to an ASEAN of ten members.

Contrary to your article, Cambodia, an independent, sovereign country with a long, proud history, is no stranger to international diplomacy. Our UN peacekeepers participate in programmes around the world to clear landmines, administer medical assistance and provide civil-engineering expertise. We take seriously our chairmanship of ASEAN, pursuing peace, stability and prosperity in the region.

KAO KIM HOURN
Minister delegate attached to the prime minister in charge of foreign affairs and ASEAN
Phnom Penh

Subsidies to fossil fuels

I read your leader about companies' environmental, social and governance (ESG) rules, and in particular oil-related investments ("A dirty secret", February 12th). The shift from publicly listed investment to the private sphere in order to avoid the scrutiny of the markets should be called out, and thank you for doing so. But the biggest issue in this debate strikes me as being the one relating to public investments.

The IMF, in a report published in September 2021, found that fossil fuels are still receiving subsidies of $5.9trn, or $11m a minute. So the same governments signing pledges to reduce carbon-dioxide emissions in the framework of the Paris agreement, as witnessed at the COP26 summit in Glasgow, are, in the same breath, actively promoting the use of carbon to support the unsustainable growth of our economies.

Calling out inconsistencies in the investment world should not be limited to the private sector. Maybe the first really disruptive public-private partnership could be the promotion of transparency across the whole system.

ANDRE HOFFMANN
Vice-chairman
Roche
Basel, Switzerland

A popular cultural export

It was interesting to read "Why do people love 'Peaky Blinders?'" (digital editions, February 21st) and about the themed bars that have sprung up in British cities, such as Liverpool and Manchester. In downtown Toulouse there is a Peaky Barbers hairdressing saloon, complete with period decor from the television series and door handles that resemble handguns. Such is the authenticity that I find myself unable to resist popping my head around the corner occasionally and shouting, "Don't mess with the Peaky Blinders" (I know, it's a misquote). And one day I overheard one of the apple ladies at our traditional Saint Aubin Market say of a blue-eyed customer *Oh, il a les mêmes yeux que Thomas Shelby!* (Oh, he has the same eyes as Thomas Shelby).

Whatever chord Les Peakies has struck in popular culture it seems that it is not just a British one.

NICOLA SCICLUNA
Toulouse

One hundred years later

Zachary Carter's book on John Maynard Keynes quotes some correspondence from 1922. Keynes wrote,

> "The real struggle of today...is between that view of the world, termed liberalism or radicalism, for which the primary object of government and of foreign policy is peace, freedom of trade and intercourse, and economic wealth, and that other view, militarist, or, rather, diplomatic, which thinks in terms of power, prestige, national or personal glory, and hereditary or racial prejudice."

A review of recent events and the behaviour of powerful people suggests that we haven't come far in the past century ("Where will he stop?", February 26th).

DERRIN DAVIS
Richmond Hill, Australia

Not a waste

I was surprised to see you criticise Colorado's efforts to establish a universal preschool programme ("Wasting a windfall", February 26th). Less than a month earlier *The Economist* noted that, despite the mixed record of such programmes in terms of educational outcomes, "the economic benefits of child-care or pre-K programmes vastly outweigh the costs" ("Wondering what's best for the kids", February 5th). Surely the efforts to establish the infrastructure for such a programme should not be equated with the spending white elephants identified elsewhere in the article?

AL KELLY
Denver

Automaton for the people

You said that in 1920 Karel Capek coined the word "robot" in his play "R.U.R.", or Rossum's Universal Robots ("Rise of the robots", February 26th). Actually, Capek simply dropped the final "a" from the Czech word *robota*, which means "forced labour" imposed on ordinary citizens, much like the obligations of peasants throughout the feudal system.

Capek's word gained much publicity and entered into common usage, but its etymological history gives it a more complex and rich meaning; that of a machine bound to do the will of its creator, just as modern robots do, or are supposed to do, and which the forced workers actually did.

HENRY PLOEGSTRA
Holland, Michigan

I read with a chuckle your assertion that checkout staff who have been booted out of their jobs by machines may find deeper "reward" in helping customers pick items from shelves instead of sitting on their proverbial all day. May I suggest that whatever your writers believe is to be found after eight hours of being ordered around a shop by often-disgruntled customers, it is rarely a sense of reward.

DANIEL SHERWOOD-CLARKE
Edinburgh

The camera always lies

Bartleby's meaningful take on body language in the post-pandemic workplace (February 5th) overlooked an emerging trend about video meetings: switching off one's camera. Being the only person on a video call with a camera on is gruelling. The body language employed to look nonchalant tells us more about that person than anything the behavioural scientists can.

One usually stares at blank circles in place of people, their initials appended in bold. A few proudly display a photogenic picture of themselves taken years before, airbrushed to look like what they think they still look like. Photos of others seem to have been lifted from the police archives.

ZUBIN AIBARA
Bülach, Switzerland

Letters are welcome and should be addressed to the Editor at
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More letters are available at:
Economist.com/letters

Occupation? No thanks!

VINNITSYA

Russians who expected their invasion of Ukraine to be welcomed were quickly disabused. Now things are turning nastier

KHERSON IS ABOUT as far up the Dnieper from the Black Sea as Bordeaux is up the Gironde from the Bay of Biscay; its population, 280,000, is a bit larger. It is normally a sleepy, provincial place. On February 24th, though, when Russian tanks rolled out of Crimea, 120km to the south-east, it became a vital objective in Russia's attempt to take control of a corridor along Ukraine's entire coast. When, having encountered more resistance than they expected, some of those tanks reached the centre of Kherson on March 1st, Russian state media heralded the fall of the city as the campaign's first "liberation".

Kherson's citizens were having none of it. They waved Ukrainian flags, shouting and screaming at the Russians to leave. Some of them stood in the way of tanks. The city's mayor and the governor of the Kherson oblast, both in effect hostages, insisted that they would take orders only from Kyiv. A week into the occupation they were sticking to their guns.

Across Ukraine, from Berdyansk on the Azov Sea to Sumy in the north-east, Russian forces have met resistance when they advance and obstreperousness when they think they have gained control. They and their leaders expected something more welcoming. The FSB, a successor to the KGB, told Russia's president, Vladimir Putin, that it had thoroughly penetrated Ukraine's political and military leadership, and laid the groundwork for a pro-Russian regime—a key reason for the Kremlin's war optimism. But the FSB grossly exaggerated its networks of agents in Ukrainian cities.

Mr Putin can hardly have believed the taradiddles he peddled about Ukraine's drug-addled neo-Nazi elite perpetrating genocide and ordinary Ukrainians desperate for rescue by their Russian brothers. Videos of prisoners of war show that at least some of the rank and file seem to have bought such stories. But they found no welcome anywhere. The mood is generally one of contempt.

In Kherson unabashed pro-Ukrainian rallies have continued daily. Alexander Mogilinkov, one of thousands to attend them, said by phone on March 8th that the violence of the Russian army had at that time galvanised people. Protesters are nervous, he says, and they face a new threat they do not understand. But they are even more fearful of the repression and poverty that Mr Putin has imposed on the nearby regions of Donetsk and Luhansk, which have been controlled by Russia since 2014.

Initially flummoxed, on March 9th Russian forces detained over 400 protesters in what Ukrainian authorities said represented the beginning of a new repressive regime. The mayor of Novopskov, a town near Donbas, told the BBC that daily protests there stopped when Russian soldiers shot three protesters and beat another on March 5th. There have been reports from elsewhere of tanks being deliberately rammed into houses, hostage taking and sexual violence. European intelligence officials say that the FSB has drafted plans for public executions to break morale.

In Crimea the intelligence services have a tried and tested approach for dealing with opposition. Anton Naumlyuk, a Russian journalist who has reported from the annexed peninsula since 2016, says it differs little from schemes used by Tsarist political police to sniff out revolutionaries at the start of the 20th century. "First, they map networks to understand who the real opinion leaders are, and they target them. If people co-operate, fine. If not, they start to disappear." Crimea SOS, a non-governmental organisation, says 36 of 43 men kidnapped in Crimea since 2014 were definitely taken by Russian security forces. Six of the 43 were found dead; 18 were never found at all.

Kherson may be seeing something similar. On March 7th local media said Oleksandr Tarasov, an activist, had been reported missing following that evening's protest. He emerged 24 hours later, apparently distressed, and said in a bizarre "confession" that he had been working as a provocateur for Ukraine's security services.

Occupation need not mean terror. But Philip Ingram, once a colonel in British military intelligence, says a successful occupying force needs civil engineers, medical support and civil-affairs staff, and this has never been an area in which Russian forces have excelled. "They are not designed, from a military perspective, to occupy and rebuild," he says. "Just hold and destroy." Locals in Kherson report the occupiers to be hungry, looting and "out of control".

Many Ukrainians with pro-Russian sympathies used to think that a rapprochement between the two countries was possible. "For all of my friends that hope is already dead," says Andrii Yatskevich, a sailor from Kherson. Viktor Merinkov, the director of a boarding school for deaf children in the city, says that "As far as locals are concerned, Russia has become a by-word for fascist invaders." His wife Valentina interrupts to urge him to temper his language; the couple have responsibility for eight children now stranded in the city, she reminds him. ■

Russia's situation

The great leap backward

Vladimir Putin's war is a turning-point in Russian history

THE PANTSIR-S1 is an impressive beast, almost 17 tonnes of top-notch hardware capable of shooting down planes tens of kilometres away. The specimen photographed not far from Kherson, though, was a sorry spectacle; its missile-tubes bristled like porcupine quills, but it was axle-deep in mud—one of nearly 1,000 pieces of Russian equipment destroyed, damaged, abandoned or captured by Ukraine over two weeks of war.

Seeing the Pantsir on social media, Trent Telenko, a former auditor in America's defence bureaucracy, noticed a telltale detail which spoke of very poor maintenance: its tyres were in terrible nick. Worse still, they were cheap Chinese knock-offs of the tyres you might have expected on such a vehicle, observed Jon Hawkes of Janes, a defence-intelligence firm; they would have been unable to support the vehicle fully loaded.

There were however limits to the visibility of these synecdoche-inviting defects. No such pictures were to be seen in Russian media, any more than the word "war" was to be read there. Russia's President, Vladimir Putin, has not used the word; nor has he declared a state of emergency. In a plainly-weird-but-purportedly-normal event televised on March 5th he told a group of Aeroflot flight attendants that the special operation to demilitarise Russia's brother country was going to plan and would soon be complete. Russian forces were using precision weapons and only hitting military targets. The damage to civilian buildings was the work of evil Ukrainian Nazis shelling their own cities. To make sure this important message is not distorted, a law passed on March 4th makes dissemination of any information at odds with the official version of the conflict punishable by a prison sentence of up to 15 years. As George Orwell knew, when War is to be Peace, Ignorance is Strength.

Almost all independent media have shut down, and the government is blocking access to some social media. Nevertheless, accurate news seeps in via Telegram, an encrypted messaging service, foreign sites accessed through virtual private networks and, the simplest expedient, phone calls with relatives in Ukraine. When their

The second week of war: The military situation

Russian forces continued to make more progress in the south than the north, and remained unable to achieve air superiority. A number of cities suffered ferocious artillery bombardment, however few were taken.

4,000

The upper estimate of Russian troop casualties at March 8th. Source: DIA

Russia's domestic deterioration

Almost all independent Russian media have been shut down. Western companies, including iconic ones such as Adidas and McDonalds, shuttered their Russian outlets. Roubles can no longer be exchanged through official channels.

loved ones in Kyiv say the city is being bombarded by Mr Putin, some Russians stop their ears and believe the television instead. But many do not.

One of the hardest things to square with the narrative of normality is the death toll. On March 2nd Russia admitted that 498 troops had died. On March 8th America's Defence Intelligence Agency put the figure at between 2,000 and 4,000. The Soviet Union did not surpass the 2,000-dead mark in Afghanistan until more than a year after its invasion in 1979; it took America three years to do so after invading Iraq.

The economy, too, is hard to pass off as normal. Most global brands have quit the country, leaving behind closed stores and thousands of unemployed Russians (before the invasion 5% of Russians with jobs worked for foreign firms). The government is looking at taking over foreign assets to keep some businesses going. The stockmarket has crashed.

Supermarkets have started to ration food sales, and anonymised tracking data from Google indicate that visits to retail and grocery sites have increased since the invasion, suggesting worries about future supplies—and future prices. A real-time price index which State Street Global Markets and PriceStats derive from online postings is rising rapidly. Russian economists expect annual inflation of 30-40%.

The central bank, hampered by sanctions from defending the rouble, has seen it depreciate by 40% since January and most international travel has become impossible. Disruption to supply chains is bringing some factories to a halt. A boycott on maintenance and spare parts by Boeing and Airbus may soon make a lot more cabin crew available for chats with the president by grounding the country's airlines.

In the sorry annals of damage inflicted on Russia by its rulers this stands proud. The 10% annual drops in GDP seen in the recessions triggered by the global financial crisis and the financial default of 1998 seem possible antecedents. But the structural disruption may be bigger. The last time Russia experienced such rapid, destructive change, according to many, was in the aftermath of the Soviet Union's collapse, when the majority of today's Russians were either children or not yet born and the firms now leaving had not arrived.

An all-time great

In political and social terms it may be necessary to go back almost a century to find a parallel: to 1929, when Stalin liquidated the entrepreneurial class to consolidate his power. Mr Putin's war was not deliberately engineered to destroy today's urban, educated middle class. But the people and firms it harms most are those most integrated into the global economy, and thus those for which, in general, he has least sympathy.

The harm done to them goes far beyond the financial. Gone is TV Rain, the "optimistic channel", as it branded itself; gone are the holidays in Europe and the iPhones and the trips to IKEA. Gone, too, is the illusion of Russia as a country where dignity could be enjoyed alongside those lifestyle comforts, and where it was possible for both to matter.

It is ten years since members of this class first came out in protest against Mr Putin. His subsequent shift from a reign based on economic success to one justified by national grandeur papered over the cracks somewhat: witness the popularity of his annexation of Crimea in 2014. But after that the contradiction between an increasingly imperialist kleptocracy and the growth of both bourgeois lifestyles and civil society became ever more acute. Alexei Navalny, Russia's jailed opposition leader, was riding the wave of this urban middle class's disaffection when Mr Putin had him poisoned in 2020. Having failed to rid Russia of Mr Navalny, he is now ridding her of the people who supported him.

That said, the war has consolidated Mr Navalny's opposition movement and expanded it beyond its previous core. "No to war" is now the only slogan that matters, one which speaks to survival rather than political preference. Mr Putin's much rehearsed devotion to Russian greatness allows him to tap a large reservoir of patriotism. His war has no such standing.

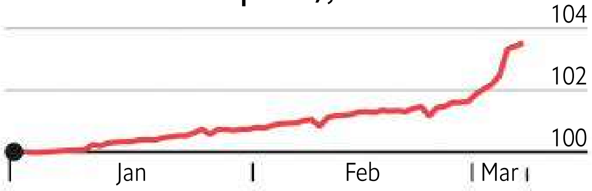
Mr Navalny's team, operating from outside the country, has accordingly thrown all its resources behind the anti-war effort, a move which gives them access to a much broader base. And by choosing to downplay the invasion as a mere special operation, Mr Putin initially denied himself the

The encirclement of Kyiv

Russia struggled to amass enough troops to encircle the capital from the north-west, west and east. Ukraine repulsed several attacks on March 8th and 9th, and made plans to blow up bridges around the city to slow the Russian advance.

↑ As its troops moved towards the capital, Russia fired on the only escape route available to civilians in Irpin.

Russian consumer prices, Jan 1st 2022=100



benefits to be accrued from rallying the people around a wartime flag.

He may be particularly weakened in some of the regions. The ruling elite in Tatarstan, Russia's largest Muslim republic, for example, is deeply invested in economic ties with the outside world that have now been torn asunder. In Novokuznetsk, a Siberian coal-mining city, angry citizens yelled at the local governor, Sergei Tsivilyov, that the authorities were using young men as "cannon fodder".

Mr Tsivilyov responded gamely that "While a military operation is in process, one shouldn't come to any conclusions." But there is a limit to the length of time that an economy-crippling war can be treated as a technicality to be endured with patience. On March 9th the government seemed to start taking that in, with new talk of economic costs and the broad nature of the struggle. There are, it seems, Nazis to fight beyond Ukraine.

Rocks and hard places

How well Russia would fare against such foes, were they real, is hard to say. The poor performance of the army and air force in Ukraine has shown a surprising—to some, astonishing—lack of operational acumen. Joint operations have sputtered, equipment has performed poorly, logistics and resupply units have failed to keep up with combat forces. At least three senior commanders have been killed because, frustrated by the slow pace of progress, they went to the front and into harm's way.

But grinding and mudbound as Russia's advance may be, an advance it is. Alex Vershinin, a recently retired US Army officer who has studied Russian logistics, says the commanders may have stretched their supply lines to breaking-point in their effort to advance in the north and south, but that "they are exactly where they are meant to be." Others, while agreeing that progress, if slow, has been real and serious as well as destructive, are less sanguine about its future prospects.

Michael Kofman of CNA, a think-tank, says that Russia is making "steady progress" towards its military objectives but attrition, logistical problems, and morale could leave it "combat ineffective" within a few weeks. It would not be defeated; but it would be forced to pause its operations. Christopher Dougherty, a former Pentagon official now at CNAS, another think-tank, reckons that the invasion has "culminated"—staff-college-speak for running out of steam—and that there may now be a 30-40% chance of a settlement in which Russian forces withdraw from Ukraine and its president, Volodymyr Zelensky, remains in office. Those are far better odds than anyone would have offered when the invasion began. And every day Ukraine keeps fighting, Mr Putin loses.

The siege of Kyiv, if it transpires, will probably show who is right. Despite the much discussed immobility of a huge convoy to its north-west, the city centre, accessible only from the south and south-east, is increasingly cut off. The Institute for the Study of War, a think-tank, says that Russian forces are being concentrated in suburbs to the west (Irpin) and east (Brovary) within rocket-artillery range of the centre.

The Institute sees this as preparation for an assault in the coming days. But it also sees indications that Russia is struggling to put together the combat power such an attack requires. One red flag is that elements of the Rosgvardia (national guard), Chechen fighters loyal to Ramzan Kadyrov, the head of the Chechen republic, and troops from Wagner Group, a Kremlin-linked mercenary outfit, are all gathering around the city, presumably to supplement the regular army.

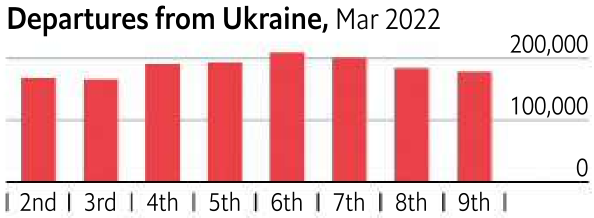
Again, Stalin's rule offers a parallel—this time the "Winter war" fought against Finland in 1939-40. Russia's campaign began with wildly optimistic assumptions in Moscow, poor planning, disastrous tactics and high casualties. And Stalin did not conquer Finland, as he wanted, so the war is often cited as an example of a plucky underdog holding off a larger invader. But after their dodgy start the Soviet forces paused, regrouped and went on to overpower the Finns with sheer numbers and firepower. The country was forced to hand over territory and agreed to constraints on its foreign policy.

Yet the Winter war is hardly a perfect analogy, notes Roger Reese, a historian at Texas A&M University. Stalin's army was far larger than Mr Putin's, and it did not have to reckon with urban warfare. It also enjoyed support at home. "Stalin could ac-

The flow of refugees

By March 9th 2.3m Ukrainians had left the country, according to the UN Refugee Agency. But attempts to arrange free passage for civilians in encircled and bombarded Ukrainian cities over the course of the week mostly failed.

Departures from Ukraine, Mar 2022



Ukraine's morale

The army and civil-defence forces kept up their resistance to Russian advances. The president, Volodymyr Zelensky, continued to inspire the country as he chastised the West for not imposing a no-fly zone in its skies.

cept horrendous casualties, replace them, and deny the public information about them," says Mr Reese. "Putin cannot do any of these." On March 9th the government's admission that, contrary to previous denials, conscripts had been sent to Ukraine looked likely to stoke new anger, despite promises that the people who had "mistakenly" sent them would be punished.

Russians of military age had relatively little attachment to the country even before the war: 43% of Russians between the ages of 18 and 24 said they wanted to leave the country for good. Now they are desperately googling ways out. And some are protesting against the war, despite the increasing danger of doing so.

The anti-war rallies held on March 6th led to 5,000 detentions, half of them in Moscow. That was double the number detained the previous Sunday, not because there were more protesters, but because there were several times more police. "It felt as if thousands and thousands of troops were brought to Moscow," one witness said. "They were everywhere." Russian universities are expelling students involved in the protests. Police and security services are randomly stopping people on the streets and in the metro to check their smartphones and read their messages.

Perhaps more worrying to Mr Putin are larger protests in neighbouring Belarus. Franak Viacorka, the right-hand man for Svetlana Tikhanovskaya, who would probably have won the country's presidential election in 2020 had the count been fair, says that on March 6th Belarus saw the biggest protest since that election. Alexander Lukashenko, the dictator who stole it to prolong his stay in power, is looking distinctly shaky.

Having played host to Russian forces on their way to Kyiv, Mr Lukashenko was supposed to send his own soldiers into battle behind them. He has not done so, and is now pledging that the troops will stay at home—not out of love for Ukraine but out of fear that if ordered south they might turn against him, or run. He no longer insults Mr Zelensky on television.

Hell, by way of bad intentions

Mr Putin has not propped Mr Lukashenko up just because, as with Bashar al-Assad in Syria, he hates to see a murderous tyrant fall. An end to Mr Lukashenko's regime at any time in the past few years would have invigorated Russia's opposition unacceptably. In current circumstances it would also delight Ukraine while making Russian forces around Kyiv harder to support.

Even if Mr Lukashenko stays in power, Mr Putin's position is bad. A victory in Ukraine that sees its government collapse might at least bring the cost of the war to an end, but it would do little else to help the economy.

In the absence of such victory he could instead simply escalate the violence, perhaps using weapons of mass destruction and blaming his enemies as a pretext for ever greater carnage. At some point commanders in the field, moved either by humanity or fear of the International Criminal Court, might rebel. But Russia does not have much history of military rebellions.

Alternatively Mr Putin might pull back and pretend that he has won. He has prepared the ground for such a manoeuvre by separating the country's mythical and faceless Nazi antagonists from the Ukrainian armed forces, whom he presents as victims of Western governments rather than perpetrators. Such a manoeuvre may seem implausible; but so did going to war in the first place. And appealing as it might be, like all the other options save a coup it would be bad for Russia without providing stability beyond it. At bay, Mr Putin would still be dangerous both to the outside world and at home, where he would inflict more deadly repressions as he battened down the hatches.

Novaya Gazeta, the only prominent independent newspaper left in the country, is not able to report on the war, but is still reporting on the outrages which go along with it: "Military censorship does not extend to the fact that the war is going on inside [Russia]," its editorial board wrote with courage. It recently published a transcript of abuse directed at a Russian woman being beaten and sexually humiliated in a custody cell: "Fucking freak! What do you think we're going to get for this? Putin told us to fucking kill them. That's it! Putin is on our side! You're the enemies of Russia, you're the enemies of the people. We'll also get a bonus for this." There is no outcome in Ukraine which will stop such things. ■

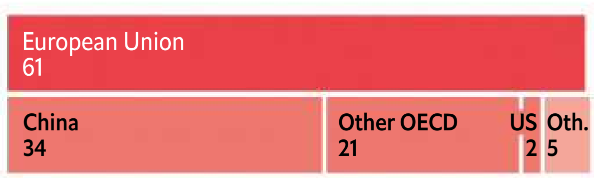
External support

1,207

Estimated Ukrainian civilian casualties at March 8th. Source: OHCHR

On March 7th America banned oil imports from Russia; the EU, a much bigger customer, was divided about whether to follow suit. A much discussed plan to provide Ukraine with Polish fighter aircraft came to nothing.

Russian crude petroleum exports, 2019, $bn



The pandemic

Must do better

WASHINGTON, DC

America's covid death rate has been nearly double that of other rich countries. As the pandemic moves into a new phase, what are the lessons?

Two years ago on March 11th, the World Health Organisation declared covid-19 a pandemic. Americans are eager to leave the wretchedness behind them. Some are so anxious that they are driving trucks along the Beltway around Washington, DC, hoping to slow traffic in protest against pandemic restrictions, inspired by disruption in Canada last month. The "People's Convoy" looks strangely out of touch—not because the truckers are alone in their desire to put covid restrictions in the rear-view mirror, but because so many restrictions have already been falling away.

Polls suggest concern about covid is declining. Mask-wearing has waned (a maskless President Joe Biden hobnobbed insouciantly with members of Congress after his state-of-the-union message last week). On March 26th, Hawaii will become the final state to drop its indoor mask mandate, and the Centres for Disease Control and Prevention (CDC) now recommends masks only for the 7% of Americans living in high-risk counties. The vast majority of schools are open for in-person learning. Batman fans packed into cinemas for the opening weekend of the latest film in the franchise.

Some states have long been crowding people into small spaces with few restrictions. Over the past year Florida, Tennessee and Texas banned local governments and public schools from enforcing mask mandates. Restrictions generally fell along partisan lines, with Democratic states steadfastly adhering to them and Republican states tossing them aside. Now even New York, one of the first to impose a lockdown, is starting to lighten up. New York state ended its mask mandate for schools on March 2nd; New York City lifted its own on March 7th. Nationwide, the seven-day moving average of deaths is at its lowest since January 2nd; that of reported cases is at its lowest since the Delta variant began surging in July 2021. For most Americans, covid restrictions are in the past.

In short, the pandemic has reached a punctuation point. Even if it is a comma rather than a full stop, it is a good time to look back at how the country has fared, and ahead to the next phase.

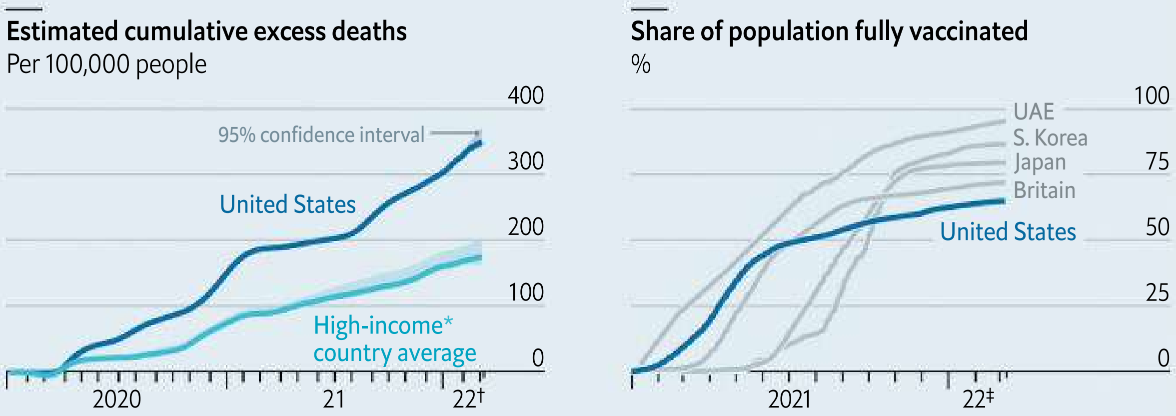
America has been hit hard by covid. Over 950,000 people have died from the virus, according to the CDC, though *The Economist* estimates that the actual count is 1.1m-1.3m. America has the highest death rate among rich countries: nearly double the average (see chart on next page). Many expected America to respond well to a pandemic. Instead, it vastly underperformed.

It has struggled to vaccinate its people: 65% are fully vaccinated, compared with 72% in Britain, 73% in the European Union, 81% in Canada and 95% in the United Arab Emirates. America also fell behind on detection. Last year it ranked 36th in the world in sequencing SARS-COV-2, hindering early recognition of new variants. The country also lagged behind in testing. Whereas Britons have had access to free rapid tests for over a year, Americans received their first round only last month. Lab tests were hard to come by, too: queues and waits for results were long.

The United States is the only high-income country without universal health care. One in eight adults reports not going to a doctor in the past year because of the cost. The pandemic has aggravated the problem of access. Hospital capacity was strained, and many elective procedures delayed. Some states enacted crisis standards of care, a protocol to delineate who receives treatment when resources are scarce. "Now that the covid admission numbers are falling, we still have enormous numbers of patients requiring admission because of delays of care that have been occurring all through the pandemic," says Jeffrey Balser, the CEO of Vanderbilt ▸▸

Two years of tragedy

Covid-19



Sources: *The Economist*'s excess-deaths model; Our World in Data

*As defined by the World Bank †To Mar 6th ‡To Mar 8th

University Medical Centre in Tennessee.

Public-health officials are urging the government to prepare for the next wave. "This is a lull. A moment to prepare so we are never caught again," says Megan Ranney, a physician and dean at Brown University's School of Public Health.

On March 2nd the White House released its National Covid-19 Preparedness Plan. It has four parts: protect and treat covid, prepare for new variants, prevent economic and educational lockdowns, and continue to vaccinate the world. The plan includes a one-stop test-to-treat initiative: Americans can get a test for covid and, if they test positive, get a prescription for an antiviral drug free at pharmacy-based clinics and other health facilities. During the last covid surge, antivirals were hard to find, says Dr Balser. He hopes this plan will increase their availability.

The programme outlines better methods to detect new strains. It aims for more efficient data collection, wastewater surveillance (to detect prevalence of covid) and virus sequencing. It includes a "surge-response playbook" to provide guidance for setting up mass vaccination and testing sites, deploying medical workers, expanding hospitals and providing supplies.

"It is a lovely plan. Everything I would focus on is here," says Dr Ranney. But she fears that the administration will not receive adequate funding. The plan requires money from Congress, and Mr Biden's last coronavirus package for $1.9trn passed along party lines. "It's not a typical American thing to say that we're going to commit resources ahead of time," says Dr Ranney. "I hope we have learned our lesson."

Preparedness might be only part of the answer. According to Howard Koh, former assistant secretary for health in the Obama administration, America's overall health could be to blame. "Covid is a fast pandemic fuelled by a slower pandemic of preventable chronic conditions," explains Dr Koh. He points to America's rate of illness. It is the fattest country in the OECD, a club of mostly rich countries. Almost half of Americans have high blood pressure. Heart disease accounts for one in four deaths. About one in ten has type 2 diabetes. These conditions worsen the effects of covid.

Dr Koh calls for more investment in public-health infrastructure, both to prepare for covid surges and to deal with long-standing health concerns. What seems clear is that a multipronged approach is needed. As Dr Ranney notes: "There is very rarely a single magic bullet." ■

California's housing shortage

No home runs

SANTA BARBARA

The Golden State's efforts to house more people have mostly fallen short

CALIFORNIA'S NIMBY crowd scored a victory this month when the state's Supreme Court declined to lift an enrolment freeze for the University of California, Berkeley. A local group, Save Berkeley's Neighbourhoods, sued the university in 2019 to force it to redo an environmental-impact report which showed that admitting more students would have little effect. Thousands of students who would have been accepted to one of America's finest public universities will now be turned away. The decision is a potent example of the cunning use of the California Environmental Quality Act (CEQA) by anti-growth activists to limit development.

CEQA, signed in 1970, mandates costly studies. It has spawned "a whole industry" to litigate and redo studies on things like how a housing project might alter a neighbourhood's racial mix, notes Nolan Gray of the University of California, Los Angeles. CEQA lawsuits can freeze projects for years. That has allowed it to be "weaponised" for extortion, says Ann Sewill, general manager of the Los Angeles Housing Department.

Gavin Newsom, California's Democratic governor, has signed 17 bills that restrain CEQA. The law retains strong support among his base, including unions and greens. But opposition grows as perverse decisions such as the one in Berkeley reverberate, and YIMBY (yes in my backyard) groups counter their NIMBY nemeses.

California's failures on housing go well beyond CEQA. Half of America's unsheltered homeless population lives in California. The number of unhoused Californians has surged, by some estimates, by more than a third in the past five years, compared with a rise of less than 6% nationally.

Housing has become astonishingly expensive. Zillow, a property website, calculates a typical California home value of $745,200—more than double the figure for the country. The Bay Area Economic Institute, a think-tank, reckons California's median rents are America's highest. Several academic studies equate every 1% rise in an area's median rent with a similar increase in the homeless population. The California Housing Partnership, a research outfit, estimates a shortfall of 2.65m dwellings.

Mr Newsom has signed, by some reckonings, more new housing laws than any predecessor. A law that in effect eliminated single-family zoning will help owners turn their houses into several units. Applications to build granny flats in backyards have also spiked: a report from UC Berkeley's Centre for Community Innovation found that 15,000 units were permitted in 2019, up from almost 6,000 in 2018. Such progress is welcome, but it is not enough.

A "crushing" bureaucracy is also to blame, says Ron Galperin, the Los Angeles city controller: permitting and other processes can cost nearly four times as much as the land itself. London Breed, the mayor of San Francisco, has tried but failed to ditch a cumbersome review process. Her spokesman says it adds between $1.5m and $6m to development projects.

The Council of Economic Advisers estimated in 2019 that removing unnecessary rules would slash homelessness in Los Angeles and San Francisco by 40% and 54%, respectively. By contrast, New York City's homelessness would drop by 23%. The Government Accountability Office has said that a federal scheme called the Low-Income Housing Tax Credit produced the least bang per buck in California.

Officials hope throwing money at the problem will help. The two most recent state budgets would allocate $26bn for housing and easing homelessness. Even so, Adam Summers of the Independent Institute, a think-tank based in Oakland, expects the crisis to drag on until voters demand far fewer impediments to building. Mr Summers recently moved to Arizona. Many of the people streaming out of California are precisely those who would be inclined to vote for such change. ■

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Chicagoland politics

Fading of the machine

CHICAGO

Signs that traditional political patronage is in decline

IS IT CORRUPT to recommend somebody for a job? That is the core of the case made on March 2nd by the United States attorney's office in Chicago, which charged Michael Madigan, until last year the speaker of the Illinois House of Representatives, with racketeering. Before he quit last year Mr Madigan was the longest-serving speaker in any statehouse in American history, having held the role for 36 years, from 1983 to 2021. His power in Springfield, the state capital, was legendary. Going by the nickname "the velvet hammer", he could make and break careers. "He was the most powerful figure in Illinois," says Dick Simpson, a political scientist at the University of Illinois in Chicago.

In the Land of Lincoln, however, such power rarely comes without great responsibility—in particular, to help out the people who got you there. The indictment alleges that Mr Madigan used his position to "cause various businesses to employ, contract with, and make direct and indirect monetary payments" to his political allies. The main business in question was CommonwealthEdison, an electricity supplier, which admitted to its part in the scheme in 2020 and paid $200m in fines. Mr Madigan denies the charges. He argues that "the government is attempting to criminalise a routine constituent service: job recommendations."

The indictment is the biggest of several cases unfolding at the moment in Chicago. Edward Burke, a veteran alderman (city council member), is due to go on trial for allegations that he used his position to drum up business for his property-tax-appeals law firm—also one of the allegations against Mr Madigan. Last month Patrick Daley Thompson, another alderman and the nephew and grandson respectively of the two Richard Daleys (Chicago's mayors for most of the period from 1955 to 2011), was convicted of tax fraud, having written off interest that he never actually paid on loans from a failed South Side bank. There are also various corruption cases pending in the city's suburbs.

Some hope that the cases signal the winding down of decades of patronage politics in Chicagoland. Mr Madigan was a protégé of the first Daley, who used his power to distribute jobs to build up not just local but national power. That model works less well these days, however, partly thanks to a series of federal court rulings, known as the Shakman Decrees, which banned appointing people to non-policy jobs based on political loyalty. The number of jobs in the Chicago region that can be handed out to allies has fallen from over 40,000 in the Daley heyday to less than 5,000 now, says Mr Simpson. Federal prosecutors jump on anything that resembles the old style of politics. "We're coming to the last gasp of the old machine," he says.

Yet even as Mr Madigan faces trial, some are raising questions about the state's governor, J.B. Pritzker, a billionaire, who was interviewed as a witness to the Madigan case by the FBI. According to WBEZ, a Chicago radio station, the governor employed 35 people recommended by the former speaker. Among Mr Pritzker's projects in recent years has been to attempt to dismantle federal oversight of hiring. The machine may be stuttering, but it has not yet stopped completely. ■

Genetic tests for pets

Son of a bitch

Testing dogs' DNA is increasingly popular, and full of surprises

CARNEGIE VIOLET DOG-FULLER lives a happy life in Hollywood. She enjoys munching ice cubes and listening to Snoop Dogg. Life was not always so easy. Found as an injured stray in Santa Monica, she spent time in a rescue centre before being adopted by Gregg and Lindsay Fuller last year. They reckoned she was a French Bulldog mix. But a DNA test revealed her to be more American Staffordshire Terrier (39%) than French Bulldog (24%), with significant Pomeranian genes (16%). "We were shocked," admits Mr Fuller.

Genealogy was once the preserve of elite dogs. Their breeders take a special interest in keeping bloodlines pure, to create new champions and to raise the prices of puppies. Now common mutts are having their pedigrees traced. Wisdom Panel, a firm that tests pet DNA, said on March 3rd that its database had expanded to 3m animals (over 95% of them dogs), up from 1m in 2018. Embark Veterinary, a similar firm which has 1m dogs in its database, was valued at $700m in July after a $75m investment.

One big yappy family

During the pandemic 23m Americans adopted puppies, according to the American Society for the Prevention of Cruelty to Animals. Rebecca Chodroff Foran, research director at Wisdom Panel, thinks this trend has collided with another: the growth of human-DNA business. Owners "now consider their pets to be key members of the family", she says.

Animal DNA tests work much like human ones. They compare genetic markers with a database of pets with verified pedigrees, revealing canine lineage and potential health problems. Embark claims 99.9% accuracy; Wisdom Panel claims over 98%.

Some owners are horrified to discover that their costly crossbreed is in fact a mix of entirely different breeds. But owners of adopted and rescue dogs, which make up 67% of Wisdom Panel's database, are keen to learn. Murray, who lives in New York with his owner Erica Hyman, looks like a Jack Russell but with upright ears. He turned out to be a mix of 23 breeds. "Now I just tell people 'He's just a dog!'," says Ms Hyman.

Chico Lopez, who breeds American Pit Bull Terriers, thinks DNA is a decent investment for mutts. He compares them to second-hand cars: "You don't know if the engine comes from a Toyota, the transmission from a Bugatti and the tyres from a little motorcycle, so you need to...find out what is going to break first." But those wanting a pureblood, he says, should not rely wholly on DNA, as reputable breeders already have accurate knowledge of a dog's ancestors.

Owners of adopted dogs like searching for long-lost kin. About 12% of dogs on Embark's database discover a sibling, parent or offspring. And, as with human DNA testing, there is the possibility of stumbling on a family secret. Some dog owners are now finding that their sweet pooch fathered a litter in another state before absconding. Paw form.

Economic development

A tale of two cities

BUCKEYE, ARIZONA, AND YOUNGSTOWN, OHIO

What a boom town and a bust town say about America's economy

"WHEN I WAS born, the population here was 1,200, and that included every dog, chicken and cat in the community," Jackie Meck says with a soft chuckle. Mr Meck is now in his 80s, and his city, Buckeye, has come a long way. A whiff of manure from nearby dairy farms still hangs over the main street, but giant new housing developments sprawl out for miles into the scrubby Arizona desert, making it one of America's fastest-growing cities. Buckeye today has a population of 100,000, up 15-fold over the past two decades. Its planners want at least 1m.

A couple of thousand miles to the north-east is Youngstown, Ohio, a city moving in the opposite direction. "The majority of younger people who can leave do leave, whether because they want to or they feel they don't have any opportunity here," says Ian Beniston, a community organiser. Once a manufacturing powerhouse, Youngstown today is one of America's fastest-shrinking cities. Its population of 60,000 is down by a quarter over the past two decades and is about one-third of what it was at its peak.

At first glance this is an all-too-familiar story. Since the founding of America, its people and its economy have moved steadily westwards and, later, southwards. The pandemic has sharpened the shift. People and businesses have flocked to places like Buckeye in sunbelt states. Youngstown, like dozens of other cities in America's old industrial heartland in the Midwest and the north-east, is struggling to hold onto its residents and companies.

However, look a little closer, and the story is more complex. There are questions about the limits to growth in Buckeye, an arid corner of a region short on water. And there are hopes that Youngstown may be turning a corner, thanks to a revival of manufacturing. How such cities manage their challenges could determine the future shape of the American economy.

Desert dreams

In the vast beige expanses around Buckeye, the only immediate obstacle to growth is the speed of construction work. Plots for new homes are pegged out alongside the highway, awaiting diggers for their foundations. Median home prices have nearly doubled over the past three years.

Buckeye is less a cohesive city than it is an archipelago of suburban communities. The government has divided the hardscrabble land into massive zones sold to property developers, to build "master planned communities" (MPCs). Most are, in effect, stand-alone towns, with schools, shops, libraries and homes galore on neatly designed streets. Buckeye consists of 27 MPCs, spread out across 639 square miles (nearly 30 times larger than Manhattan). Just 5% of the land has so far been built on. The Howard Hughes Corporation, a real-estate firm, is planning to build the biggest MPC, Douglas Ranch, with homes for 300,000 people.

It is easy to see the attraction of Buckeye, not least in the winter, when daytime highs are around room temperature and the sky is a deep blue. In Verrado, one of the first MPCs, golf carts cruise along the roads in the evening as the sun sets behind the craggy White Tank Mountains. The click-clack of pickleball, a tennis-like game popular with retirees, echoes off walls.

Yet Buckeye is more than a retirement colony. The median age of its residents is 34, younger than the national median of 38. Many of the newcomers are attracted by its affordability compared with Phoenix, Arizona's capital, a 45-minute drive to the east. That has made Buckeye a bedroom community with little local enterprise. More than 90% of residents with jobs work elsewhere, mainly in Phoenix, enduring traffic jams to make their commutes.

So the city has been trying to woo businesses, and is making progress. KORE Power is building a factory for lithium-ion batteries, used in electric vehicles and grid storage. It aims to eventually have more than 3,000 employees. Parker Fasteners, which produces high-quality screws for everything from military equipment to semiconductor plants, arrived in 2020. Matthew Boyd of Parker says Buckeye had two big selling points: plenty of land and plenty of labour. Nearly 70% of the workers in the factory are aged 40 or under.

But Buckeye lacks another critical resource: water. Arizona relies on the Colorado River, now in its 22nd year of drought. It requires new communities to show that they have enough water for a century before beginning construction, which should, in theory, guarantee sustainable development. In practice there has long been a workaround. Developers can register their properties in a "groundwater replenishment district", a government entity that commits to pumping into the ground whatever water is removed. But as the Colorado dries up, the water for recharging aquifers may itself run out. Mr Meck, Buckeye's longest-serving mayor, now retired, is withering in his criticism of the pledges for replenished groundwater: "I call it paper water, and I can't drink paper."

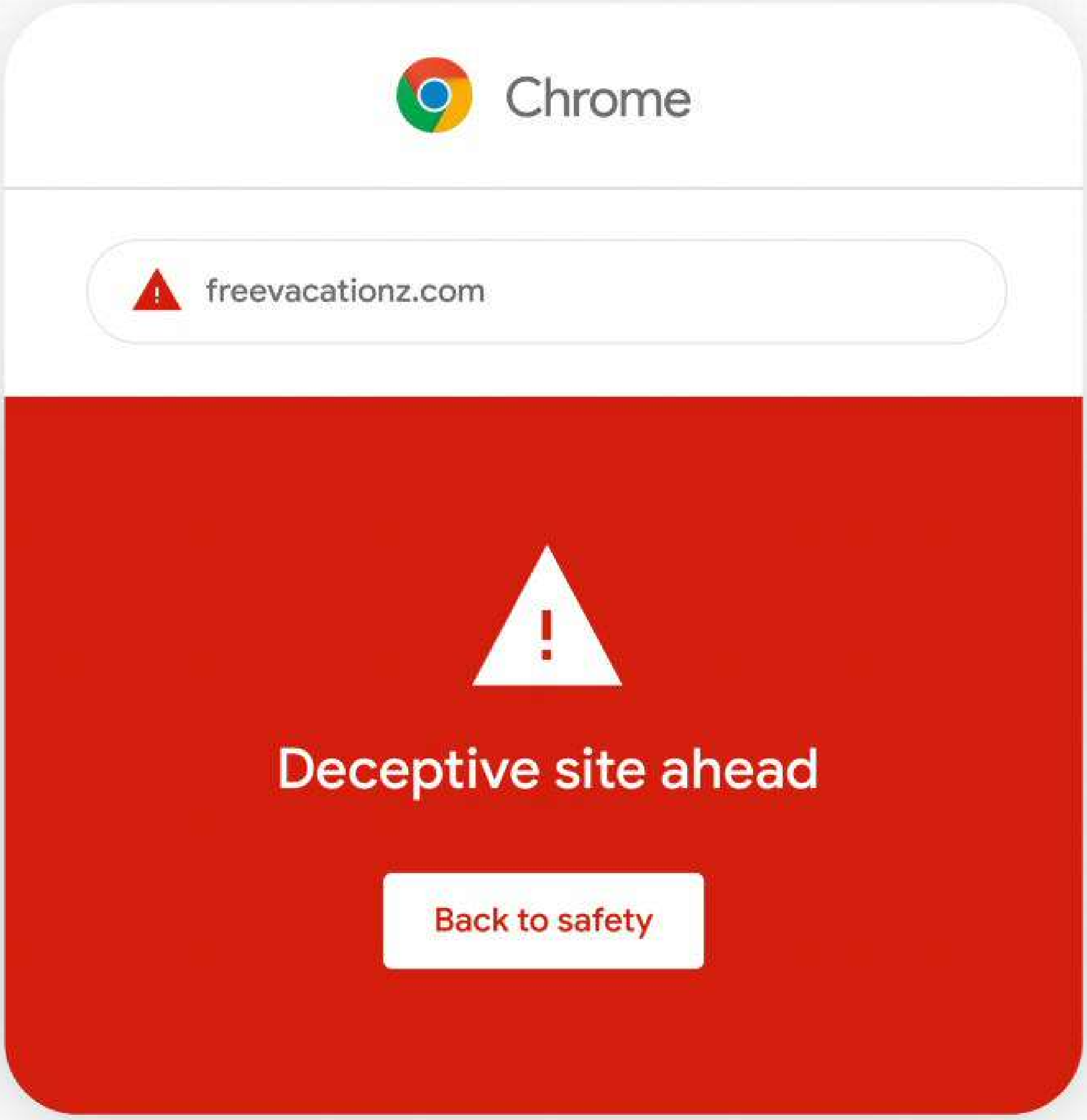
The current mayor of Buckeye, Eric Orsborn, thinks a solution will be found. One hope is a possible desalination plant in Mexico on the Gulf of California, just 170 miles south. But that will be costly and Buckeye may find itself competing with richer cities such as Phoenix for whatever it produces. In its search for businesses, it prioritises firms that use less water, a strategy which is smart environmentally but restrictive for its industrial ambitions. Still, Mr Orsborn is confident that Buckeye will eventually secure enough water to allow its continued growth. "It's about putting our destiny in our own hands," he says.

Youngstown's focus is less on building new infrastructure than about cleaning up the pieces that have fallen into disrepair. ▸▸

Buckeye's master planning in action

Google

Every day Google protects 4 billion devices from risky sites,



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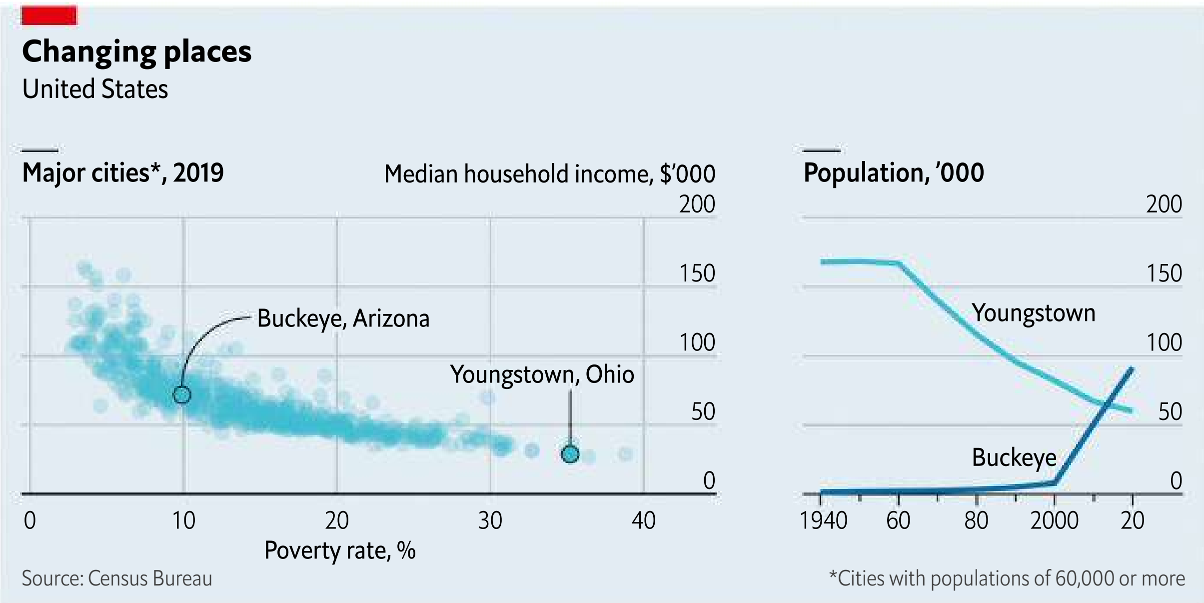


Its steel mills never returned to full capacity after the second world war, and most were demolished by the 1980s (memorialised in a ballad by Bruce Springsteen). General Motors remained a big employer at its plant in Lordstown, a short drive away, but over time it cut back shifts, finally selling up in 2019. With each passing year, Youngstown's population shrinks.

Post-post-industrial

Physical scars from the decline are everywhere, in abandoned homes and a hollowed-out downtown. About 38% of the population lives below the poverty line, making it the second-poorest city by that metric in America. Its crime rate is nearly double the national average.

Yet perhaps the most striking sight on the streets of Youngstown these days is not urban decay but white trucks with the word "REVITALIZE" stamped in large black letters on their sides. They are Mr Beniston's fleet. In 2009 he helped establish the Youngstown Neighbourhood Development Corporation, with a mission to improve the city, from cleaning up streets to renovating homes. "It's about letting people see that their quality of life is increasing in a tangible way, so that they can understand that there is progress," he says.

The novel use of land-banking in Ohio has been crucial to this progress. In 2009, during the subprime-mortgage crisis, Ohio introduced a law to allow counties such as Mahoning, which includes Youngstown, to clean up urban blight. Within months, the Mahoning County Land Bank can seize abandoned homes for demolition or sell them to an organisation like Mr Beniston's. A survey of Youngstown in 2008 counted about 5,000 abandoned homes. Today, the number is down to 750 or so.

The razing of dilapidated homes is not just about beautification. It is also an attempt by Youngstown to find its right size, so that the population can stabilise. There are signs that it may be reaching this point. House prices in Youngstown are rising steeply for the first time in years, though are still about a quarter of what they are in Buckeye. And for the first time in decades the local labour market is tight. The unemployment rate in the greater Youngstown area was 4.3% in December, nearly two percentage points lower than its average during the three years before the pandemic.

Manufacturing is, at last, returning to the region. Youngstown's industrial heritage, long a millstone around its neck, is increasingly an asset. Given the downward spiral in America's relationship with China, companies are looking closer to home for at least some of their advanced operations. While places like Buckeye may offer more open space, Youngstown still has the backbone and sinews needed for factories: large, existing industrial sites, plus river networks and rail lines for transportation.

Soon after closing its auto plant in 2019, GM teamed up with LG, a South Korean company, to create Ultium Cells, an electric-battery manufacturer, basing it in a new factory just two miles away. Production is slated to start this summer, employing about 1,000 people. That is a far cry from the 13,000 who worked at the GM plant in its heyday, but it may just be a first step. Foxconn, the world's biggest contract manufacturer of electronics, has agreed in principle to buy the original GM plant and reconfigure it as a production facility for electric vehicles. Lordstown Motors, a struggling electric-truck startup, is already making prototypes there. Mahoning, once known as America's steel valley, wants to rebrand itself as voltage valley.

The question that hangs over Youngstown's development is its population drain. It is hard to find the skilled labour needed to make a success of voltage valley. "It sounds good, but are we ready for it? How are we preparing the next generation?" asks Jamael Tito Brown, Youngstown's mayor. Some are trying. When Ultium was short on qualified workers, Youngstown State University created a test to identify candidates who could train to operate its sophisticated machinery. Local businesses also launched the Mahoning Valley Manufacturers Coalition, with twin goals of selling people on careers in industry and providing them with basic training. "We have a waiting list of manufacturers who want to hire out of the programme," says Jessica Borza, head of the coalition.

Heartlands, old and new

Buckeye and Youngstown are just two cities out of roughly 800 in America with populations of more than 50,000. Yet they are emblematic of the divergent growth trajectories between ascendant states in the south and west and the post-industrial north. Between 2010 and 2020, the population of Arizona grew by 12%, whereas Ohio's rose by just 2%. That, however, may indicate the beginnings of convergence: over the previous four decades, the population-growth gap had been far bigger (135% versus 7%).

It is not a winner-takes-all competition. Both can do well. The south may have the sun and space. But the north has water and industrial heft, which after years of neglect count for something again. ■


Youngstown, the pride of voltage valley

Lexington | Joe Biden's indispensability

The administration has played a weak diplomatic hand on Ukraine skilfully. But the crisis is only beginning

When Joe Biden told the Munich Security Conference last year that "America is back", it seemed unlikely that any of its high-powered European delegates fully believed him. Donald Trump had just won the second-highest vote-count in the history of presidential elections. Mr Biden, contrary to his stick-in-the-mud reputation, appeared as keen to shift diplomatic focus from Europe to Asia as his immediate predecessors. And indeed his early efforts to do so, including the disastrous retreat from Afghanistan and bungled roll-out of a new Anglo-Saxon security pact, created further doubts about America's transatlantic leadership.

Mr Biden is now on firmer ground. His administration's response to Vladimir Putin's invasion of Ukraine has been prompter, bolder and more effective than even the most faithful Atlanticist could have predicted. NATO is united behind American leadership and pushing the boundaries of collective defence. The penalties imposed on Russia's economy are unprecedented and mounting—and America, as its ban on Russian energy imports this week signals, is driving them too.

Even in discordant Washington, DC, there is strong support for Mr Biden's diplomatic approach (though few Republicans dare praise the president for it). You have to look back to the immediate aftermath of the terrorist attacks of September 11th 2001, or to James Baker's stellar effort to rally a global coalition against Saddam Hussein's invasion of Kuwait in 1990, for times when so much of the world, at home and abroad, seemed as solidly behind America. "The 40 years of experience that we kept talking about with Joe Biden have finally paid off," wryly observes Leon Panetta, a former secretary of defence for Barack Obama.

Mr Biden has also had some advantages. Above all, the heinousness of the Russian threat to Europe has underlined the indispensability and relative benignity of the American counterweight. Emmanuel Macron's shuttle diplomacy, however gallant, is no answer to a Russian dictator issuing nuclear threats. Mr Putin's aggression has also shocked somnambulant Europeans into action. Olaf Scholz's vow to sharply raise defence spending shows that Germany, which believed Russia could be tamed through engagement, now accepts its aggression needs to be confronted.

The lessons of past failures against Mr Putin—especially the slow and ineffectual Western response to his seizure of Crimea in 2014—have further reinforced America's efforts. Memories of Mr Trump have meanwhile made the Europeans appreciative of Mr Biden as well as wary. Merely by refraining from bombing Russia with American planes disguised as Chinese ones, as Mr Trump advocated last week ("And then we say, China did it, we didn't do it"), the Democratic president has looked like a significant upgrade.

Still, the administration's diplomacy has in three ways looked impressive by any measure. Mr Biden has a tendency to prevaricate. Yet his Ukraine effort has been decisive. Having predicted Mr Putin's invasion months ago (in what looks like a big success for American and British intelligence), the administration began corralling NATO's response long before either its members or Volodymyr Zelensky, Ukraine's brave leader, considered the war likely. And it has done so with quiet relentlessness—drawing on the top-notch diplomatic expertise that Mr Biden has assembled in Tony Blinken, the secretary of state, Jake Sullivan, the national security adviser, and William Burns, the director of the CIA.

During the Afghanistan debacle, the professionalism of such figures looked perversely like a liability. Former staffers and diplomats, they appeared to lack the necessary political heft to force Mr Biden onto a better track. But on Ukraine their expertise has told. Mr Blinken has won especially good reports, re-establishing the primacy of civil diplomacy over the sabre-rattling Mr Trump loved. But the Biden team appears to be working in unison, as is illustrated by a third and more surprising attribute, its creativity.

The administration's bold use of intelligence to counter Russian misinformation was an early illustration of this. Its successful effort to curb Russia's access to its foreign reserves and energy markets is another. "It's fair to say we've stiffened some spines," says a senior administration figure.

This remains a desperately fraught undertaking. It is unclear, for example, how far America should go to arm the Ukrainians or normalise relations with oil-rich Venezuela, or even Iran. Yet the administration is rightly exploring its options. Implicit in a fine recent biography of Mr Baker, by the journalists Peter Baker and Susan Glasser, is a gloomy sense that America could no longer rise to the global occasion as George H.W. Bush's master statesman-fixer did in 1990-91. "We're not *leading,*" he complained to his biographers. That seems much less true today.

America's effort on Ukraine cannot yet be considered successful, of course. It did not deter Mr Putin. And it could easily come unstuck. As the war drags on, and the economic damage to Europe accumulates, the anti-Russia coalition may founder; some potential cracks, on the oil embargo for example, are already visible. Or else, with the mid-terms approaching and his ratings underwater, Mr Biden may succumb to domestic pressures. The Republicans do not play fair; they blamed the administration for rising petrol prices even as they clamoured for the sanctions on Russian energy, which will increase the inflationary pressure.

Dealing with the devil

It should also be clear that America does not control this crisis. Mr Putin does, and he seems determined to escalate his war rather than make any concessions. Unless that changes, which seems unlikely for now, the penalties that America and its allies have placed on him will not be sufficient. In which case alternative means to influence the Russian dictator must be found. That might require more creativity and political courage than anyone has yet displayed on Ukraine. May Mr Biden be up to the task. ■

Latin American politics

Many shades of pink

LIMA, MEXICO CITY, SANTIAGO AND SÃO PAULO

A wave of left-wing governments has more differences than similarities

When Gabriel Boric, who is 36 and calls himself a "libertarian socialist", is sworn in as Chile's president on March 11th it will mark the most radical reshaping of his country's politics in more than 30 years. His election in December is also widely seen as part of a new "pink tide" of left-wing governments in Latin America. It followed the victory of left-of-centre presidential candidates in Mexico, Argentina and Bolivia between 2018 and 2020 and in Peru and Honduras last year. Two left-wingers, Gustavo Petro in Colombia and Luiz Inácio Lula da Silva in Brazil, the region's most populous country, lead in opinion polls ahead of presidential elections in May and October respectively. Latin America, it seems, is poised to swing decisively to the left (see map on next page).

The picture is more complicated than it looks. The dominant trend for several years has been anti-incumbency, at least where elections are fair. The left has done well mainly because voters rejected right-leaning governments, which have had to deal with economic stagnation and then the pandemic. Region-wide surveys show that voters cluster in the centre. But they want better public services and think that their countries are governed for the benefit of a privileged few, which can help the left.

Mr Boric's victory, and that of Pedro Castillo, a rural schoolteacher with no formal political experience, in Peru last June brought comparisons with an earlier pink tide. That began with the election of Hugo Chávez in Venezuela in 1998. It included the likes of Lula in Brazil, Evo Morales in Bolivia, Néstor Kirchner and his wife Cristina Fernández de Kirchner in Argentina and Rafael Correa in Ecuador. In an article in 2006 in *Foreign Affairs*, a journal, Jorge Castañeda, a former Mexican foreign minister, argued that there were "two lefts" in the region. One, represented by Lula and the Workers' Party in Brazil, the Broad Front in Uruguay and the centre-left Concertación coalition in Chile, was "modern, open-minded, reformist, and internationalist". The other was "nationalist, strident and closed-minded" and came from Latin America's tradition of populism. This left included Chávez, Mr Morales, the Kirchners and later Mr Correa in Ecuador, all of whom nationalised businesses and railed against American imperialism.

In some respects that distinction still holds today. "I don't see a homogenous progressive axis from Mexico City to Santiago," says Mr Castañeda. If anything, there are even more variations than in the past.

In part, that is because of what is about to happen in Santiago. Mr Boric represents something new. Although he, like all leftists, worries about economic inequality and looks to the state to reduce it, he will bring to Chile's presidency the concerns of his generation. For Mr Boric, the "existential issues" are "climate change, gender inequality and the recognition of indigenous communities", says Robert Funk, a political scientist. Argentina's Peronist president, Alberto Fernández, shares Mr Boric's social liberalism and Mr Petro in Colombia his greenery. The Chilean combines those 21st-century priorities. Mr Boric's electoral programme mentioned gender 94 times and economic growth just nine times.

Unlike Chávez and Ms Fernández de Kirchner, now Argentina's vice-president, he is a consensus-builder, not a flame-thrower. Mr Boric uses social media to establish rapport with his supporters rather ▸▸

than to rile them up. He posts poetry, is frank about his obsessive-compulsive disorder and gushes about his caramel-coloured rescue dog, Brownie, which has 389,000 followers on Instagram.

He is distinctive in other ways. Whereas old-fashioned leftists defend dictators who claim to oppose American imperialism, Chile's president-elect is a full-throated fan of democracy. He condemned the invasion of Ukraine and criticises human-rights abuses by Latin America's three leftist dictatorships: Cuba, Nicaragua and Venezuela. He has invited to his inauguration writers forced into exile by Nicaragua's despot, Daniel Ortega.

Mr Petro may join Mr Boric as a rare critic of such strongmen. Until recently a fan of Chávez, he now scolds his successor, Nicolás Maduro, especially for his dependence on fossil fuels, and accuses Mr Ortega of turning "a dream of liberation into a banana dictatorship".

But several elected leftists defend autocrats as long as they are anti-American. The governments of Argentina and Peru were among the 94 that sponsored a resolution at the UN General Assembly condemning the Russian invasion of Ukraine. But Mr Fernández, Argentina's president, visited Vladimir Putin in Moscow last month offering to be "the entry point" for Russia in Latin America.

Mexico's government has tried to have its tortilla and eat it: Marcelo Ebrard, the foreign minister, condemned the invasion. But Andrés Manuel López Obrador, the populist president, who is often known as AMLO, said blandly that he wanted to keep good relations with all countries and criticised the "censorship" of Russian state media by social networks in the West. He praises Cuba as "an example of resistance" but has criticised repression in Nicaragua. Lula refuses to denounce the tyrants.

Some leaders of the last pink tide were themselves aspiring dictators. Mr Morales in Bolivia and Mr Correa in Ecuador followed Chávez's example in using new constitutions to take over the judiciary and other independent institutions. The newer presidents tend to chip away at, rather than sweep away, the separation of powers. AMLO has given more duties to the army, which he controls. He has placed cronies in regulatory bodies and slashed the budget of the independent electoral authority. But he remains constrained by Mexico's judiciary and his parliamentary majority was reduced in a mid-term election last year.

Peru's Mr Castillo, who stood on a hard-left platform, stirred fears that he is plotting a Chávez-like power grab by calling for a constituent assembly to rewrite the constitution. But he is too weak to succeed. His supporters, faction-ridden themselves, have only 44 of the 130 seats in Congress, which repeatedly threatens to impeach him. Mr Petro has dropped his call for a constituent assembly but would seek decree powers to deal with Colombia's economy. The risks of such overreach seem smaller with Lula. As Brazil's president from 2003 to 2010 he was generally respectful of independent institutions.

In Chile the main worry is that a constitutional convention elected in May 2021, in which the far-left has a large presence, may not be as liberal as the incoming president. Among its early proposals are the abolition of the Senate, which is split equally between allies of the new government and the opposition, and curbs on free speech.

Today's left-wing governments face tougher economic times than did their predecessors, which were helped by a commodity boom. Although commodity prices have risen, especially in recent days, the bonanza may be smaller. The pandemic has increased demands for social spending and, with interest rates rising, public debt will be more expensive to service.

This means there is likely to be less statism and more pragmatism than in the previous pink tide. Most leftist leaders are in favour of fiscal responsibility and independent central banks. Lula, who was economically prudent during his presidency, appears poised to pick as his running mate Geraldo Alckmin, a former governor of São Paulo who is close to the private sector.

But pragmatism is not universal. Mr Castillo, who remains an enigma after seven months in office, announced the "nationalisation" of a gas field. But that proposal was stillborn partly because of opposition within his government. Debt-ridden Argentina remains defiantly unorthodox: it has increased untargeted energy and transport subsidies. AMLO's government spent less than almost every other in the region as a share of GDP to fight the effects of the pandemic. But it has poured money into Pemex, the state-owned oil firm, and is trying to change the constitution to penalise private investors in energy.

Government ideology, March 2022

Leftist dictatorship; Elected leftist leaders; Leftists leading in the polls (for elections this year); Not leftist; Not included

*Centrist leading in polls for April run-off election
Source: *The Economist*

Thirty-two years younger than AMLO, Mr Boric has more fashionable views on everything from the economy to social issues, though he retains something of the old left's scepticism of the private sector. He wants to make Chile more social democratic, with universal free health care and bigger public pensions, and plans to forgive student debt. He champions a "green transition", which would phase out coal, and plans to set up a state firm to mine lithium, used in electric-car batteries. He backs feminism, abortion and gay rights. The only other leader who comes close to his social liberalism is Argentina's President Fernández, who secured a law to allow abortion in 2020.

Other leftists are more conservative on social issues and, in most cases, more retrograde on environmental ones. Mr Petro has been guarded in his reaction to a decision by Colombia's constitutional court last month to allow abortion on demand in the first 24 weeks of pregnancy. Lula is cautious about abortion, too, since he fears losing the votes of evangelical Protestants, who make up almost a third of Brazil's electorate. The Peruvian and Mexican leaders have both angered feminists. Mr Castillo appointed to his cabinet men accused of beating women (though he sacked them after a public outcry). AMLO has claimed that protests against femicides were staged by his opponents.

Luis Arce, Mr Morales's successor in Bolivia, shares AMLO's enthusiasm for fossil fuels, and so probably would Lula, though he would endeavour to slow the despoliation of the Amazon rainforest that has taken place under Brazil's rightist president, Jair Bolsonaro. At the other extreme is Mr Petro, who wants Colombia to cease to invest in its oil and coal industries, which between them provide half of its exports. He has suggested that coffee and tourism could replace them, but that seems unlikely for a long time.

Despite their differences, there is a lot of fellow-feeling among the new leftists. AMLO talks of a Mexico City-Buenos Aires axis. Mr Boric has said he hopes to work closely with Mr Arce, Lula and Mr Petro. The most significant of them could be Lula, if he wins, because of his experience and the weight of Brazil. While each left-led country has its own ways, "I think Lula will be some sort of equilibrium" among them, says Celso Amorim, his former foreign minister. But for now, all eyes will be on the boyish Mr Boric. ■

India, Russia and the West

Abstemious to a fault

DELHI

Why won't India's government condemn Vladimir Putin?

INDIAN POLITICIANS love to remind people that their country is the world's biggest democracy. They are also extremely prickly about its borders. Yet India has failed to condemn President Vladimir Putin's attempt to wipe off the map another independent democracy, Ukraine. In the UN Security Council, the General Assembly and the Human Rights Council, India conspicuously abstained from resolutions deploring Russia's invasion of its neighbour. That perplexes some observers in Western capitals. The government of Narendra Modi, the prime minister, has done much to improve ties with America and Europe in recent years. But when asked to choose sides, India sits on the fence. To some, it seems that Mr Modi favours Mr Putin.

Not so, say Indian policymakers, pointing to official statements that lament the violence, express support for sovereignty and territorial integrity, and call for diplomacy to be given a chance. Moreover, they say, the abstentions should be seen in the context of India's long tradition of being beholden to no superpower. Yet many of the countries India once claimed to lead in a cold-war era "non-aligned movement" have joined in the condemnation of Mr Putin's actions.

India's abstentions are shaped by past habits and current priorities. Start with the past: its ties with the Soviet Union ran deep, for all its protestations of non-alignment. Russia provided food aid and economic subsidies, and Indian bookstalls were crowded with the translated works of Lenin and approved Russian novelists. The KGB ran around Delhi, the capital, with bags of cash for influential people.

Today India counts on the support of Russia, with which it has a "special and privileged strategic partnership", for its claims over Kashmir—one reason for never crossing it at the UN. Also influential is India's assessment of its defence needs, relying on Moscow, as it did in the cold war, for weapons. Half its arms imports come from Russia, including big-ticket items such as submarines, T-90 battle tanks, Su-30 fighter aircraft and a surface-to-air missile system known as the S-400.

More importantly, 70% of India's existing arsenal is Russian-made. That makes it difficult to wind down business. Even if India were to stop importing new materiel today, it would still need ammunition, spare parts and technical support for what it already has. Russia is also helping India make more of its own weaponry, points out Anit Mukherjee of the S. Rajaratnam School of International Studies in Singapore. The search for "strategic autonomy" is a mantra in Delhi.

Politicians in America and Europe have lambasted India for abstaining at the UN and buying weapons from Moscow. On March 3rd a State Department official, Donald Lu, told lawmakers that President Joe Biden's administration was considering whether to punish India for its reliance on Russian arms and equipment. Axios, a news website, reported that a leaked cable instructed American diplomats to remind their counterparts that India's stance "places you in Russia's camp, the aggressor in this conflict". The administration later said the cable was a draft that had been disseminated in error.

→ Also in this section

Indian officials and analysts are at once irritated by Western criticism and relaxed about the consequences. Irritated, because they divine Western hypocrisy. India would very much like to rely less on Russian arms and buy more from America. But they are either too expensive or, in the case of missile systems, out of reach: America would not sell India its latest versions.

Elsewhere, Indian policymakers ask, where has been the full-throated condemnation of China's aggression along its shared border with India, which in June 2020 turned into a deadly high-altitude brawl? And they are still fuming over America's hasty withdrawal last year from Afghanistan, leaving the country to the Taliban. They feel it handed an easy advantage to Pakistan, the Taliban's backers.

Yet Indian officials are also relaxed, because they calculate, probably correctly, that India will suffer few consequences from the West over its stance at the UN. America and India have a shared interest in countering Chinese assertiveness or aggression. That has underpinned the logic of the four-nation Quad, a security grouping that also counts Australia and Japan as members. Plenty of Asia hands in Washington argue that America should keep its eye on the larger goal of containing Chinese expansionism (see Banyan). In this context, it makes sense to overlook India's softness on Russia, they say.

That may be so. But India's response points to other weaknesses. It claims to have leverage over Russia because it is the biggest buyer of its arms. Yet India's government still had immense trouble evacuating the 20,000-odd Indian students caught in Ukraine. (Most have now escaped, but at least one was killed during Russia's shelling of Kharkiv.) Neither Mr Modi nor any other Indian bigwig has rushed to Moscow to urge Mr Putin to change course. They are under no pressure at home, either. Most Indians do not care much about the war.

India's coddling of Mr Putin could yet become a liability. It is bad for India's reputation, and will become more so if he commits even worse atrocities, such as using chemical or battlefield nuclear weapons. And if Russia comes out of the war exhausted, impoverished and dependent on China, that could indirectly harm India, too. What might China demand in return for supporting Mr Putin?

In 1962, when India and China fought a bloody border war, Nikita Khrushchev, the Soviet leader, initially favoured his Chinese "brothers" over his Indian "friends" and pushed India to accept Chinese terms. Russia is in no position to boss India around today. But if it became dependent on China to survive sanctions, and China demanded that it sell less top-of-the-line military kit to India and more to China, Mr Putin would surely agree.

India's deployment of Russian S-400 missiles has already created a vulnerability. China deploys the same system, so its military planners know its flaws and strengths intimately. India could deter China more effectively with a different system. If American kit is too costly, plenty of alternatives exist.

Meanwhile, the war is hurting India's economy. Sharp rises in the price of crude oil, cooking oil, fertiliser and more will make it harder for the central bank to curb inflation without stunting growth. Economists are already predicting slower growth and higher inflation. That would hit the pockets of ordinary folk. And by squeezing Mr Modi's budget, including for defence, it would make his goal of strategic autonomy ever harder to achieve. ■

Floods and fires

Extreme no more

LISMORE

Freakish weather is becoming increasingly common in Australia

THE WILSONS RIVER broke its banks on the night of February 27th while Lismore, a town of around 30,000 in New South Wales, was sleeping. Its residents snoozed through early-hours emergency warnings that "risk to life [was] imminent". Within hours the town was submerged. Residents scrambled into their attics. Mothers carried children onto rooftops. An army of locals launched tin boats into the floods to save them. Four people died.

Eastern Australia has been hammered by what politicians call "once-in-1,000-year" flooding. It has already had a soggy summer because of La Niña, a phenomenon which triggers downpours there. Then on February 23rd, meteorologists warned that an area of low pressure was forming over southern Queensland. It sucked moisture from the sea, forming an "atmospheric river" over the east coast. It has dumped biblical quantities of water ever since.


When the levee breaks

Brisbane, Queensland's capital, received almost 80% of its annual rainfall in less than a week in February, flooding 15,000 homes. As the rain edged into northern New South Wales, it ripped up roads and drowned herds of cattle. Storms lashed Sydney on March 8th, causing a dam to spill over. Some 50,000 people in the state have been forced to evacuate. As *The Economist* went to press, 21 people had died in flooding in the two states.

Scientists are wary of blaming floods on global warming because everything from rainfall to urban development contributes to them. They disagree, too, about whether climate change is a factor in this kind of never-ending downpour. No matter the cause, extreme weather is now a regular occurrence in Australia. New South Wales was buffeted by its last "once-in-100-year" floods, which submerged Western Sydney, just a year ago. In 2019 and 2020 vast tracts of the country were torched in bushfires which destroyed more than 3,000 homes and killed 33 people. Unlucky towns such as Lismore have in recent years been hit by both fire and floods.

It does not help that the state and federal governments' response has been bungled. When disaster strikes, official aid is often slow to come. In 2019 the federal government set aside almost A$4bn ($2.9bn) for a fund that would help it respond to crises and mitigate future ones. But it has spent hardly any of that money. It has now deployed the army and is dishing out cash to victims, but locals fume that they were left for days without power or fuel as supplies of food and water dwindled. Good samaritans clothed and fed them. A university is putting up the homeless. "Isn't somebody meant to write a plan for this?" wonders Ella Buckland, a resident of Lismore.

A debate now rages about how or even whether places like Lismore should rebuild. Analysts think the floods might trigger insurance claims worth more than A$3bn. Premiums are already so high in disaster-prone towns that many locals can no longer afford cover. Some politicians would like the government to pay companies to insure houses that will inevitably be struck by future fires or floods, as it does in the cyclone-bashed Northern Territory. "If we are going to start thinking every time there's a natural disaster that we have to give up and leave because it's too hard, then where are we going to live?" asks Lismore's mayor, Steve Krieg. That is becoming a question for ever more Australians. ■

South Korea's presidential election

Wishy-washy victory

SEOUL

Yoon Suk-yeol wins the closest race in his country's democratic history

On South Korean television screens on election night, news channels kept viewers entertained with zany coverage. Instead of clean-cut talking heads, one broadcaster's vote count was accompanied by computer-generated avatars of the two main presidential candidates in stained T-shirts, dirt-splattered leather jackets and weather-beaten motorcycle boots. As the numbers slowly ticked up, they danced to K-pop, rode locomotives and raced cars and motorbikes through a desolate, post-apocalyptic landscape. The dystopian setting and animated mudslinging summed up an election that had been defined less by sober debates about policy than by name-calling and political stunts.

It was close until the very last moment. Exit polls on the evening of March 9th showed the two main candidates—Yoon Suk-yeol of the conservative People Power Party and Lee Jae-myung of the governing left-of-centre Minjoo Party—in a dead heat. Mr Yoon carried the day by the smallest margin in South Korea's democratic history, winning 48.56% of the vote to Mr Lee's 47.83%, with a turnout of 77.1%. He will take office in May.

The son of professors, Mr Yoon is a long-standing member of Seoul's elite. He made his name as a hard-driving prosecutor who played a key role in going after Park Geun-hye, a former president, for corruption. He entered politics less than a year ago, quitting his job as chief prosecutor under Moon Jae-in, the outgoing president, after the two fell out over an investigation of the justice minister.

Mr Yoon has promised voters a presidency defined at home by anti-corruption, meritocracy and the rule of law. On foreign policy his priorities are closer alignment with America and a tougher stance against North Korea and China. In his acceptance speech, Mr Yoon said that he would work with his opponents and make national unity a priority after a divisive campaign.

That will be essential if Mr Yoon hopes to achieve anything. The new president will struggle to pass any legislation without the support of his opponents, who retain a legislative supermajority in the National Assembly. Indeed, they could sabotage his presidency from the very beginning, for instance by rejecting his nominee for prime minister, or by refusing to lend support to his proposed package of pandemic recovery measures, the top item on

From Moon to Yoon

his agenda. Given the wafer-thin margin by which Mr Yoon won the presidency, there is no guarantee that his PPP will win the next National Assembly elections in 2024, so he may face an unfriendly legislature for his entire term.

The promise of unity will anyway have rung hollow to most voters. His campaign stoked division. He claimed that women in South Korea, which is routinely rated the worst place among rich countries to be a working woman, no longer suffered from baked-in discrimination. He also blamed feminism for the country's low fertility rate. That endeared him to young men frustrated by compulsory military service and a lack of good jobs when they get out, but lost him the support of women under 60, according to exit polls.

Worse, he played to the electorate's basest instincts, pandering to conspiracy theories about potential election-rigging by his opponent, who has conceded defeat, and threatening to prosecute opposition politicians for corruption if elected. Minjoo politicians, many of whom enthusiastically cheered him on when he prosecuted conservatives, are unlikely to take well to similar treatment.

Away from home, Mr Yoon's job will be no easier. Vladimir Putin's invasion of Ukraine has deepened the political and economic fissures between Western democracies and autocracies such as Russia and China. That complicates South Korea's already tricky position as a military ally of America that trades a lot with China. Meanwhile South Korea's bothersome northern neighbour has ramped up missile testing this year. It also appears to be rebuilding a nuclear test facility which it dismantled during a period of detente in 2018, raising the possibility of heightened tensions in the coming months. When it comes to growing into his new role as president, the former prosecutor has little time to lose. ■

State elections in India

Uttar domination

DELHI

Narendra Modi's party holds on to a bellwether state

As the count came in on March 10th from elections in five Indian states, there were few big surprises. The Bharatiya Janata Party (BJP) of Narendra Modi, the prime minister, held on to the country's most populous state, Uttar Pradesh. The Hindu nationalists also stayed on top in the small states of Goa, Manipur and Uttarakhand. And if Mr Modi's party made a poor show in medium-sized Punjab, most of whose 30m people are Sikhs, this came with a sweet consolation. Punjabis gave a far crueller thrashing to Congress, the BJP's fading national rival, reducing a hefty majority in one of the grand old party's last redoubts to less than 15%. Voters elected instead the newish Aam Aadmi Party (AAP).

With just two years to go before India's next general election in 2024, this is good news for Mr Modi. If there is one force in Indian politics more reliable than money or *hawa*—meaning "wind", or having the momentum of success behind you—it is anti-incumbency. This factor is especially strong in the sprawling and impoverished state of Uttar Pradesh, whose 240m people have a hard habit of tossing out governments after a single term.

Its voters did trim the BJP's majority from three-quarters of seats in the outgoing state assembly to a more modest two-thirds. But to stay in power at all, despite the terrible ravages of covid-19 and the effects of an economic slump that predates the pandemic, is no mean feat. To do so in a state that accounts for one in seven seats in the national Parliament makes opposition hopes of ousting Mr Modi even slimmer.

India's prime minister is not the only big winner from this round of state elections. The steepness of Congress's fall in Punjab was more than matched by the rise of the AAP. Formed barely a decade ago and adopting the humble broom as its symbol, the party rules just one quasi-state, India's capital, Delhi. Its leader, Arvind Kejriwal, a former tax inspector, projects an image of hard-working modesty. The party's focus on public service and its reputation for probity had until now won more praise than votes. But the capture of Punjab, with a stunning 77% of seats, has catapulted Mr Kejriwal to national prominence. Some now see him as a potential challenger to Mr Modi, if not in 2024 then in 2029.

That may be premature. AAP's surge in Punjab at the expense of Congress reprises a decades-old phenomenon. Across India ▸▸

regional forces, often led by reformist dissidents from within Congress and built on local resentments, have sheared off votes from the once-dominant big-tent party. But these upstarts have typically remained big fish in small ponds. At the national level, the BJP has become an increasingly lonely shark. Unless its opponents work out how to join forces, Mr Modi's party will continue to swim unchallenged.

The result in Uttar Pradesh proves the point. Taken together, the BJP's rivals won a majority of votes, as they did in the previous state election, in 2017. But with Congress's tally of seats having shrunk yet again, there are only local parties, nearly all built on narrow caste alliances and tactical voting by minority groups, to vie with Mr Modi's behemoth. The BJP's formula of "Hindu consolidation"—posing as the protector of upper castes while wooing lower ones with handouts and hate speech against Muslims—works again and again.

Mr Modi's man in Uttar Pradesh and the state's chief minister, Yogi Adityanath, has been the face of this political strategy since coming to power in 2017. Despite having held the state, however, the saffron-robed priest does not appear strengthened by the vote. After all, the BJP's tally of seats dropped substantially, and some of the opposition's biggest inroads came on Mr Adityanath's own home turf in the state's east. Many voters say they like his no-nonsense approach to law and order. More still have praised the BJP's covid-era programme to supply free food. When this comes to an end later this month, and when fuel prices, peculiarly flat throughout the election season despite a near doubling of world prices, inevitably surge, some BJP voters may feel less happy. ■

Banyan The yam and the boulders

It is getting harder for small states to balance great powers

On March 1st, even as Russian shells and missiles rained down upon Kyiv, Kharkiv and Mariupol, Antony Blinken, America's top diplomat, made time for a chat with Sher Bahadur Deuba, the prime minister of faraway Nepal. Ukraine was one subject of conversation—Nepal voted to condemn Vladimir Putin's invasion at the UN the following day. It was also an occasion to mark 75 years of diplomatic ties between the two countries. "Neighbours", as Ronald Reagan put it, "on the other side of the world."

But the most important item on the agenda was the approval by Nepal's parliament two days earlier of the Millennium Challenge Corporation (MCC) compact, a $500m development grant from America. The ratification marked the culmination of a decade-long saga that has riven the country, caused angry protests and irritated both the United States and China. As the war in Ukraine forces small- and medium-sized countries to take stock of their allegiances and relationships, Nepal's experience bodes ill for those trying to avoid getting caught between rival powers.

Ever since the British left South Asia in 1947 Nepal has been bossed around by India. More recently China, with its tempting offers of investment and loans, has been throwing its weight around. It has widened its focus from quelling pro-Tibet activities in Nepal to influencing foreign policy more broadly. In the past few years America has become more interested in the region as well, seeing it as a venue to counter China. "There is an old adage of Nepal being a yam between two boulders," says Amish Raj Mulmi, the author of "All Roads Lead North", a book on Nepal's relations with its humongous neighbours. "Now we know it is three boulders."

The grant from the MCC, a foreign-aid programme, should have been an easy sell for Nepalese politicians. It is the biggest in the country's history. It is transparent, aimed narrowly at improving east-west road links and building power transmission lines to India, and has a fixed, five-year lifespan. Investments in hydropower have given Nepal a surplus of energy, and India is a keen customer. The long-term benefits of trading electricity with India are immense. It is for these reasons that Nepal applied for the grant in 2012, and signed an agreement in 2017.

Yet the MCC became controversial soon afterwards. In 2018 Mike Pompeo, Mr Blinken's hawkish predecessor, declared that it made Nepal a part of America's "Indo-Pacific strategy", designed to counter China in Asia. Other American officials echoed the suggestion. China was livid. Nepali politicians were aghast.

The grant became politicised at home, too. Some of the language in the compact gave rise to the notion that its terms would override Nepal's laws, and thus its sovereignty. More imaginative conspiracists suggested that it was a Trojan horse to place American troops on Nepalese soil. Such theories were aided by Chinese-orchestrated disinformation campaigns, which found many takers amid the country's fractious politics. "It became controversial at the level of the common man," says Nishchal Nath Pandey of the Centre for South Asian Studies, a think-tank in Kathmandu, the capital.

By the time a new coalition government came to power in July last year, the Americans were losing patience. Not only would Nepal cease to be eligible for the grant if its parliament did not ratify the agreement by February 28th; in addition, American diplomats privately made clear, they would be forced to review bilateral relations with Nepal, and might conclude that it no longer had an independent foreign policy, according to a person close to the prime minister.

In the end a fix was found. Parliament approved the MCC, but attached to it an "interpretative declaration" stressing Nepal's sovereignty and the supremacy of its constitution. Now it was the turn of the *Global Times*, the Chinese state's English-language mouthpiece, to warn that "it remains uncertain whether the MCC will undermine China-Nepal cooperation in the future". In seeking to balance rival powers, Nepal found itself in exactly the squeezed-yam position it had long sought to avoid.

In the cold war Nepal extracted favours from all powers. The Chinese built cement factories, the Indians constructed roads, Americans helped with health care. But the lesson for small states, says Mr Pandey, is that it is becoming much more complicated to avoid taking sides: "That is not going to satisfy these major powers. They will want these smaller countries to be completely on their turf."

China's economy

Shaking the money tree

HONG KONG

To meet its ambitious growth target, China turns to stealthy stimulus

THE CHINESE people have the "courage, vision and strength to overcome any obstacle", said Li Keqiang, the country's prime minister (pictured), on March 5th in his annual speech to the National People's Congress, China's rubber-stamp parliament. Even so, not all of them will have the fortitude to digest his full report on the work of the government, which runs to more than 12,000 words in translation. For their benefit, the government has distilled its message into a 150-second rap video.

The film features three animated characters: a woman in Sichuan province, who sells tasty noodles for 13 yuan ($2); a "handsome" southern entrepreneur who employs 200 people in a factory making electric toothbrushes; and a raspy farmer from the snowy north-east whose clever son uses a drone to spray the crops. All three were, the rap maintains, eager to discover what Mr Li's report had in store for them.

China's farmers in the north-east and elsewhere will draw comfort from the report's emphasis on food security. That concern has been intensified by the pandemic, last year's floods, which delayed the planting of wheat, and now the war between Russia and Ukraine, which otherwise passed unmentioned in the report. (Soon after the war began, China dropped import barriers for Russian wheat.) "The Chinese people must hold their rice bowls firmly in their own hands," said Tang Renjian, the minister of agriculture.

Food is not the only thing China wants to keep a close grip on. The same emphasis on security extended to energy and industry. Mr Li promised to help leading firms play their role in "safeguarding the stability and security of industrial supply chains". That includes encouraging homegrown production of semiconductors. Huawei, for example, has invested in dozens of firms in the chipmaking supply chain, according to the *Wall Street Journal*, since America barred it from buying chips made with American equipment.

→ Also in this section

The government is also keen to avoid a repeat of last year's energy shortages. Mr Li did not announce a hard target for reducing the economy's energy intensity this year, noting merely that consumption per unit of GDP would be kept in line with the country's five-year plan. That may further delay China's decarbonisation efforts. Coal production is on the rise and the government says cleaner sources of energy must be in place before it decommissions dirtier plants (what it calls "establishing the new before abolishing the old").

Small businesses, whether they make noodles or toothbrushes, will also have found some solace in the report. Mr Li noted that the pandemic had "severely affected" firms in catering, hospitality, retail, tourism and passenger transport. He announced an unusually large cut in taxes and fees for smaller firms and manufacturing enterprises. Corporate income tax for smaller firms will be lowered to just 5% and value-added tax will be eased for many. In total, these cuts may amount to 2.5trn yuan or about 2% of China's expected GDP in 2021. This will "help strongly boost market confidence", Mr Li argued. ▸▸

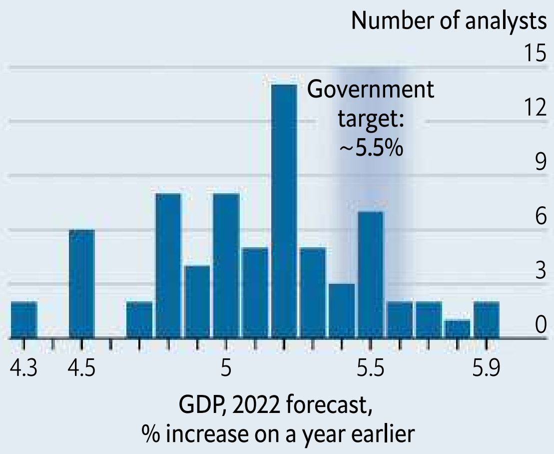
As well as cutting taxes, the government will increase spending, broadly measured, by 12.8%. It will embark on some of the 102 "mega-projects" outlined in the five-year plan, which can be unpacked, like a "matryoshka doll", into over 2,600 smaller projects, according to He Lifeng, the head of China's planning agency. It will also spend more on unglamorous but necessary social infrastructure, such as day-care centres. About 9.8trn yuan will be transferred to cash-strapped local governments, 18% more than last year. They will need all the help they can get to cope with China's property downturn, which has deprived them of revenue from land sales.

A big fiscal push will be necessary if the economy is to fulfil the government's growth target of "around 5.5%". That pace of growth would set the stage nicely for President Xi Jinping's confirmation for a third term as party chief late in the year. It is, however, higher than many private-sector forecasts (see chart). An expansionary budget is also hard to square with Mr Li's insistence on fiscal prudence. He said the budget deficit this year would narrow to only 2.8% of GDP, from 3.2% last year.

That number is, however, misleading. Much of this year's additional spending will be undertaken by government "funds" that are not included in the headline budget figures. Local governments will also tap money raised in 2021 that was not spent before the year's end. And state coffers will benefit from 1.65trn yuan of "surplus profits" handed over by state-owned financial institutions and state monopolies, such as China Tobacco, which have not paid dividends to the government since the pandemic struck. (Wei He of Gavekal Dragonomics, a consultancy in Beijing, calls it a "special fiscal operation".) The largest contributor to this windfall is the central bank, which will transfer to the government about 1trn yuan of profits it has earned on its foreign-exchange reserves. As another rapper once put it, "Money trees is the perfect place for shade." ■

A tad optimistic

China, GDP growth forecasts, 2022*



Source: Bloomberg

*Forecasts made Feb 24th-Mar 3rd 2022

Support for Ukraine

Brave voices

Despite abuse from fellow netizens, some Chinese dare to criticise Russia

It is impossible to acquire a mass following on Weibo, China's Twitter-like service, while being politically careless. A post that annoys the government can result in an account's sudden closure and with it painful severance from millions of fans. Take Jin Xing, a transgender dancer who was once a colonel in an army entertainment troupe. She had been keeping her page updated with news of her travels in Europe when she took a risk that plunged her into digital darkness.

On March 1st Ms Jin published a post on Weibo that referred to two of the platform's hottest topics: Vladimir Putin's invasion of Ukraine and the story of a woman in eastern China who had been sold into marriage and was found in chains in a shed. "The most horrifying things of 2022 have been a Chinese woman with an iron chain around her neck saying this world doesn't want me," Ms Jin wrote to her more than 13m followers. "The other is a Russian madman saying if you don't want me to continue as president, I don't want this world."

Ms Jin's post was quickly deleted. She sent another saying Weibo had removed it. That was her last. Her account now carries a message at the top: "For violating relevant laws and regulations, this user is now in a state of being forbidden to speak." But comments are still possible. Netizens have dived into a post showing a picture of her German mother-in-law's home. Some have expressed support for Ms Jin. "Brave person," said one. Others have hurled insults, laced with transphobia.

In online debate in China about the war, by far the most common voices are of anti-Western backers of Mr Putin (contempt for the West is rife in China's offline world, too). Their cheers for Russia are amplified by censors whose eagle eyes and algorithms help to suppress other views. On politically sensitive topics, many dissenters do not even try to speak, fearful of being kicked off social media, vilified by trolls or confronted (in person) by the police.

But some supporters of Ukraine have piped up. Freeweibo, a website outside China that automatically publishes censored posts from selected Weibo accounts, shows that some users with many thousands of followers have posted pro-Ukraine messages. Five academics—one in Hong Kong and the others from prestigious mainland universities—published an open letter on WeChat, a messaging service, denouncing the invasion. "Ukraine's wounds have hurt us deeply," they wrote. The trolls fired back, calling them "traitors" and America's "running dogs". Censors swiftly deleted the letter.

Some anti-Russia posts dig at the nationalists by reminding them of land that was wrested from Chinese control by Russia in the 19th century, and to which China has not pursued claims. The territory includes the city of Vladivostok. "A bunch of people spread information about the history of Ukraine," wrote one user on Weibo. "But if you try searching for Vladivostok on Weibo you can't find much of anything."

The government stops short of echoing the nationalists' full-throated support of the invasion. But at a press conference on March 7th, China's foreign minister, Wang Yi, said his country's ties with Russia were "rock solid". In a clear reference to America and NATO, he accused a "major country" of stoking "bloc confrontation".

Most netizens brimmed with delight at his eloquence (and praised his "handsome" appearance—Mr Wang is popular among "little pinks", as young nationalists are commonly called in China). But among more than 2,000 comments on the event that were posted on state television's Weibo account, there was barely a mention of Ukraine. That, no doubt, is just as the government would like it. ■

Covid-19

Redefining zero

China's scientists are looking for a way out of the zero-covid policy

Not since the early days of the pandemic has China seen so many new, locally transmitted cases of covid-19. More than 400 were reported on March 9th (counting only those that were symptomatic). Clusters have been found in most of China's provinces (see map on next page). A surge of this size would not trouble most countries. Indeed, many are learning to live with the virus. But in China the new cases are testing the government's "zero-covid" strategy, which uses mass testing and lockdowns to crush any hint of an outbreak.

Many foreign experts are questioning the strategy. Can it work, they ask, against the highly transmissible Omicron variant? Michael Osterholm, an American epidemiologist, calls Omicron unstoppable. In January he co-wrote an op-ed warning that China had set itself up for disaster. Its vaccines offer limited protection against Omicron, relatively few people have natural immunity and China's health system is not equipped to handle a large wave. Hong Kong is a harbinger of what will come if China does not change tack, says Dr Osterholm. Omicron has overwhelmed the city, where hundreds of mostly unvaccinated and old people are dying each day.

It is one thing for foreigners to call for change, but lately China's doctors and epidemiologists have also hinted that a new approach is needed. Though they continue to swear by the zero-covid policy in public, they are quietly changing what "zero" means. Since late last year Liang Wannian, a top Chinese epidemiologist, has been telling state media that China's new "dynamic zero" policy does not mean zero infections and that the most stringent measures will not last forever. The policy means having zero tolerance for slow responses to outbreaks, he says.

Learning to coexist

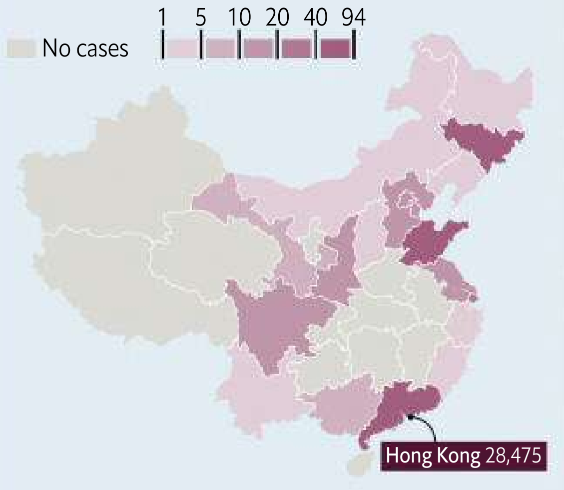
The long-term goal is to live with the virus, wrote Zeng Guang, the former chief scientist of the Chinese Centre for Disease Control and Prevention, on Weibo, China's version of Twitter, last month. He said a "Chinese roadmap to coexistence with the virus" would soon be revealed. For such a strategy to work, China would have to produce better MRNA vaccines of its own, or end its apparently political refusal to authorise effective, foreign-made jabs. Improved treatments would also help. And the government would have to worry less about mild infections. That is broadly in line with the change in mindset suggested by Zhang Wenhong, a respected doctor who runs Shanghai's covid response. Officials should be more precise, more scientific, striking a balance between preventing virus resurgence and protecting the economy, he wrote on Weibo.

The politics of all this are complicated. China has taken great pride in its covid strategy, which has seen it do better, in terms both of avoiding deaths and of preserving economic growth, than any other large country. Politicians may be loth to ease restrictions in the months leading up to an all-important Communist Party meeting later this year, when President Xi Jinping is expected to extend his rule. In Shanghai even the contacts of contacts of those infected are being made to quarantine for two weeks. That is not a wise use of medical resources. But it is in line with Mr Xi's orders to guard against "a large-scale epidemic rebound".

Dr Zeng's post about the Chinese road map to coexistence has disappeared. But there are indications that attitudes towards covid are changing in the country.

A growing worry

China, daily new covid-19 cases, March 8th 2022



Source: Johns Hopkins University CSSE

Last summer Dr Zhang was attacked online by nationalists when he wrote that China would eventually have to live with the virus. They accused him of pandering to Western ideas and wanting to see people die. His latest post, though, drew many supportive comments. Scholars in touch with Chinese scientists say some are writing internal advisories on how the country could safely drop the zero-covid policy. Ultimately politicians will decide if and when a change is needed. Omicron may force their hand. ■

Food in China

About face

BEIJING

China is clamping down on waste

NO BANQUET IN China is complete without the host loudly calling for more food, even when it is clear that no one can eat another bite. Whether at business meals or family gatherings, to leave a clean plate is to imply that the host provided too little. Cultural issues of "face" also lead to big servings: everyone wants to be more generous than their neighbour. Now, though, these deep-rooted norms are being challenged from the top.

Soon after he came to power in 2013, China's president, Xi Jinping, recounted his own experience of hunger during China's Great Famine of 1959-61. Even at his elite boarding school, dinner meant only soup. He also spoke of lean times during the Cultural Revolution from 1966-76, when he went months without "knowing the taste of meat". Such hardship bred frugal habits in people of his generation.

But after 40 years of economic reform, China is now the land of plenty—and the land of waste. Precise measurement is hard and estimates vary widely. Speaking at a conference in 2020, Chen Shaofeng, an expert at the Chinese Academy of Sciences, reckoned that the country's net annual food loss comprised around a third of the world's total. A study published last year in *Nature*, a leading scientific journal, said it amounted to 350m tonnes (though it said that accounted for just over a quarter of the world's total). Even at the lower range of the estimates, waste in the food-service industry (meaning restaurants, canteens and dining halls) would amount to 17m-18m tonnes annually, enough to feed tens of millions of people.

In 2020 Mr Xi called China's food-waste problem "shocking and distressing", framing it in terms of food security. A year later his government enacted an "anti-food waste" law. It is a mish-mash of worthy edicts, such as rules on grain storage, and wacky ones, such as a ban on streaming *mukbang* (binge-eating performances), a phenomenon that originated in South Korea. Violators may be fined as much as 100,000 yuan ($15,800) and slapped with administrative punishments.

Much of the law is designed to cajole the public into better habits, such as ordering "in moderation" and eating "in a civilised and healthy" way, particularly at special occasions. A survey by government researchers reported in 2020 that around 40% of the food served at wedding banquets, business meals and social dinners was wasted. The banqueting culture displays "a bad atmosphere of ostentatiousness, lavishness, and concern for face", said the *People's Daily*, the official organ of the Communist Party.

Mr Xi and other officials have started promoting what they call "clean plate" behaviour. The new law calls on restaurants to make it easier for guests to take leftovers home. It gives businesses cover to hit wasteful diners with extra charges or reward frugal ones, for example with discounts or parking vouchers.

Among the first to fall foul of the law, just weeks after it took effect, was a popular streaming service called iQiyi. One of its talent shows encouraged fans to vote for their favourite performers using codes printed inside the bottle caps of a milk drink. This led to an outcry over those who, in pursuit of the caps, bought and dumped the drink in large quantities. The show was ordered to stop production.

While much of the public attention around the law has focused on getting consumers to waste less, efforts to improve practice among suppliers will be just as important. According to the study in *Nature*, half of China's food waste occurs not long after harvest, when it is first processed and stored. Food waste, the authors write, is a "farm-to-fork" problem. ■

Chaguan | Mr Xi places a bet on Russia

China's backing for Vladimir Putin's war is all about its contest with America

Chinese communist party elites can picture an endgame to the Ukraine war that suits China very well. In Beijing, scholars and high-ranking government advisers predict that today's shows of Western unity will fade sooner or later, as sanctions fail to break Russia and instead send energy prices soaring. In their telling the conflict will hasten America's decline and slow retreat from the world. A crumbling of American-led alliances will then usher in a new global order, involving spheres of influence dominated by a few, iron-willed autocracies, China chief among them.

As for liberal democracies that have taken the lead in writing global trade rules or defining universal values and human rights since the second world war, their sway is being ended by a form of majority rule, Chinese analysts boast. Western envoys in Beijing note that 141 countries voted to condemn Russia's invasion of Ukraine at the UN General Assembly. Chinese scholars retort that the 40 countries that abstained or backed Russia—among them China and India—account for most of the world's population.

The tricky part for China involves the war in Ukraine before that longed-for endgame. China hates to side with losers, and for now at least, Russia's president, Vladimir Putin, is not winning the fight that he picked in Ukraine. That is awkward for China's supreme leader, President Xi Jinping, who less than a month before the invasion signed a remarkable statement with Mr Putin on the margins of the Beijing Winter Olympics. In it China and Russia stood side-by-side in rejecting NATO expansion in Europe and American alliance-building in Asia. They agreed that the promotion of democracy is a Western plot.

In the diplomatic drawing rooms of Beijing, there is debate about whether Mr Putin told his host, Mr Xi, that he was going to launch a war with Ukraine less than three weeks after that agreement. A popular view is that Mr Xi knew that Russian forces were massing for a possible invasion—not least because China spies assiduously on Russia—but may have accepted assurances from Mr Putin that any war would be over in as little as a week. Envoys argue that neither the Russian nor the Chinese leader expected such resistance from Ukraine, such ineptitude from Russia's army, such unity from Europe nor such resolve from members of the NATO security alliance, including previously unthinkable deliveries of lethal aid from such conflict-avoiding powers as Germany. "They thought the West was decadent, and that Europe is a giant Disneyland where Chinese couples go on honeymoon," says a diplomat based in Beijing, in pithy summary. In a country with normal opposition politics, Mr Xi's mistakes would be dangerously ill-timed. In late 2022 he is expected to challenge long-standing norms and seek a third five-year term as supreme leader at the 20th Party Congress, the party's highest decision-making body.

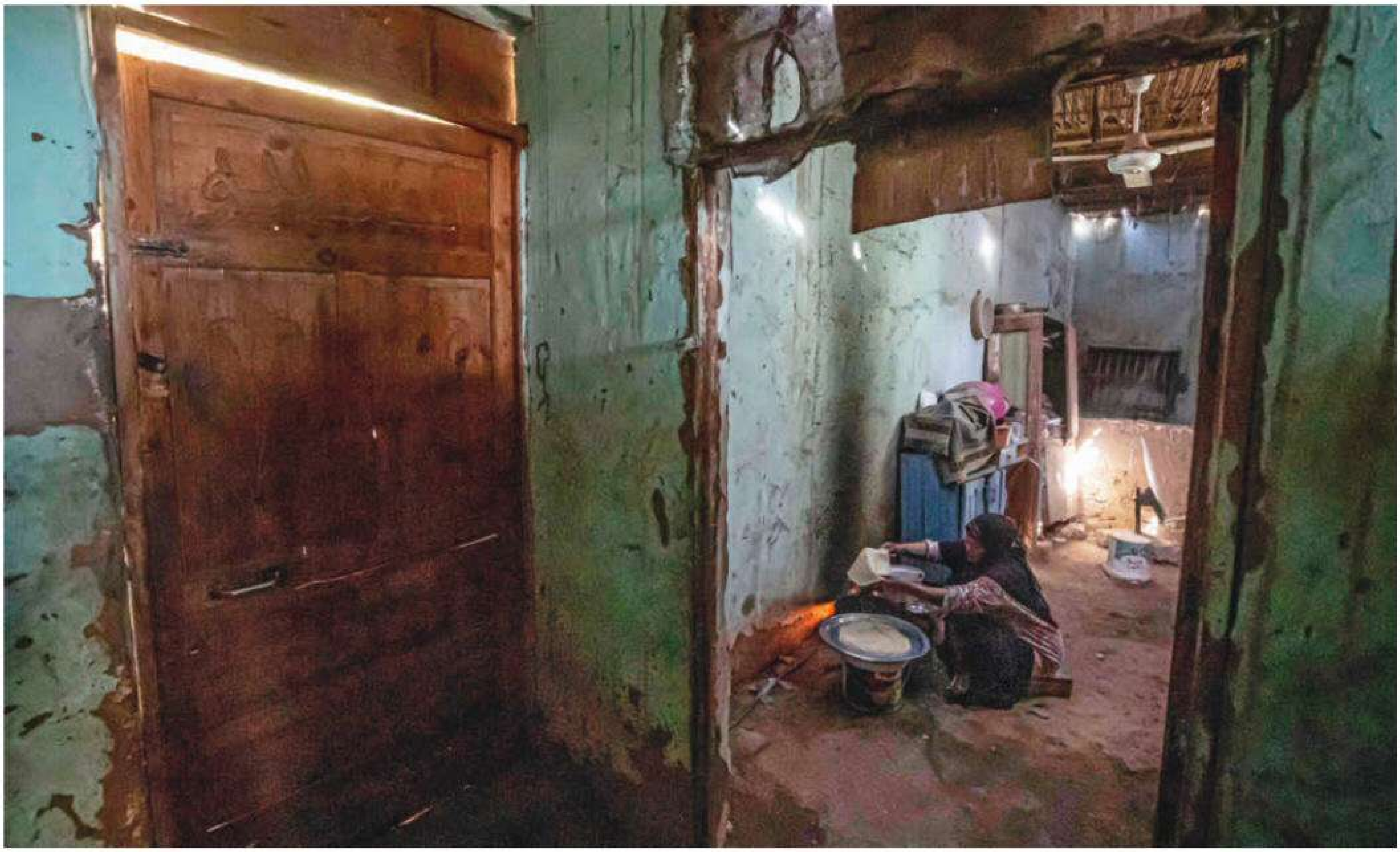
China's diplomats initially waffled about Ukraine. Russia's invasion tramples supposedly sacred Chinese principles about national sovereignty and territorial integrity. Heeding those principles, China declined to recognise Russia's annexation of bits of Georgia in 2008 and of Crimea in 2014. In 2022 China's diplomats took a day to adopt a stance of pro-Russian pseudo-neutrality, blaming America for cornering Russia by letting former Soviet satellite states into NATO. Some Europeans thought they heard China moderating its tone, and voiced hopes that China might mediate in Ukraine. Alas, with Mr Xi's prestige in play, China has little incentive to push Mr Putin to accept anything resembling defeat.

On March 7th Mr Xi redoubled his bet on Mr Putin. The foreign minister, Wang Yi, told journalists at the annual session of parliament that China's and Russia's "rock solid" friendship is a strategic partnership against American attempts to suppress China, and what is more brings peace and stability to the world. Mr Wang was delivering a message from Mr Xi, diplomats say. Scholars tell foreign contacts that China cannot debate the justness of Russia's war, because to defend Ukraine is to side with America.

Christoph Heusgen, chief foreign policy adviser to Germany's then-chancellor Angela Merkel from 2005 to 2017, has spent many hours in meetings with Mr Xi. Speaking from Germany, he recalls that China's policies became markedly more self-confident and assertive when the "forceful" Mr Xi became party chief in 2012, in contrast with his predecessor Hu Jintao, a cautious party bureaucrat. Still, he calls Mr Xi a calculated risk-taker. "The Chinese take a risk when they think they can get away with it," says Mr Heusgen, giving the example of China's crushing of democracy in Hong Kong, which ultimately generated limited international protests and sanctions, reflecting the economic importance of that financial centre. He contrasts China's loathing of foreign criticism with Russia's indifference when it is isolated at the UN.

For China, it is always about Chinese interests

To outsiders, it is obvious that embracing Mr Putin is harming China's reputation, especially when Chinese state media and foreign-ministry spokesmen repeat vicious Russian disinformation about Ukraine without blushing, while refusing to name Mr Putin as an aggressor. Mr Xi seems unperturbed. The dismaying explanation may be that he believes confrontation to be a prudent choice. China's leader has reportedly told officials calling for a cautious stance over Ukraine that they are deluded if they think that America will ever tolerate China's rise. In public Mr Xi likes to give his people the impression that China's rise is unstoppable. He told a consultative assembly on March 6th, "The contrast between governance in China and chaos in the West has grown more notable." If Mr Xi believes his own rhetoric and is sure that China will secure the might-is-right world order he seeks, then Ukraine's agonies matter less to China than might be supposed—as long as Chinese firms are not hit by sanctions on Russia, and trade ties with Europe remain intact. Such self-absorption is good for domestic morale. It is a perilous way to calculate risks. ■



The ripples of Putin's war

Bread and oil

ADDIS ABABA, DUBAI, JOHANNESBURG, PARIS AND RABAT

The invasion of Ukraine will hurt consumers in the Middle East and Africa

The last time Egypt raised bread prices, the Soviet Union was still intact. Since 1989 subsidised bakeries have offered 20 loaves of *aish baladi*, a glutinous pita that is a staple, for one Egyptian pound. Back then that sum was worth almost $1. Today it is worth about six cents, less than a tenth of what it costs to produce the bread.

The state spends 45bn pounds ($2.9bn) a year to make up the difference, more than half its total food-subsidy bill. No government has dared tinker with this costly arrangement. Bread is the main source of calories for millions of Arabs, and thus an explosive political issue.

Vladimir Putin's invasion of Ukraine, which has sent commodity prices surging, will cause widespread hardship. Pricey wheat will blow up budgets in the Middle East, perhaps forcing subsidy cuts that leave citizens hungry. In sub-Saharan Africa, higher oil prices will strain economies that are already creaking.

All this may lead to unrest. President Anwar Sadat tried to do away with Egypt's bread subsidy in 1977; he reversed his decision within days after riots that had to be quelled by the army. Ethiopia's revolution of 1974 followed an oil-price shock. Higher food prices in 2008 and 2009 helped set off the revolts of the Arab spring, and protests that led to the toppling of Omar al-Bashir in Sudan in 2019. In Rabat, Morocco's capital, riot police are already on the streets. "Bread price hikes have long been a trigger for riots in north Africa," says Amin Rboub, a Moroccan journalist. Many Arab and African governments have refused to express support for either side in the Russia-Ukraine conflict, arguing that it is not their war. They will feel its effects nonetheless.

Start with wheat, of which Russia and Ukraine are, respectively, the biggest and fifth-biggest exporters in the world. The war has halted shipments from the Black Sea. That is dire news for Egypt, the world's largest wheat buyer. It needs 21m tonnes a year to feed its 102m people but produces less than half of that. Russia and Ukraine provide 86% of its imports (see chart).

This year's budget assumed that imports would cost $255 a tonne. Prices on futures markets are already flirting with $400. That could add at least $1.5bn (0.4% of GDP) to Egypt's import bill. The price of unsubsidised bread has increased by 50% in some shops in recent days.

Abdel-Fattah al-Sisi, Egypt's authoritarian president, has never liked the bread subsidy. "It's unreasonable to sell 20 loaves of bread for the price of one cigarette," he said last year. Soaring prices would give him an excuse to try to change it. But he may not like the reaction. Almost one-third of Egyptians live below the paltry official poverty line of 857 pounds a month.

Many of Egypt's neighbours are in a similar bind. Fadhila Rabhi, the Tunisian trade minister, says subsidised baguettes that sell for 190 millimes (six cents) already cost 420 millimes to produce. The country has a budget deficit of around 9% of GDP and annual debt-service payments at around the same level. In Lebanon, mired since 2019 in a financial crisis, the price of a bag of flatbread had already increased by more than 400% in the two years before ▸▸

→ Also in this section

Sumptuary laws in Oman

The sultan's sartorial standards

The government promotes traditional dress to boost national pride—and tourism

ABDULLAH, AN ELEGANT young Omani, says he can tell instantly if someone has bought his *dishdasha* off the peg, since its cuff would not sit perfectly on the wrist. Like Oman's government, Abdullah is proud of his national dress, a white garment like a dress shirt that flows down to the ankle. Many Omani men also wrap their head with a turbaned, embroidered headscarf known as a *massar*. It is a fine sight. The sultan, Haitham bin Tariq al-Said, who ascended the throne two years ago on the death of his long-ruling cousin, Qaboos, intends to keep it that way.

The ministry of commerce recently laid out criteria for how *dishdashas* should look. They may not have a collar. They must be a single colour, generally white, though they may be embroidered around the cuffs, neckline and chest. Pale colours are the norm, though teenagers tend to flaunt bolder hues.

Under the new rules anyone caught wearing a deviant *dishdasha* may be fined up to 1,000 Omani riyals ($2,600). The government has weighed in on matters of apparel before. Last year it forbade businesses to put logos or trademarks on traditional clothing. In 2019, under the previous sultan, it required boys to wear the *dishdasha* at school.

Fines are unlikely to be rigorously enforced. Rainbow *dishdashas* are not flooding the streets. But the government's edict signals its determination to preserve Omani culture and foster a national identity. Between 2010 and 2017 the budget of the ministry of culture and heritage, which Sultan Haitham oversaw before he inherited the throne, doubled. The government will soon launch "Oman Across Ages", a massive museum that aims to instil a sense of pride among young, smartly accoutred Omanis.

Such moves may also boost tourism, a pillar of Oman's Vision 2040, a set of reforms meant to wean the country off oil. Oman is trying to promote itself as a torch-bearer of "the real Arabia", says James Worrall, an expert on the country at Leeds University in Britain. It wants to highlight the sultanate's natural beauty, long history and authenticity, compared with the flashy gimmickry of nearby Dubai. In 2020 the Omani ministry of heritage and culture merged with the ministry of tourism.

Abdullah backs the idea of fining dodgy dressers. If you muck around with the Omani *dishdasha*, it will "lose its original flavour". As a public-sector employee, he must wear a white *dishdasha* to work. It looks good, he notes approvingly, with almost any *massar*.

Slow fashion

the war. Lebanon's main grain silos were destroyed in an explosion at Beirut's port in 2020, leaving the country able to store only a month's worth of wheat.

A drop in maize shipments from Ukraine could hurt Egypt, which gets 26% of its imports from there. Because it is used for animal feed, higher maize prices will lead to more expensive meat in Egypt, as well as pricier maize porridge in southern Africa, where it is a staple. Ukraine is also the biggest exporter of sunflower oil. Soaring prices are spilling over into substitutes such as palm oil, which is popular in west Africa. In January the UN's vegetable-oil index touched its highest level ever. The manager of a cannery in Western Sahara says the costs of the sunflower oil and aluminium he needs to can sardines have risen by 40% in a week.

Across sub-Saharan Africa food makes up roughly 40% of the consumer-price basket. Food inflation, which had been running at about 9% a year in 2019-20, started ticking up a year ago to reach 11% in October because of rising transport, oil and fertiliser prices and disruptions to farming from the pandemic. The first to be hit by higher wheat prices will be the likes of Ghana and Kenya, where it accounts for about a third of cereal consumption, or Nigeria, where poorer urban families slurp a lot of instant noodles.

Higher food prices hurt the urban poor most of all, since they tend not to grow their own. This matters for political stability. Urbanites are more densely packed and closer to the seat of government than their rural cousins. So riots in cities can overthrow governments.

Rural folk might in theory benefit from higher food prices, since many of them sell food as well as eating it. Subsistence farmers are a higher share of the population in sub-Saharan Africa than in the Middle East, and not especially reliant on imports of food. Yet even they will be hurt by higher prices for fertiliser and transport. The cost of ammonia, a key input for fertiliser, had already shot up by 260% between December 2020 and December 2021, says Wandile Sihlobo of Stellenbosch University in South Africa. Reduced shipments from Russia and Belarus, both big exporters, will boost prices further.

Costlier crude oil is a mixed blessing for the Middle East. At current prices all the region's oil exporters, save Algeria, should be able to run both fiscal and current-account surpluses. Many Gulf governments have reduced fuel subsidies in recent years—motorists in the United Arab Emirates are paying 3.23 dirhams (88 cents) a litre this month, a record high—which will cushion the blow to state budgets.

The picture is worse in sub-Saharan Africa, where 38 of 45 countries are net oil importers. Higher prices will be a "very significant" negative shock, warns Abebe Aemro Selassie, who heads the IMF's Africa department. Even at the best of times most African countries struggle to export enough to be able to cover the cost of their imports. A thumping increase in the oil price will cause balance-of-payments trouble across the continent. Well before prices started rising, petrol already accounted for about 20% of imports in Kenya and Ghana.

Transport prices were already the biggest cause of headline inflation (which includes food and energy) in Kenya, Ghana and Rwanda last year. In Nigeria, where annual inflation is running at close to 15%, transport and food costs make up around

57% of the inflation index.

The few African countries that produce oil, such as Nigeria and Angola, stand to benefit. However, even they may do less well than hoped. Both countries subsidise petrol for consumers. Fuel subsidies could now cost the governments of Angola and Nigeria the equivalent of about 2% of GDP, up from an expected 1.4% in Angola and 0.8% last year in Nigeria.

Better news may come only in the medium term. Europe is on a desperate hunt for non-Russian oil and gas. Algeria, which has pipelines to Spain and Italy, is looking to take advantage. Other African producers hope to cash in by shipping more liquefied natural gas. The big prize would be European support for one of two mooted gas pipelines that could link Nigeria to Morocco and go on to Europe, or Nigeria to Algeria through the Sahara.

For years Arab autocrats have sought closer ties with Russia. Whereas America lectured them about human rights, Mr Putin urged strongmen to be strong. When he visited Cairo in 2015, for the first time in a decade, he gave a Kalashnikov to Mr Sisi, who in turn treated him to dinner at a restaurant overlooking the Nile (with plenty of bread on offer). Now those same autocrats face broken budgets and angry citizens—courtesy of Mr Putin. ■

Relations with Russia

Nostalgia and Kalashnikovs

ADDIS ABABA, DUBAI, JOHANNESBURG AND PARIS

Why Russia wins a degree of sympathy in Africa and the Middle East

IN 2019 VLADIMIR PUTIN welcomed 43 African leaders to the inaugural Russia-Africa summit, a higher turnout than Britain or France attracted to similar shindigs. At the bash in Sochi the Russian president lambasted the West for how it imposed "political or other conditions" on African countries, a reference to chiding about human rights. "We have a lot to offer to our African friends," said Mr Putin.

The summit stressed Russia's increasingly muscular approach to Africa. After Russia annexed Crimea in 2014 and the West imposed sanctions, it boosted efforts to sell arms, extract resources and prop up shaky regimes. Now that Russia is suffering far more sweeping sanctions, it may wish to redouble its activities on the continent. But do African governments think it still has enough to offer?

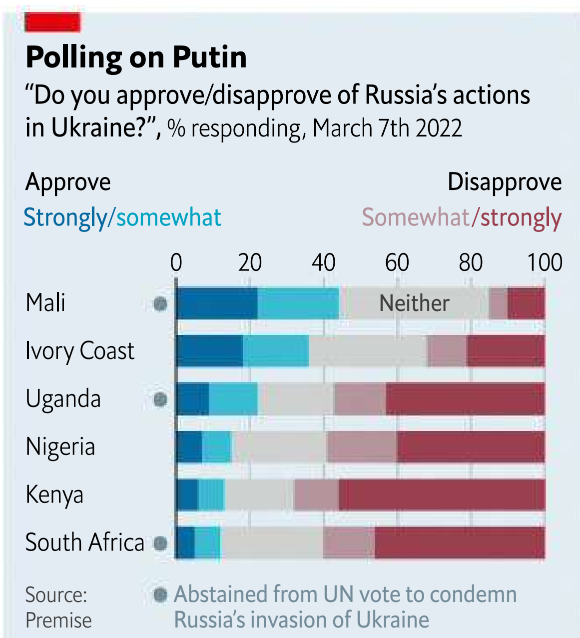
The vote on March 2nd at the UN General Assembly to condemn Russia's invasion of Ukraine suggests many are hedging their bets. Of the 54 African countries, 28

Mali's unflagging ardour

backed the motion but 17 abstained and eight were no-shows. Eritrea, a gulag state, joined Russia, Belarus, North Korea and Syria in voting against.

Whether these votes reflect ordinary Africans' views is unclear. Mobile-phone surveys carried out last week in six African states for *The Economist* by Premise, an American research firm, suggest that governments' ambivalence is reflected in public attitudes (see chart). In Kenya, Nigeria, South Africa and Uganda pluralities held Russia most responsible for the war. But in Mali and the Ivory Coast, NATO was most often cited as the guilty party.

The votes at the UN partly reflect historical ties between Russia and ruling parties, especially in southern Africa. Many of the region's elite studied in the Soviet Union; some have fond memories of their time there. The liberation parties that still run Angola, Mozambique (whose flag features a Kalashnikov), Namibia, South Africa and Zimbabwe saw the Soviet Union as an ally in their fight to end white rule, and



consider Russia to be its successor. All abstained, even though Ukraine was part of the Soviet Union, too.

This nostalgia goes hand-in-hand with latent anti-Western views. Murithi Mutiga of International Crisis Group, a Brussels-based think-tank, notes "resentment" in the Horn at "the way the US behaved in its unipolar moment". NATO's intervention in Libya in 2011, which ignored the African Union, angered leaders like Yoweri Museveni of Uganda (another abstainer). The subsequent chaos, which spilled over into the Sahel, alienated governments there.

But Africa's relations with Russia are mainly about self-interest, not history or ideology. This is acutely so for countries that rely on mercenaries from the Wagner Group, which is backed by Yevgeny Prigozhin, a chum of Mr Putin. There are an estimated 2,000 Wagner troops in the Central African Republic (CAR) keeping rebels from toppling President Faustin-Archange Touadéra, reportedly in exchange for gold and diamonds. He is too dependent on them to change tack.

The junta in charge of Mali since a coup last year has also turned to Wagner. About 800 guns-for-hire operate there, says Emmanuel Macron, France's president, who is withdrawing French forces partly because of the Russian arrivistes. European attention to the Sahel will further diminish because of the war in Ukraine, reckons Paul Stronski of the Carnegie Endowment for International Peace, another think-tank, leaving a "relatively open door" for Wagner. He adds that Russia will see the battle for influence in the Sahel as part of a wider contest against Western enemies—an echo of proxy conflicts during the Cold War.

Guinea is another African country unusually dependent on Russia. It is already a "collateral victim" of the war, laments

Kenya

Lamu, an island bubble

LAMU

A tourist haven fears jihad, drugs and modernity

Lounging on cushions in the prow of a sturdy wooden dhow as it glides in total silence through the mangrove-edged creeks opposite the island of Lamu, the spoilt Western visitor, freed from two years of covid-19 restraints, is lulled into thinking he is in paradise.

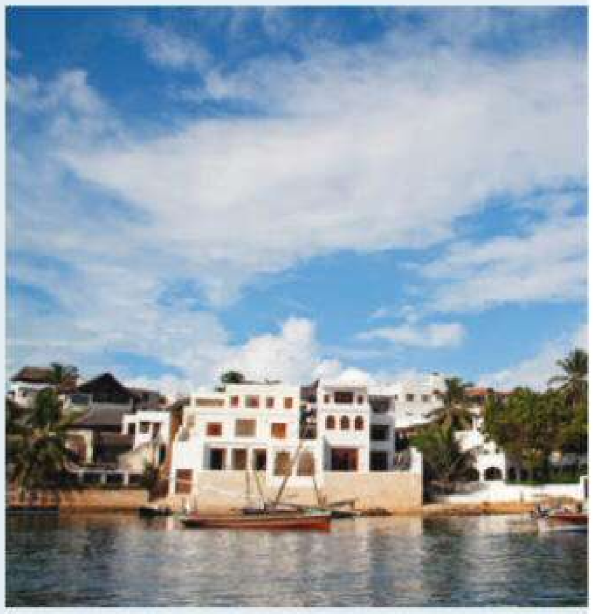
The breeze is balmy. The sea is turquoise. A blood-orange sun slips under the equatorial horizon. The sailors at the helm are muscular and friendly, deftly handling the slanting triangular sails as their forebears have done for the past thousand years. It is time for them to proffer a cocktail from the ice-box stowed below.

Lamu has served as a haven for tycoons and backpackers alike for decades, but never has it been so eagerly visited as in the past two years of global plague. Somehow the web of travel curbs has been widely circumvented. Local airlines and private planes have flown in droves to Manda, an island lying next to Lamu. Passengers are then carried by boat to an array of thatch-roofed villas and hotels dotting the coastline on either side of the channel of sea sloshing into the Indian Ocean. Set apart from the fancier villas, the old town of Lamu, famous for its carved Arabesque doorways, is a mesmerising labyrinth of alleys where cars are banned and donkeys hold sway.

Yet it is a bubble that the malevolent would love to burst. For the past few years the people of Lamu have been lapped by a wave of Afghan heroin that is smuggled in boats from Pakistan and Yemen for onward transport. Too many local youngsters have acquired a taste for it. Another threat is posed by the jihadists of al-Shabab, based up the coast in Somalia, only 100km (62 miles) as the fish-eagle flies. They have become more active. If you cross from Lamu to the mainland and head south by road, you must join a convoy; a curfew has been enforced at dusk. In January Kenya's interior minister declared Lamu county, which includes a chunk of the mainland, to be "a disturbed area".

Peace has prevailed on Lamu and Manda since two lethal kidnappings of Westerners in 2011 ruined tourism for a while. In 2014 al-Shabab massacred 47 non-Muslim Kenyans in an attack on a nearby mainland village. Two years ago the jihadists killed three Americans in a dawn attack on a discreet military camp across from Lamu island.

"They would love to have a go at tourists in Lamu itself," meaning the island, says a resident. But the locals, he reckons, would be quick to hand over anyone among them voicing pro-jihadist sentiment, because the economy depends so heavily on tourism. Another kidnapping could spell disaster. The beautiful bubble feels safe enough. Cross your fingers.



Just don't stray too far

Amadou Bah of Action Mines Guinée, an NGO. Rusal, a huge Russian aluminium producer with three mines in Guinea, has stopped operations at its refinery in Ukraine, which processes bauxite mined in Guinea. Its junta recently suspended an honorary consul from Ukraine, presumably to keep Mr Putin sweet.

On February 24th, as Russian tanks were rolling into Ukraine, Mohamed Hamdan Dagalo, a powerful Sudanese general known as Hemedti, was hobnobbing with Russian officials. Russia has long sought a military presence at Port Sudan on the Red Sea and reportedly buys smuggled gold from the country. But in the coming months Sudanese angry at high bread prices (see earlier article) may renew protests against their Russian-backed junta.

Russia has tried to extend its reach beyond a few rickety states. It is the biggest arms exporter to Africa. Its trade with the continent has increased since 2014, though it still accounts for just 2% of Africa's trade in goods with the rest of the world. Kremlin-linked firms have formed an Africa-focused trade association. A subsidiary of VEB (a bank under sanctions) has shares in Afreximbank, a development bank.

For most countries Russia is but one player among many. Like many African leaders, João Lourenço, Angola's president since 2017, has tried to build a "portfolio of foreign-policy interests", notes Ricardo Soares de Oliveira of Oxford University. Angola sells its oil to China, has an IMF programme and digs for diamonds with Alrosa, a Russian miner. "Historically we have relations with all these countries. I don't see it as a major issue," says an Angolan cabinet minister.

Ethiopia, which did not vote at the UN, is in a similar spot. Russia is its largest arms supplier. At the UN Russia has stymied efforts to constrain Ethiopia's government in a civil war against rebels from its northern region of Tigray. Gazprombank has shown interest in a project in Ethiopia's eastern Somali region. However, "I'm not convinced we need [Russia] more than the West," says an Ethiopian official.

The newly fickle Gulf

Self-interest and fence-sitting prevail in the Middle East, too. The United Arab Emirates (UAE) shocked America by abstaining in the UN Security Council on February 25th. The Arab League's statement on the war three days later did not even mention Russia. Though their governments voted in favour of the General Assembly motion, officials in Egypt and other Gulf states argue that this is not their war: they have no formal alliances with either side.

Oil is one reason. Saudi Arabia is keen to preserve OPEC+, an alliance of big producers of which it and Russia are the biggest. Weapons are another factor. Egypt is the region's second-biggest recipient of American military aid. But President Abd-el-Fattah al-Sisi has sought to diversify, including by buying Russian fighter jets.

Gulf states have relied on America for protection. But they now think its security umbrella has holes. Diplomats hope staying neutral on Ukraine will send a message to America. "If we can't count on you, you can't count on us," as one puts it.

Western governments are less likely to chastise African countries for abstaining. They know that all states have interests. "It's very unlikely that African countries will be forced to choose a side," says Folashadé Soulé, an academic also at Oxford.

But if Russian firms struggle to find dollars they will be less attractive to Africans. "I don't think the government of Sudan wants roubles," says a sanctions lawyer. Big energy or mining deals often involve ancillary Western firms, which may not want Russians involved, if only for reputational risk. If the West stops buying Russian hydrocarbons, that too could have knock-on effects on African buyers.

The next Russia-Africa summit is due later this year in Ethiopia. Its VIP list will show how many "African friends" Mr Putin still has. It may well be less than 43. ■

Poland and NATO

The frontline state

PRZEMYSL

Poland gets used to its new role as a strategic linchpin

Polish leaders have long pushed their partners in NATO and the EU to forge closer ties with Ukraine, warning of the risk of Russian aggression, only to be dismissed as paranoid. Russia's murderous and unprovoked invasion of Ukraine has proven them entirely right. Polish denunciations of Russia's imperial ambitions, which Americans and western Europeans once pooh-poohed as post-communist stress disorder, have now become standard NATO talking points. But it is not just Poland's view of Russia that is being taken more seriously; it is Poland's role in the world. In a matter of a few weeks, the country has become the linchpin of the Western effort to defend Ukraine and deter Russia, a task as important as it is dangerous.

Hundreds of Stinger missiles, Javelin anti-tank weapons and other munitions have already poured into Ukraine through Poland and Romania, part of America's $350m package to assist the besieged country. Poland itself has dispatched an ammunition convoy to Ukraine, and plans to send mortars, small drones and man-portable missile systems, known as MANPADS, from its own supplies. Weapons deliveries from other countries, including a €450m ($490m) consignment financed by the EU, are on the way, too. "The biggest share of military equipment, both lethal and non-lethal, will go through Poland," says Konrad Muzyka of Rochan Consulting, a military-analysis firm. "Like it or not," says Stanislaw Koziej, a former brigadier-general in Poland's army, "we are going to be the main link in the chain connecting Ukraine and the West."

Poland is nearer the eye of the storm than any other NATO member. It risks being drawn in further. For days the country mooted giving its MiG-29 fighter jets to Ukraine in exchange for F-16s from America. The Americans, who initially pushed the plan, balked when Poland asked to send the jets via an American airbase in Germany. On March 9th they backed out, saying transferring the jets risked escalation. Poland wants to do as much as possible, say officials in Warsaw, without being dragged into the war.

The crisis has also turned Poland, almost overnight, into the country with the second-largest refugee population in Europe. At least 2m people have escaped Ukraine since the start of the invasion, the most extensive and rapid movement of refugees in Europe's post-war history. Over 1.3m have reached Poland. The country has coped remarkably well with the influx. But its resources are stretched.

Poland was already home to Europe's largest Ukrainian diaspora, over a million strong, and so is an important recruiting ground for Ukraine's resistance. In the first ten days of the war, Polish border guards recorded 217,000 crossings into Ukraine. A large share were Ukrainians heading back home to fight. "Our people are waiting," says Aleksandr, who arrived at the border by bus from Estonia. "They're going to tell us what to do, give us ammunition and guns, and then we're off to work."

Poland's size, location and infrastruc- ▸▸

ture make it the West's most important gateway to Ukraine. The two countries share a 530km (330-mile) border, punctuated by over a dozen crossings. The airport in Rzeszow, about an hour's drive from the border, is the closest big airport to Ukraine on NATO territory. Flight radar data show an uptick in military aircraft, almost certainly involved in weapons deliveries, flying in and out of Rzeszow since the start of the war. Were Kyiv to fall to the Russians, which is still far from guaranteed, Ukrainian troops and volunteers would probably regroup in the west of the country, in or around Lviv, only 80km from the Polish border. This would further raise Poland's importance for Ukraine.

The war has already strengthened Poland's position in NATO. The alliance is increasing its presence in Poland dramatically. America had deployed nearly 5,000 new troops to Poland in February, even before the Russian invasion, bringing the total to some 9,000. It also recently approved the sale to Poland of 250 Abrams tanks.

Poland also hopes to reconcile with the rest of the EU. The bloc has repeatedly chided Poland's nationalist government for stacking its top court with cronies, threatening judges who rule against it and harassing the media. The stand-off prompted the EU to freeze €36bn in pandemic recovery funds earmarked for Poland and to fine it for ignoring rulings by the European Court of Justice. Poland has moved to meet some EU demands, and its efforts in the face of Russia's aggression may earn it a more sympathetic hearing.

But there are incalculable risks involved, too. Analysts say Russian retaliation of one kind or another against Poland is a near certainty. The longer the war lasts, the more desperate Russia will be to destroy the supply lines connecting Poland to Ukraine. "I'm afraid that Russian rocket attacks against those supply lines are something we have to take into account in the coming days and weeks," says Wojciech Kononczuk of the Centre for Eastern Studies, a think-tank in Warsaw. America clearly takes the possibility seriously: it is sending Patriot missile-defence batteries to Poland. Others mention the threat of Russian sabotage and cyberattacks inside Poland. A social-media monitoring group has already uncovered a Russian disinformation campaign intended to spread panic and drive up resentment towards refugees from Ukraine.

Vladimir Putin's threats against countries that interfere in Ukraine are not to be taken lightly. But for Poland and NATO, the only risk bigger than that of Russian retaliation is the risk of Western inaction. "There's no alternative, because we're in the same boat," says Mr Kononczuk. "The only difference is that Ukraine's in the front, and we're in the back." ■

Turkey's opposition

The compromise candidate

ANKARA

President Erdogan's mild-mannered presumptive challenger

KEMAL KILICDAROGLU, the leader of the social democratic Republican People's Party (CHP), Turkey's main opposition party, is bracing for the biggest showdown of his career. "Erdogan will do everything not to leave," he says at his party's headquarters, referring to the country's president, Recep Tayyip Erdogan, and the outlook for next year's elections. "He will pile on the pressure on the judiciary, he will try to silence the free media, and he will try to manipulate the election board," says Mr Kilicdaroglu. "But at the ballot box, we will teach him a lesson."

Mr Erdogan's opponents are closing ranks. On February 28th six opposition parties, including the CHP, signed a declaration outlining their plans to overhaul the presidential system, which gives Mr Erdogan unchecked powers, restore more power to parliament and shore up state institutions, starting with the courts and the central bank. The alliance has yet to announce its candidate for president. But there is every indication Mr Kilicdaroglu will run.

Mr Erdogan and his Justice and Development (AK) party have seldom looked as vulnerable. Inflation has surged to over 54%, the result of Mr Erdogan's misguided insistence on low interest rates. The currency, propped up since the start of the year by a deposit guarantee programme and costly central bank interventions, is again taking a battering, this time as a result of the war in Ukraine. Hopes of an economic recovery, which Mr Erdogan pinned on a calm summer and billions of dollars of tourism revenue, are being blown apart by Russian missiles in Ukraine.

The wave Mr Kilicdaroglu hopes to ride to the presidency swelled in 2019, when the CHP and its main partner, the IYI ("Good") party, prevailed over AK in five of Turkey's six largest cities, including Istanbul, in local elections. Mr Kilicdaroglu, who pieced together the opposition alliance, was a big part of the success.

Many opposition voters fear Mr Kilicdaroglu is the wrong candidate to take on Turkey's strongman, however. Of the three most plausible opposition candidates for the presidency, Mr Kilicdaroglu polls the worst against Mr Erdogan, though he still leads by a decent margin. In a country whose entire political culture needs a shake-up, the bespectacled former civil servant, though affable and sprightly at 73, is hardly a symbol of rejuvenation.

Still, Mr Kilicdaroglu has a number of redeeming qualities. One is the direction in which he has taken his party over the past decade, away from an obsession with secularism, and towards a more moderate, inclusive politics. The notable exception is his attitude towards the nearly 4m Syrian refugees living in Turkey, whom Mr Kilicdaroglu has repeatedly promised to send home. He says he would not force them to leave, but make it easier for them to return by rebuilding Syria.

Mr Kilicdaroglu's biggest strength may be the trust he enjoys among the rest of the opposition. The system Mr Erdogan foisted upon Turkey gives the president such broad powers that the risk of abusing them is considerable. Other opposition leaders feel more comfortable with Mr Kilicdaroglu at the wheel than anyone else (except, presumably, themselves), says Seren Selvin Korkmaz, head of the IstanPol Institute, a think-tank in Istanbul. The CHP's leader may indeed have the makings of a good president. But he still needs to prove that he is a good candidate. ■

No spring chicken, but a breath of fresh air

France's presidential race

Le Pen, again

Threats to her right

REIMS

The nationalist-populist hopes her third run is luckier

THIS IS THE heart of France's champagne country, but no vineyard or chateau is to be seen. Instead, a procession of a dozen shiny navy-blue buses pulls up outside an angular concrete convention centre on the outskirts of the cathedral city of Reims. One by one, they disgorge flag-waving supporters, who have travelled from across the country. On the side of each bus is a giant full-colour portrait of their champion, and just two words: Marine *présidente*.

Time was, leaders of the French far right moved about incognito. It is a measure of how far the nationalist-populist Marine Le Pen has become an accepted political figure that, ahead of the presidential election on April 10th and 24th, she advertises her travels and those of her fans. "She's a brave, respectful, honest woman, who has very French convictions and values," declares a pensioner, stepping off the bus from southern France for the day, as the gathering crowd breaks into a rendition of La Marseillaise. "She's the only option to save our country today."

With just a month to go before the two-round vote, this year's election is fast turning into a race to take on Mr Macron in the run-off. On March 9th *The Economist*'s forecasting model gave the sitting president a 99% probability of reaching the second round. Four candidates currently stand a chance of meeting him there, among them the centre-right Republicans' Valérie Pécresse, the far-right Eric Zemmour and the hard-left Jean-Luc Mélenchon. Currently, the most likely contender is Ms Le Pen.

Mr Macron roundly defeated Ms Le Pen in the run-off in 2017, patiently exposing her as ill-prepared in their televised debate. This time, off-stage ahead of her rally in Reims, Ms Le Pen comes across as a more poised and sharper figure, hardened perhaps by two previous presidential defeats. She insists on the "thorough" policy detail her teams have worked on, covering themes from energy to taxation, and no longer plans to ditch the euro, a past policy that proved unpopular.

The point of the buses is to show that Ms Le Pen is in touch with people on the ground. As she strides on stage in Reims later that day, before 4,000 supporters chanting "Marine! Marine!", the politician who grew up in a mansion outside Paris tries to show that she has lived like them too. After supplying red-meat promises to "save France" from foreign perils, she finishes with an unusually folksy tale: of her struggles as a single mother, her parents' divorce and the bomb attack she endured on her childhood home. "I understand suffering," she claims.

Ms Le Pen spews out plenty of nationalist rhetoric, vowing to end the legal right of families abroad to join immigrant relatives living in France and celebrating the country's "Christian culture". She still inspires loathing in some quarters; one campaign bus was stoned on its way to Reims. But she has spent years trying to purge her party of the jack-booted image it had under her father, Jean-Marie Le Pen, and make it more respectable. Her strategy is to appeal to blue-collar voters on both the right and the left, particularly in formerly Communist-voting parts of the rustbelt of northern France. Hence her emphasis on curbing the cost of living, which polls say is a much bigger worry than immigration. Among blue-collar voters, she is the most popular candidate.

Although Mr Zemmour's candidacy has dented Ms Le Pen's polling, it has also helped to make her politics appear less extreme. Mr Zemmour rails unabashedly against Islam; Ms Le Pen denounces not the religion but "Islamist ideology". Each has, until recently, praised Vladimir Putin. Mr Zemmour declared he was against even welcoming Ukrainian refugees—before back-pedalling after an outcry. Ms Le Pen has argued in favour.

Polls suggest that Mr Macron would still beat Ms Le Pen in a run-off, albeit by a narrower margin than in 2017. Yet there is more at stake for Ms Le Pen. Mr Zemmour's broader ambition is to "unite the right": to bring together the Republicans' socially conservative Catholic vote and Ms Le Pen's nationalist vote under a single banner. He has already stolen from her team. This week her niece, Marion Maréchal, defected to his camp. Ms Le Pen is fighting for her party's survival, convinced that Mr Zemmour's main aim is not to win but to finish her off, whatever the election result. ■

Propaganda in Hungary

Political boosters

Viktor Orban uses a state covid database as a campaign email list

CONSPIRACY BUGS have many theories about governments using covid measures to control people. In liberal democracies they tend to be twaddle. But in Hungary Viktor Orban's government really is using covid vaccination campaigns to manipulate its citizens—not with microchips or 5G, but with old-fashioned propaganda.

Mr Orban faces an election on April 3rd. In February, people who registered for jabs on the health ministry's website began receiving thinly disguised campaign emails for Fidesz, the ruling party. These stated that the government was wisely keeping Hungary out of the war in Ukraine, and that the opposition had proposed sending troops. (It has not.)

Recipients complained to the National Election Committee, which ruled that the emails were fine. They had been sent by the government's information bureau, which, after all, has a duty to inform people. An appeal to the supreme court (whose president was picked by Fidesz) fared slightly better. Notifying the public of the government's excellent policies was OK, it ruled, but denouncing the opposition was out of bounds.

The war creates a problem for Mr Orban. He is friendly with Vladimir Putin, whom he calls a "reliable partner". He opposes boycotting Russian oil and gas. The more Mr Putin bombs hospitals in Ukraine, the more Mr Orban is tarnished by association. Meanwhile, the emails show how he has blurred the separation of powers, using the state's tools to entrench Fidesz's control. "Government communications and Fidesz communications are completely inseparable," says Peter Kreko of Political Capital, a think-tank. The government puts up promotional posters bearing the motto "Forward, not back", which happens to be a Fidesz campaign slogan. Using a vaccination database as a campaign email list is just part of the game.

Charlemagne | A continent coping

Europe is helping refugees from Ukraine, but the road ahead will be long

SHE THOUGHT it might have been fireworks. But as Olga Nietsche looked out the window of her flat in Kyiv on the morning of February 24th, a rocket flew by and exploded not ten minutes' walk away. The 28-year-old checked her phone, brimming with messages not about her work as a translator but about the onset of war. Then days went by when nothing made sense. Friends in Russia—former friends, now—insisted to her that she was lying about there being a war at all. It wasn't long before she had to go. A mate with a car helped her get to Przemysl in Poland, normally a trip of several hours, now a days-long ordeal. It will take more trains to reach Berlin, where her mother lives. She carries only a few documents, a sleeping-bag and a change of clothes; her voice falters as she wonders what the male relatives she has left behind will face. For her part, all she wants is to sleep. It is a small luxury, but one she has not been afforded in what seems an eternity. Then, she says, she will volunteer to help other Ukrainians, using her language skills to help them get beyond the range of bombs, to reach the safety of European countries that are still at peace.

Ms Nietsche is part of what is likely to become the biggest surge of refugees in Europe since the second world war. Over 2m people have fled Ukraine since Russian troops marched in on February 24th. That figure will swell. Estimates, should the bloody campaign continue, vary from 5m to perhaps double that. Previous refugee flows, notably when over a million Syrians and others crossed the Mediterranean to Europe in 2015, ignited political squabbles that showed the EU at its worst. This time the bloc is displaying its best: a mix of generosity and pragmatism few might have guessed it was capable of.

More goodwill will be needed in coming weeks. In any conflict the first to flee are those who can: urban types like Ms Nietsche with passports, cars and credit cards. Those with friends or family in the thriving Ukrainian diaspora are especially likely to brave the journey, since they know they will have a couch to kip on when they arrive. Despite the huge numbers on the move, migration wonks are startled that facilities to process fleeing Ukrainians are merely filling up rather than overwhelmed. Ukrainians are booking Airbnbs en route to their relatives. Locals are helping in touching, imaginative ways. At Przemysl station, mothers found donated prams to replace those left behind. In Poland and beyond people are offering spare rooms or home-cooked meals.

Why such generosity now, when Europe has spent years discussing how to build fences to keep migrants out? Racism is surely a factor. Many Europeans feel more comfortable welcoming large numbers of Ukrainians than they do Syrians or Afghans. Another may be that today's refugees are largely women and children. (Ukrainian males of fighting age had to stay behind and fight.) Previous waves were largely of single men, whom the locals found more threatening. Finally, proximity matters. To those on the EU's eastern fringes, these refugees are neighbours. Europeans sympathise with them partly because the warmonger they are fleeing menaces the rest of Europe, too.

Poland, where most Ukrainian refugees have found their way, was already home to more than a million Ukrainians. Some had fled Russia's original foray into their country in 2014, though they were also attracted by plentiful jobs with higher pay. The two countries speak similar languages and share a tangled history. Even before the crisis, Ukrainians enjoyed visa-free travel to the EU. Unlike Afghans or Eritreans, they did not come on overloaded dinghies, via refugee camps. So the EU's decision to let them all stay for at least a year, no questions asked, was a relatively easy one. Ukrainian children can go to school; their parents can work. Europe's social safety-nets will catch them if they cannot.

But strains will appear. The countries that have taken in the most Ukrainians so far, notably Poland and Hungary, have in the past opposed shuffling migrants from one EU country to the next—because they did not want to take in Africans or Muslims. Not all the Ukrainians who first turned up in countries bordering Ukraine will stay there. Where they might go is anyone's guess; only Britain, now outside the EU, is putting up barriers. Politicians in host countries say Ukrainians will be eager to return home once peace is restored. But will they? The EU scheme to grant Ukrainians "temporary protection" status, unanimously approved on March 4th, was devised in the wake of the bloody break-up of Yugoslavia in the 1990s, when millions fled a series of wars. Harbouring them was initially intended as a short-term arrangement. But for many it became permanent: migrants integrated in their adopted countries, and stayed long after the wars ended.

A work of years

A population's consent to welcome migrants is a fragile thing. Will the goodwill endure if Ukrainian refugees are joined by large numbers of Russians escaping from Vladimir Putin's brutal regime? Would it survive a recession induced by sky-high energy prices, which the war has already caused? What if it were supplemented by a resurgence in arrivals from farther afield—if, for example, soaring food prices in the Middle East were to drive more migrants to chance the journey across the Mediterranean?

In 2015 Angela Merkel told Germany, "Wir schaffen das." (We can handle this.) Her successors across Europe should steel their electorates in the same way today. Already Ukrainians are starting to arrive who will need more help than Ms Nietsche. Since Ukrainian refugees are allowed to work, they will pay taxes. But their children will need schools, and this will require both money and planning. The net cost of giving refuge to Ukrainians is unknown, and will surely be dwarfed by the economic shocks of the war itself. But the time to start preparing is now, while sympathy is still fresh. These past weeks, a united Europe has shown its best face; but the work has barely begun. ■

London's recovery

No more manic Mondays

How covid-19 has changed Britain's capital—and commuting

Two years ago, on March 12th 2020, Boris Johnson solemnly told Britons that covid-19 was more dangerous than influenza, and that "many more families are going to lose loved ones before their time". A week later schools and restaurants were ordered to close. It was the beginning of a long, painful period for the country. For London, it was also an existential crisis.

Much of what had made the capital ever more appealing and successful—the crowding together of clever people, the excellent public-transport network, the restaurants and culture—was drastically curtailed. White-collar workers fell into a routine of Zoom calls and garden offices that kept them away from its centre. The flow of immigrants, upon whom London depends to keep its population growing, almost dried up. But it has recovered over the past few months by doing what great cities do.

The centre of the city remains subdued. The financial district, which was always deserted on weekends, is now quiet much of the time. Many finance and other professional-services workers have become "TWATS", going into the office on Tuesdays, Wednesdays and Thursdays, at most (see chart 1). "A very small percentage would be happy coming in five days a week," says Darren Burns of Morgan McKinley, a recruitment agency.

Combined with a slump in tourism, this working pattern has devastated shops and restaurants. The Centre for Cities, a think-tank, estimated in January that shops in central London had lost 47 weeks' worth of sales, more than those anywhere else. According to Visit England, in the two years to December 2021 London went from having the highest hotel-occupancy rate of any British region to the lowest. Tax data show that the number of Londoners employed in the hospitality sector has fallen by 10%. Elsewhere the number rose slightly (see chart 2 on next page).

But cities are adaptable, as Enrico Moretti, an economist at the University of California, Berkeley, told a gathering of Londoners on March 4th (via video link, of course). As long as they have lots of highly educated people, they can endure the collapse of even large industries. London proves his point. The number of payrolled jobs in London fell more than any other region in the first year of the pandemic, then grew more than anywhere else. In January it passed the pre-covid peak.

London specialises in industries such as the arts and hospitality that were wrecked by the pandemic. But it also specialises in legal services, health care and public administration, which have grown. Although the government boasts of moving civil servants to smaller towns, the number in the capital rose by more than 10,000 in the year to March 2021. The hurried hiring induced by Brexit has been a boon for London. The Department for International Trade, which was created in 2016, had 2,690 employees last March, all but 370 in London.

People continue to move to the capital. Rents for London homes fell early in the pandemic, largely because many landlords who had rented by the week to business ▸▸

travellers and tourists dumped their properties on the market. Rents have rebounded as the excess is mopped up. Zoopla, a listings service, says that the number of rental properties per estate agent has fallen from a peak of 30 in July 2020 to just 11—lower than before the pandemic.

Businesses have been less sure-footed. Mat Oakley of Savills, an estate agent, says that many firms are delaying decisions about location as they wait for working habits to settle into a pattern. But those that do move strongly favour Grade A offices—the most appealing kind. In a tight labour market firms must coax, rather than bully, their employees into work. Mr Oakley also believes that workers will be given more space, which will put a brake on office downsizing in response to home-working. They had gradually lost it over the years: in 2018 more than a third of offices in London and south-east England had densities higher than one worker per eight square metres, according to the British Council for Offices.

Coaxing employees back probably also means office jobs will remain concentrated in central London, near public-transport hubs, rather than dispersing to the suburbs. Simon Brown of CBRE, another estate agency, recalls that some people were predicting a decentralisation of offices as a result of the pandemic. "That is not how things have panned out," he says.

Mr Johnson's Conservative government has little time for London, a Labour-dominated city that it seems to have written off electorally. Its "levelling up" policies are all about boosting the Midlands and North, and largely overlook the deep poverty that remains in the capital. It has provided only short-term funding for Transport for London, which is struggling with a collapse in revenue from Tube fares, and only after dire warnings that without support, entire lines might have to close.

That neglect could yet harm the city. But one post-Brexit policy shift will favour London. In January 2021 Britain went from an immigration system that favours Europeans to a system that favours the global middle class. People may be allowed to settle if a British employer is prepared to pay them £25,600 ($33,600), or the going rate for their job in the country as a whole. Because London salaries are higher, many are likely to start there. The city used to be by far the most important gateway to Britain. It ought to reclaim that status. ■

Satellite internet

Failure to launch

Eighteen months after the government bailed it out, OneWeb is in trouble

In March 2020 OneWeb, a satellite-internet company, filed for bankruptcy after its biggest funder, SoftBank, a Japanese tech investor, declined to pump an extra $2bn into the firm. OneWeb emerged from bankruptcy in November 2020 clutching $1bn of fresh capital, including $500m from Britain's government for a 33% stake, reduced to 19% in later investment rounds. It planned to start selling internet access in Britain in late 2021 and elsewhere in 2022.

But OneWeb's timelines have often slipped. In 2018 Greg Wyler, its founder, was saying he planned to sell internet connectivity in some places in northern latitudes by the end of 2019. By the end of 2021 that still had not happened. A planned 2022 "global roll-out" already looked unlikely when, on March 2nd, Russia's space agency set new preconditions for OneWeb's planned launch from Baikonur, Russia's main spaceport. OneWeb had to guarantee that its satellites would not be used for military purposes. And the British government had to relinquish its stake.

Kwasi Kwarteng, Britain's business secretary, rejected the demand to sell up out of hand. On March 3rd OneWeb suspended launches from Baikonur. Its 36 satellites and the Russian rocket they are strapped to were wheeled back into a shed.

Until then, the task of putting OneWeb's satellites in orbit was going well. It had launched 428, of a planned 648, through a contract with Arianespace, a French firm that managed its Russian launches. But losing Russian launch capacity will set it back. Other sites are booked up. One firm that could offer some capacity, Elon Musk's SpaceX, has raced ahead building a competitor to OneWeb, launching more than 2,000 satellites. Its Starlink constellation offers services around the world.

More big-tech money will soon be in orbit. Kuiper, a subsidiary of Amazon started in 2019 by Jeff Bezos, then the firm's boss, says it will launch its first satellites this year. Mr Musk's constellation benefits from SpaceX's launch capability. Kuiper will be able to piggyback on the ground stations Amazon Web Services has built to relay signals between satellites, users and the rest of the internet. OneWeb must stand on its own.

The loss of launch capacity comes on top of other problems. A global semiconductor shortage means trouble in sourcing components it needs for ground stations. Its business model is to sell connectivity wholesale to other internet service providers, including BT in Britain and AT&T in America. But that means it must rely on those companies to install the equipment users need in order to connect to the satellite network. Starlink, by contrast, sells directly to consumers as well as wholesale.

OneWeb's unusual range of shareholders also risks muddling its incentives. When Britain left the European Union, it lost any say over Europe's Galileo navigation system. OneWeb is one of the firms vying to provide it with a replacement. And so British taxpayers find themselves with a stake in a satellite-internet company that is competing with firms backed by two of the world's richest tech barons, one of which controls the launch capability upon which OneWeb may soon depend.

The British government's growing tolerance for risky investments is part of a shift in philosophy towards prioritising ownership and control of strategic technology infrastructure. This has its merits. But bailing out a capital-intensive business with deep-pocketed competitors and a shaky business model always looked like too much risk for too little reward. ■

Going nowhere fast

Bagehot | Brexit: the sequel

The Conservatives' planned overhaul of human-rights law has the same flaws as leaving the EU

Russian oligarchs make good villains. They are rich, powerful and foreign, and their money is sometimes ill-gotten and pretty much always in-your-face. After Russia's invasion of Ukraine, MPs called for speedy sanctions against those of them who were close to Vladimir Putin. When this took longer than in other European countries, the Conservative government resorted to blaming another favourite bogeyman: human-rights legislation.

Crafty lawyers delaying sanctions provided the perfect ammunition for a government that was already set on overhauling Britain's human-rights regime. The government has proposed scrapping the Human Rights Act (HRA) and replacing it with a Bill of Rights. Britain would remain a member of the European Convention on Human Rights, which the act incorporates into British law. But judges would be encouraged to settle cases without referring to the convention, in the hope that this would make it easier to deport people, say, or stop forced marriages. For a glimpse of how this will work out, compare it to Britain's most recent attempt to alter its relationship with another pan-European institution: the European Union (EU).

Just as Conservative MPs spent decades campaigning to leave the EU, so too have they spent years moaning about the HRA. Binning it has been Tory policy since 2006. In both cases, tabloids inflamed sentiment. Stories of Brussels bureaucrats interfering in trivia such as the curvature of bananas were common. So too, when the HRA came into force in 2000, were tales of foreign criminals wriggling out of deportation. Outright fabrications were rare. Most of the stories contained a kernel of truth, making them harder to dismiss. Human rights do allow people who have done bad things to avoid deportation if it would ruin their children's lives. And obviously the world's biggest single market has rules on the sale of the world's second-most popular fruit.

In both cases, advantages were and are ignored. There was little credit to be gained in Tory circles by saying nice things about the EU. The HRA, for its part, had the misfortune to come into force as a Labour government was going through an enthusiastically illiberal phase, pledging to detain terrorist suspects without charge for months. It quickly gained the reputation of being a terrorists' charter. If the timing had been different, so too might have been its image. It was thanks to the HRA that the families of 96 football fans who died in the Hillsborough disaster in 1989 finally secured a proper inquest more than two decades later. It concluded that deaths earlier ruled accidental had in fact been unlawful.

Instead the HRA, like the EU, became a whipping boy. Government sources were quick to blame "human-rights law" for sluggishness in imposing sanctions on oligarchs; they did not explain how governments in the EU had moved more swiftly, despite being covered by the same convention. A lack of preparation for long-expected measures was a more likely culprit. Ministers used to hide behind EU law in a similar fashion. Inconvenient demands, such as to remove sales tax from heating bills, would be refused by citing EU law. Now such excuses are gone.

Critics of the HRA do have a point. So much nonsense is written about human-rights law that genuine concerns are dismissed. At the time of the HRA's introduction, newspapers—from tabloids to broadsheets—worried it would create a privacy law, for the entirely selfish reason that it would make snooping into people's lives harder. They were right. A thousand years of common law had not produced such a right in Britain; only after the introduction of the HRA did one evolve in successive court cases. Depending on your viewpoint, it is either a long-overdue correction of a disgraceful omission, or a lamentable invasion by an alien principle. Either way, it is a huge shift.

In both cases, however, fear of change to the status quo is overblown. Brexit was sometimes, absurdly, portrayed as the collapse of the Western alliance. Likewise, the convention is painted as a bulwark standing between "Weimar Britain" and the rise of tyranny. This rings hollow, since both Turkey, a borderline autocracy, and Russia, whose government murders its citizens and invades its neighbours, have signed. As Jonathan Sumption, a former supreme-court judge, has argued, the convention is most influential where it is least required, and ignored where it is most needed.

The proper question, in both cases, is whether change is worthwhile, or simply too much trouble for too little potential gain. Britain may have left the EU in 2020. But the Conservatives have barely used their hard-won regulatory freedom. The situation with human-rights reform is similar, as politicians struggle to say what Britain would do under a different human-rights regime that it cannot do now. In briefings, political advisers describe proposals reminiscent of the plots of a comic-book villain to deal with people crossing the Channel in small boats, from holding them in centres in Albania to deploying wave machines. Not just illegality impedes such plans; impracticality and immorality do, too.

Human rights, wronged

As with Brexit, plans to overhaul the HRA are a displacement activity. Why bother reducing a 60,000-strong backlog of court cases waiting to come to trial, or renovating Britain's crowded and unhealthy jails, when a minister can wave a new Bill of Rights? In the same way, Brexit was a distraction from Britain's real troubles, which include slow growth and gaping inequality between London and the regions—and were not caused by the EU.

If the government continues down this road, everyone will be unhappy. Human-rights campaigners and lawyers will be aggrieved that a functioning system has been ripped up without good reason. Meanwhile those who reject the very idea of such a convention will be dissatisfied by anything short of abolition. The final similarity between replacing the HRA and leaving the EU will be a result that disappoints both supporters and opponents. ■

Global business

The travelling-salesman problem

NEW YORK

American multinational companies grapple with a fracturing world

THE RUSH from Russia was unlike anything in recent memory. Within days of Vladimir Putin's invasion of Ukraine, American companies from Apple to ExxonMobil suspended their business in Russia or said they would abandon it. Companies with factories and other assets in the country are now mulling ways to fend off possible expropriation. American technology giants are embroiled in a battle over misinformation—Russian authorities blocked access to Facebook on March 4th and said they would jail or fine those spreading "fake" news about the war. A day later Visa and Mastercard said they would suspend all operations in Russia.

For companies, the Russia risks are extreme. They also point to a broader phenomenon. American multinational firms find themselves astride a fracturing world. Countries that once used commerce to ease relations with geostrategic competitors increasingly use tariffs and sanctions to undermine perceived adversaries. Politicians from Beijing to Brussels hope industrial policy will protect their economies from external pressure, be it a war, pandemic or geopolitical rivalry. Joe Biden, America's president, used his state-of-the-union speech on March 1st to extol the merits of protectionism. "Instead of relying on foreign supply chains," he intoned, "let's make it in America."

As the rules of global commerce change, America's biggest companies are changing, too. They are testing ways to minimise risks and benefit from industrial policy when they can. It is a treacherous endeavour. Since the start of the year the share prices of American firms focused on the domestic market have slumped by 5%, according to Goldman Sachs, a bank. American companies dependent on overseas revenue have seen theirs plunge by nearly three times as much.

Not long ago multinationals seemed spoiled for choice. The collapse of the Berlin Wall in 1989 heralded the entry of the Soviet bloc into the global trading system. On signing the North American Free Trade Agreement in 1993, Bill Clinton predicted an export boom for American business. China's entry to the World Trade Organisation in 2001 would, boosters said, help America Inc tap China's huge market and make the Communist Party less mercantilist. For American companies, the world was not just their oyster but a towering platter of *fruits de mer*.

Overseas markets remain essential to many American companies. In 2020 they supplied 28% of the revenue for companies in the S&P 500 index of America's biggest firms, according to Goldman Sachs. The technology industry is particularly outward facing, earning 58% of revenue abroad. Companies with higher exposure to foreign markets have outperformed the broader stockmarket over the past half-decade (see chart 1 on next page). Plenty of firms continue to chase opportunities far from home. Last year low interest rates and ample cash inspired American companies to spend \$506bn on foreign mergers and acquisitions, more than twice the sum in 2020 or 2019, according to Dealogic, a data firm. In the first nine months of 2021, the latest figures available, net foreign direct investment had already exceeded the annual total in 2020 (see chart 2). ▸▸

These new investments may do less to boost the bottom line than was the case in the past. In recent years foreign countries have contributed a declining share of corporate earnings, not just because domestic profits have soared but because foreign ones have stagnated. In the third quarter of 2021 all American companies (both listed and unlisted) earned 18% of their profits abroad, compared with 24% three years earlier (see chart 3).

Many factors influence a multinational company's performance abroad, including a country's recovery from the pandemic and the strength of the dollar. American firms are watching to see if governments advance a global minimum corporate tax—more than 40% of their foreign direct investment is held in tax havens. Most important, perhaps, geopolitical risks can no longer be ignored.

Start with Russia. Companies that have announced they will leave now face the difficult task of actually doing so. ExxonMobil has cautioned that it would be unsafe suddenly to abandon the oil project it operates in Russia's far east. Some bosses fear that Mr Putin will retaliate against Western companies by seizing their assets in Russia. American companies can restructure to hold their Russian business in a foreign jurisdiction, notes David Pinsky of Covington & Burling, a law firm. That may let them challenge any state takeover in international arbitration, rather than put themselves at the mercy of Russian courts. Some Western firms may worry that their exit could hurt ordinary Russians. The suspension of Visa and Mastercard payments has made it harder for those members of Russia's middle class who want to flee Mr Putin's regime to pay for tickets out of the country, for example.

Companies' problems in China, a more powerful autocracy, are less acute but more consequential in the long term. China's economy is roughly ten times the size of Russia's. Tariffs imposed by Donald Trump during his presidency remain in effect—and ineffective. *The Economist* estimates that more than $100bn in Chinese-made goods may have dodged American tariffs last year. Mr Biden has been slow to put forward a new strategy. He intends to announce a framework for strengthening economic ties with other countries in Asia. However, there is little support among Democrats or Republicans for a multilateral trade deal. For now, many firms find themselves playing by China's rules, both within the country and beyond it. They face state-backed giants that account for 27% of the world's top 500 companies by revenue, compared with 19% a decade ago.

Other countries with a history of economic nationalism are dusting off old ideas. India's prime minister, Narendra Modi, has echoed Mahatma Gandhi's calls for self-sufficiency and imposed tariffs to support local manufacturers. Mr Modi's government is designing an open-source platform for e-commerce, in part to challenge Amazon and Walmart's Flipkart. Mexico's government, led by Andrés Manuel López Obrador, has bailed out Pemex, the state-owned oil company. Last year an American energy firm, backed by KKR's private-equity barons, was closed at gunpoint by Mexican authorities.

Even many less nationalistic governments are getting back into the business of shoring up industries deemed crucial to national interests. South Korea, the EU and, with bipartisan backing, America itself want to support domestic production of semiconductors. America's Senate and House of Representatives have each passed a bill aimed at helping America compete globally. It brims with handouts for research, training and favoured industries (including over $50bn for chipmaking).

The new protectionism includes sticks as well as carrots. The bill passed by the House of Representatives would impose capital controls, authorising the commerce department to block American companies' investments in China. Europe's pursuit of "digital sovereignty" seeks to protect citizens' data, crack down on American tech firms and advance local competitors. Britain attracted one-fifth of American companies' foreign deals last year, to the dismay of some British politicians. In February Nvidia, an American chip-designer, abandoned a $40bn attempt to buy Arm, a Japanese-owned one based in Britain. American trustbusters feared the combined group's effect on competition; their British counterparts worried about national security.

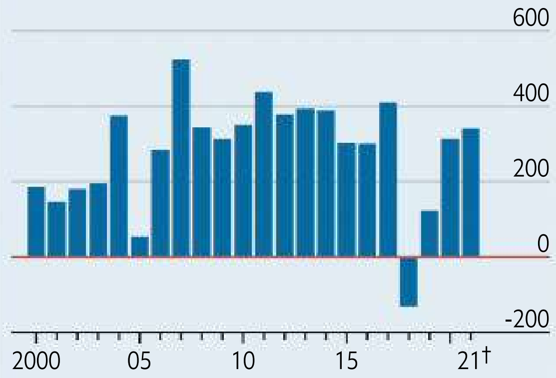
American companies are trying to adjust. To reduce reliance on China, companies are increasingly sourcing products and inputs from Taiwan, Thailand and Vietnam. The share of American imports from other low-cost Asian countries climbed from 12.6% in 2018 to 16.2% in 2020, according to Kearney, a consultancy. Orders of robots and other automated systems in America have surpassed their pre-pandemic peak, suggesting that manufacturers are using automation to lower production costs at home as a tight labour market raises wage costs. Last year General Motors followed Tesla's example and invested in a lithium project in California, to boost supply of a commodity essential to its electric-car strategy. American carmakers are both responding to and emulating China's state-backed firms, which have long valued security over mere efficiency.

Reconfiguring supply chains is, however, neither straightforward nor cheap. Few countries can match China's vast pools of skilled workers, notes Stewart Black of INSEAD, a business school, so American companies are loth to abandon it completely. Intel's boss, Pat Gelsinger, said in January that he was seeking "a duplicity of supply chains available across the globe". That includes manufacturing in rich countries with higher costs. "You need either redundancy or resiliency built into your systems," says David Kostin of Goldman Sachs. The alternative is to keep higher inventories, which makes for a less efficient use of working capital.

Companies would, of course, happily accept government largesse in exchange for investments. But handouts are not the ▸▸

Geopolitical stakes 2

United States, net acquisition of foreign-direct-investment assets*, $bn



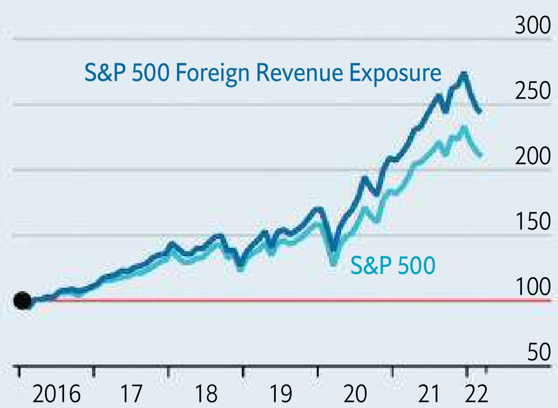
Source: Bureau of Economic Analysis

*Asset/liability basis †To Q3

Greener pastures? 1

United States, stockmarket indices

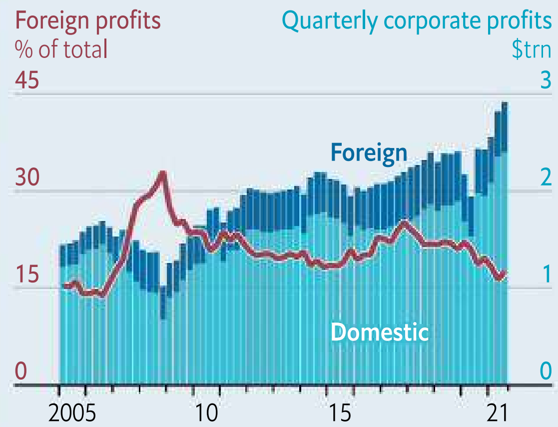
January 1st 2016=100



Source: Bloomberg

Home, sweet home 3

United States



Source: Bureau of Economic Analysis

only thing that determines investment decisions. And politicians are sending mixed signals. Mr Biden has highlighted the need to secure critical minerals, while doing little to help companies obtain them. Mr Gelsinger, a special guest of Mr Biden's at the state-of-the-union address, looked on awkwardly as the president said Intel would quintuple a planned investment in Ohio, to $100bn, if only Congress would authorise more subsidies.

Many European politicians likewise pair industrial ambition with a propensity to argue about it. In February the EU unveiled a plan to subsidise semiconductor manufacturing, but may not come up with the €43bn ($47bn) to do so, since much of the money would have to come from member states and the private sector. They are also making life harder for American firms—though not yet hard enough for the companies to up sticks. To comply with French rules for cloud-computing providers, for example, last year Google said it would form a joint venture with a local company. This year Google agreed to pay French publishers for publishing snippets of news. Amazon and Walmart are so far sticking it out in India's e-commerce market, despite continued lawsuits, shifting regulations and no profits.

China shows just how delicate this balancing act can get. Some companies manage it skilfully. Take Honeywell, an American conglomerate with a sprawling business in China. It continues to produce and sell avionics to Chinese customers, points out Mr Black, even though aviation is a sector in which China plans to promote domestic champions and become self-reliant. Specialising in complex technology that serves China's broader goals helps: Honeywell provides navigation systems for the COMAC C919, a narrow-body jetliner that China hopes will compete against the Airbus A320 and the Boeing 737.

Businesses less adroit at the high-wire become contortionists instead. In Russia most American tech firms have beaten only a partial retreat. To abide by Chinese cyber-security laws, Apple stores and shares iPhone users' data with a state-backed company. Since 2018 American firms have all but stopped challenging patent infringement in Chinese courts, according to cases tracked by Rouse, a consultancy specialising in intellectual property. That is not because infringement has stopped, reckons Doug Clark of Rouse. Rather, heightened tension may have made American firms wary of retaliation. In China, says Jue Wang of Bain, another consultancy, firms are mapping out ways to respond to geopolitical risks or intensified support for state champions. As the 1990s dream of a single integrated global market shatters, firms in America, and everywhere else, face a brutal adjustment. ■

The airline-industrial complex

Flight risk

Sanctions will hurt Western aviation firms. They will devastate Aeroflot

As Vladimir Putin's troops continued to lay waste to Ukraine on March 5th, Russia's president surrounded himself with bouquet-wielding young women training as cabin crew for Aeroflot, the state-controlled airline. Aviation is vital for connecting the vast country. The uneasy grins on the faces of the ladies to whom he explained that Western sanctions were an act of war hinted that they understood the implications for their long-term career prospects. The same day that Mr Putin met its trainees, Aeroflot suspended all its international flights. By then the carrier had few places to fly. Britain was the first to ban Russian planes in reaction to the invasion of Ukraine. They are now also barred from skies above America, Canada, the EU and several other places. Western carriers, meanwhile, are no longer welcome in Russia airspace.

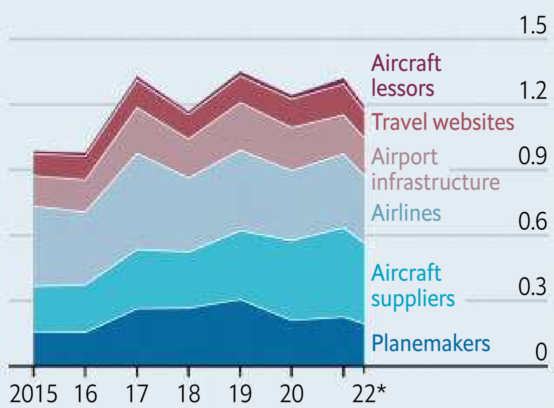
Anti-aircraft warfare

The direct impact on non-Russian airlines is "no big deal", says Keith McMullan of Aviation Strategy, a consultancy. Flights to Mr Putin's realm are a sliver of business for the world's large airline groups. The closure of Russian airspace is an inconvenience for European ones serving north-east Asia, which will have to divert flights to more southerly routes, adding up to two hours to flying time to Beijing. But with China still in lockdown such flights are not as numerous as before. It is the knock-on effects of Russia's invasion that investors in the global airline-industrial complex worry about. Rather than continue their rebound as covid clouds clear, airlines, airport operators, travel websites, planemakers, other suppliers and aircraft lessors have lost nearly $120bn in combined market value so far this year (see chart).

Bear in mind

Worldwide commercial aviation

Selected sectors, market capitalisation, $trn



Sources: Bloomberg; *The Economist* *March 9th

The most immediate problem is the surge in oil prices (see Finance & economics section). The cost of crude, already near a 14-year high, surged again on March 8th after America announced a ban on imports from Russia, the world's third-biggest producer. IATA, an industry body, forecast in October that airlines' fuel bill in 2022 would hit $132bn, accounting for nearly 20% of operating expenses, with a barrel of Brent at $67. It now costs nearly twice as much. Airline shares have lost around 15% of their value in the past two weeks. Those carriers that do not hedge fuel costs were hit hardest; some have already added surcharges on tickets.

Other Western measures will also take a toll. America and the EU have targeted Russian aviation by banning the sale or purchase of planes and parts, financing and technical assistance. Britain joined in on March 9th. Russia is not a huge market for the world's planemaking duopoly of Airbus and Boeing. Only 62 jets out of the their combined order book of 12,000 are destined for the country. But even a relatively small knock is unwelcome as the industry tries to lift itself up after two years of covid-19 upheaval.

Moreover, the planemakers may, like other Western businesses, feel the need to distance themselves from Russia in other ways. Boeing has already ended a contract to acquire Russian titanium for its planes; finding alternative supplies may be a problem given that Russia is the metal's third-biggest producer. Russia's big role in other commodities markets, from nickel to palladium, may also ripple through aerospace supply chains.

Another collateral victim of Russia's aggression, and the West's response to it, is the aircraft-leasing industry. Around half of Russia's fleet is owned by non-Russian lessors. Those 500 or so planes are valued at some $10bn, according to IBA, a consultancy. To comply with Western sanctions, such leases must be terminated by March 28th. After that, in theory, Russian airlines must return the jets to their owners. Repossession is, however, made considerably harder by the closure of Russian airspace and the difficulty of getting the repo men into Russia. The fact that no planes are leaving the country hints at a possibility of expropriation.

As with planemakers, the lessors' business with Russia is not huge. AerCap, the world's biggest such firm with the highest exposure to Russia, leases 5% of its fleet by value to Russian carriers. And although Mr Putin may force state-run Aeroflot to deny Western lessors their planes, private carriers may prefer to hand theirs back, lest they be frozen out of aircraft financing for ▸▸

years after the crisis abates. In any case, leasing firms insist they are insured against this type of loss. Investors are not so sure. AerCap's share price dropped by nearly a third in the week after the sanctions were announced (though they have rebounded a bit since).

All these problems, though real, pale in comparison with the woes of Russia's airlines. Its vast domestic market, accounting for 4.5% of global demand, was one of the most resilient throughout the pandemic. Last year it exceeded pre-covid levels. Now Russian carriers are flying on borrowed time. Even if the lessors do not reclaim their aircraft, other sanctions prevent Western firms from providing parts or technical support. Two-thirds of planes in Russia come from Airbus and Boeing. The Sukhoi Superjet, a Russian-made regional jet, has a Western engine and avionics. Cannibalising, engineering or acquiring uncertified spares from dodgy third parties may work for a while but is unsustainable in the longer run.

Regular maintenance to accepted international standards may soon become impossible, too. So will insuring Russian planes, most of which are covered through Lloyd's of London, a marketplace for brokers and underwriters. Even booking and payment systems, mostly outsourced to Western technology firms, may no longer function. It is back to "spreadsheets and pencils", says Andrew Charlton of Aviation Advocacy, another consultancy. In just a few months Russian airlines could grind to a halt, says Mr McMullan. Before then passengers may have to board planes that have missed maintenance, are fitted with suspect spares and are uninsured. Many may opt for the train instead. ■

Bartleby Let's get physical

The return to the office means getting used to the presence of real-life colleagues

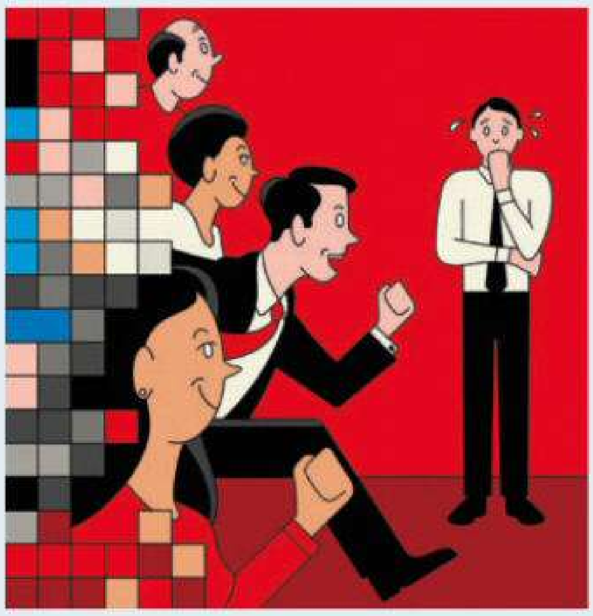
Two years ago this month the era of remote working abruptly began. As the first wave of covid-19 cases prompted lockdowns in the West, white-collar workers had to get used to new ways of conducting themselves. Unmuting was not yet a reflex movement, Zoom fatigue not yet a common affliction.

Now another era is getting under way. Unless a new variant of the virus again intervenes, more and more workers will go to the office for at least a portion of their working week. Guidance to work from home was lifted in Britain in January. American Express expects to see people back in its offices in America from March 15th; employees of Citigroup, Google and Apple have been given return dates of March 21st, April 4th and April 11th, respectively.

Another period of adjustment is unfolding, and not just to the novel demands of hybrid work (see article on next page). People also have to get used to the physical reality of once again being surrounded by three-dimensional colleagues—people who gaze, chatter, slurp, wheeze, clatter, rustle and fidget.

Some readjustments are clear: wearing trousers is a requirement, not a lifestyle choice. Others are less obvious. Making eye contact with someone else's actual eyes is a skill that needs to be relearned as the office fills up again. Too little, and you come across as uninterested. Too much, and you seem uncomfortably intense. A study in 2016 found that three seconds of mutual eye contact was about right for the average person (just don't count out loud).

Small talk is another lost skill. You do not have to politely nod and smile at people when working from home. Asking after the family is just weird when you are speaking to your spouse and



children. By contrast, a crowded office demands endless casual pleasantries, whether bumping into someone in the corridor and clustering at the coffee machine or holding doors open and waiting for the lift. There is a pay-off to platitudes: researchers from Rutgers University and the University of Exeter found in 2020 that small talk enhanced workers' sense of well-being and connectedness. But chatting about nothing requires practice, even for extroverts.

Meetings are entirely different in the offline world, in good ways and bad. The good includes greater spontaneity and the fact that no one freezes mid-speech, their face contorted into a hideous rictus. The bad is that many habits developed at home must quickly be unlearned upon returning to the office.

You cannot openly do other work: tapping away on a laptop while someone drones on is perfectly acceptable on Zoom, but not in the same room. You cannot magically disguise yourself from view by turning off a camera. Any eye-rolling you do will be seen; headbanging the table in exasperation will be noticed.

In theory you could ask all the attendees of a real-life meeting to come with you while you root around in a cupboard for a biscuit, but it is so much simpler to go foraging when you are Zooming. You cannot leave pointless meetings as easily in the office, either. In the virtual world, salvation is just a click and an insincere-apology-in-the-chat away; in the physical world you have to move chairs, mutter excuses and negotiate the door handle. Exit, pursued by a stare.

The realities of corporeal colleagues show up in other ways, too. Take seating. Rarely do you amble into your own living room to find Malcolm from marketing there. In newly crowded offices you will be competing with him to book a desk; worse, he may be your neighbour. Heating is another example. Women are more productive at temperatures warmer than those men prefer, but they are less likely to have control of the thermostat in the office than in their homes.

And this is to say nothing of the underlying concerns that drove people to vacate their offices in the first place—the infectiousness and virulence of covid-19. Company by company, new norms of physical interaction will emerge and change over the coming months. Handshake, fistbump or simple "hello"? Masks on, off or slung under the chin, ready to be deployed at a moment's notice? Socially distanced or just social?

The start of the hybrid era is good news. It means that the pandemic has moved into a new and less threatening phase. Companies can now try to blend the benefits of in-person interaction with the flexibility to work remotely that many employees crave. But the proximity of people will still take time to get used to again.

The future of the office

Work life in balance

Hybrid work was meant to be the best of both worlds. Is it?

After several false starts, office workers are returning to their desks—for good this time, employers hope. As covid-19 restrictions are scaled back, people must again get used to crowds (see Bartleby). Financial giants such Wells Fargo have joined Wall Street titans such as JPMorgan Chase and Morgan Stanley in urging people back to the office. The great return is afoot in big tech, too. Meta and Microsoft are asking employees to return by late March. Most big Silicon Valley campuses will be fuller from April. Many bosses share the sentiment of James Gorman, Morgan Stanley's chief executive: if you can eat out, you can come to the office.

For purveyors of remote-working tech, the gradual unwinding of the grand work-from-home experiment is already proving rough. Slack, a corporate-chat app owned by Salesforce, a software giant, projects slowing sales growth to 20% in the next quarter, year on year, down from 50% at the height of the pandemic. In February Zoom reported that growth had slowed globally, with revenues in Europe, the Middle East and Africa down by 9%, compared with a year earlier, and the number of its video-conferencing clients had declined relative to the previous quarter. Its market value has sunk as a result (see chart).

The return to the office will be no picnic for employers, either. Most are scrambling to figure out what the future of work will look like. For many, the most pressing question is: how hybrid will that future be? In the short run, almost certainly pretty hybrid. Apple is bringing staff back to the office one day a week to start. By May 23rd, the iPhone-maker will require them to come in three days a week. Citigroup, HSBC and Standard Chartered let their bankers work from home on some days.

That seems only natural. Combining office and home toil appeared to do wonders for work-life balance. And on the face of it, the past two years have shown that people can work well from anywhere, says Despina Katsikakis of Cushman & Wakefield, a property consultancy. Productivity, collaboration and focus seem to have held up.

The problem, says Ms Katsikakis, is that "all of the other elements are suffering." In one global survey of more than 600 company leaders and human-resources professionals, for example, more than 80% responded that hybrid set-ups were emotionally exhausting for employees. Many ringing endorsements of it made by bosses and workers in mid-2021 turned into deep reservations just a few months later. As more people return to the office, concerns about hybridisation are likely to become ever more acute. Rather than being the best of both worlds, is hybrid work really a rotten compromise?

The hybrid workplace is failing to live up to expectations in a number of ways. For one thing, it is no substitute for the buzz and the chatter of the pre-pandemic office. Many people hanker after the socialising, camaraderie and shared experience, even if getting used to it again may take time. Even small amounts of remote work can have a big impact on the frequency of face-to-face interactions in the office. By one estimate, spending an average of three days each week in the office can limit encounters between any two workers by 64% compared with pre-pandemic norms. The gap widens to 84% in potential interactions for those in the office two days a week.

As offices fill up, workers who turn up in person may therefore forge closer bonds with their teams and company leaders than remote ones. Proximity bias—the subconscious tendency to value and reward physical presence—may then disadvantage women, minorities and parents of young children, who are keener on home working than other groups.

A related drawback is the decline in casual encounters outside an employee's inner circle. In the 1970s Thomas Allen, a management scholar, discovered that communication between office workers dropped off exponentially with distance between their desks; those on separate floors or in separate buildings almost never spoke. A study of more than 60,000 employees at Microsoft, a tech giant, in the first half of 2020 showed that virtual workers, too, were less likely to connect with people they were not already close to.

Before the pandemic many companies were going to great lengths to overcome the "Allen curve" and engineer serendipity. Google, which credits spontaneous chats for products such as Gmail and Street View, designed its Silicon Valley headquarters to ensure that any one Googler could reach any other by walking no more than two and a half minutes. Bathrooms at the headquarters for Pixar, an animation studio co-founded by Steve Jobs, Apple's late boss, were located in the central atrium so that people from different teams would cross paths as they heeded nature's call.

Some managers have tried to boost connections in the hybrid world by scheduling more virtual meetings, sending more emails or firing off more instant messages. ▸▸


The architecture of workplace interaction

This, though, leaves workers feeling drained as a result of virtual overload. Video calls leave people feeling tired and uneasy. That, in turn, makes them likelier to avoid social interaction, without quite knowing why, according to researchers at Stanford University. (Possible reasons include excessive eye contact, which human brains associate with either conflict or mating; staring at yourself, which can lead to feelings of insecurity; or the difficulty of interpreting non-verbal cues on screen.) Electronic communication limits physical movement, which impairs cognitive performance. And constant chat notifications are a distraction.

Providers of virtual workspaces believe that these shortcomings can be fixed with better technology. Microsoft's Outlook platform now allows employers to tailor their employees' scheduling settings by inserting breaks between video calls and, the tech giant claims, helps bosses spot underlings at risk of burnout. It even offers a "virtual commute" for those hybrid workers who struggle to separate work and home life. Users are reminded to wrap up their tasks, prepare for the next day, log their emotions and unwind with Headspace, a meditation app. To make online communication more seamless and less exhausting, Zoom has launched a digital whiteboard, real-time automated translations and desk-phone software.

Not all employers are convinced. Some cannot reinstate pre-covid working patterns fast enough. Wall Street is the prime example. Blackstone, a private-equity firm, has asked key staff to return to the office full-time. Jamie Dimon, chief executive of JPMorgan Chase, has argued that remote working kills creativity, hurts new employees and slows down decision-making. Fears that forcing employees back to the office will drive them away may be overblown, bankers say. Mr Gorman has reported that Morgan Stanley received about 500,000 job applications last year despite its strict return-to-work policy.

Other companies are dealing with the pitfalls of hybridisation by going even more remote. Dropbox, a cloud-storage firm, is adopting a "virtual first" approach to avoid the problem of remote workers becoming second-class citizens (though it maintains collaborative physical spaces where workers can meet in person). Other technology companies, from Robinhood to Shopify and Spotify, have gone largely virtual for similar reasons.

Hybrid work's flaws notwithstanding, most companies will fall somewhere between those two extremes, hoping to strike a balance between the convenience of remote work and the camaraderie of the office. Some may even succeed. But in trying to win over both sides of the debate, many risk satisfying neither. ■

Women in the workplace

No-ceiling fans

More women climb up the corporate ladder. But more drop off it, too

Ceiling-shatterer-in-chief

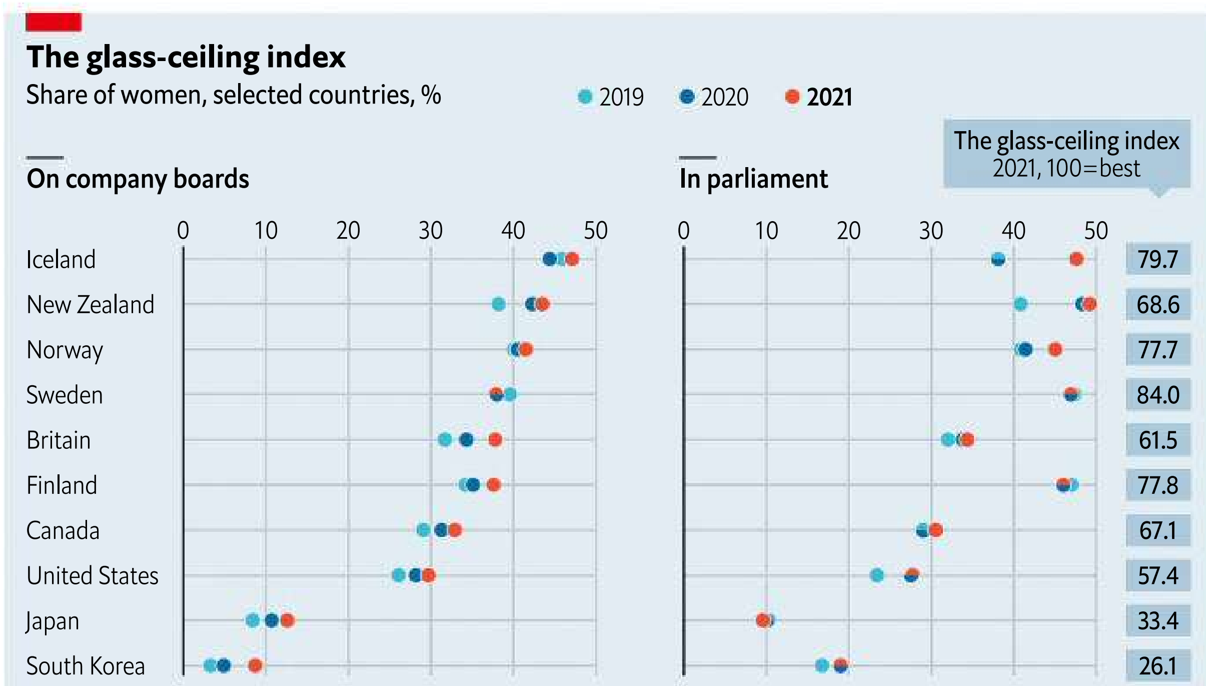
WOMEN IN BUSINESS have broken three records of late. The number of female bosses at the helm of *Fortune* 500 companies in America is at an all-time high of 41. In 2021 CVS Health, the country's fourth-biggest firm by revenue, became the largest to be run by a woman, Karen Lynch (pictured). And for the first time, two giant businesses—Walgreens Boots Alliance, another chemist, and TIAA, a financial-services firm—are run by black women.

In America and other well-off places businesswomen are making strides, according to *The Economist*'s glass-ceiling index, an annual snapshot of female empowerment. Their share of board seats is rising in most places (though it has dipped since 2019 in progressive Sweden). Female boardroom representation surged in the Netherlands and Germany after they introduced mandatory quotas. But laws aren't everything. The British government's voluntary targets have also boosted the share of women on the boards of FTSE 100 companies, from 12.5% a decade ago to nearly 40%. Investors who care about environmental, social and governance factors are increasingly pressing firms to treat male and female employees equally.

Still, businesswomen have a long way to go before they catch up with their male counterparts, especially in the upper reaches of corporate hierarchies, and in some respects trail their female colleagues in politics (see chart). Men still occupy more than two in three boardroom seats in America. In South Korea, they hog more than nine in ten. Women continue to earn less than their male colleagues (never mind that girls outperform boys at school across the OECD, a club of mostly rich countries). In America outcomes are worse still for women of colour, who make less than white women and are even more underrepresented in senior roles.

More troubling still, too many women are dropping off the corporate ladder altogether. Although remote work made it easier for some women to combine work with family chores (still performed mostly by mothers and wives), the pandemic has pushed a disproportionate number of them out of the workforce. Women's labour-force participation in OECD countries declined from 65% before covid-19 first hit to 63.8% a year later. Stymying female advancement may be yet another insidious consequence of the virus. ■

Explore the full glass-ceiling index at economist.com/glassceiling



Sources: European Institute for Gender Equality; Eurostat; MSCI ESG Research; GMAC; ILO; Inter-Parliamentary Union; OECD; national sources; *The Economist*

Schumpeter | It's not easy being an oligarch

What makes you a plutocrat can also bring you down

RUSSIA IS KNOWN for its trapeze artists. Few have mastered the art as well as Vladimir Potanin, Russia's richest businessman, a stocky 61-year-old with a fortune of about $23bn. Born into the Soviet *nomenklatura*, he survived the fall of communism and then played a role in designing Boris Yeltsin's "loans for shares" scheme, through which Russia's late president hoped to put the country's assets in private hands. Mr Potanin used this scheme to take ownership of natural resources. He is one of only a few Yeltsin-era oligarchs to have thrived under Vladimir Putin; the two are ice-hockey chums. He retains the biggest stake in Norilsk Nickel, one of the world's largest nickel and palladium producers, though for years he and fellow moguls squabbled over its ownership. Unlike other Kremlin-linked oligarchs, neither he nor his business is subject to Western sanctions levied after Russia invaded Ukraine. But the war has cost him. His wealth has fallen by about a quarter this year, even as the prices of nickel and palladium have soared.

Such is life for tycoons in an increasingly tyrannical world. It is one of the strange features of globalisation that autocracies, such as Russia and China, are breeding grounds for billionaires. For a while, Moscow minted more of them than any other city on Earth. Now three Chinese cities, Beijing, Shanghai and Shenzhen, outstrip liberal honeypots like New York. The collapse of the Soviet Union and the opening up of communist China have done as much to spur a new gilded age for the super-rich as all the technological wizardry of Silicon Valley. The early years of freewheeling capitalism in both Russia and China unleashed a shift in wealth—both from genuine enterprise and the transfer of public assets into private hands—perhaps unparalleled in human history.

And yet such fortunes can fall as fast as they rise. The same cocktail of opportunism and risk that generates the bonanzas also makes them vulnerable. That is the biggest lesson from the $100bn or so that the Bloomberg Billionaires Index reckons the top 20 Russian ultra-rich have lost since the start of the year. But it is not unique to Russia. Tycoons in China, subject to the whim of President Xi Jinping, would have similarly bruising tales to tell were they not, like their Russian counterparts, forced to stay silent. The same is true of Saudi billionaires locked up by Muhammad bin Salman, the kingdom's crown prince, in late 2017.

The original sin of these regimes is the fluid laws—or sheer lawlessness—that existed when market forces were unleashed. In Russia's case, it started with the privatisations of the mid-1990s in which assets like Norilsk Nickel, based in a former gulag in the Russian Arctic, were auctioned for a song. The first-generation oligarchs wielded influence in the Kremlin until Mr Putin changed tack. Under him, a new wave of tycoons were given lucrative state contracts. The deal was that as long as they stayed out of politics, the Kremlin would keep out of their hair. Mr Putin, though, keeps a heavy cudgel over their heads.

In China, Rupert Hoogewerf of the Hurun Report, a publisher of global rich lists, recalls the "five colours" reportedly used in the 1990s to describe the provenance of plutocratic wealth: red for the Communist Party, green for the army, blue for customs, white for drugs, black for the black market. After that, says Minxin Pei, the Chinese-American author of "China's Crony Capitalism", dirty money turned into easy money. Property developers received land and access to credit from the state. China's self-made tech tycoons, such as Jack Ma of Alibaba and (unrelated) Pony Ma of Tencent, also took advantage of non-existent regulation and used their own skill to forge a dazzling digital duopoly. When an anti-trust blitzkrieg started last year, it may have been economically justified. But it had the hallmarks of a political vendetta, too.

To sidestep the autocrats, the plutocrats sometimes try to win the public's support. That is a dangerous gambit. Mikhail Khodorkovsky, a former oligarch, spent a decade behind bars from 2003, ostensibly for tax fraud. His main crime was daring to contemplate running against Mr Putin for president. Alibaba's Mr Ma made the mistake of acquiring rock-star status just as Mr Xi's regime was becoming more paranoid. In its eyes, the tech sector had strayed too far from core Communist Party values. Its fintech aspirations represented a threat to state-owned banks. Most sinful of all, it represented a rival source of power. So Mr Ma was rebuked by the party and is now rarely seen in public.

Another potential escape route is overseas. For years, a global supporters club of lawyers, flacks and other hangers-on have helped Russia's oligarchs hide their wealth in offshore tax shelters and fluff up their reputations. While Russian firms flocked to the London Stock Exchange, Chinese ones preferred New York and Hong Kong, often using complex financial structures that enabled them to get around China's curbs on foreign capital.

But geopolitics has made that tougher, too. The West's response to Russia's aggression is to shine a spotlight on the oligarchs' hidden wealth, including yachts, homes and private jets. The sanctions will hurt some of them, but so may a growing aversion to touching anything Russian. China has witnessed the same assault on Huawei, its telecoms-equipment giant. It leaves the plutocrats few alternatives than to cosy up to the rulers back home—whatever the cost.

Belle Époque or Apocalypse Now?

None of this looks likely to end the gilded age. According to Hurun, its upcoming global rich list will contain 200 more billionaires than a year ago, and reach a new record. Chinese ones are multiplying. Many, though, are ditching ostentation for a new trait: humility. "In China, the very top entrepreneurs are almost never in the public eye," says Mr Hoogewerf. Mr Potanin's survival instinct is also to keep his head down. When interviewed by the *Financial Times* in 2018, he was living in his own country club outside Moscow. Hiding away, he professed. "From everybody." ■

Commodities and sanctions

Barrelled over

In the first article of a special section on the fallout from the war in Ukraine, we examine whether the world can cope without Russia's huge commodity stash

IN 1866 NIKOLAI NEKRASOV, a Russian author, started publishing "Who is happy in Russia", a four-part poem describing how the abolition of serfdom, enacted a few years before, had failed to enrich most peasants. "The chain has been broken," its first chapter concludes, and the recoiling ends have hit both sides at once.

A century and a half later his verses are a parable for the ostracism of Russia—and its likely fallout. Crushing the world's 11th-largest economy, comparable in size to Australia, should not necessarily cause global mayhem. But since Nekrasov's time, and further still since the Soviet Union collapsed, the chain of dependence linking Russia to the world economy has strengthened and grown more complex. Russia ranks number one, two and three, respectively, among the world's exporters of natural gas, oil and coal. Europe gets the bulk of its energy from its eastern neighbour. Russia also accounts for half of America's uranium imports. It supplies a tenth of the world's aluminium and copper, and a fifth of battery-grade nickel. Its dominance in precious metals such as palladium, key in the automotive and electronics industries, is even greater. It is also a crucial source of wheat and fertilisers (see next story).

So far its exports of raw materials have been spared the kind of comprehensive bans the West has imposed on other sectors. America announced an embargo on Russian oil on March 8th, but it buys little of the stuff; Britain will phase out purchases this year. However, growing signs the West could go further have shocked commodities markets. After America's secretary of state, Antony Blinken, said on March 6th that it was speaking to allies about a common ban, Brent crude soared to $139 a barrel, double the price of December 1st—though by March 10th it had fallen back to $113. Price swings were violent in gas too: on March 8th contracts linked to the European wholesale gas price surged by a third to €285 ($316) per MWh, 18 times their level a year ago, as Russia threatened to retaliate. On the same day, the London Metal Exchange (LME) suspended nickel trading for only the second time in its 145-year history after the metal hit double its previous record price. This week other metals hit or neared all-time highs.

A shock of such depth and breadth is without precedent. A core-commodity index compiled by Thomson Reuters has risen by more than in any period since 1973, on a three-month basis. In the week ending March 4th it showed its biggest increase since at least 1956. Beyond trading floors, hysteria is not yet visible. The calm is unlikely to last. "Right now prices are prints on a screen. In four weeks they become reality," says a trader. If tensions rise further, energy and metals may have to be rationed. Private firms and personal lives will have to painfully adjust. The rich world would sputter. Poor countries could go bust. In the end Russia may buckle—but not before the broken chain snaps back at the rest of the world with huge violence.

Commodity markets are panicking for two reasons. First, many were tight even before the war, owing to strong demand. A robust post-lockdown economic recovery had fuelled appetite for energy and metals, dragging stocks down to record-low levels. ▸▸

→ Also in this section

Supply, which is easy to cut but takes longer to ramp up, had not caught up, says Giovanni Serio of Vitol, a big oil-trading firm. Many "midstream" facilities that had shut during covid-19, such as oil refineries, remained offline, creating bottlenecks.

The second reason for worry is vanishing supply, which has been the main problem since the invasion of Ukraine. Some Russian oil is still flowing out: millions of barrels are currently crossing the Atlantic. But most of it was bought and paid for a fortnight ago or longer. Fresher supplies of Urals crude, the variety Russia pumps, are no longer moving—despite 25% price discounts. Western firms, loth to find themselves stuck with unsaleable cargo, are pre-empting possible sanctions. Many also fear a public backlash: on March 8th Shell said it would stop buying Russian oil after days of negative press coverage following a purchase of Urals crude.

Particularly problematic is the lack of financing. Most foreign banks, even Chinese ones, have stopped issuing letters of credit for Russian trades. After a decade of paying steep fines for breaching sanctions against Iran and other pariahs, banks are taking no chances. Increasingly that also applies to big commodity traders like Glencore, which not that long ago still dealt with autocrats in the name of powering the planet (and pocketing profits). Many fear being cut off from bank funding, their lifeline, if they continue to deal with Russia.

Problems with logistics are no less important. Unable to get insurance, foreign ships are avoiding the Black Sea. Last week Maersk and MSC, which together account for a third of container operations in Russia, pulled away from the country. Britain has banned Russian ships from its ports; the EU is mulling similar measures. France has intercepted Russian ships carrying steel and soya bound for other countries.

Idle cargo and erratic prices are straining the physical and financial infrastructure of commodity trading. Some European ports are severely congested. Wrong-footed traders are facing hefty margin calls. On March 7th China Construction Bank, a big lender, missed a payment at the LME (it has since made it). Bunker-fuel prices have risen by a third since the invasion, constraining shipping worldwide.

A proper oil embargo by the West could make all that look like a pleasant punt on the Cam. In normal years Russia exports 7m-8m barrels per day (bpd), half of which go to the EU. In theory China could buy more from Russia, freeing up some other supply. But Rystad Energy, a consultancy, estimates that Russia's pipelines could reroute just 500,000 bpd from Europe to Asia, with rail adding another 200,000 bpd. Ferrying Russian oil to Europe takes 5-10 days; shipping it to Asia takes 45. Redirecting flows would get even harder if "sec-

Dear, dear

Commodity prices, January 1st 2022=100

Source: Bloomberg

*Dutch TTF spot price †Brent crude ‡Newcastle

ondary" sanctions target non-Western firms. With Western payment systems out of bounds, traders would turn to clunky bartering. Better alternatives, used by China or others, could take years to scale up.

This suggests a fair chunk of Russia's oil supply could exit the market. Other commodities would probably be affected. Russia has pledged to respond to a full-blown oil embargo by curtailing gas exports to the West. Limits on coal sales would also be painful, and would complicate Europe's effort to shift away from gas. As the quality of its own supply has deteriorated, the share of the bloc's imports of coal coming from Russia has doubled over the past ten years, to 80%. In the case of both gas and coal, much of Russia's supply would simply not get to market. Its gas-storage facilities are almost full. It does not have a big enough fleet to ship coal to Asia, where it is most in demand (it sends coal to Europe by rail).

Call the cartel

The big question is whether an increase in supply from elsewhere could mitigate such losses. Start with oil. America has already scheduled an increase in oil output of 1m bpd. The West could also press members of the Organisation of the Petroleum Exporting Countries (OPEC) to increase supply, yielding perhaps another 2m bpd. Lifting sanctions on Iran may add another 1m bpd. Tapping emergency stocks would help, too. Last week America and other big oil-consuming countries agreed to release 60m barrels from their stash. Hints have been given that they could release more.

All this may increase global supply by 3m-4m bpd—a lot, but perhaps not enough. And the extra supply would take too long to arrive. OPEC members cannot crank up production fast, because they have not invested in new fields for years. Restarting American shale wells takes six months; delivering crude from them another six. In the interim, prices would remain excruciatingly high. And there would be other problems. Retrofitting refineries meant to guzzle Urals crude, which has a high sulphur content, is hard. Lebanon has just run out of diesel not for want of oil but capacity to process non-Urals grades.

Finding new gas supplies is Europe's big problem. As spring comes the continent will need less of it, and post-winter restocking could be delayed until the autumn. Meanwhile, Europe could start importing more liquefied natural gas from America, though that would require Europe to crank up its "regasification" capacity (for converting liquefied gas back into gaseous state). Scheduled summer maintenance on Norwegian rigs could be postponed so they continue to produce. Azerbaijan could pipe more to Europe. Altogether such fixes could replace about 60% of Russian imports, Rystad reckons. A strong effort—but still insufficient.

Rebalancing the market thus seems impossible without a forced reduction in demand. The least brutal way to achieve this would be through policies seeking to limit consumption, such as caps on the heating of buildings or the rationing of power for industrial use. More likely the market will adjust to soaring prices the hard way, through what economists call "demand destruction": self-imposed cuts. Mr Serio of Vitol says a jump in crude prices to $200 a barrel could induce "voluntary" cuts of 2m bpd, with another 2m bpd not consumed as incomes are squeezed. On March 9th Rystad said prices could reach $240 a barrel this summer if more countries join the American embargo.

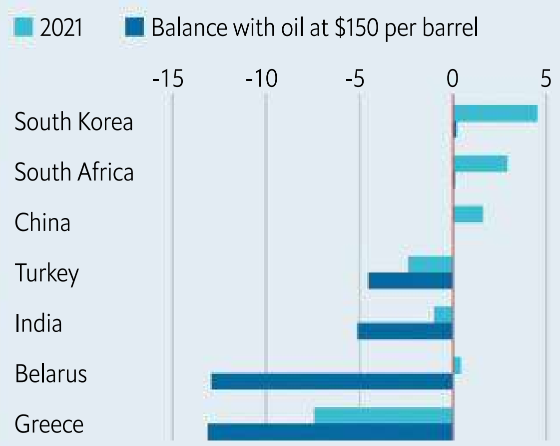
Such energy hell would take a huge toll on firms and people. Demand destruction in metals would add to the pain. Aluminium shortages could hamper the making of anything from cars to cans. A nickel scarcity could halt electric-vehicle production.

All this will surely hobble rich economies. JPMorgan Chase, a bank, already expects the world economy to grow by 0.8 percentage points less in 2022 than it did a week before the invasion, with the euro zone taking a hit of 2.1 percentage points.

For poorer countries the immediate threat is that of walloping current-account

Off balance

Current-account balance, % of GDP



Sources: IEA; IMF; *The Economist*

deficits. Analysis by *The Economist* suggests that, all else being equal, oil at $150 a barrel for a year would cause the current-account balances of 37 oil importers to sink by an average 2.3 percentage points. That would clobber countries already under stress, such as Pakistan and Turkey (see chart 2 on previous page). China would see a percentage point knocked off its current-account surplus. Even big commodity exporters like Chile could suffer, because metals have not appreciated as much. Oil-exporting countries would gain but still face issues, such as currency appreciation that weighed on non-energy exports.

High prices are likely to outlast the lifting of sanctions. Russia, seen as a disreputable and risky trading partner, will remain marginalised, says Tom Price of Liberum, a bank. As its capital markets and export proceeds struggle to recover, investment in commodity production will dwindle. Together with a loss of skills and assets, this will cause capacity to shrink. Beyond 2022 higher interest rates and slower global growth may prompt the market finally to cool—at an exorbitant cost. In 1876 Nekrasov started writing the final and jolliest part of his poem, calling it "The feast for all the world". The happy ending never came: the chapter remains unfinished. ■

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Agricultural commodities

Grainstorm

KYIV

War in Ukraine will cripple global food markets

In October 1914 the Ottoman Empire, having just joined the first world war, blockaded the Dardanelles Strait, the only route for Russian wheat to travel to Britain and France. The world had entered the conflict with wheat stocks 12% above the five-year average, but losing over 20% of the global traded supply of the crop overnight set food markets ablaze. Having risen by a fifth since June 1914, wheat prices in Chicago, the international benchmark, leapt by another 45% over the following quarter.

Today Russia and Ukraine, respectively the largest and fifth-largest wheat exporters, together account for 29% of international annual sales. And after several poor harvests, frantic buying during the pandemic and supply-chain issues since, global stocks are 31% below the five-year average. But this time it is the threat of embargoes from the West that has lit a bonfire—and the flames are higher than even during the Great War. Wheat prices, which were already 49% above their 2017-21 average in mid-February, have risen by another 30% since the invasion of Ukraine started on February 24th. Uncertainty is sky-high: indicators of price volatility compiled by IFPRI, a think-tank, are flashing bright red.

Rabobank, a Dutch lender, reckons wheat prices could climb by another third. But the damage to global food supply will extend far beyond the grain—and last longer than the war itself. Together Russia and Ukraine export 12% of the calories traded worldwide. They rank among the top five exporters of many oilseeds and cereals, from barley and corn to sunflowers, consumed by humans and animals. Russia alone is the biggest supplier of key ingredients in the making of fertilisers, without which crops falter or lose nutrients.

In February, even before the war started, a food-price index compiled by the UN Food and Agriculture Organisation had reached an all-time high; the number of people deemed food-insecure, at 800m, was at its highest for a decade. Many more could soon join them. Higher food prices will also stoke inflation, adding to the price pressures generated by dearer energy.

The fallout from the war will be felt in three ways: disruption to current grain shipments, low or inaccessible future harvests in Ukraine and Russia, and withered production in other parts of the world.

Start with shipments. In normal times wheat and barley crops are harvested in the summer and exported in the autumn; by February most ships are gone. But these are not normal times: with global stocks low, big importers of Black Sea wheat, chiefly in the Middle East and North Africa, are anxious to secure more supplies. They are not getting them. Ukrainian ports are shut. Some have been bombed. Inland routes, via the north of Ukraine and onwards through Poland, are too great a diversion to be practical. Vessels trying to pick up grain from Russia have been hit by missiles in the Black Sea. Most cannot get insurance.

Alternative sources are unaffordable. Last week Egypt cancelled its second wheat tender in a row after receiving only three offers—at a stomach-churning price—down from 20 a fortnight before. More concerning still, exports of corn, of which Ukraine accounts for nearly 13% of global exports, usually take place through the spring until the early summer. Much of it is normally shipped from the port of Odessa, which is bracing for a Russian assault.

Future crops are an even bigger worry. In Ukraine the war may result in lower yields and area planted. Winter crops such as wheat and barley, which are sown in October, could be smaller because of a lack of fertiliser and pesticides. Spring crops such as corn and sunflowers, the planting of which would normally start imminently, may not get sown at all. Leonid Tsentilo, whose farm in central Ukraine grows 7,000 tonnes of wheat a year, says local prices for diesel and plant-protection products have risen by 50% in two weeks. Some of his workers have been shipped off to war.

In Russia the risk is not curtailed production but blockaded exports. Although food sales are not yet subject to sanctions, Western banks are reluctant to lend to traders. Fear of being fined by governments in the West or shamed by its press is keeping

Steeper staples
Food spend as % of individual income

Sources: Rabobank; World Bank

merchants at bay. While Ukraine is "unreachable", Russia is "untouchable", says Michael Magdovitz of Rabobank.

Most alarming will be the conflict's impact on agriculture worldwide. The region is a big supplier of critical fertiliser components, including natural gas and potash. Fertiliser prices had already doubled or tripled, depending on the type, even before the war, owing to rising energy and transport costs and sanctions imposed in 2021 on Belarus, which produces 18% of the world's potash, as it cracked down on dissidents. As Russia, which accounts for 20% of global output, finds it harder to export its own potash, prices are sure to rise further. Since four-fifths of the world's potash is traded internationally, the impact of price spikes will be felt in every agricultural region in the world, warns Humphrey Knight of CRU, a consultancy.

As a result of all this, a much greater share of incomes will soon be spent on food (see chart). This will be felt most acutely in the Middle East, Africa and parts of Asia, where some 800m people depend heavily on Black Sea wheat. That includes Turkey, which supplies much of the southern Mediterranean with flour. Egypt usually buys 70% of its wheat from Russia and Ukraine. The latter alone accounts for half of Lebanon's wheat imports. Many others can hardly do without Ukraine's corn, soyabeans and vegetable oil.

Meanwhile higher fertiliser and energy costs will crimp farmers' margins everywhere. Brazil, a huge producer of meat and agricultural products, imports 46% of its potash from either Russia or Belarus, says Cristiano Veloso of Verde AgriTech, a Brazilian startup. Eventually some of the costs will be passed on to the consumer.

Protectionism may pour more fuel on the fire. National restrictions on fertiliser exports increased last year and could accelerate. Limits on food exports, or panic-buying by importers, could trigger a price spike of the kind that sparked riots in dozens of countries in 2007-08. On March 8th and 9th, respectively, Russia and Ukraine banned wheat exports. Argentina, Hungary, Indonesia and Turkey have announced food-export restrictions in recent days.

There is no easy fix. Some of the 160m tonnes of wheat used as animal feed every year could be diverted for human consumption, but substitution may export inflation to other staples. Increasing production in Europe and America and drawing on India's vast strategic stockpile may yield 10-15m tonnes—a substantial quantity, but less than a third of Ukraine's and Russia's combined annual exports. Some could come from farther afield but there are bottlenecks: efforts to export more of Australia's bumper winter-wheat crop have clogged the supply chains between its farms and ports. With corn, governments may resort to appropriating some of the 148m tonnes used as bioethanol feed to help plug this year's likely shortfall of 35m tonnes. Fertiliser shortages are even harder to cover: new potash mines take 5-10 years to build.

The war in Ukraine is already a tragedy. As it ravages the world's breadbasket, a calamity looms. ■

Russia, China and sanctions

Pipe dream

Chinese financial plumbing is not the answer to Russia's problems

NATIONALIST BLOGGERS in China have a new fascination: global payment systems. Vladimir Putin's attack on Ukraine, followed by Western sanctions on Russia, have prompted internet pundits to extol the virtues of the Cross-Border Interbank Payment System (CIPS), the rails on which Chinese banks transfer and clear yuan-denominated payments around the world. Some have also taken to bashing SWIFT, the Belgium-based financial messaging system that has started excluding Russian banks from international payments.

CIPS and SWIFT are far from being household names in China. But the sweeping sanctions against Russia—on the use of SWIFT by some of its banks and on its central bank—have shone a spotlight on China's homegrown financial networks, and the extent to which it can use them to help Russia. Three primary Chinese financial channels are in place to assist—two legitimate, one not. None is a remotely adequate substitute for the links to the Western financial system that Russia has lost.

First, consider the direct connections between the two countries' central banks, which do not require SWIFT messaging to make transactions. Russia has about $90bn-worth of mainly yuan-denominated deposits held with the Chinese central bank. It also has a 150bn-yuan swap-line agreement with China. It can use these funds to finance imports from China in the event that other trade-finance routes in dollars are blocked, note analysts at Natixis, an investment bank.

But this trade will largely remain in yuan, limiting what Russia can purchase. China's regulators are still keen to avoid American "secondary" sanctions. Primary sanctions target Russian institutions and American firms that deal with them. The secondary sort have yet to be used, but would target third parties outside America that interact with Russian firms, even if those transactions are permitted by local law. Allowing Russia to sell yuan-denominated assets in order to raise dollars could attract scrutiny and go beyond what Chinese officials are willing to do for their friends in Moscow.

Next, there are the several complex and widespread financial networks China has spent decades building. Take, for example, the web of state-owned banks that have cropped up in commercial hubs around the world. China's banking regulator may have stated on March 2nd that the country would not join Western sanctions, but most of its big banks will adhere to them, particularly those that interact most with the Western financial system and have legal entities that are domiciled in America. These large institutions, which conduct the bulk of trade finance between the two countries, are unlikely to risk getting blocked from dollar clearing in order to continue doing dollar-denominated business with Russia. Maintaining full access to global financial markets is "more valuable than anything Russia can offer", according to Neil Shearing of Capital Economics, a consultancy.

UnionPay, China's state-owned bank-


Don't tell me your pipes are blocked too

card firm, is another powerful financial network. It is set to gain market share in Russia in the wake of the departures of Visa and Mastercard, which were announced on March 5th. Several Russian banks have announced that they will move to UnionPay, which already has a significant presence in the country.

This shift will not come easily, however. Within Russia, UnionPay's network is small; many banks have no existing relationship with the company. For Russians abroad the problem is that, despite being in more than 180 countries, UnionPay is a fringe service in America and Europe, according to Jason Ekberg of Oliver Wyman, a consultancy.

CIPS, meanwhile, will not be the miracle solution Chinese bloggers hoped for. In order to protect its capital account, China allows foreign banks to link to CIPS only indirectly, through Chinese clearing banks and using SWIFT messaging, notes Edwin Lai of Hong Kong University of Science and Technology. That means Western sanctions may still apply to any transfers between SWIFT-barred Russian banks and foreign banks.

A final route for financial assistance will come through backchannel banks that dodge sanctions. China has a long history of turning a blind eye to smaller banks that finance trade with countries targeted by America and the UN. These activities usually occur on a small scale. And many are caught in the act and hit with sanctions themselves. In 2012 Bank of Kunlun was targeted by America for doing business with an Iranian bank. Some small Chinese banks may take the risk with Russia, but they will be unable to provide the large-scale assistance it needs.

All told, Sino-Russian financial links appear weaker than Russia might hope. The situation is likely to raise questions about the shortcomings in China's efforts to build global financial networks. For CIPS, many of the problems are clear. In order to maintain control over capital flows, China has not linked the system directly with banks outside mainland China, with the exception of Standard Chartered, a British bank with long-established links to China. CIPS's indigenous messaging system works only with Chinese banks. To improve it, China must continue opening it up and granting more direct links with foreign banks. The lack of such links is reflected in the system's transaction volumes. It processes just 13,000 per day, around one-twentieth of the number handled by America's domestic-payments system, known as CHIPS.

China's President Xi Jinping has referred to Mr Putin as a "best friend". The Russian conflict is laying bare some of China's financial vulnerabilities. That may make the relationship less amicable. ■

Funding conditions

War bonds

As Fortress Russia crumbles, Western credit markets are holding up well

CREDIT IS THE financial system's oxygen supply. When it flows freely, it does so unnoticed. When it stops, soon enough everything else does as well. The hypoxic episode that felled the American investment bank Lehman Brothers in 2008 unleashed chaos, turning a subprime-mortgage crunch into a global financial crisis. Ever since, central banks and market pundits have fixed a hawk-like gaze on credit conditions, wary of a repeat.

Today's scramble for safe assets was prompted not by a financial crash but by Vladimir Putin's invasion of Ukraine. Nevertheless, there are similarities. Once again, the dollar is ascendant as investors flee riskier currencies. Hedging costs, particularly for the war-adjacent euro, are spiking as volatility rises and traders bet that a protracted conflict will continue to favour the greenback. A rush into American government debt—the safest asset of all—has pushed Treasury yields down even as inflation expectations have risen. Prizing security over returns, lenders have driven corporate-bond spreads up.

This flight to safety causes plenty of problems on its own. A stronger dollar, for instance, increases the debt burden on countries that borrow in it and dents profits for American companies that earn a lot of their revenues abroad. But the greatest threat to financial stability comes from the pressure it exerts on the money market, where firms borrow to meet their short-term funding needs. This market seizing up is the financial equivalent of a pulmonary embolism, quickly forcing otherwise healthy firms up against the wall. A dash for dollars is fine if it merely pushes exchange rates up. The real trouble comes when it also creates a shortage of them.

That happened in 2008, as banks became unwilling to lend to each other and the cost of borrowing for a few months jumped whole percentage points above the overnight rate. Events were repeated in a much milder fashion in March 2020 as the world went into covid-induced lockdown. On every measure of money-market stress, from short-term commercial borrowing costs to the demand for dollars relative to other currencies, the impact of Mr Putin's war has been milder still (see chart).

There are two main reasons for this. The first is that it follows a flood of liquidity from central banks. Since March 2020 the Federal Reserve, the European Central Bank, the Bank of Japan and the Bank of England have issued $9.1trn (11% of global GDP) in new reserves. After that deluge, notes Jonas Goltermann of Capital Economics, a consultancy, it is almost surprising that there are strains on funding at all.

The deeper reason is that money markets are now fitted with a comprehensive ventilation system. Permanent swap lines between the Fed and five other big central banks allow them to exchange their own currency for dollars that can be distributed to domestic firms in times of stress. A second facility allows a bigger group to simply borrow dollars from the Fed.

Meanwhile, banks no longer rely on unsecured loans from each other to plug day-to-day cash shortfalls. For funding in dollars the replacement is the repo market, where financial institutions and large companies borrow some $2.5trn from each other every day using Treasuries as secur- ▸▸

Steady pulse

Sources: Bloomberg; ICE Data Indices

*Three-month cross-currency basis swaps

ity. The high-quality collateral makes this market less susceptible to runs, making banks (and their clients) less vulnerable to crises. And it is backstopped by the Fed, which has acted as lender of last resort since a series of liquidity wobbles in 2019.

Longer-term credit conditions are also weathering the storm remarkably well. Spreads on risky high-yield ("junk") bonds have been rising since the beginning of the year but, having started at near-historic lows, are nowhere near the levels they reached in March 2020.

For Lotfi Karoui of Goldman Sachs, a bank, that is unsurprising. Around a fifth of the $1.6trn American high-yield bond market is issued by oil, metals and mining firms that are benefiting from, rather than being hurt by, ballooning commodity prices. More generally, issuers tend to be sitting on high levels of cash and are using spare revenues to pay down debt, keeping their bondholders happy. Europe's smaller €450bn ($496bn) high-yield market, being geographically closer to the war, has been hit correspondingly harder. But even there, investors are yet to take serious losses.

A fortnight into a conflict that could end up being measured in years, any claim that credit conditions will remain benign indefinitely would be foolish. Mr Karoui points out that central bankers were bound to guard against a money-market shock, as that was what led to disaster during the crisis of 2007-09. More dangerous are the risks monetary guardians have less experience with: who can tell, for instance, if a prolonged war will lead to another, much broader gumming-up of global supply chains? Yet for now at least, the West's financial system is proving vastly more resilient than that of Fortress Russia. ■

Buttonwood Persian lessons

How to explain Iran's economic resilience in the face of harsh sanctions

As one door slams shut, another creaks open. In the past fortnight the global pressure on Russia's finances has increased dramatically. Meanwhile, in Iran, the grip of sanctions is set to be relaxed again. In 2018 America withdrew from a multilateral nuclear accord with Iran. A year-long negotiation to revive it has moved to the final stages. A deal appears close. It is not unhelpful to its chances that an accord would bring Iranian oil back to the global market.

Iran's experience is instructive. In the past decade it has suffered recessions, devaluations and chronic inflation under the pressure of worldwide sanctions. Its economy has been whacked. But it has not collapsed. That is in large part because Iran's manufacturers have proved resilient. Tehran's flourishing stockmarket is testimony to the economy's hardiness. Many of the firms that have survived and prospered are listed there.

American sanctions have been a fact of life in Iran for decades. They began in 1979 when President Jimmy Carter imposed a ban on imports of oil from Iran and froze Iranian assets held in America following the seizure of the American embassy in Tehran. But sanctions on Iran really started to bite when other countries joined in. To press Iran into curbing its nuclear programme, a wave of international sanctions was imposed and steadily tightened between 2010 and 2012. Iran's oil exports and banks were targeted. The foreign assets of its central bank were frozen. And commercial banks worldwide were proscribed by America from financing any business with Iran in dollars. Since then, a sanctions regime of varying degrees of severity has remained in place.

The damage has been extensive. Iran's oil exports fell from 2.5m barrels per day in 2011 to 1.1m in 2014. Its economy suffered deep recessions in 2012 and 2018. The embargo on Iran's oil exports left a large hole in government finances. Lacking access to its reserves or reliable dollar revenue from oil exports, the authorities have been unable to support the exchange rate. The result has been chronically high inflation. There has been a lot of hardship. The latest World Bank report on Iran refers to a lost decade of negligible GDP growth. It might have been a lot worse, though.

There are three explanations for Iran's resilience. First, though sanctions have been extensive and assiduously policed, they are subject to leakage. Iran has been able to export several hundred thousand barrels of oil a day. Much of it ends up in China, marked as oil from Malaysia, Oman or the United Arab Emirates (UAE). Sanctions-busting is risky. But some privately owned refiners are willing to take the risk in exchange for a hefty price discount. And dollars are not the only hard currency: there is the yuan, of course, but also the UAE's dollar-pegged dirham.

A second source of resilience is export diversification. Iran has a range of manufacturing industries. Some of the bigger ones, such as mining and metal-bashing, benefit from access to cheap, reliable energy. In addition Iran has land borders with several populous countries, including Pakistan and Turkey. A chunk of Iran's land-based trade is undocumented and thus hard to police.

A third factor is import substitution. The weaker rial has put imported goods beyond the reach of many Iranians. But it has been a boon for manufacturers serving the home market of 83m. Go shopping in Tehran, says a local, and you will find Iranian-made clothing, toys and household goods. "If there were a global self-sufficiency index, Iran would be ranked highly," he says.

Iran's stockmarket reflects this resilient economy. Some of the larger firms are on the sanctions list, but hundreds of smaller ones are not. Stocks have proved a good hedge against devaluation and inflation. Many locals have noticed this. The market exploded in 2020 as retail investors piled in. That mini-bubble has since burst. Stocks are cheap again, says Maciej Wojtal of Amtelon Capital, a fund that invests in Iran. The median price-to-earnings ratio for the top 100 companies is around five, based on the forecasts of local analysts.

Iran's leaders have boasted of a "resistance economy". But its hardiness mostly reflects a bottom-up struggle for basic survival, not a top-down strategic choice, argues Esfandyar Batmanghelidj of Bourse & Bazaar, a think-tank, in a recent essay. Economies are made up of ordinary people. They adapt to changed circumstances the best they can. For Iranians, there is now a real prospect of better days ahead. For the Russian people, the painful adjustment is just beginning.

Our crony-capitalism index

The makers and the takers

Rent-seeking capitalists have been raking it in over the past decade

Although billionaires have been getting a bad rap for years, the sanctions levied at Russian oligarchs have intensified scrutiny on the origins of tycoons' wealth. On March 1st President Joe Biden announced that his government was setting up a "klepto capture" task force to "go after the crimes of Russian oligarchs".

The murky money sloshing around the favoured plutocratic playgrounds of New York, London and Paris is nothing new. In 2014 *The Economist* devised a crony-capitalism index to measure whether the world was experiencing a new gilded age, characterised by the modern equivalent of the robber barons in late-19th-century America. In 2016, when we last visited our index, we found that crony-capitalists had thrived during the 2000s but were beginning to feel the heat from trustbusters in the rich world and anti-corruption purges in developing countries. How has crony capitalism performed since?

Rent-seeking entrepreneurs tend to use their relationships with the state to maximise profits. Technically speaking, an economic rent is the surplus remaining once capital and labour have been paid a market price. With perfect competition that surplus would not exist. But rents can be artificially elevated if firms win contracts at beneficial prices, form cartels to stitch up consumers or lobby governments for favourable rules. Most rent-seeking businesses are operating perfectly legally.

Our index uses 25 years of data from Forbes's annual stock-take of the world's billionaires. In 2021 the publication listed 2,755 individuals with total estimated wealth of $13trn. We have classified the main source of each billionaire's wealth into crony and non-crony sectors. Our crony sectors include a host of industries that are vulnerable to rent-seeking because of their proximity to the state, such as banking, casinos, defence, extractive industries and construction. We have aggregated the data according to billionaires' country of citizenship expressed as a share of its GDP.

The crony-capitalism index

Billionaire wealth as % of GDP, 2021

Sources: Forbes; IMF; *The Economist* *Incl. Hong Kong & Macau

Russia's crony economy sticks out like a blinged-up Muscovite in the Algarve. Some 70% of the 120 Russian billionaires, who together hold 80% of its billionaire wealth, fall within our crony-capitalist definition. Wealth equivalent to 28% of Russia's GDP in 2021 came from crony sectors, up from 18% in 2016. But many Russian oligarchs will be taking haircuts on their empires as sanctions bite.

Globally, crony wealth has declined as a share of the total, reflecting in part the surge in tech-related wealth. Nonetheless it remains entrenched in many places. In Malaysia, a former prime minister was jailed for corruption in 2020 after $4.5bn was stolen from the state, but crony capitalism still dominates there. India's share of billionaire wealth derived from crony sectors has risen from 29% to 43% in six years. The Philippines has fallen to fourth in our index but crony sectors still account for four-fifths of total billionaire wealth.

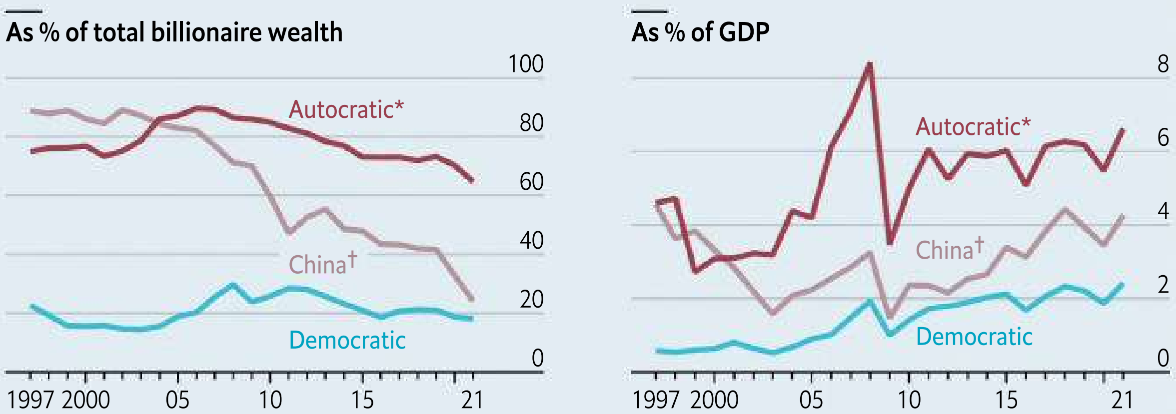
By contrast, around four-fifths of American billionaires, accounting for 90% of total wealth, operate in non-crony sectors. Led by a boom in tech valuations, wealth in non-crony sectors rose from 11% to 17% of GDP between 2016 and 2021. But in recent years America has opened investigations into the firms of its behemoth-building billionaires. Tech firms do exhibit some of the cosseted characteristics of crony industries: they spend heavily on lobbying to defend their juicy market shares, for instance. Reclassifying technology firms as crony would increase America's crony wealth from 2% to 7% of GDP.

Over the past decade China has minted new billionaires faster than you can say Yves Saint Laurent. In 2010 there were 89. Now there are 714 with a combined wealth of $3trn, around 70% of the amount in America. The crony-sector share of GDP has changed little in six years, though its share of overall billionaire wealth has fallen from 44% to 24%. This exposes one of the shortcomings of our index: to some extent all businesses operate in China with the consent of the state. Falling out of favour can have grave consequences, as Alibaba's Jack Ma discovered in 2020. Assuming all Chinese billionaires are cronyistic would place China second in our index.

Billionaires in autocratic countries remain vulnerable to the whims of their leaders. Mikhail Khodorkovsky was worth $15bn in 2004 but he fell out with Vladimir Putin and his oil firm was expropriated. A purge in Saudi Arabia has meant not a single billionaire from the kingdom has appeared on Forbes's list since 2017. Billionaires in autocratic countries outside China derive about 70% of their wealth from crony sectors. A good chunk of this $750bn is likely to be stashed in Western countries that do not ask too many questions. ■

You scratch my back...

Wealth from crony sectors, by country's democratic status



Sources: Forbes; IMF; Freedom House; *The Economist* *Excluding China †Including Hong Kong & Macau

Back to Blue

An initiative of
Economist Impact and The Nippon Foundation

THE INVISIBLE WAVE

Getting to zero chemical pollution in the ocean

The Invisible Wave is a new report from Back to Blue, an initiative of Economist Impact and The Nippon Foundation. Its aim is to bring the issue of marine chemical pollution to a wider audience, including policymakers, governments, the chemicals industry, the broader business community, the finance sector, civil society and consumers.

Chemical pollution—of land, air, rivers, watersheds—has been a problem for decades. Chemicals in the form of heavy metals, persistent organic pollutants, pesticides, plastics, sewage, medicines and radioactive materials are being uncovered almost everywhere. Understandably, most of the focus is where humans live, on land. This report seeks to raise awareness of chemical pollution in the ocean, which itself begins mainly on land, as its scale and potential impact are not widely appreciated. Unlike plastic pollution, which is often visible, chemical pollution is largely unseen and more difficult to detect and track.

Among the report's principal findings are:

- **Marine chemical pollution is a growing global problem that requires urgent and co-ordinated action.** Synthetic chemicals are present in the deepest parts of the ocean and in all manner of marine life. Concentrations of the most dangerous chemicals in the marine environment continue to increase, and harms marine life, biodiversity and ecosystems.
- **Marine chemical pollution is predominantly due to human actions, and will get worse.** As many more chemicals are being produced, and in ever-greater volumes, the impact on the marine environment will become more severe. Exacerbating factors include the "greening" of economies (requiring new materials and chemicals) and the expansion of production by the chemicals industry, particularly in Asia and to countries with limited oversight.
- **Chemical pollution in the ocean is linked to tackling both climate change and plastic waste.** Chemicals interact with environmental factors like temperature, acidity and salinity—all of which are affected by climate change: higher water temperatures, for example, can lead to increases in chemical concentrations in the ocean. Plastics not only contain (and leach) toxic chemicals, but micro- and nanoplastics, that hurt marine life, and which adsorb chemicals and transport them in the marine environment.
- **More research is needed into marine chemical pollution, and more funding.** There are tens of thousands of chemicals in use, with thousands more being added each year, yet in most cases we know little or nothing about their impact on the ocean environment—or on humans. Additional research is needed to determine the scope and extent of chemical pollution in the ocean and the damage on the marine environment. Greater funding should be targeted to the chemicals of greatest concern.

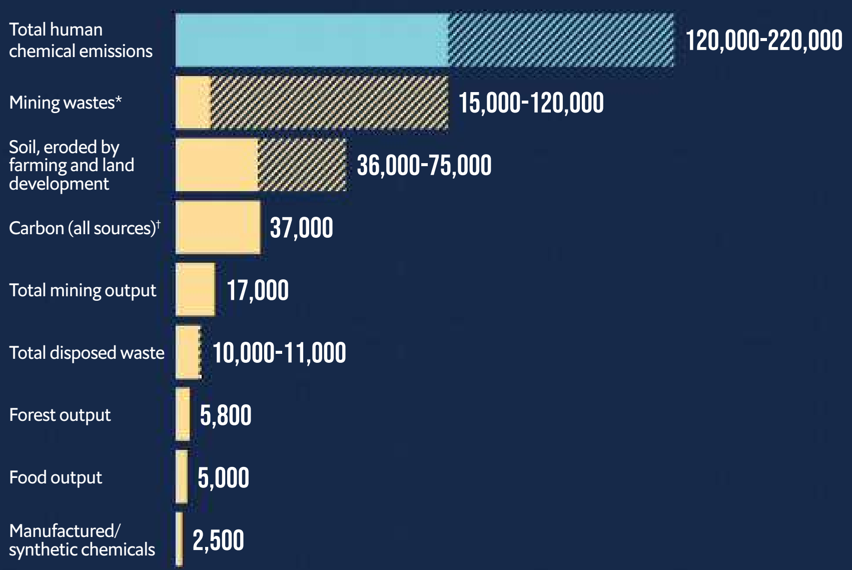
THE COST OF INACTION

More research is vital, yet even without a complete picture of the scope and dangers of marine chemical pollution, failing to act now poses a huge risk. Trillions of dollars in ocean services, such as climate regulation and food provision, are threatened

Source: The Second World Ocean Assessment, United Nations (2021); Ocean Pollutants Guide: Toxic Threats to Human Health and Marine Life, IPEN and the National Toxics Network (October 2018)

ESTIMATED CHEMICAL POLLUTANTS EMITTED BY HUMAN ACTIVITIES

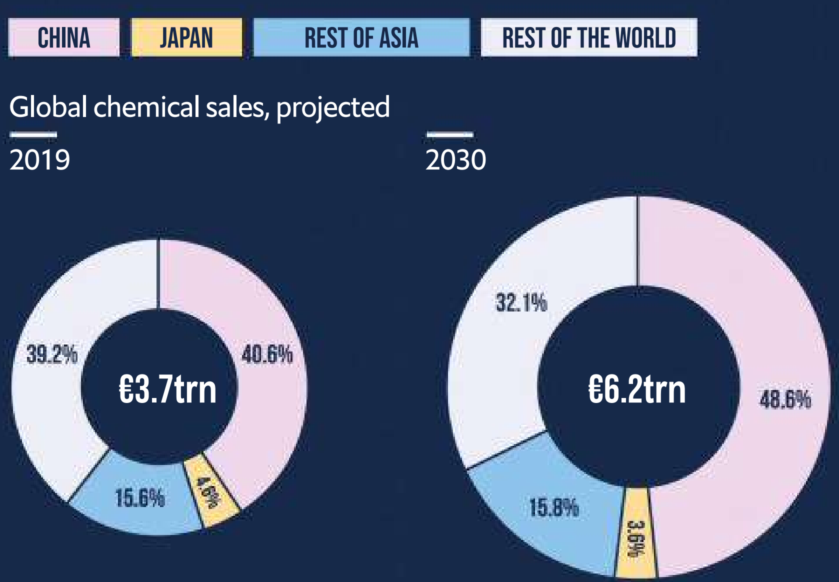
Millions of tonnes released per year, estimated



*Mining wastes include overburden and tailings
†Carbon (all sources), eg, chlorofluorocarbons, carbon tetrachloride
Sources: Pure Earth and Green Cross Switzerland, 2016

EASTWARD SHIFT

Chemicals industry shifts to Asia



Source: Growth and Competitiveness, CEFIC (2020)

from human activities. The real economy is at risk too. An Economist Impact case study on the costs of hypoxic "dead zones" in the Gulf of Mexico, which are caused by excessive nutrient pollution, found that should the issue worsen and contribute to a greatly reduced fish catch, America stands to lose nearly $838m in annual fisheries revenues.

Failing to act now puts more at risk than can be quantified. A study in 2022 concluded that the world has already crossed the point where chemicals threaten the very ecosystems—including the marine environment—upon which humans and other species depend. Tackling chemical pollution in the ocean requires immediate, co-ordinated action—from the chemicals industry itself to governments, regulators, investors and financiers, as well as civil society and consumers.

Thus, among the report's other findings and recommendations are:

- **Regulators need to enact and enforce stricter rules on pollution, adopting a more precautionary approach to chemicals,** particularly in Asia, the Middle East and Africa where much of the growth in chemicals production will come, and where oversight is limited. The chemicals industry for decades has been able to externalise its costs—passing these on to society, often to the poorest and most vulnerable.
- **Actions by the chemicals sector present the most compelling opportunity to address marine chemical pollution.** Yet for an industry that is sprawling, capital-intensive and low-margin, change will be a complex, expensive and fraught process, and will coincide with the need to invest in rapid decarbonisation.
- **Momentum is growing for a circular economy and "green" chemistry.** They provide an opportunity to design high-performance products that are less toxic and less polluting.
- **The finance and investment communities remain largely unaware of marine chemical pollution and its risks.** This is a barrier to change, but also an opportunity. Better information about the risks the chemicals sector faces from a transition to a zero-pollution ocean will be critical for any responses by the finance sector, with an appreciation of the early rewards for first movers.
- **Popular awareness of the danger of marine chemical pollution is low compared to plastic pollution or climate change.** Building greater awareness is essential. Consumers, notably, could influence progress on marine chemical pollution through purchasing decisions.

A WAKE-UP CALL

Chemicals are essential to everyday life; virtually every process, product and service of modern life is dependent on them. Yet chemicals are also poisoning the land, the ocean and human health. The challenge posed by chemical pollution is global in scale, and profound. A key goal of *The Invisible Wave* is to focus minds on solutions that prevent, reduce and minimise chemical pollution in the ocean. An aspiration towards zero pollution is gaining currency. The hope is that more will be achieved if the goal is seen to be ambitious. The ocean is fundamental to life on Earth. It is more than possible to prevent chemical pollution from inflicting irreparable harm on the ecosystem. But failing to act now has devastating consequences.

Free exchange | Shock absorbers

Will soaring crude prices lead to a recession?

THE OMENS are bad for the world economy. When oil prices surge, growth typically moves in the opposite direction. Sometimes the price shock begins with a political earthquake, like the Suez crisis of 1956. Sometimes oil producers deliberately create the shock, as with the OPEC embargo of 1973. And sometimes the culprit is soaring demand, such as when oil prices hit record highs in 2008. The common denominator in all these cases is that America and most other rich countries soon enough faced recessions.

So it would hardly be surprising if the current surge in oil prices—a doubling in three months, fuelled by Russia's invasion of Ukraine—foreshadows a sharp downturn in growth. Pictet, an asset manager, counts six episodes since 1970 in which real oil prices rose by more than 50% from their previous trend; each preceded a recession. As of late February oil prices had already surpassed this 50% threshold, and have only climbed higher since then.

Nevertheless, the easily observed relationship between oil and the economy is no iron law. There have been times when crude prices soared and yet recessions were averted, including the peak of a global commodities boom in 2011. The type of shock matters, as does the economic backdrop. Moreover, much of the world appears to have become better insulated from oil markets over time. Old dismal patterns may not perfectly repeat themselves.

Consider the mechanics by which rising oil prices hurt growth. Energy is an important factor of production, so a sharp decrease in its supply or increase in its price may drag down output. It may also hurt demand: if people spend more of their incomes on oil, less is left over for other things. Add to this the possibility that central banks may tighten monetary policy aggressively when higher oil prices push up inflation, as the Federal Reserve did following the OPEC crisis of 1973 and the Iranian revolution of 1979.

Yet no two oil shocks are the same. A critical variable is whether the shock stems from the economy's supply side or demand side. If there is a sudden shortfall in supply, as during an embargo, that functions as a new tax on production and consumption. If, however, robust demand is the cause, rising oil prices reflect economic vitality. Lutz Kilian, an economist with the Fed's branch in Dallas, has shown that broad demand strength can, for a time, outweigh the negative effects of higher oil prices. A pure supply shock is, by contrast, more harmful. The period since the pandemic struck has featured a bit of both. The quadrupling in crude prices from the spring of 2020 to the start of 2022 reflected growth roaring back from its pandemic-induced slowdown. Only the most recent surge is unquestionably a supply shock, caused by the Ukraine war and associated sanctions.

Three changes in the structure of the global economy may dampen the effects of the price surge. Most obviously oil's role in growth cycles is not what it used to be. In 1973 the world used nearly one barrel of oil to produce $1,000-worth of GDP (in inflation-adjusted terms). By 2019 that was down to 0.43 barrels, with the energy intensity of growth falling annually "in an almost perfectly linear fashion", according to a report last year by the Centre on Global Energy Policy at Columbia University. A shift in economic output from industry to services is part of the explanation. The world has also become more efficient in using oil. Cars, for instance, go twice as far per gallon of petrol as in the 1970s.

A related change is the way that governments respond to oil shocks. As James Hamilton of the University of California, San Diego, has observed, in the 1970s American officials aggravated economic dislocations with price controls on petrol, which resulted in shortages. Since 1981 they have steered clear of such controls, which has made for more volatile crude prices but smoother market adjustments. Some tweaks in behaviour have got easier thanks to the pandemic: if air fares soar, why fly to that business meeting when you can log on to Zoom instead?

Central bankers may also be less tempted to jack up interest rates simply because of soaring energy prices, thereby reducing the risks of a recession. There is a debate over whether the pass-through from oil shocks to core inflation is basically nil, as argued in a paper for the Fed by Todd Clark and Stephen Terry, or small, as argued in another Fed paper by Cristina Conflitti and Matteo Luciani. However, the experts agree that the pass-through has weakened, in part because of the diminished energy intensity of growth. Even before the war in Ukraine, the Fed was set to raise interest rates several times this year in order to rein in inflation. The salient point is that, according to market pricing, investors do not believe that the oil shock will lead to much more aggressive moves by the Fed than previously expected.

Shale fellow well met

A final difference with past oil shocks is the momentous evolution of America's status in the global crude industry. In the first decade of the 2000s America imported more than 10m barrels of oil per day in net terms. With the shale revolution, American oil production has soared, such that it now meets most of its energy needs from its domestic production. In 2020 America became a net exporter for the first time since at least 1949.

One effect is that oil shocks are now less destabilising for the American economy in aggregate. Consumers may dislike rising crude prices but oil producers enjoy them. A key question in the months ahead will be the extent to which they expand drilling. That would help offset the economic loss from softer consumer spending. And for the rest of the world, a resilient American economy would provide useful ballast amid all the turbulence. The EU must worry not just about oil but also about a much more acute shortage of natural gas. Should it join America and Britain in banning Russian imports, the price of crude could go much higher still. But at oil's current price, the world economy can, with luck, withstand the shock. ■

Improvised weapons

DARPA on the Dnieper

Makeshift weapons are pouring out of Ukraine's ateliers

IT DID NOT take long for Pravda, a trendy microbrewery in Lviv, to switch from brewing beer to mixing Molotov cocktails. It began churning out these improvised incendiaries on February 25th, the day after Russia invaded. Equipment previously employed for brews that won awards in Brussels, Munich and Prague now blends and bottles a concoction made from six parts machine oil, three parts petrol, four parts expanded polystyrene dissolved in a solvent called thinner 646, and a sprinkling of powdered aluminium. The result (see picture above) is soupy, sticky and burns like crazy—the better to disable any Russian military vehicle it is hurled at. After running out of its own bottles, the brewery even stooped, jokes Yuri Zastavny, Pravda's owner, to filling empties that had once held the likes of Corona and Miller.

Nor are Pravda's employees content only to mix Molotovs. They are also fashioning caltrops. These are tetrahedral structures with a spike at each vertex, which means that, however they fall, one spike points upwards. Caltrops have been used as "area denial" weapons on battlefields since ancient times (Alexander the Great employed them to beat the Persians at Gaugamela in 331BC). Originally, they were intended to bring down charging cavalry and war chariots. Now their targets are vehicle tyres and soldiers' boots. Pravda's people make them out of "rebar"—the lengths of twisted steel used to reinforce concrete.

Points of contention

For rapid deployment on city streets that need barricading, caltrops can be welded to chains. Elsewhere in Lviv, other forms of barricade are being prepared. These are six-vertex anti-tank devices called hedgehogs, made from lengths of surplus train rail. They look like giant versions of children's jacks. Deployed en masse they can halt tanks in their tracks, opening them to attack by the men and women with the Molotovs. And the workshops of Lviv are not alone. Defences of this sort are being cranked out all across Ukraine. Those without access to rebar fashion caltrops by bending and welding nails. And rows of spikes fixed to sheets of thick rubber will also make infantry think twice.

Ukraine has many engineers, computer programmers and other technical specialists who are used to getting things done with limited resources. Sviatoslav Yurash, a young parliamentarian from Lviv, who is in Kyiv to fight, attributes this inventiveness to the country's distinctive cultural heritage. The "bureaucratic mayhem" of Soviet rule, he says, pushed people to devise creative workarounds. That served as a foundation for the three decades of market-oriented reforms that followed independence. These rewarded an entrepreneurial spunk which, he observes, is "coming in handy right now". Vladimir Yatsenko, a film producer also in Kyiv to fight, describes this inventive spirit as "our national DARPA", a reference to a famous American military-research agency.

Some of the makeshift weapons appearing as a consequence of this ingenuity are, indeed, fearsome. Need a grenade launcher? Grab a shotgun and fix a steel ▸▸

cup to the end of its barrel. Then pull the pin from a conventional hand grenade and tuck it inside the cup, so that the cup's wall holds the grenade's handle in place. Last, load the gun with a cartridge from which the pellets have been removed.

When you pull the trigger, the blast propels both grenade and cup into the air, ejecting the grenade from the cup. That releases the handle and starts the countdown. Though such contraptions are not exactly safe to fire, they can perform well, for they have a range of about the length of a football pitch. According to Nic Jenzen-Jones, boss of Armament Research Services, a consultancy in Perth, Australia, their use in Ukraine is spreading quickly.

As for the profusion of Molotov cocktails, Ukrainian mixologists are testing a variety of recipes and designs. Some have a divider separating two stages, one filled with kerosene and the other with homemade napalm. And Molotovs are not merely hand-thrown weapons. One Ukrainian army colonel in Kyiv, who requested anonymity, has a photograph of a Molotov-launching crossbow, fashioned from scrap steel and a bed spring.

With or without such improvised launchers, Molotovs can be extremely effective in urban combat. In particular, they make invaders chary of passing within a bottle's throw of upstairs windows. That is both a constraint on movement and a call on attention that might make a soldier vulnerable to attack from another direction. And makeshift arms which are the fruit of greater technical expertise than that needed to fill a bottle with liquid are also cropping up in Ukraine. These "craft-produced weapons", as experts call them, are mostly modifications of things that go boom. In Mr Jenzen-Jones's view two, in particular, stand out in the fighting in Ukraine.

Battle stations

One is a modification of Russian-made RPG-7s. These are rugged and inexpensive shoulder-fired launchers of unguided rocket-propelled grenades. But the grenades' warheads are designed to pierce armour, so are ill suited to attacking infantry. To remedy this, irregular forces on both sides of the conflict in eastern Ukraine, which began in 2014 and thus long-predates the recent Russian invasion, have reconfigured RPG-7s to fire 82mm mortar rounds with a fragmentation warhead.

The other concoctions noted by Mr Jenzen-Jones are called Khattabka, after Ibn al-Khattab, a Saudi jihadist who fought in Afghanistan, Chechnya, Dagestan and Tajikistan. These are hand grenades adapted from rounds intended for a conventional grenade launcher. They are made by removing the impact fuse and replacing it with a pin-operated countdown fuse of the sort employed in a conventional hand grenade. Since, in the fog of war, it is not unknown for units to be in possession of fuses without conventional hand grenades to fit them to, that is a useful innovation.

Moreover, hand grenades, whether conventional or improvised, need no longer be thrown by hand. Small commercial drones such as the Autel Evo II, a popular model of quadcopter, can also be employed for the task. These drones can be rigged either to drop a grenade on command or to fly to the target and detonate the payload on arrival.

Anti-tank hand grenades, such as the Soviet-era RKG-3, are being modified for use with drones as well. Such munitions have drogue parachutes that cause them, after being thrown, to fall more or less straight down on top of a tank, where the armour is thinnest. These parachutes, however, make them hard to drop accurately from a drone, so an arms maker called Ukroboronprom is removing the 'chutes and adding tail fins, instead.

Drones have other uses, too. Ukraine's defence ministry has been urging people to fly them to spot Russian forces. They constantly report their GPS co-ordinates, so pinpointing the whereabouts of what they see is easy. Stores in Kyiv have reportedly run out of supplies, and volunteers are trying to bring more in from abroad.

If the war grinds on and fewer shipments of conventional arms and ammunition reach besieged cities, the role of improvised defences will surely grow. That has happened in other wars—for example, in Syria, where improvised artillery has evolved from slingshots employing silicone tubes as elastic to "hell cannons" that launch gas cylinders packed with explosives and shrapnel. War is a dirty business. But necessity is the mother of invention. ■

Communications in a war zone

Skywaves and satellites

Technologies old and new may help keep Ukrainians in touch with the world

IN COMMUNIST Eastern Europe a shortwave radio was a vital piece of equipment for anyone wanting to stay ahead of the censors. Stations such as the BBC World Service, Radio Free Europe and Voice of America broadcast news, entertainment and rock-and-roll across the Iron Curtain.

After the cold war ended, shortwave radios gave way to television and the internet, and the broadcasts were wound down. But on March 3rd, in the aftermath of Russia's invasion of Ukraine, the BBC announced their return. The World Service has begun nightly news broadcasts into Ukraine and parts of Russia (see map).

Radio is an early-20th-century technology. But the BBC hopes it can still be useful in the internet age because it is hard to stop. Shortwave signals bounce off the ionosphere, a layer of charged particles high in the atmosphere. The resulting "skywave" travels for thousands of kilometres, meaning broadcasters can sit safely beyond the reach of censors, secret policemen—and invading armies. And in Ukrainian cities like Mariupol, where days of shelling have left the place without electricity, battery-powered radios still work when the internet and television do not.

Reach of BBC Ukraine shortwave service*
Very good service Good service
Source: BBC *Four hours a day since March 4th 2022

Ukraine's government does rely on the internet where it can, though, to fight the public-relations war and to keep communication with the outside world alive. In the past few days, for example, Volodymyr Zelensky, the president, has addressed America's Congress, the European Parliament and Britain's House of Commons via a video link.

With Russian troops massing near Kyiv, ground-based internet links are unlikely to last. But, on February 28th, Mykhailo Fedorov, Ukraine's vice-prime minister, thanked Elon Musk, an American entrepreneur, for a delivery of "Starlink" satellite-internet dishes. These can provide high-speed, low-latency access to the internet via a network of low-flying satellites run by SpaceX, one of Mr Musk's companies. A few days later Mr Musk said SpaceX had modified the dishes' software to allow them to be powered by a car's cigarette lighter. That could prove useful if and when the siege of Kyiv begins in earnest. ■

Medical technology

The nose knows

An artificial sniffer may be able to detect Parkinson's disease early

PARKINSON'S DISEASE is a progressive neurological disorder caused by the deaths of neurons in parts of the brain called the substantia nigra. Symptoms include loss of motor control, mood disturbance, ruined sleep and altered sense of smell. It is incurable. Early medical intervention can, however, relieve these symptoms and prolong survival. That makes prompt diagnosis desirable.

Unfortunately, the initial signs of Parkinson's vary from person to person and there is no specific test at this early stage which can reliably distinguish it from other brain illnesses. It therefore often goes undetected until clear and characteristic manifestations, such as tremors and slowed body movement, appear. But that may soon change. A study published in *ACS Omega*, by Chen Xing and Liu Jun at Zhejiang University, in China, describes an invention which may be able to detect Parkinson's before the onset of tremulousness. The device in question is an artificially intelligent electronic nose.

A whiff of trouble

The quest the two researchers embarked on to build this nose began in 2019. That was when they heard reports of Joy Milne, a retired nurse living in Scotland, who could detect people with Parkinson's from a distinctive odour they emitted—distinctive to her, at least, though for reasons still obscure, undetectable by others.

Mrs Milne first noticed this odour when her husband developed the illness. She made the general connection later, when she smelled it at sufferers' support groups attended by her spouse. Tests using clothes worn by patients confirmed her ability. She even noted one seemingly healthy individual as having the disease months before other symptoms developed.

Carting Mrs Milne around the world to sniff patients who may have Parkinson's is, however, not a practical option, so researchers working with her looked for the odour's source, with a view to detecting it in some other way. They found it in sebum, an oily secretion produced by the skin. The sebum of those with Parkinson's, they discovered, has unusually high concentrations of certain volatile organic compounds, including dodecane, acetone and ethyl acetate. When these are acted on by yeast cells which live naturally on the skin, the result is the mysterious odour.

This Parkinson's-specific list can be detected using a laboratory technique called gas chromatography-mass spectrometry (GCMS), which is promising—for GCMS machines are a bit more deployable than Mrs Milne is. Unfortunately, they are still too complex and expensive to be used routinely in clinics. However, Dr Chen and Dr Liu, who are both biomedical engineers, reckoned they could come up with a cheaper and more portable alternative.

The upshot is a machine not much bigger than a toaster. It turns a sample of sebum into a vapour that is then probed with sound waves. Different molecular mixtures have different effects on the waves, and, with a bit of training, a computer loaded with an appropriate piece of artificial intelligence can learn to recognise the pattern associated with sebum from Parkinson's patients.

The researchers tested their system on samples from 43 people with Parkinson's disease and 44 who were healthy. They found it could correctly identify a Parkinson's patient as having the disease about 70% of the time and a healthy control as being clear of it about 80%. That is not yet as good as Mrs Milne's nose, which has a history of correctly identifying the presence of Parkinson's all the time. But it is a start. If its reliability can be improved, the compactness and potential cheapness of the system Dr Chen and Dr Liu have come up with may eventually prove a boon for the early diagnosis of the illness. ■

Underwater archaeology

Patience and Endurance

After more than a century, a famous shipwreck has been located

THIS IS THE stern of *Endurance*, one of the 20th century's most famous ships. She was lost in 1915, in the Weddell Sea, an icebound part of the Southern Ocean off the coast of Antarctica.

Her captain was Frank Worsley. But the leader of the expedition she was carrying was Ernest Shackleton, a British explorer who, having been beaten to the South Pole by Roald Amundsen's journey there and back in 1911, planned instead to lead his party across Antarctica from one side to the other.

That ambition ended when *Endurance* got stuck in the ice, and was then crushed by it. She sank, but slowly enough for the expedition's supplies to be recovered. Shackleton then led the 27 other men in the party on a perilous trip using *Endurance*'s boats, which took them ultimately to safety at the whaling station of Grytviken, on South Georgia, about 1,300km from the place where the vessel had foundered.

The discovery of the wreck, which lay at a depth of 1,645 fathoms (3,008 metres), was announced on March 9th by the Falklands Maritime Heritage Trust, which had organised a search of the seabed in the area where *Endurance* sank, using uncrewed underwater search vehicles called Sabertooths. She was 6km from her last position on the surface, as recorded by Worsley.

Though some doubt the story's veracity, Shackleton is said to have recruited his compadres by placing in a newspaper an advert that read, "Men wanted for hazardous journey. Small wages, bitter cold, long months of complete darkness, constant danger, safe return doubtful. Honour and recognition in case of success". It being early 20th-century Britain, though, honour and recognition were also available for heroic failure. And few failures were more heroic than this one.

Also in this section

The business of corruption

A brief history of Londongrad

Britain has welcomed dirty money for too long. That might be about to change

EVEN AFTER the annexation of Crimea in 2014, the leak of the Panama Papers in 2016 and the poisoning of Sergei Skripal two years later, London remained a haven for "Moscow gold". Britain has been hospitable to Russian money, much of it tainted, since the Soviet Union collapsed. What, wondered anti-corruption campaigners and concerned MPs, would it take for their country to get tough on the oligarchs and Kremlin cronies whose acquisition of mansions and football clubs had earned the capital the nickname Londongrad?

Just possibly, the answer is a big war in Europe. After Russia's latest invasion of Ukraine, Boris Johnson's government has piled sanctions on the Russian companies, banks and tycoons it sees as supporters of Vladimir Putin. After years of delay, a new economic-crime bill that will, for instance, make foreign owners of British property reveal their identities, is being rushed into law. Even now, though, questions linger about the clean-up's thoroughness.

One of the best-informed sceptics is Oliver Bullough. His new book is an urgent account of Britain's history of welcoming corrupt capital. By the end, readers will sneer at the claim of successive British governments that, as Mr Johnson has put it, no country "could conceivably be doing more to root out corrupt Russian money". The gulf between rhetoric and reality has been chasmic.

Butler to the World. By Oliver Bullough. *St Martin's Press; 288 pages; $28.99. Profile Books; £20*

Mr Bullough's thesis is that London became a favoured destination for dodgy dough not by chance but by design. For over half a century, Britain's business model has been to act as the butler of his title to oligarchs, gangsters and kleptocrats looking for a safe place to park their often ill-gotten gains and enjoy the high life.

Like the versatile and creative Jeeves of the P.G. Wodehouse stories, the British have developed an impressive range of apt skills. The National Crime Agency reckons Britain has a £100bn-a-year money-laundering problem; London's luxury-property market serves as storage for much of this loot. Should anyone ask awkward questions, reassuringly expensive lawyers and public-relations firms have been only too happy to shoo them away, aided by plaintiff-friendly libel and privacy laws. Foreign billionaires with chequered pasts have worked hard and spent big to penetrate the British establishment. It has embraced many of them, even doling out the odd knighthood or peerage.

To understand all this, argues Mr Bullough, you have to go back to 1956, and the Suez fiasco. It worsened a sterling crisis that led to the development of "euromarkets", unregulated finance in dollars and other currencies outside their home countries. In turn those led to the blossoming of what has been called "Britain's second empire": a network of secretive offshore financial centres hosted by British overseas territories, such as the British Virgin Islands (BVI) and Cayman Islands, which by the 1980s were feeding big sums into the City. The British seemed to understand better than anyone that if you wanted to attract footloose capital, you had to treat its owners well—which meant being discreet.

Mr Bullough's previous book, "Moneyland", gave an eye-opening and entertaining tour of the world's hubs for tax-dodgers and money-rinsers. Focusing on Britain in his follow-up is a statement in itself. Most of his chapters are devoted to a particular butlering characteristic. One covers the BVI's rise from a backwater largely reliant on sales of postage stamps to a mass-producer of shell companies for Russian and ▸▸

Chinese clients. Another dissects the mysterious purchase of a disused Tube station in London by a Ukrainian tycoon; he became pally with British luminaries before moving to Vienna, where he is fighting extradition to America for alleged corruption (Britain has filed no charges).

The most revealing chapter is on the "Scottish limited partnership" (SLP). This arcane corporate form has featured in some of the most notorious "laundromat" cases, involving industrial-scale washing of money from former Soviet countries; in one, a criminal group stole $1bn from banks in Moldova, more than an eighth of the country's GDP. The wheeze owes its popularity to a single sentence in a law of 1890, which defines the SLP as "a legal person distinct from the partners of whom it is composed". It thus provides a buffer between miscreant and misdeed that is unavailable in regular partnerships—should anyone be so indelicate as to pry.

One of the few who did pry was David Leask, a journalist with the *Herald*, a Scottish newspaper. His work led to calls from Westminster MPs to end the ruse; the government vowed action. Business had other ideas. Associations representing lawyers and estate agents cautioned that a crackdown would create bad publicity and impose extra burdens on legitimate businesses. Moneymen warned it could harm the City's competitiveness. An umbrella group for private equity, which had long used SLPs in its (legal) tax-avoidance arrangements, counselled against a "needless act of national self harm". All this played on ministers' fears of blunting Britain's financial edge and, as often before, it worked: it is still possible to own SLPs anonymously and avoid filing accounts.

To be fair, British politicians have had their moments in the fight against dirty money. One came when, as prime minister, David Cameron hosted a global anti-corruption summit in 2016. He also pushed through reforms including a public register of company owners, the first in a G20 economy. But momentum stalled with the distractions of Brexit and covid-19.

Closing the laundry

Britain's perennial trouble is less shoddy laws than a lack of resources to enforce them vigorously. Mr Cameron's ownership register is an example. Companies House, which runs it, cannot afford to vet the information submitted, let alone go after those who file fibs. The combined budget of national agencies that fight economic crime is a paltry £850m ($1.12bn), says a watchdog—less than 1% of the amount estimated to be laundered through the country annually. Ministers have announced various anti-corruption outfits and initiatives but failed to provide the funding to give them real clout. The country has no credible equivalent to the punch-packing units in several American agencies.

On the rare occasions when British prosecutors get the bit between their teeth in white-collar cases, they are more likely to involve corporate fraud than cross-border corruption. When they do pursue big-time graft, they are typically outgunned by the blue-chip lawyers hired by their deep-pocketed targets. Witness "unexplained wealth orders", a sensible legal innovation introduced in Britain in 2018, which allow assets to be seized if their owners cannot prove they were bought with legitimate funds. Of the four cases so far, one has already been overturned. Prosecutors are hamstrung by the high legal bar for the confiscation of assets. According to an index of property rights, they enjoy stronger protection in Britain than in any other European country—one reason why oligarchs are so fond of English courts.

Ultimately, Mr Bullough sees a mystery at the core of the servile business model. What does the country get out of it? True, some lawyers, PR consultants and estate agents do very nicely. But the earnings from oligarchs and other foreign patrons of London's offshore machinery and swankiest neighbourhoods are tiny compared with the overall revenues of the City. Meanwhile, the reputational risks of a model that sucks in cash from benighted kleptocracies have never been clearer.

Beggaring your neighbours for relatively little gain—call it Cruel Britannia—is not a good look. Whether the efforts of campaigners, combined with the stench around Londongrad since the assault on Ukraine, help put an end to Butler Britain remains to be seen. Mr Bullough argues compellingly that though more anti-corruption funds and tougher enforcement are welcome, what is really needed is a change of philosophy: for principles to take precedence over the profits of a few. ■

Ottoman history

Too close to the son

A portrait of Suleiman the Magnificent reveals the allure and burden of power

The Lion House. By Christopher de Bellaigue. *Vintage; 304 pages; £20. To be published in America by Farrar, Straus and Giroux in November; $28*

NOT FOR the first or last time in history, the master of an authoritarian power straddling Europe and Asia looked west—and was reassured to find his adversaries divided. Squabbles among the rulers of western Christendom, theological, commercial and personal, made it easier for Sultan Suleiman to achieve his grand aim.

He led his vast, multi-ethnic armies deep into European territory, in 1529 (and again in 1532) stopping only at the gates of Vienna. He had established Islam's place on the continent. In the five centuries since, the personality and achievements of Suleiman the Magnificent have never ceased to puzzle and fascinate. Christopher de Bellaigue approaches him from an unusual and intriguing angle.

Despite his dazzling charisma, aspects of Suleiman's life suggest a vulnerable, even lamentable figure: a ruler who tried to be fractionally more lenient than his predecessors but was caught up in the murderous calculus of palace politics. He loved and trusted two individuals, both of Orthodox Christian background. One was his erstwhile servant and falconer, Ibrahim, whom Suleiman met when they were both around 20, and who proved to be a master of statecraft. The other was his favourite consort and wife, Hurrem.

But this was not a happy trio. Hurrem helped persuade Suleiman (perhaps correctly) that Ibrahim was flying too high and could become a rival. One morning in 1536, in the bedroom next to the sultan's, Ibrahim was found strangled. (Much later, it seems, Hurrem induced Suleiman to kill his beloved son, born by another woman.)

Lonely at the top

Suleiman's reign, up to Ibrahim's death, provides the framework for Mr de Bellaigue's vivid and compelling narrative.

This is a new genre for an author who has written, in a journalistic and scholarly vein, about the contemporary and early-modern histories of Iran, Turkey and the wider Middle East (and has reported for *The Economist* from that region). He presents his story like a novel, but it is not fiction; every detail has been diligently researched, for example by perusing diaries in difficult Venetian dialect. To learn about Suleiman's accession ceremony, he studied an artwork by a master miniaturist in the Topkapi Palace Museum.

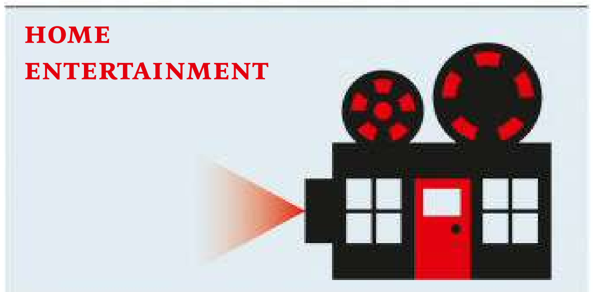
Indeed it might be said that ceremonies in all their variety are Mr de Bellaigue's favourite thing. Obsessively but infectiously, he relates the finer points of political, social and military rituals. Whether he is describing a lavish dinner for Italian merchants on the Bosporus, the stately progress of Suleiman's armies through the Balkans or a mass circumcision, he has an eye for the colourful, absurd and ironic.

Holding up a mirror to Suleiman and his court, the narrative opens in the contrasting, but no less ritualistic, world of Venice—a power destined to compete with the Ottomans, but also to interact with them in mutually beneficial ways. As the epitome of that ambivalent relationship, Mr de Bellaigue introduces Andrea Gritti, who became doge (or ruler) of Venice in 1523. He had spent more than 20 years in the Ottoman capital, first as a merchant, then as a diplomat, then as an incarcerated espionage suspect, and finally as the broker of a Venetian-Ottoman peace treaty.

The book describes how one of his sons, Alvise Gritti, settled in what today is Istanbul and befriended both Suleiman and Ibrahim. Eventually, in 1534, Alvise was captured and killed during a shady military assault on Transylvania. Before that, it could be said that a single, sophisticated family enjoyed influence in both great maritime powers.

By flashing between the Adriatic and the Bosporus, Mr de Bellaigue brings home many such links, comparisons and commonalities. Both of the port cities that he evokes brimmed with ostentatious wealth extracted from distant lands. But for all the cynicism of its governance, Venice was a law-based state where the election of the doge, for example, involved elaborate rules. The winner had to pledge respect for the established system.

The sultan, by contrast, was not subject to any earthly checks or balances. As a representative of God he could make his own laws, and no man-made statute could constrain him. As this book shows, living in the penumbra of such supreme power can be seductive and intoxicating. But the end of the story is often tragic. ■



"The Hunters in the Snow"

Let the storm rage on

Pieter Bruegel's painting is an immortal depiction of winter

Spellbound by cold yet somehow cosy too, the most famous winter landscape in art history adorns book covers, cards, calendars, posters and tea towels. Pieter Bruegel's painting "The Hunters in the Snow" has featured in a clutch of films, novels and poems, too. In Andrei Tarkovsky's visionary science-fiction movie of 1972, "Solaris", the familiar snowscape decorates a space station. In the witty, Bruegel-inspired thriller "Headlong" that he published in 1999, Michael Frayn, an English novelist and dramatist, writes:

> There they go again, those weary men with their gaunt dogs, on the walls of hospital waiting-rooms and students' lodgings, on your mantelpiece Christmas after Christmas, trudging away from us off the winter hills behind our backs, down into the snow-bound valley beneath.

Heads bowed, the three hunters, with their 13 dogs, have only a single scrawny fox to show for their shivering day. Oblivious cooks prepare a pig around a fire, beneath the broken sign of the Stag Inn; in the distance skaters, curlers and ice-hockey players enjoy a pair of frozen ponds. Beyond, mountains rise into jagged peaks never seen in the artist's native Netherlands. A poem by William Carlos Williams notes that "Bruegel the painter...has chosen/a winter-struck bush for his/foreground to/complete the picture".

From that skeletal bush to the ominous crows and magpie above this frigid domain, Bruegel's minute details build into a scene that captures the essence of a European winter. Painted in 1565 and now in the Bruegel Gallery of Vienna's Kunsthistorischesmuseum, after earlier stays in Brussels and Prague, this fabled image of a season began as one of a series of works about the times of the year painted for Nicolaes Jonghelinck, an Antwerp banker. Five survive; Mr Frayn's ingenious plot turns on the alleged discovery of a lost spring scene.

It is hard to stop looking at "The Hunters in the Snow". At once vibrantly and icily, it tells viewers about the harsh winter of 1564-65 that led to a dismal harvest in the subsequent summer. Some historians now treat Bruegel's fantastic realism as evidence of the "Little Ice Age" that began to bite in the late 16th century as European temperatures fell.

It is remarkable also for what it doesn't show. Many in the Low Countries, particularly the nobility, resented their Habsburg overlords. Calvinist leaders stirred up anger against their Catholic counterparts. Hunger and the social stress of the freeze deepened this bitterness. In 1565 the repression of Protestant heresy intensified. Within a year, the world-changing Dutch revolt against the Spanish would begin.

Bruegel's patrons included Cardinal Granvelle, a detested enforcer of Spanish rule. Yet his cycle of the seasons hardly whispers of the unrest of its time and place. In Mr Frayn's words, the pictures depict not the eve of revolution but "a historyless land in a historyless year". As all around it changed—from weather to politics to faith—"The Hunters in the Snow" froze Europe's winter into an evergreen myth. It enchants viewers still. ■

Reflections from Ukraine

Tapestries of war

Lucky Breaks. By Yevgenia Belorusets. Translated by Eugene Ostashevsky. *New Directions; 112 pages; $14.95. Pushkin Press; £9.99*

THE HEROES of "Lucky Breaks", a beguiling book about war in Ukraine by Yevgenia Belorusets, do not conform to ideals of martial heroism. They do not engage in battle, except against the fear, displacement and loss that battles bring. Almost all are women, doing jobs generally seen as feminine: they are florists, manicurists, cosmetologists. They skirt the edges of historical events, rather than standing at their centres. The author explains this focus:

> The insignificant and the small, the accidental, the superfluous, the repressed—all of these things attract my attention because they will never turn into the trophies that ...winners carry from the present into the future so that they might lay down their booty, like bricks, to construct the dominant historical narrative.

Ms Belorusets is a photographer and artist with long experience documenting under-represented communities in Ukraine, from coalminers to queer people. After Vladimir Putin annexed Crimea and sparked a war in the Donbas in 2014, she turned her camera towards the region's women. She began recording interviews and developed a haunting, lyrical writing style. In "Lucky Breaks", she weaves together words and images, photographs and prose portraits of real and imaginary figures. Published in Ukraine in 2018 and now in English, it has acquired a fresh poignancy amid the renewed assault by Russia's president—determined, as he seems to be, to come away with historic booty, regardless of how much blood he spills.

The short chapters are discrete but feature repeating elements, the same narrator and one recurring character, a spectral presence called Andrea, a writer for newspapers that no one reads. The women's voices echo and collide; realism bleeds into dreams and fantasies. The images and texts are not illustrations or descriptions of each other, but rather subtle mutual commentaries, recalling the work of writers such as W.G. Sebald and Teju Cole.

The book is held together by invisible threads and recurring motifs—including the act of sewing. In Eugene Ostashevsky's deft translation of the author's Russian, a woman with "a snow-white face and snow-white arms, with a golden head of hair and a soft smile on her cherry lips" forgets a needle in her nightshirt after sewing up a hole. Another decides to leave her hometown and her mother, a legendary weaver of ribbons at the local factory. Embroidery, rather than sculpture, is the author's technique, too; she offers the document, however unreliable, in place of the monument. Along the way, the categories of "fact" and "fiction" crumble.

War has now come to all of Ukraine, including Kyiv, where Ms Belorusets lives. Since the latest invasion began she has posted a poignant online diary on *isolarii*, a publishing project. In it, she turns her gaze on herself, at once the documentarian and the documented. Her phantasmagoric flourishes return: in her shelter, under Kyiv's Golden Gate (which also features in "Lucky Breaks"), shadows converse. On the streets, jumpy soldiers see her camera as a threat. Despite the bombs, she carries on writing. "The catastrophe needs to be represented: only as part of a story can it be recognised as a catastrophe." ■

Some heroes sew capes

A neuroscience pioneer

Nerves of steel

The Brain in Search of Itself: Santiago Ramón y Cajal and the Story of the Neuron. By Benjamin Ehrlich. *Farrar, Straus and Giroux; 464 pages; $35. To be published in Britain in April; £27.99*

IN 1906 THE Nobel prize in physiology or medicine was shared by two scientists with irreconcilable views of the brain. At the ceremony, Camillo Golgi, an Italian anatomist and the elder of the pair, spoke first—and shocked the audience by slamming his rival's theory. When the other laureate spoke, he described his scientific results, building a convincing case on facts. But Santiago Ramón y Cajal concluded with barbed sympathy for "this scientist who, in the last years of a life so well-filled", had seen "his most elegant and original discoveries [treated] as errors".

This was one of the founding events of modern neuroscience and is the central drama in Benjamin Ehrlich's new biography of Cajal. Golgi had devised a staining technique, using silver nitrate, which allowed nervous tissue to be visualised in more detail than ever before. Cajal perfected the technique and claimed, on the basis of his observations through a microscope, that the nervous system—including the brain—was comprised of individual cells, or neurons. This went against the prevailing theory, supported by Golgi, which held that it consisted of a reticulum or continuous sheet of fibres. Cajal was right.

The "peasant genius", as his friend and fellow histologist Charles Sherrington called him, lived out a scientific rags-to-riches story. He was born to a modest family in the remote Pyrenees of Aragon, at a time when Spain was a scientific backwater. By the time he died in 1934—having obliged British, French and German scientists to learn Spanish just to read his papers—he had almost single-handedly placed the country on the scientific map, in the process ensuring his own status as a national hero. Not bad for a delinquent who was forced to steal bones from graveyards to study anatomy in his youth.

What made that possible was a rare mix of scientific curiosity and artistic flair—and a wife, aptly named Silveria, whose faith in him never wavered. "Half of Cajal is his wife," he liked to say. "The Texture of the Nervous System of Man and the Vertebrates", his masterpiece of 1904, is a scientific classic; his drawings of neurons were prized as works of art. Cajal was blessed ▸▸

Johnson More than the sum of its parts

Teaching grammar is useful, if not principally in the way you may think

ABSENCE OF EVIDENCE is not, as the saying goes, the same thing as evidence of absence. But if you continue looking for something intently, and keep failing to find it, you can be forgiven for starting to worry. And so it is with the vexed—and in Britain, highly politicised—subject of explicit grammar teaching in schools, and its link or otherwise with improved writing ability.

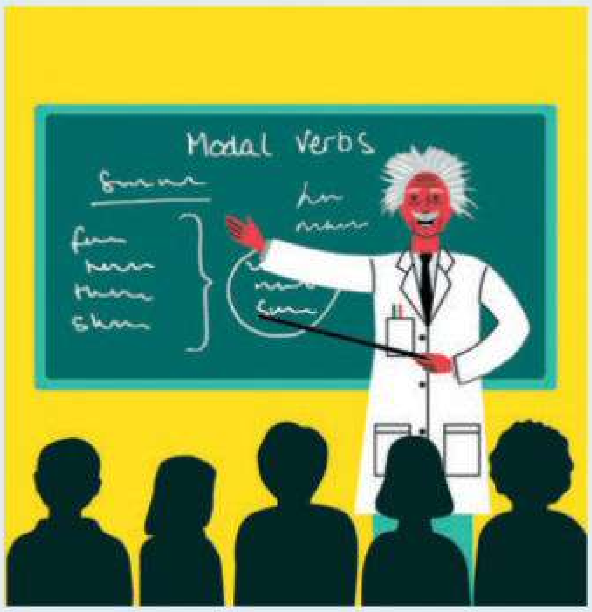
Another study, in this case a large randomised controlled trial, has recently been added to the expansive literature on the subject. Like nearly all its predecessors, it found that teaching kids how to label the bits and pieces in a sentence does not make them better writers. It was novel in that it tested six- and seven-year-olds who used a digital platform called Englicious to take grammar lessons, alongside the rote classroom teaching of grammatical particulars and their functions. The Englicious group did no better than those receiving ordinary instruction when it came to writing narrative passages. (The extra help slightly improved their performance on a task called "sentence combining", which requires pupils to turn two sentences into one in logical ways, such as the addition of "because". But even this effect was not statistically significant.)

Bas Aarts, one of the researchers on the project and one of the scholars behind Englicious, holds out hope that with longer exposure, or a study of older students, an improvement in writing skills might be detected. Other observers may begin to wonder whether the National Curriculum in England, which since 2014 has made grammar such a central part of its English programme, might have gone down a blind alley.

The force behind the reforms, Michael Gove, a Conservative former secretary of education, is sometimes maligned for other political reasons (especially among opponents of Brexit, which he championed). He is said to have insisted on the insertion of personal bugbears into the grammar curriculum, notably the subjunctive form, "If I *were*". Mention of his name alone wrinkles many teachers' noses—partly because some of them were hardly prepared to teach the new material themselves, after decades in which grammar was largely absent from classrooms.

In retrospect it scarcely seems surprising that learning to underline a modal verb, such as "can", "should" and "may", does little to help students use them effectively in their own writing. These words are anyway grasped by tiny children without the need to know what they are called. This may tempt the conclusion that the teaching of grammar should be shelved altogether. But there are reasons to reform it rather than scrap it.

Understanding of language is part of a wider education in what makes human beings human. How concepts are turned into sounds, and how those sounds combine to form propositions, commands or questions, are issues that have occupied many linguists in philosophy departments. What they reveal about the mind has exercised psychologists and cognitive scientists.



There are practical reasons to ask children to grapple with grammar, too. One is that an explicit knowledge of it will make learning a foreign language easier. Even if you did intuit how to make subordinate clauses in your native languages as a toddler—just without instruction—getting to grips with them in German or Russian in later years is simpler if you know how to define and spot them. As it is, many English-speakers come to understand grammar by studying a foreign language, rather than the other way round.

For grammarians keen on the jobs of the future, the field of natural-language processing is booming. After many years of poor results, technological wizards have devised programs for automated translation, speech recognition (as in dictation software) and other services that are actually usable, if far from perfect. These tools may rely more on knowledge of artificial intelligence than of the subjunctive, but linguistic expertise still matters, and may give budding programmers an edge over rivals whose best language is Python.

Grammar could still be taught better. One small study showed improvement in some students when concepts are linked concretely to writing tasks. Even so, it may never be easy to point to a widget-output increase that results directly from improved tuition. A cook does not need to know chemistry to make a delicious sauce. But the science of how words combine to make meaning is fascinating as well as fundamental.

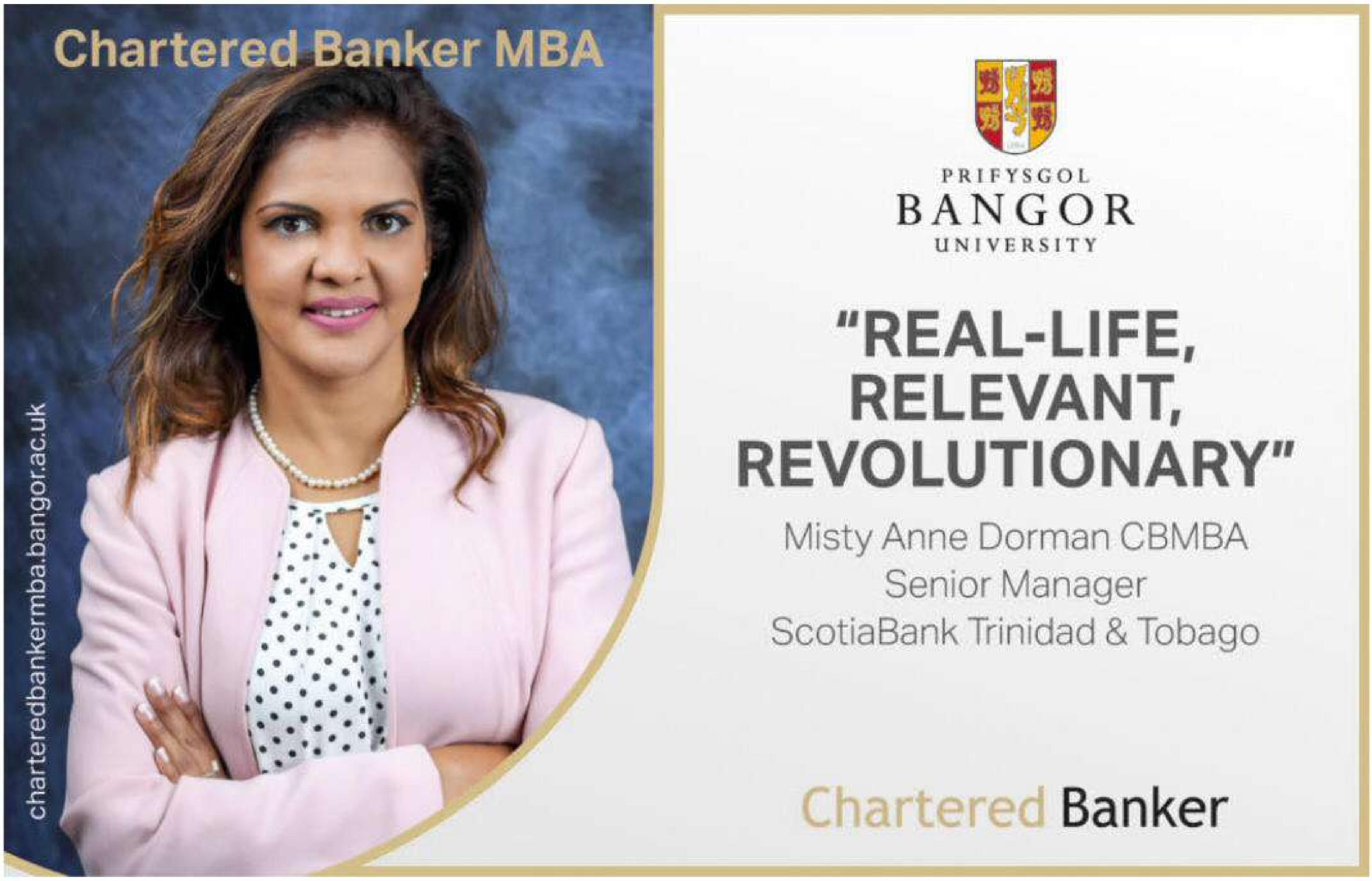
---

with a phenomenal visual memory and methodical rigour, but he had a Romantic soul. He saw himself as Don Quixote and Spanish science as his Dulcinea.

The father of the neuron, as he is often called, either introduced or popularised concepts that neuroscientists still debate, from the potential for nervous-system regeneration, to the influence of the chemical environment on the wiring of the embryonic brain, to the organ's plasticity. All these phenomena, in his view, operated on the basic unit of the nerve cell. Cajal was a dyed-in-the-wool individualist—and if Mr Ehrlich is a trifle heavy on the comparisons between the microscopic world and Spanish politics, his larger point about the role of metaphor in science is important.

For ever since human beings first inquired into their own brains, they have fallen back on technological metaphors. It was the telegraph in Cajal's day; now it is the computer. Neither is particularly realistic, but both capture aspects of the truth. Networks are a perennial theme and Golgi, who took a holistic view of the nervous system, saw them everywhere. Cajal was warier of them. But as neither ever saw into the spaces between neurons, they had to intuit what was or wasn't there. Cajal imagined a gap, Golgi a web of filaments.

The metaphor invaded Cajal's drawings. Despite his eye for details, he left out those he thought unimportant. He knew that intuition precedes observation, but his choices left him open to criticism and he had to defend his theory all his life. Today the reticulum is back, if in different form—the idea being that what counts in the nervous system is patterns of neuronal activity. Cajal might just about accept that, since his legacy, the neuron, is safe. ■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Events


Recoding Diplomacy
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2022
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Economic & financial indicators

Economic data

	Gross domestic product % change on year ago latest		quarter*	2022†	Consumer prices % change on year ago latest		2022†	Unemployment rate %		Current-account balance % of GDP, 2022†	Budget balance % of GDP, 2022†	Interest rates 10-yr gov't bonds latest,%	change on year ago, bp	Currency units per $ Mar 9th	% change on year ago
United States	5.6	Q4	7.0	3.4	7.5	Jan	5.2	3.8	Feb	-3.3	-7.4	1.9	39.0	-	
China	4.0	Q4	6.6	5.2	0.9	Feb	2.4	5.1	Dec‡§	1.8	-5.0	2.6 §§	-51.0	6.32	3.2
Japan	0.4	Q4	4.6	2.9	0.5	Jan	1.2	2.8	Jan	2.4	-5.3	nil	-8.0	116	-6.1
Britain	6.5	Q4	3.9	4.1	5.5	Jan	5.4	4.1	Nov††	-3.3	-5.4	1.3	49.0	0.76	-5.3
Canada	3.3	Q4	6.7	3.8	5.1	Jan	3.8	6.5	Jan	nil	-7.5	1.9	45.0	1.28	-1.6
Euro area	4.6	Q4	1.0	4.0	5.8	Feb	3.6	6.8	Jan	3.2	-4.0	0.2	53.0	0.91	-7.7
Austria	5.5	Q4	-2.0	3.9	5.9	Feb	2.8	4.9	Jan	1.4	-2.9	0.6	68.0	0.91	-7.7
Belgium	5.6	Q4	2.1	3.9	8.0	Feb	4.6	5.6	Jan	1.3	-4.7	0.6	70.0	0.91	-7.7
France	5.4	Q4	2.9	3.9	3.6	Feb	2.2	7.0	Jan	-1.3	-4.9	0.5	53.0	0.91	-7.7
Germany	1.8	Q4	-1.4	3.2	5.1	Feb	4.2	3.1	Jan	6.5	-2.6	0.2	53.0	0.91	-7.7
Greece	7.4	Q4	1.7	4.2	6.3	Jan	4.3	13.3	Jan	-3.9	-4.3	2.4	149	0.91	-7.7
Italy	6.2	Q4	2.3	4.4	5.7	Feb	3.5	8.8	Jan	3.5	-5.5	1.7	97.0	0.91	-7.7
Netherlands	6.2	Q4	3.8	3.7	6.4	Jan	5.7	3.6	Jan	8.8	-4.3	-0.2	36.0	0.91	-7.7
Spain	5.2	Q4	8.3	6.0	7.4	Feb	3.7	12.7	Jan	1.3	-5.4	1.0	63.0	0.91	-7.7
Czech Republic	3.7	Q4	3.8	4.1	9.9	Jan	8.1	2.3	Jan‡	-0.9	-4.3	3.5	171	22.9	-3.5
Denmark	4.3	Q4	4.5	2.7	4.3	Jan	2.0	2.7	Jan	8.6	nil	0.5	65.0	6.74	-7.1
Norway	5.4	Q4	0.3	3.3	3.2	Jan	3.6	3.3	Dec‡‡	9.2	2.6	1.4	76.0	8.92	-4.8
Poland	7.6	Q4	7.0	4.9	9.2	Jan	6.2	5.5	Feb§	0.5	-3.1	4.9	328	4.31	-10.7
Russia	4.3	Q3	na	-10.1	9.2	Feb	15.0	4.4	Jan§	8.5	-6.7	12.5	551	136	-45.4
Sweden	5.2	Q4	4.6	3.3	3.7	Jan	3.0	8.3	Jan§	4.3	0.1	0.5	7.0	9.70	-12.2
Switzerland	3.7	Q4	1.1	3.0	2.2	Feb	1.1	2.2	Feb	5.1	0.5	0.2	52.0	0.93	nil
Turkey	9.1	Q4	6.2	3.4	54.4	Feb	35.3	11.3	Dec§	-3.3	-3.9	24.2	1,070	14.7	-47.8
Australia	4.2	Q4	14.4	3.3	3.5	Q4	3.8	4.2	Jan	1.3	-3.2	2.3	56.0	1.37	-5.1
Hong Kong	4.8	Q4	0.8	0.9	1.2	Jan	2.8	3.9	Jan‡‡	1.9	-6.6	1.8	33.0	7.82	-0.8
India	5.4	Q4	26.6	7.0	6.0	Jan	4.6	8.1	Feb	-1.6	-6.4	6.8	64.0	76.6	-4.7
Indonesia	5.0	Q4	na	5.1	2.1	Feb	3.6	6.5	Q3§	-0.6	-4.9	6.8	-4.0	14,348	0.4
Malaysia	3.6	Q4	na	4.5	2.3	Jan	2.8	4.2	Jan§	3.2	-6.1	3.7	30.0	4.19	-1.7
Pakistan	6.0	2021**	na	3.0	12.2	Feb	8.0	6.9	2019	-5.1	-6.3	11.2 †††	98.0	178	-12.0
Philippines	7.7	Q4	13.0	6.0	3.0	Feb	4.1	7.4	Q4§	-1.7	-7.4	5.4	139	52.2	-7.2
Singapore	6.1	Q4	9.5	3.8	4.0	Jan	2.9	2.4	Q4	17.5	-0.9	1.9	31.0	1.36	-0.7
South Korea	4.1	Q4	5.0	2.9	3.7	Feb	2.3	4.1	Jan§	4.1	-2.9	2.7	68.0	1,237	-7.8
Taiwan	4.9	Q4	7.6	3.2	2.4	Feb	2.4	3.7	Jan	14.6	-0.7	0.7	29.0	28.4	-0.3
Thailand	1.9	Q4	7.5	2.9	5.3	Feb	1.9	1.5	Dec§	1.8	-4.7	2.1	31.0	33.1	-6.9
Argentina	11.9	Q3	17.3	3.0	50.7	Jan	51.8	8.2	Q3§	0.5	-4.4	na	na	109	-16.6
Brazil	1.6	Q4	2.2	0.3	10.4	Jan	7.6	11.1	Dec§‡‡	-2.0	-7.7	12.2	412	4.99	16.4
Chile	17.2	Q3	21.0	3.0	7.8	Feb	8.9	7.3	Jan§‡‡	-2.7	-4.1	5.9	282	804	-8.8
Colombia	10.7	Q4	18.2	4.2	8.0	Feb	6.2	14.6	Jan§	-4.4	-6.0	9.8	398	3,744	-3.9
Mexico	1.1	Q4	0.1	1.9	7.3	Feb	5.1	3.6	Jan	-0.9	-3.3	8.3	247	21.0	1.5
Peru	3.2	Q4	-12.9	2.3	6.1	Feb	6.1	11.0	Jan§	-2.6	-2.8	6.6	188	3.72	-0.5
Egypt	9.8	Q3	na	5.3	7.2	Jan	7.0	7.4	Q4§	-4.1	-6.9	na	na	15.7	nil
Israel	10.7	Q4	16.6	4.3	3.1	Jan	2.9	3.9	Jan	3.7	-2.3	2.0	84.0	3.26	2.1
Saudi Arabia	3.3	2021	na	5.0	1.2	Jan	1.8	6.6	Q3	6.3	2.0	na	na	3.75	nil
South Africa	1.7	Q4	4.7	2.1	5.7	Jan	4.8	34.9	Q3§	-0.6	-6.0	9.9	38.0	15.0	2.7

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. §Not seasonally adjusted. ‡New series. **Year ending June. ††Latest 3 months. ‡‡3-month moving average. §§5-year yield. †††Dollar-denominated bonds.

Markets

In local currency	Index Mar 9th	% change on: one week	% change on: Dec 31st 2021
United States S&P 500	4,277.9	-2.5	-10.2
United States NAScomp	13,255.6	-3.6	-15.3
China Shanghai Comp	3,256.4	-6.5	-10.5
China Shenzhen Comp	2,116.2	-8.5	-16.4
Japan Nikkei 225	24,717.5	-6.3	-14.2
Japan Topix	1,758.9	-5.4	-11.7
Britain FTSE 100	7,190.7	-3.2	-2.6
Canada S&P TSX	21,493.2	1.1	1.3
Euro area EURO STOXX 50	3,766.0	-1.4	-12.4
France CAC 40	6,387.8	-1.7	-10.7
Germany DAX*	13,847.9	-1.1	-12.8
Italy FTSE/MIB	23,889.5	-2.6	-12.6
Netherlands AEX	688.3	-4.5	-13.7
Spain IBEX 35	8,163.1	-1.9	-6.3
Poland WIG	59,917.9	-2.8	-13.5
Russia RTS, $ terms	936.9	nil	-41.3
Switzerland SMI	11,493.4	-3.2	-10.7
Turkey BIST	2,042.7	2.9	10.0
Australia All Ord.	7,331.8	-1.0	-5.8
Hong Kong Hang Seng	20,627.7	-7.7	-11.8
India BSE	54,647.3	-1.5	-6.2
Indonesia IDX	6,864.4	-0.1	4.3
Malaysia KLSE	1,562.3	-2.2	-0.3

	index Mar 9th	% change on: one week	% change on: Dec 31st 2021
Pakistan KSE	43,043.0	-3.3	-3.5
Singapore STI	3,195.4	-1.5	2.3
South Korea KOSPI	2,622.4	-3.0	-11.9
Taiwan TWI	17,015.4	-4.8	-6.6
Thailand SET	1,643.6	-2.7	-0.8
Argentina MERV	87,226.4	-3.3	4.5
Brazil BVSP	113,900.3	-1.1	8.7
Mexico IPC	53,911.8	1.1	1.2
Egypt EGX 30	10,415.7	-6.9	-12.5
Israel TA-125	2,032.7	-0.9	-1.9
Saudi Arabia Tadawul	12,738.6	0.7	12.4
South Africa JSE AS	72,684.8	-6.3	-1.4
World, dev'd MSCI	2,881.8	-2.8	-10.8
Emerging markets MSCI	1,090.7	-6.7	-11.5

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2021
Investment grade	161	120
High-yield	408	332

Sources: Refinitiv Datastream; Standard & Poor's Global Fixed Income Research. *Total return index.

Commodities

The Economist commodity-price index

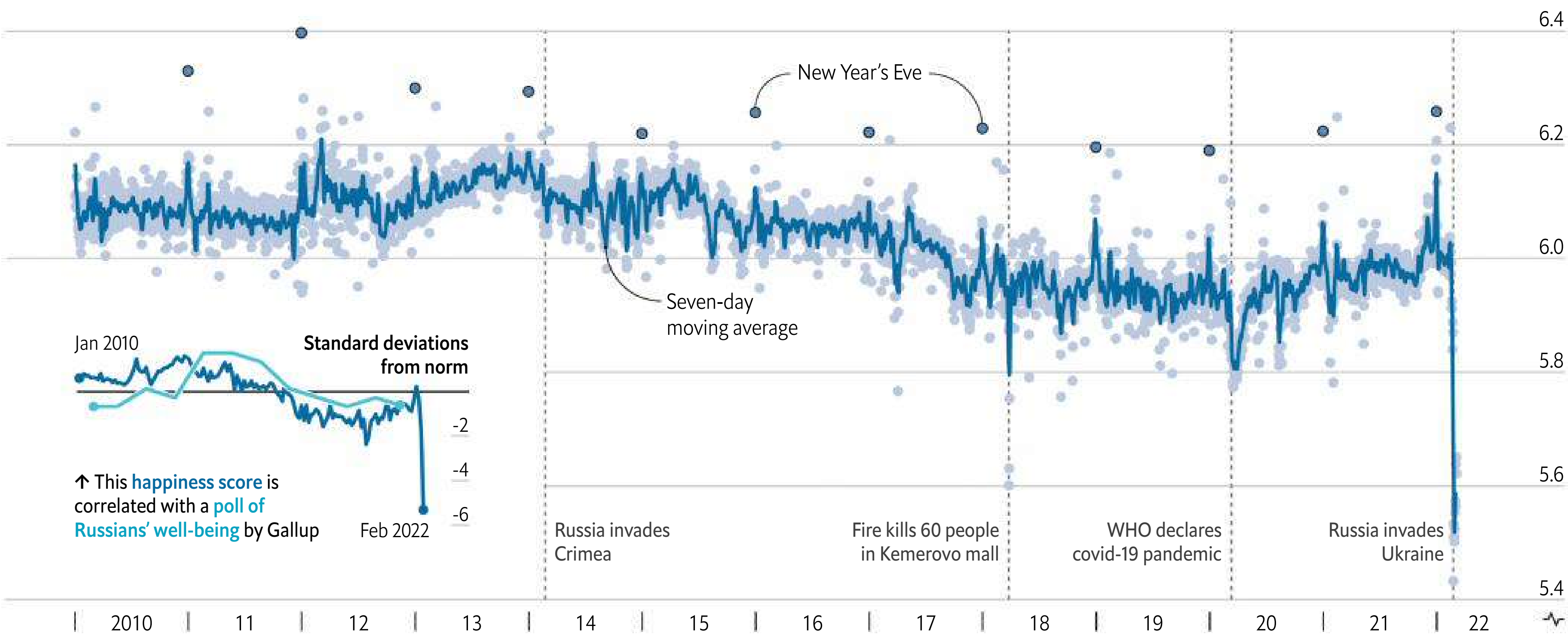
2015=100	Mar 1st	Mar 8th*	% change on month	% change on year
Dollar Index				
All Items	190.0	203.1	12.9	24.0
Food	165.0	171.8	14.9	34.7
Industrials				
All	213.3	232.3	11.6	17.5
Non-food agriculturals	190.9	189.5	9.5	25.2
Metals	220.0	245.0	12.1	15.9
Sterling Index				
All items	217.2	236.4	16.7	31.4
Euro Index				
All items	189.1	207.0	18.6	35.5
Gold				
$ per oz	1,925.6	2,056.1	12.6	19.8
Brent				
$ per barrel	105.0	128.2	40.8	89.5

Sources: Bloomberg; CME Group; Cotlook; Refinitiv Datastream; Fastmarkets; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Urner Barry; WSJ. *Provisional.

For more countries and additional data, visit
Economist.com/indicators

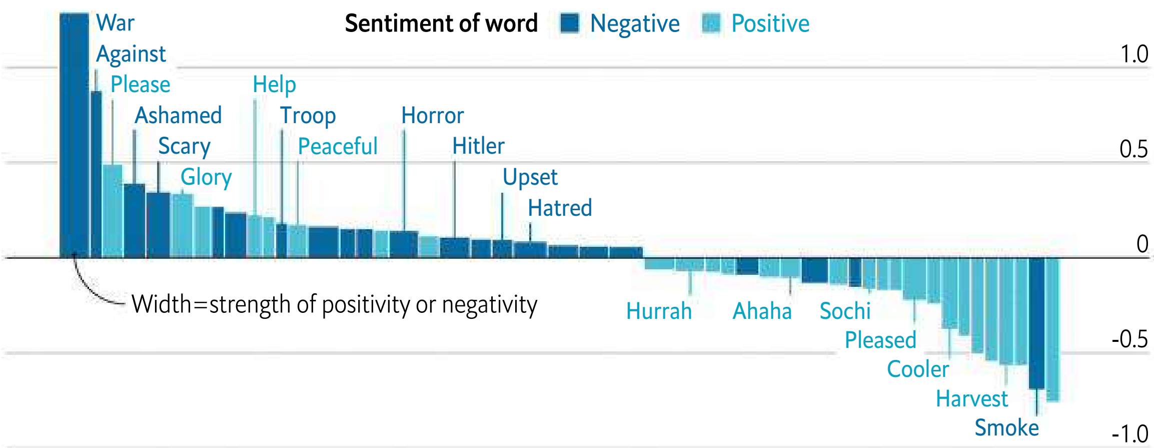
→ **Sentiment on Russian-language social media soured when Russia invaded Ukraine**

Happiness score of tweets in Russian, average per day



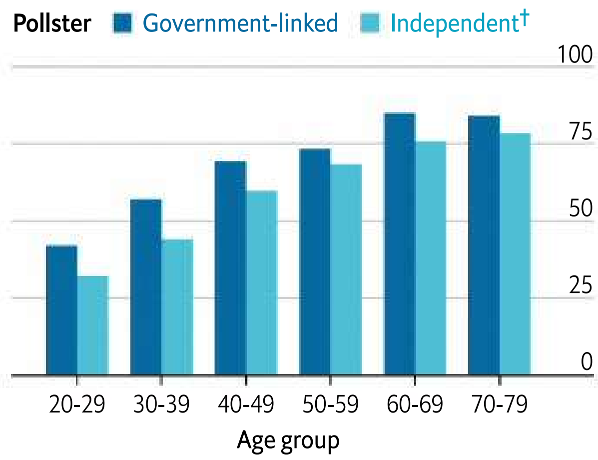
Difference in frequency of words in Russian-language posts on Twitter, %

Between day Russian troops entered Crimea in 2014 and start of current war in Ukraine, top 50 words*



Share supporting military action in Ukraine, %

Selected surveys in Russia, Feb 25th-Mar 1st 2022



*By impact on sentiment †Average of two Sources: Computational Story Lab; dorussianswantwar.com; hedonometer.org; Qualitas; Twitter; VTsIOM

A house divided

The war in Ukraine has made Russian social-media users unusually glum

The outcome of the war in Ukraine depends on the mood in Moscow as well as the fighting near Kyiv. Vladimir Putin, Russia's president, did not need popular support to launch his invasion. But should enough ordinary Russians turn against it, he might be forced to change course.

Most data on the Russian home front are unreliable. The government has limited freedom of speech and arrested thousands of protesters. A few polls do show support for the war. In two surveys last month run by government-linked firms, around 65% of respondents backed the "special military operation". Later independent polls found that 55-59% supported the military "action" or "operation".

Such results must be taken with a cellar of salt, since the Kremlin has criminalised statements about the war that it deems false. But they still reveal political cleavages and trends over time. One poll found that being young or female, living in a big city, having a degree and not watching TV predicted anti-war views. Support may also be waning. In surveys of internet users in Moscow run by Alexei Navalny, an opposition leader, the share of people blaming Russia surged during the war's first week.

Another rich source of data is social media. A team at the University of Vermont has built a measure of sentiment on these sites, using frequencies of various words and ratings of the joy or sadness they convey. Applied to Russian-language Twitter, it accurately detects happy moments like New Year's Eve. And its fluctuations over time line up with those of a conventional poll run by Gallup, an American firm.

This measure finds that Mr Putin has sent Twitter users into deep despair. Mentions of "war", frowned upon by the Kremlin, have risen sharply, as have "scary", "ashamed" and "horror". Overall, posters' mood has worsened eight times more than at the start of the covid-19 pandemic. Based on past trends, this implies a one-point dip on Gallup's one-to-ten happiness scale.

Twitterati tend to be young and pro-Western, and may feel gloomier than the public at large. This bias has probably grown since Russia made it harder to load American social-media sites last month. People who still manage to post may be unusually determined or computer-savvy.

However, no restrictions have been placed on VKontakte (VK), a domestic social network. And among VK posts that mention Mr Putin, the increased use of terms such as "war", "weapon", "death" and "crimes" indicates that, compared with 2014, when Russia sent troops into Crimea, the sentiment today is grim. ■

The blond bombshell

Shane Warne, Australian cricketer and the best-ever leg-break bowler, died on March 4th, aged 52

If someone invited him to a fancy restaurant, Shane Warne could tell them there wasn't much point. A white-bread cheese sandwich or a bag of chips was just as good for him. Spaghetti bolognese was as far as he went in the gourmet department. And there wasn't much to beat those warm pies you could buy at stalls, the ones he could demolish in about 30 seconds, with that sauce that inevitably ran down his chin and dribbled all over his jacket.

He drank, too. Not only Castlemaine, Foster's and other patriotic brews, but the pints he downed in England in his winter seasons, when he discovered pubs. Those really put the weight on. He smoked like a chimney, lighting up a fag as soon as the dawn broke. His credo was "Eat. Go. Party!", and there were plenty of high jinks to keep the tabloids happy. "Two drinks and two girls later," began a sentence in his autobiography, and it could have started dozens.

He forgot all that, though, when he walked onto a cricket field. It was as if someone had shut the door behind him. The only traces of playboy were the peroxide hair, the chunky waistline and the sexily unbuttoned shirt, as well as the wildly joyous celebrations when he knocked a batsman over. And there were many, many of those: 708 wickets in Test matches, 293 in one-day internationals, at an average of merely 25.5 runs apiece. Certain spells of skill stood out, such as his 7 for 56 against the then-formidable West Indies in 1992 and, in 1994, his 8 for 71 against England. Perhaps the sweetest moment was when he became the first bowler to take 700 Test wickets, at his home ground in Melbourne, when he leapt off careering round the 'G as if he was demented.

His secret, a very public one, was that he was a masterly leg-spinner. In an era when most bowling tended to be fast and brutal, his was slow, subtle and cunning. He made it slower by ambling to the crease, quickening for a couple of steps, passing the ball nonchalantly from left hand to demon right, then letting the ball rip, drift and bounce to the batsman's left and spin in sharply, sometimes square, to hit the leg stump or be snicked to a nearby catcher. The ruse was often invisible, and he had many ways to disguise it, sending the ball low and spinless (a slider), spinning backwards (a zooter), or with his hand actually facing the other way (a wrong 'un, called a googly by Poms). His favourite was the back-spin flipper, launched with a snap of thumb and forefinger to fizz out of his hand and skid fast and low off the pitch. His greatest delight was not a wicket destroyed but the look of total incredulity on the batsman's face, as when in his first Ashes Test against England in 1993, and with his first ball, he bamboozled Mike Gatting with a choice Warnie leg-break, "the ball of the century", and Gatting walked off shaking his head.

He had other weapons, too. He was a strategist, planning his moves about six balls ahead, and a psychologist, always seeking to unsettle a batsman. (Off the field, he became a high-level poker player.) Cricket was both a fierce team game and a duel between two men. Plenty of unsettling he could do with his bowling, luring his opponent out of his crease, or making him think that something special was happening, even when it wasn't. Sledging, or casual taunting, also came in handy, and he loved it, even when he was sledged back. "Come on, you know you want to!" he would tell a batsman who was tempted to slog it. Or, to any player undone with nerves, "I've been waiting so long for this!" The only batsmen who regularly frustrated him were Brian Lara of the West Indies, Kevin Pietersen of England and Sachin Tendulkar of India, for all of whom he had immense respect—off the field, at least.

To find himself a cricketer was surprising. He played a bit as a boy, enough to know that his big strong hands and wrists, a present from his sporty Mum and Dad, were ideal for a spinner. But as a teenager he mostly wanted to play Australian Rules Football, where some stars drove Ferraris and wore ear-studs. (He did both those later, the Ferrari only one of a fleet of beautiful cars.) It took Kerry Packer's World Series, launched in 1977, to prove to him that cricket could be just as cool.

In the national team he struggled at first, doing badly in his first two Tests against India. He wasn't ready. But between 1993 and 1998, after rigorous training and dieting with Terry Jenner at the National Cricket Academy, he bowled like a dream. There were ups and downs thereafter, but his career averages were extraordinary. Besides the bowling he was no slouch with the bat, scoring 6,919 first-class runs, and a nifty fielder, especially in close at slip. "Wisden's Almanack" reckoned him one of the five greatest cricketers of the 20th century, right along with Don Bradman and Garfield Sobers, and the only bowler.

Off the field the scandals went on, including accepting money from an Indian bookmaker in 1994 to supply pre-match information, sending explicit messages, sleeping with porn stars and, on the very eve of the World Cup in 2003, failing a drugs test. Such missteps cost him his chance to captain Australia. That was a shame, as he knew he was a first-rate motivator, both from the one-day internationals he captained and the two teams, Hampshire and the Rajasthan Royals, whom he proudly led to victory.

His legions of fans kept the faith through thick and thin. Warnie had done his all for Australian cricket, and under that cocky charisma, which nearly snared Elizabeth Hurley as his bride, there was, besides, a friendly and ordinary bloke, whose favourite meal was Vegemite toast, who never refused a fan an autograph and who had never finished a book in his life. To see his name in lights was fine, but he didn't need it. He played cricket because it was fun for him and fun for other people. He retired from internationals in 2007 (having at last run out of arse), lamenting the way the game was now seen as a job and a business, although he had profited from that as much as anyone. There seemed no place now for characters like himself, true entertainers. He had made mistakes, sure, been silly, but that was because he was only human, no better than anyone else. Except at one thing. ■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