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THE WORLD AHEAD 2022

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Ten trends to watch in the coming year

A letter from Tom Standage, editor of "The World Ahead 2022"

Nov 8th 2021

BY TOM STANDAGE: EDITOR, THE WORLD AHEAD 2022

IF 2021 WAS the year the world turned the tide against the pandemic, 2022 will be dominated by the need to adjust to new realities, both in areas reshaped by the crisis (the new world of work, the future of travel) and as deeper trends reassert themselves (the rise of China, accelerating climate change). Here are ten themes and trends to watch in the year ahead.

1 Democracy v autocracy. America's mid-term elections and China's Communist Party congress will vividly contrast their rival political systems. Which is better at delivering stability, growth and innovation? This rivalry will play out in everything from trade to tech regulation, vaccinations to space stations. As President Joe Biden tries to rally the free world under the flag of democracy, his dysfunctional, divided country is a poor advertisement for its merits.

2 Pandemic to endemic. New antiviral pills, improved antibody treatments and more vaccines are coming. For vaccinated folks in the developed world, the virus will no longer be life-threatening. But it will still pose a deadly danger in the developing world. Unless vaccinations can be stepped up, covid-19 will have become just another of the many endemic diseases that afflict the poor but not the rich.

3 Inflation worries. Supply-chain disruptions and a spike in energy demand have pushed up prices. Central bankers say it's temporary, but not everyone believes them. Britain is at particular risk of stagflation, due to post-Brexit labour shortages and its dependence on expensive natural gas.

4 The future of work. There is a broad consensus that the future is "hybrid", and that more people will spend more days working from home. But there is much scope for disagreement on the details. How many days, and which ones? And will it be fair? Surveys show that women are less keen to return to the office, so they may risk being passed over for promotions. Debates also loom over tax rules and monitoring of remote workers.

> **The coming year will be dominated by the need to adjust to new, post-pandemic realities**

6 Crypto grows up. Like all disruptive technologies, cryptocurrencies are being domesticated as regulators tighten rules. Central banks are also looking to launch their own, centralised, digital currencies. The result is a three-way fight for the future of finance—between the crypto-blockchain-DeFi crowd, more traditional technology firms and central banks—that will intensify in 2022.

7 Climate crunch. Even as wildfires, heatwaves and floods increase in frequency, a striking lack of urgency prevails among policymakers when it comes to tackling climate change. Moreover, decarbonisation requires the West and China to co-operate, just as their geopolitical rivalry is deepening. Keep an eye on the solar-geoengineering research team at Harvard. In 2022, they want to test the use of a high-altitude balloon to release dust to dim sunlight—a technique that may, at this rate, be needed to buy the world more time to decarbonise.

8 Travel trouble. Activity is picking up as economies reopen. But countries that pursued a zero-covid "suppression" strategy, such as Australia and New Zealand, face the tricky task of managing the transition to a world in which the virus is endemic. Meanwhile, as much as half of business travel is gone for good. That is good for the planet, but bad for tourists whose trips are subsidised by high-spending business travellers.

9 Space races. 2022 will be the first year in which more people go to space as paying passengers than government employees, carried aloft by rival space-tourism firms. China will finish its new space station. Film-makers are vying to make movies in zero-G. And NASA will crash a space probe into an asteroid, in a real-life mission that sounds like a Hollywood film.

10 Political footballs. The Winter Olympics in Beijing and the football World Cup in Qatar will be reminders of how sport can bring the world together—but also of how big sporting events often end up being political footballs. Expect protests directed at both host countries, though boycotts by national teams seem unlikely.

The rapid development of MRNA coronavirus vaccines, a bright spot in 2021, drew on decades of work to create what looked like an overnight success. Which other emerging technologies might be about to burst into prominence? Our special section considers 22 candidates for 2022. Finally, this publication has a new name: *The World in* is now *The World Ahead*, which better positions us for the future. We hope that reading it will do the same for you.

Tom Standage: Editor, The World Ahead 2022 ■

This article appeared in the From the editor section of the print edition of The World Ahead 2022 under the headline "From the editor"

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The World Ahead

The World Ahead 2022

Rivalry between America and China will shape the post-covid world

Each side is striving to show the superiority of its system of government

Nov 8th 2021
BY ZANNY MINTON BEDDOES: EDITOR-IN-CHIEF, THE ECONOMIST

IN HIS CLASSIC account of the Peloponnesian War, Thucydides concluded that the conflict was the consequence of growing Athenian power instilling fear in Sparta. In "The Thucydides Trap", an influential essay published in 2015, Graham Allison of Harvard University examined whether the same dynamic would apply to America and China. He identified 16 historical episodes where an established power's position was disrupted by a challenger. In 12 of those cases the shift ended in war. A repetition today was not inevitable, he concluded, but escaping the trap "requires tremendous effort".

Mr Allison's analysis was studied closely in Washington and Beijing. Nonetheless, in the past five years the relationship between the world's superpower and its Asian challenger has deteriorated in a manner that suggests few are paying heed to history. Under Xi Jinping, China has become more aggressively assertive abroad and more authoritarian at home. Under Donald Trump and now Joe Biden, American policy towards China has shifted from hubristic faith that it could be integrated into the existing American-led world order to something closer to paranoid containment, marked by suspicion of China's intentions and a fearful bipartisan consensus that America's global pre-eminence is at risk.

This growing antagonism has already caused plenty of damage, from the tariff war to heightened tensions over Taiwan. It has enfeebled the global responses to covid-19 and climate change. Unfortunately, as bad as things seem now, they could easily get worse. The world that emerges from the pandemic will be shaped by an adversarial rivalry that is not just about each side's relative power, but has become an existential competition as each side strives to demonstrate the superiority of its system of government.

> **Each side is striving to show the superiority of its system of government**

Mr Biden has already described it as such, saying that Western democracies are in a "contest" with autocratic governments over which system works better in a rapidly changing 21st century. For Xi Jinping the framing is similar and the evidence already overwhelming: collective state control, he repeatedly asserts, is plainly superior to dysfunctional Western democracy. "The East is rising and the West is declining," as Chinese officials have become fond of saying.

Xi who must be obeyed

The party will go to extraordinary lengths to prevent instability or criticism of any kind. The risk of embarrassing protests at the Olympics by citizens of pesky democracies perturbed by China's "re-education" camps in Xinjiang, for instance, has been addressed by imposing a strict covid "bubble" that does not allow any foreign spectators to attend. On the domestic front, any whiff of disquiet within the party at Mr Xi's rejection of any term limit for his rule will be met with brutal purges. Officials will celebrate the dawn of a "new era": that of Mr Xi, in total control of the party for as long as he wishes.

Meanwhile, Western democracies will showcase all their frustrating messiness. In Europe a winter of energy shortages, with high prices and even rolling blackouts, will infuriate voters and frighten politicians. France's presidential election will be an ugly spectacle of populist demagoguery, the tone set by Eric Zemmour, a hard-right, anti-immigrant television personality who is positioning himself as the French Trump. In the end Emmanuel Macron will probably be re-elected, as the populist right-wing vote splits, but a campaign dominated by resentment and culture wars will not feel like an advertisement for democracy.

The biggest disappointment will be America itself. Mid-term election years are usually ones in which little is achieved legislatively and the party that holds the White House loses seats in Congress. 2022 will be a particularly extreme example of this mid-term curse. Even if he succeeds in getting a version of his "Build Back Better" package of infrastructure and social spending passed, Mr Biden begins 2022 with his popularity still dimmed by rising inflation and supply shortages. With an eight-seat margin in the House of Representatives and a 50-50 split in the Senate, the Democrats are at grave risk of losing control of both. And the Republican Party, wholly in thrall to Mr Trump, has adopted his false narrative that the 2020 election was stolen and has been changing laws, in numerous states where it controls the legislature, to tip election oversight in its favour.

As the year goes on, the near certainty that, health permitting, Mr Trump will be the Republican presidential candidate in 2024 means America's political debate will be overshadowed by fears of the biggest constitutional crisis since the civil war. Outside America, those who thought Mr Trump an awful aberration will be shaken by the prospect of a comeback.

Meanwhile, in the economic arena...

If the theatre of politics makes Western democracy look dysfunctional relative to Chinese autocracy, 2022 may offer a different verdict on which system delivers the most competent economic management. From tech companies to post-pandemic reopening, China and America are taking starkly divergent approaches to similar challenges. And, for the first time in years, China may make more mistakes.

Mr Xi has embarked on a no-holds-barred effort to cut China's capitalist titans down to size, erasing as much as $1.5trn in shareholder value with his clampdown on technology companies and imposing tough restrictions on industries, from video-gaming to private tutoring, that are deemed inimical to "common prosperity". In America, bipartisan fulminations about the corrosive impact of Facebook and other tech giants will lead to little more than Congressional hearings. Market forces, however, will do a better job of delivering change, as younger consumers seek out new platforms and the big tech firms start to encroach on each other's territory.

America and the rest of the West will move into a living-with-covid mindset. The disease will not disappear, but become endemic. Booster jabs will become the norm, remaining travel restrictions will be relaxed and lockdowns will become a thing of the past. China, by contrast, will stick with a zero-covid policy throughout 2022. Having terrified its citizens about the disease and touted its toughness as a mark of superiority, China's government cannot easily change course. The country will remain walled off from the rest of the world with long quarantines and sharply restricted travel.

In both of these cases, China's draconian approach will eventually cause economic damage. Regulatory unpredictability and censorious disapproval of the country's most successful capitalists will discourage entrepreneurship and hinder innovation. And maintaining a zero-covid policy in a world in which the disease is endemic will require disruptive shutdowns.

All this will complicate China's already challenging macroeconomic environment. China-watchers have worried for years about the consequences of unwinding the country's enormous property boom and the jaw-dropping levels of debt that accompanied it. The crisis at Evergrande, a huge developer, suggests that this tricky transition is at last under way. It will dominate 2022 as other property-related firms fail. Add to that structural challenges, from a shrinking workforce to a rapidly growing number of old-age dependents, and the economic pressures are considerable. Annual GDP growth could fall to 5%.

> **The good news is that a military confrontation seems unlikely**

Slower growth in China would cast a shadow across the global economy. But, paradoxically, by dampening commodity prices it would help ease America's main macroeconomic challenge: the risk of sustained high inflation. That would leave room for the Federal Reserve to stay looser for longer. With covid-19 behind it, its fiscal tightening mostly complete and (assuming some version of Mr Biden's bill is passed) with a long-overdue effort to improve infrastructure under way, America's economy could grow smartly, even as its politics frays. GDP growth of 4%, not far off China's, is plausible.

Divergent political and economic performance will dominate the headlines in the coming year. But won't that undermine the chances that America and China will make the "tremendous effort" needed to build a functioning relationship? Not necessarily. With a faltering domestic economy, Mr Xi might be keen to improve the trade relationship with America, while Mr Biden, embattled at home, might want to notch up a foreign-policy success before the mid-terms. And in theory the two sides could make progress in plenty of areas, such as devising a sensible deal on trade and technology to replace the tariffs of the Trump era; agreeing on a common approach to cyber-security, nuclear non-proliferation or the militarisation of space; or finding ways to accelerate the clean-energy transition in the wake of the COP26 climate meeting in Glasgow.

Unfortunately, this all seems highly unlikely. In a deeply polarised America, one of the few areas of bipartisan agreement is to be tough on China. Mr Biden will not risk Republican attacks that he is going soft by doing deals, however sensible they might be. And a China that views Mr Biden as a transitional figure in a dysfunctional democracy is more likely to dial up its nationalist propaganda to distract from domestic economic weakness. The good news is that a military confrontation seems unlikely in 2022. The overriding need to preserve stability in the run-up to the party congress will discourage China from adventurism or excessive sabre-rattling, whether around Taiwan or in the South China Sea. The bad news is that the Thucydides Trap will not have gone away.

Zanny Minton Beddoes: Editor-in-chief, The Economist ■

This article appeared in the Leaders section of the print edition of The World Ahead 2022 under the headline "Manichean and messy"

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The World Ahead

The World Ahead 2022

Energy investment needs to increase —so bills and taxes must rise

Shortages and greenflation will end the age of idealism on energy policy

Nov 8th 2021

BY PATRICK FOULIS: BUSINESS AFFAIRS EDITOR, THE ECONOMIST

POLITICIANS, CONSUMERS and companies are on a journey of discovery about climate change and the energy business. The first stage, in the early 2010s, was characterised by indifference. The second phase, in the past few years, has involved setting idealistic emissions-cutting targets far in the future that cost little today. In 2022 the third stage of the journey will get under way, amid dangerously volatile energy prices, fears of greenflation and rising geopolitical risks. It will require realism about the task ahead.

In 2021 the world was awash in easy promises. Some 70 countries, accounting for two-thirds of global carbon emissions, had net-zero targets, to be met by mid-century. A majority of people in the rich world, including America, expressed concern about climate change. Companies were making ambitious carbon-neutral pledges, too—especially those that didn't emit much in the first place. A boom in green-tech venture capital suggested that funds were being reallocated at scale. And sustainable investing became one of the biggest trends in finance since subprime debt.

When it came, the reality check was brutal. A surging economy in mid-2021 pushed up energy demand. By October the price of a basket of fossil fuels was up by 95% year on year. China and India faced blackouts and Europe a lack of gas (often piped from autocratic Russia). A shortage of fossil fuels, which account for 83% of primary energy use, threatened to push global inflation above 5%, hurt growth and spook the public. In response, politicians turned back the clock. China and India raised coal output, Britain turned its dirtiest power plants back on, and as the oil price hit $80 a barrel, the White House urged OPEC to boost exports.

> **Because energy investment needs to increase, bills and taxes must rise**

In 2022 attention will turn to making the energy system less fragile. The easiest bit is fairly technical. Most grids struggle to handle the intermittent nature of renewable sources such as solar and wind energy, so more reliable base-load power is needed that is not coal-fired. Natural gas will come back in fashion and there will be a global rehabilitation of nuclear power, which produces no greenhouse-gas emissions. In the years since the Fukushima disaster of 2011 its share of primary energy use has faded to 4%, but more countries will seek to emulate France, where the figure is 36%. New battery, hydrogen and carbon-capture technologies may eventually help, but they are not ready for prime time.

In response, governments will expand the use of carbon prices, which act as an economy-wide ratchet on emissions. They will experiment with setting prices far into the future to give investors more predictability over the 20- to 30-year life-cycle of energy projects. America will remain an outlier, with no federal carbon price, but more Republicans will realise that pricing is the capitalist way to reform the energy business.

It's not easy being green

The hardest part of the coming year of realism will involve being honest with the public. Because energy investment needs to increase from 2% of world GDP to 5%, bills and taxes must rise. Politicians can try to pre-empt the inevitable backlash by using the proceeds of carbon taxes to help the poor. If energy prices continue to soar in 2022 there will be protests both on the streets and at the ballot box. But if the squeeze eases, then the year could end with energy policy on a more solid foundation. The chances of the world hitting its net-zero targets will still be remote, but grid designs, investment incentives and fiscal plans may be in better shape.

Huge problems will remain, though. Roughly a fifth of emissions come from industrial users, such as cement-makers. Often there is no immediate clean substitute. The dying fossil-fuel economy will amplify geopolitical risks, with OPEC and Russia's combined share of oil output expected to reach 50% by 2030. And some new electrostates may prove to be more volatile than the old petrostates: about 70% of the cobalt used in electric cars comes from the Democratic Republic of Congo, a country of 90m people, whose GDP is roughly the same as the revenue of Tesla, the leading electric-car maker.

The emerging world accounts for two-thirds of energy-related carbon emissions, yet lacks the cash and innovation base to invest or invent its way to a cleaner energy system. The realisation that this is ultimately the rich world's problem, too, will be at the heart of the fourth stage of the climate journey, beyond 2022.

Patrick Foulis: Business affairs editor, The Economist ■

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The World Ahead

The World Ahead 2022

Covid-19 is likely to fade away in 2022

But the taming of the coronavirus conceals failures in public health

Getty Images

Nov 8th 2021
BY EDWARD CARR: DEPUTY EDITOR, THE ECONOMIST

PANDEMICS DO NOT die—they fade away. And that is what covid-19 is likely to do in 2022. True, there will be local and seasonal flare-ups, especially in chronically undervaccinated countries. Epidemiologists will also need to watch out for new variants that might be capable of outflanking the immunity provided by vaccines. Even so, over the coming years, as covid settles into its fate as an endemic disease, like flu or the common cold, life in most of the world is likely to return to normal—at least, the post-pandemic normal.

Behind this prospect lie both a stunning success and a depressing failure. The success is that very large numbers of people have been vaccinated and that, at each stage of infection from mild symptoms to intensive care, new medicines can now greatly reduce the risk of death. It is easy to take for granted, but the rapid creation and licensing of so many vaccines and treatments for a new disease is a scientific triumph.

The polio vaccine took 20 years to go from early trials to its first American licence. By the end of 2021, just two years after SARS-COV-2 was first identified, the world was turning out roughly 1.5bn doses of covid vaccine each month. Airfinity, a life-sciences data firm, predicts that by the end of June 2022 a total of 25bn doses could have been produced. At a summit in September President Joe Biden called for 70% of the world to be fully vaccinated within a year. Supply need not be a constraint.

> **Immunity has been acquired at a terrible cost**

Vaccines do not offer complete protection, however, especially among the elderly. Yet here, too, medical science has risen to the challenge. For example, early symptoms can be treated with molnupiravir, a twice-daily antiviral pill that in trials cut deaths and admissions to hospital by half. The gravely ill can receive dexamethasone, a cheap corticosteroid, which reduces the risk of death by 20-30%. In between are drugs like remdesivir and an antibody cocktail made by Regeneron.

However, alongside this success is that failure. One further reason why covid will do less harm in the future is that it has already done so much in the past. Very large numbers of people are protected from current variants of covid only because they have already been infected. And many more, particularly in the developing world, will remain unprotected by vaccines or medicines long into 2022.

This immunity has been acquired at terrible cost. *The Economist* has tracked excess deaths during the pandemic—the mortality over and above what you would have expected in a normal year. Our central estimate on October 22nd was of a global total of 16.5m deaths (with a range from 10.2m to 19.2m), which was 3.3 times larger than the official count. Working backwards using assumptions about the share of fatal infections, a very rough estimate suggests that these deaths are the result of 1.5bn-3.6bn infections—six to 15 times the recorded number.

The combination of infection and vaccination explains why in, say, Britain in the autumn, you could detect antibodies to covid in 93% of adults. People are liable to re-infection, as Britain shows, but with each exposure to the virus the immune system becomes better trained to repel it. Along with new treatments and the fact that more young people are being infected, that explains why the fatality rate in Britain is now only a tenth of what it was at the start of 2021. Other countries will also follow that trajectory on the road to endemicity.

All this could yet be upended by a dangerous new variant. The virus is constantly mutating and the more of it there is in circulation, the greater the chance that an infectious new strain will emerge. However, even if Omicron and Rho variants strike, they may be no more deadly than Delta is. In addition, existing treatments are likely to remain effective, and vaccines can rapidly be tweaked to take account of the virus's mutations.

Just another endemic disease

Increasingly, therefore, people will die from covid because they are elderly or infirm, or they are unvaccinated or cannot afford medicines. Sometimes people will remain vulnerable because they refuse to have a jab when offered one—a failure of health education. But vaccine doses are also being hoarded by rich countries, and getting needles into arms in poor and remote places is hard. Livelihoods will be ruined and lives lost all for lack of a safe injection that costs just a few dollars.

Covid is not done yet. But by 2023, it will no longer be a life-threatening disease for most people in the developed world. It will still pose a deadly danger to billions in the poor world. But the same is, sadly, true of many other conditions. Covid will be well on the way to becoming just another disease.

Edward Carr: Deputy editor, The Economist ■

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The World Ahead

The World Ahead 2022

Will the world economy return to normal in 2022?

If it does not, a painful economic adjustment looms

Getty Images

Nov 8th 2021
BY HENRY CURR: ECONOMICS EDITOR, THE ECONOMIST

WILL THE stagflationary forces acting on the world economy last? Throughout 2021, central banks and most economists have said that the factors causing inflation to rise and growth to slow would be temporary. Supply-chain bottlenecks would subside, energy prices would return to earth and the rich-world workers staying out of the labour force—for reasons nobody fully understands—would return to work. And yet as 2021 draws to a close financial markets, the public and even central bankers themselves are beginning to lose faith.

The dilemma facing policymakers is acute. The textbook answer to inflation caused by supply disruptions is to ignore it and let it go away on its own. Why damage economies with higher interest rates, which will not unblock ports, conjure up new supplies of natural gas or bring the pandemic to an end? In 2011 inflation in Britain rose to 5.2% as a result of rising commodities prices, but the Bank of England kept interest rates low. In the euro area the European Central Bank raised rates, helping send its economy back into recession, and before long found itself with inflation well below its target. Like then, inflation in 2022 driven by high energy prices is likely to subside. (Inflation is the rate of change of prices, meaning that even if prices do not return to previous levels, merely not rising as quickly is enough.)

Goods if you can get them
United States, real personal consumption expenditure, $, Jan 2019=100

Source: Bureau of Economic Analysis
The Economist

Yet the comparison with the early 2010s is inexact. The woes of global trade in 2021 have not just been caused by disrupted supply, such as covid-19 outbreaks shutting Vietnamese factories. There has also been excess demand. Massive fiscal and monetary stimulus, combined with social distancing, led consumers to binge on goods, from games consoles to tennis shoes. In the summer of 2021 Americans' spending on physical stuff was 7% above the pre-pandemic trend. In other countries, too, there is only a shortage of goods relative to unusually high demand for them. For the world economy to return to something like normal, consumers need to spend more of their plentiful cash on services, such as restaurant meals and travel.

> **The rich world has not seen a wage-price spiral since the 1970s**

Unfortunately economies are plagued by shortages of workers needed for service industries to thrive. Wages in leisure and hospitality are soaring. Many economists hoped that workers would return as emergency support for labour markets, such as furlough schemes and emergency unemployment insurance, ended. So far there is surprisingly little sign of that happening. For inflation to be temporary, wage growth as well as price growth probably needs to fall. The alternatives are an unlikely surge in productivity, or lower profit margins, which for businesses such as restaurants are already thin.

Some monetary policymakers are beginning to fear the reverse: wage growth that continues to rise as workers come to expect higher inflation. The rich world has not seen a wage-price spiral since the 1970s, and doves argue that in economies without widespread unionisation, workers are unlikely to negotiate higher wages. But if rising inflation expectations do prove self-fulfilling, central banks' job would suddenly get much harder. They would not be able to keep inflation on target without sacrificing jobs. Emerging markets are used to this painful trade-off between growth and inflation, but it has not bitten hard in the rich world for decades. In big rich countries, the Bank of England is the closest to tightening—purely to preserve the credibility of its inflation target, rather than because it is warranted by underlying economic conditions.

Central bankers in a tightening spot

Above all else, the pandemic is not over. The spread of the virus could yet disrupt economies once again if immunity wanes and new variants can evade vaccines. But with supply chains at their limits, the world cannot repeat the trick of maintaining economic growth using stimulus that shifts consumer spending towards goods. Instead central banks would have to choke off spending with higher rates to avoid excessive inflation while the supply-side of the economy adapts to patterns of spending and working that are vastly different from what prevailed in the 2010s. If normality does not return in 2022, the alternative is a painful economic adjustment.

Henry Curr: Economics editor, The Economist ■

This article appeared in the Leaders section of the print edition of The World Ahead 2022 under the headline "Rebound or rebalance"

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The World Ahead

The World Ahead 2022

The aftermath of the pandemic will make politics more turbulent

Political unrest tends to peak two years after an outbreak starts

AFP

Nov 8th 2021

BY ROBERT GUEST: FOREIGN EDITOR, THE ECONOMIST

When the plague killed a third of Europeans in the 14th century, it left landlords with too few hands to till their land, allowing labourers to demand better treatment. When influenza killed 20m Indians in 1918-19 (and another 30m people worldwide), it spread misery that helped kick-start Mahatma Gandhi's campaign to end British colonial rule. Pandemics can upend politics. A study of 133 countries between 2001 and 2018 finds that political unrest tends to peak two years after a typical epidemic starts. If so, 2022 will be a bumpy year.

Globally, civil unrest rose by 10% in 2020, the first year of the pandemic, despite nearly every country placing restrictions on public gatherings. Some citizens fault their governments for failing to curb the virus. Others complain of harshly enforced, economically ruinous lockdowns. Some imagine that the vaccines governments are urging them to take are harmful.

The many protests that erupted in 2021 had many causes, but covid-19 was usually an aggravating factor. Rioters in South Africa were angry not only about the jailing of an ex-president but also at pandemic-induced joblessness. Protesters in Belarus and Thailand demanded not only democracy but also better health care.

In 2022 the risk of turbulence is greatest in middle-income countries. The rich world is largely vaccinated. The very poor have so many troubles that coronavirus is just one of a long, grim list. By contrast, citizens of middle-income countries expect decent public services and are frustrated. They know that the well-off were vaccinated first, including the local elite who flew abroad for their jabs. They are understandably impatient that the vaccine is tantalisingly out of reach for millions.

Elections could prompt such frustrations to bubble over. In Brazil a populist president, Jair Bolsonaro, has responded dismally to covid-19, dismissing its severity, opposing masks, botching the vaccine roll-out and letting thousands die. His unpopularity suggests he will lose an election in October. But the country is polarised, he has told his supporters the vote will be rigged and he insists that only God can remove him from office. A Trump-style insurrection, or worse, cannot be ruled out.

> **The risk of turbulence is greatest in middle-income countries**

Kenya's election in August will be fraught, too. The pandemic has wiped out tourism jobs. Police have killed curfew-breakers. Many are angry, and one candidate, William Ruto, is fanning the anger. Though wealthy, he presents himself as a champion against dynasts such as the Kenyatta and Odinga families. Mr Ruto was accused of crimes against humanity relating to electoral violence in 2007-08 (the charges were dropped after witnesses changed their testimony). More mayhem is likely.

A populist dynasty may be forming in the Philippines, led by President Rodrigo Duterte, who intimidates the press and has encouraged the extrajudicial killing of tens of thousands of suspected drug criminals. He cannot run for a second term in May, and has vowed to retire from politics. But he has broken such promises before. He could run for vice-president, and his daughter could run for the presidency.

In India, several regional ballots could become flashpoints. To distract from millions of deaths from covid-19 and its own subversion of institutions, in 2022 the ruling Bharatiya Janata Party will stir up hatred of Muslims, whom it has accused of conducting a "love jihad" to seduce and convert Hindu women. Police will suppress rallies by the opposition, citing covid-19 rules, but allow rallies and even violence by BJP supporters.

Some countries will struggle to hold elections at all. Lebanon has a poll scheduled for May, but economic collapse and general chaos could lead to a postponement. Guinea and Mali, which recently suffered coups, are being urged to allow free and fair elections, but will not.

Nationalists resurgent

Elections in rich countries will be calmer, but tense. Hungary's newly united opposition could throw out the increasingly corrupt government of Viktor Orban, who will resist eviction with a mix of dirty tricks and scaremongering about immigrants and Jews. French voters will choose whether to stick with a liberal centrist, Emmanuel Macron, or take a leap into the dark with Marine Le Pen, a nationalist who wants to "de-Islamise" France. Mr Macron annoys many voters, but with covid-19 receding he seems like a safer choice, and will probably win. The same is unlikely to be true of Australia's ruling Liberal-National (conservative) coalition. Efforts to keep covid-19 infections to zero will be impossible to maintain, and the leftish Labor Party will win power in 2022.

To pep up growth, keep people healthy and avert unrest, the smartest thing any government can do in 2022 is to roll out vaccines. Anti-vaxxers will resist, but France and others have shown that insisting on vaccine passports to eat in restaurants can swiftly change minds. Magic bullets in politics are not supposed to exist, but the coronavirus vaccines come awfully close.

Robert Guest: Foreign editor, The Economist ■

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The World Ahead 2022

How to ensure that the future of work is fair for all

The hybrid workplace will be unequal, unless bosses design it not to be

Nov 8th 2021

BY SACHA NAUTA: DEPUTY EXECUTIVE EDITOR, THE ECONOMIST

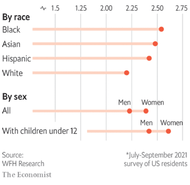
GREATER PRODUCTIVITY, happier and healthier workers and lower emissions are just some of the benefits of the great work-from-home experiment. Another hoped-for upside is increased workplace fairness. With workers stuck at home, appearing in similar-sized, randomly arranged rectangles on video calls and unable to suck up to bosses in the office, diversity-and-inclusion types had hoped that the pandemic would be the "great leveller". It would finally destigmatise remote work and give all employees a fair chance to flourish.

Whether that really will be covid-19's legacy depends on what happens next. Fairness—essentially, lack of favouritism—is easier to track when everyone is working in similar circumstances. But the vast majority of knowledge workers, and most employers, now prefer a hybrid approach. Before the pandemic 5% of work in America was done remotely and 27% of employers offered flexible hours; today the numbers are 40% and 88% respectively. The hybrid workplace will be a messy concoction. Left to develop organically, it is more likely to exacerbate existing inequalities than reduce them.

That is because workers have different preferences about office work, and those differences are not distributed randomly. Given the choice, women, minorities and parents with young children will spend less time in the office. If the past is anything to go by, they will pay a price for this, losing out on pay rises and promotions because employers—often subconsciously—value physical presence. Women and minorities are also more likely to quit if an employer insists on full-time office-based work. A two-tier workforce could emerge, with a highly rewarded "in" group and a less rewarded "out" group.

> **A two-tier workforce could emerge, with a highly-rewarded "in" group and a less-rewarded "out" group**

To avoid that outcome, employers need to engineer the workplace. Fairness will happen only by design. First, bosses will need to define whether they want procedural fairness (same rules for everyone) or fairness in outcomes (no group suffers as a result of a policy). Next, employers will need to be honest with themselves about when physical presence adds genuine value. Conflating physical proximity with productivity, and rewarding workers accordingly, does not make sense.



Firms that promise not to penalise remote workers must ensure that such workers have access to the same resources as everyone else. This also means investing in fair processes. Covid-19 has not wiped out biases about people who work from home. Workplace design that circumvents such biases will be even more important than before. Decisions about pay and promotion must be made in clear and measurable ways.

Companies that value presence should consider setting fixed "in" days to ensure nobody gets left behind. Leaders can help reduce the presenteeism bonus by working from home on non-mandatory days, or by specifying that on some days, everyone works from home.

Employers who demand a full-time return to work will lose talent and probably become less diverse. A survey by WFH Research found that 39% of white men were a flight risk in such circumstances, but 47% of non-white workers and 48% of women said they would resign or start looking for a new job. Mothers were two and a half times as likely as fathers to say they would quit.

Phoning it in

One firm's flight risk is another's opportunity. Now that many jobs can be done flexibly, or fully remotely, employers can recruit from a wider pool. One study found that offering flexibility in a job advert increased applications by as much as 30%. It should also help with retention. In America black knowledge workers report much greater improvements in workplace satisfaction when working remotely than do white employees.

Technology has certainly reduced the cost of working remotely, and with that some of the stigma. But there is little evidence of the hoped-for "Zoomocracy", where all voices would be heard equally. One-third of surveyed women working in tech said they were interrupted or ignored more often in virtual meetings than in person.

In all the plans to reopen and bounce back, the need to address inequities that widened during the pandemic is often overlooked. Men are nearly twice as likely as women to say that working from home has positively affected their careers. Women are more likely to say they feel burnt out. Caregivers have been less likely to flourish. And new starters have missed out on crucial on-the-job training and networking. Any employer who wants to get off to a fair start in the hybrid world would be wise to deal with recovery and catch-up first.

Sacha Nauta: Deputy executive editor, The Economist ■

This article appeared in the Leaders section of the print edition of The World Ahead 2022 under the headline "Ensuring a fair future of work"

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The World Ahead

The World Ahead 2022

A three-way fight to shape the future of digital finance has begun

Regulators must preserve its potential while guarding against risk

Guillem Casasus

Nov 8th 2021
BY RACHANA SHANBHOGUE: FINANCE EDITOR, THE ECONOMIST

FINANCE IS BECOMING ever less the domain of sharp-suited bankers and credit-card executives. Instead, a ragtag cast of characters is overseeing an explosion of innovation that seeks to cut out the incumbents altogether. From established tech firms and fintech startups on America's west coast to developers of various "decentralised-finance" (DeFi) applications, they are jostling to reshape digital finance. In 2022 regulators must respond and start setting out their stalls.

This digital revolution encompasses three broad trends. One is the effort to offer an ever-widening range of financial products on a single platform. Facebook's new digital wallet could make inroads. Banks, payment providers and bigger fintechs will continue to gobble up startups, with the aim of offering customers such a breadth of services that they will use a single platform for everything.

The second trend is the nascent attempt to decentralise finance. Developers are building all sorts of financial applications on blockchains, which ensure security and trust without the need for any intermediaries. Novel assets of all kinds associated with the DeFi world, such as non-fungible tokens (nfts) and other crypto-tokens, will continue to proliferate. Third, central banks, usually bastions of conservatism, are also breaking new ground. As more economic activity moves online and physical cash falls out of favour, many are on the path to introducing digital currencies of their own.

There is plenty of action to come in 2022. The People's Bank of China will launch its e-yuan more widely; central banks from Jamaica and Japan to Thailand and Turkey will conduct various tests and pilots. Big rich countries will come a step closer to testing their own digital currencies. Innovation will continue in the private sector, too. New ideas have been well funded: venture capitalists poured nearly $60bn into financial-technology startups in the first half of 2021. More than a hundred DeFi applications are in the works.

> **Big rich countries will come a step closer to testing their own digital currencies**

Competition should also erode the fat margins of the incumbents (Visa and Mastercard make gross margins of 65-80%). Transferring money across borders, such as through remittances from rich countries to poor ones, is still too expensive. And as people conduct more of their lives online, it makes sense for finance to become not just more digital, but also better embedded within other digital activities, such as entertainment and shopping.

Realising this promise, however, requires warding off the threats that fast change also brings. Take the risks to investors. A few new fintech ideas may take off. Others will fizzle out, leaving investors with losses. The hordes of crypto-speculators could meet a similar fate. Paying $1.3m for an nft of a picture of a rock, as someone did in August 2021, may turn out not to have been a canny investment. For customers, the risk is that financial platforms' greater access to data might invite misuse of market power. Novel financial products could be more vulnerable to scams—and in a decentralised world it will not be clear how and where to seek recourse.

It thus falls to regulators to preserve the potential, while guarding against the risks. As the boundary between financial firms and tech companies blurs further, and the value of amassing customer data increases, protecting privacy and security will be paramount. But that must be done without compromising the necessary anti-money-laundering checks. This calculation will apply as much to central banks' digital currencies as to private financial services. (China's trial of its e-currency, sadly, will offer little guidance on the matter, given the government's preference for control over privacy.)

The man for the job

Trickier still will be working out how to bring DeFi into regulators' purview. It may be just as well that Gary Gensler, the head of the Securities and Exchange Commission, America's main financial watchdog, once taught a class on blockchain technology at the Massachusetts Institute of Technology.

Just as their financial promise could grow, $2.5trn-worth of crypto-assets may start to carry risks for the wider financial system. Yet the industry retains an almost ideological resistance to regulation, and its lobbying clout is growing. Advocates of digital finance have been laying out their plans for the future of the industry. Now the time has come for regulators to explain how they see it.

Rachana Shanbhogue: Finance editor, The Economist ■

This article appeared in the Leaders section of the print edition of The World Ahead 2022 under the headline "Make or break"

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The World Ahead

The World Ahead 2022

What deserves to be cancelled in 2022?

Cancelling things is a habit worth keeping from the pandemic era

Nov 8th 2021

BY LEO MIRANI: ASIA EDITOR, THE ECONOMIST

HISTORIANS SEARCHING for a catchy phrase with which to capture the 2020s thus far could do worse than "cancel culture". Over the past two years, pretty much everything that could be cancelled has been cancelled: travel, weddings, conferences, sports events, elections, celebrities, intellectuals, minor public figures, even people nobody had hitherto heard of. The pandemic cancelled anything involving human contact in the real world. Activists, journalists and the easily offended cancelled everything else.

As the worst of the pandemic recedes, at least in countries that have vaccinated most of their eligible populations, the cancellation of events is easing. Citizens are voting in person at polling booths. Sports stars are competing in front of crowds. Ageing musicians are resuming their comeback tours. The cancellation of individuals may ebb too, as people step away from their screens and remember that flesh-and-blood humans are more complicated creatures than the caricatures of social media and broadcast news.

All this is a shame. Like working from home, taking fewer unnecessary flights or learning to cook, some of the habits acquired during the pandemic are worth keeping. Cancelling things, if not people, is one of them.

The Olympic games are a case in point. The world passed up a golden opportunity to be done with them when rising cases and slow vaccination in Japan made the case for cancellation. But 2022 brings a fresh opportunity. The Winter Olympics are scheduled to take place in and around Beijing in February. Already some countries suggest boycotting the event because of China's treatment of Uyghurs and suppression in Hong Kong.

> **Some habits acquired during the pandemic are worth keeping. Cancelling things is one of them**

Cancellers have a wealth of other sporting options to choose from. Qatar's winning bid to host the men's football World Cup in 2022 has been marred by allegations of corruption and worker exploitation. The women's Cricket World Cup in 2022 is a showcase for the increasingly irrelevant one-day format. And America's Super Bowl has about ten minutes of filler for every minute of play, which nobody would miss if it disappeared.

Yet fans of cancel culture need not restrict their efforts to big sporting events. The World Economic Forum's annual meeting in Davos, where business and political leaders fly in to pat each other on the back for saving the world, is crying out to be cancelled. And there are targets aplenty in more quotidian environments. In the workplace, these include unpaid internships, team-building exercises, office parties on Zoom, neckties (though the pandemic may have killed them off already) and nearly all meetings.

Other obvious examples include leaf-blowers, lift music, car alarms and in-person parent-teacher meetings—which, having been cancelled during the pandemic, should remain cancelled indefinitely. Online, "service fees" for virtual bookings, requests to "tell us how we did" and cookie banners are all long overdue for cancellation—as, ironically, are excessive cancellation fees. In hotels, those annoying messages about towels that pretend to be about saving the planet, but are really just about reducing cleaning costs, can go too.

Health authorities should cancel quarantine requirements for fully vaccinated and tested travellers. America's filibuster rule should be cancelled, as should the irritating gap between the dates when Europe and America adjust their clocks twice a year. Come to think of it, the whole idea of changing clocks at all should be cancelled, in favour of permanent daylight-savings time. On the roads, enormous SUVS deserve to be cancelled, along with those annoying motorbikes with really loud exhausts. No irritation is too minor for a campaign of cancellation! Cancel everything!

Click here to cancel

Well, almost. Some things would be difficult to cancel. Social-media platforms have been held responsible for, among other things, exacerbating political polarisation, enabling the spread of damaging misinformation and weakening the foundations of liberal democracy. Facebook, Instagram, Twitter and YouTube should, by rights, therefore all be cancelled.

But there is a problem. These services provide the platforms upon which any successful cancel campaign depends. To cancel them would be to cancel cancellation itself. And that would, perhaps, be a step too far.

Leo Mirani: Asia editor, The Economist ■

This article appeared in the Leaders section of the print edition of The World Ahead 2022 under the headline "When everything is cancelled"

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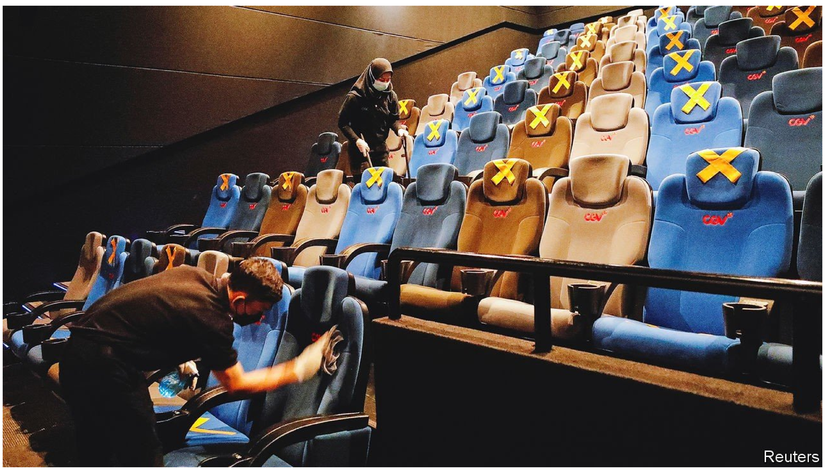
The World Ahead

The World Ahead 2022

Will pre-pandemic behaviour ever return?

Our global normalcy index suggests that some changes are here to stay



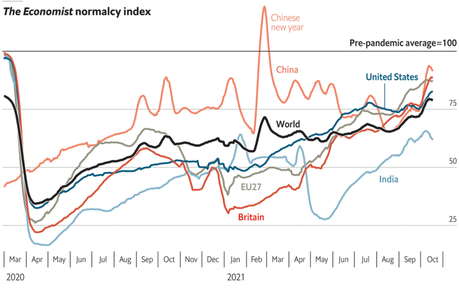
Nov 8th 2021

BY JAMES FRANSHAM: DATA CORRESPONDENT, THE ECONOMIST

When the coronavirus pandemic began in 2020 no one knew for how long life would be disrupted. At the peak of restrictions, about 3.6bn people were subject to mandatory stay-at-home orders. Society was swift to adapt: working and learning from home, and communicating in novel ways. Talk shifted to when, and if at all, life would return to "normal". The creation of effective vaccines has now made normalcy possible, but how much of pre-pandemic behaviour has actually returned?

To measure what has changed *The Economist* has devised a "normalcy index". First, it measures how transport use has changed across three different modes: flights, roads and public transport. Second, it measures the change in leisure time using cinema box-office takings, attendances at professional sports events and time spent outside home. Last, our index captures commercial activity through footfall in shops and offices.

For each of our eight measures, we compare activity with its pre-pandemic level, averaging the changes in each of the three categories, then averaging the grouped results for our overall index. Our global figure is the population-weighted average of 50 countries—which together account for 75% of the world's population and 90% of world GDP—where 100 is equivalent to pre-pandemic behaviour.



Source: economist.com/normalcytracker
The Economist

Unsurprisingly, our index plummeted at the beginning of 2020, falling from 80 at the beginning of March 2020—restrictions in China meant that normalcy had already declined—to just 35 by mid-April 2020. In 2021 the index rose slowly but steadily from 60 in January to 79 by mid-October, suggesting the world was about two-thirds back to pre-pandemic levels of activity.

Leading the way is Denmark, one of five countries where behaviour is within five points of pre-pandemic levels. America is ranked mid-table, alongside many European countries.

For some measures, falling infections and rising injections appear to be a necessary but not sufficient condition for pre-pandemic behaviour to return. Digging into the data explains why. Three of our measures of behaviour—flights, cinemas and sporting attendance—have been curtailed by government bans. Activity among our remaining five indicators has been affected more by individual or organisational decisions and, since the most severe restrictions have been lifted, they are no longer influenced by government actions. Globally, retail footfall is now above pre-pandemic norms, and time spent outside the home is near normal too, as people venture out again.

Yet working from home is now commonplace. Even if infections fall and injections rise, our model suggests office occupancy will not rise much further—and cinema attendance will reach only about 80% of its pre-pandemic level. Some changes are here to stay.

James Fransham: Data correspondent, The Economist ■

This article appeared in the Graphic detail section of the print edition of The World Ahead 2022 under the headline "Will pre-pandemic behaviour ever return?"

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The World Ahead

The World Ahead 2022

Opposition leaders will struggle to rein in Narendra Modi

Local elections will give a hint of whether a third term is likely

Nov 8th 2021

BY MAX RODENBECK: DELHI BUREAU CHIEF, THE ECONOMIST, DELHI

To be seventy-five may sound old, but in the family of nations it counts as teenage years. India, which celebrates its 75th year of independence on August 15th, is an indisputably ancient land, yet still a gangly youth of a democracy. With more energy than discipline it oscillates between grace and awkwardness, timidity and brashness. Its 1.4bn people are stumbling into 2022 with a sense of unease not unlike the mix of fear and impatience that come with rushing headlong into adulthood.

There are good reasons for their anxiety. The past few years have been hard, and not just because of covid-19, whose Delta variant ripped across the land like a typhoon in spring 2021. More Indians—between 3m and 4m—died from it than citizens of any other country. Patchy record-keeping, over-strict criteria for attributing causes of death and politicians underplaying the crisis mean the true toll may never be known.

Yet for Indians that emotional trauma was compounded by a pinch on their pocketbooks far crueller than what richer countries endured. Lockdowns closed big industries and put many smaller ones out of business. As a result the economy remains the same size as it was in 2019, when voters returned Narendra Modi for a second term as prime minister after he swore to double GDP within five years. Instead, the crisis pushed millions back into poverty, shrank investment and depressed a rate of workforce participation that was already the lowest in Asia and especially bad for women.

India's economy is big, diversified and resilient. As the vaccination programme at last succeeds, it is likely to return to healthy long-term growth trends in 2022. But better-off, educated Indians worry less about GDP and covid-19 than about the health of their democracy.

In the ceaseless cycle of local, state and national elections that keeps Indian politicians in a perpetual dance, the BJP, the prime minister's Hindu-nationalist party, has learned that an easy way to win is by stirring Hindu majority fears against the 14% Muslim minority. During his first term Mr Modi avoided pushing an overtly sectarian agenda. But with his majority bolstered, what began as quiet moves to insert Hindu-nationalist ideologues into key posts has turned into a broader, more overt effort to transform a multi-hued country into a more monochrome Hindu state. The government's brazen use of state power to intimidate critics using tax raids, bogus lawsuits and eavesdropping has alienated not just minorities and interest groups such as farmers, but also many of its own supporters.

But that is a very big if. Local opposition parties do hold power in many of India's states, but the only national opposition party, Congress, has not only failed to forge a broad coalition to fight Mr Modi—it is itself prone to infighting and drift. If Congress cannot unify in the coming year, it could be too late to stop Mr Modi gaining a third term. That would mean a consolidation of his Hindu-state project, and a fuller subversion of independent institutions such as the courts and the press.

As if to underline that the coming year may be fateful, Mr Modi has decreed a deadline of August 15th for the completion of his biggest pet project: a makeover of the British-designed administrative heart of Delhi, India's capital. The plans call for pushing ministries off the hill they now share with the prime minister's office, shifting the 545-seat parliament out of its iconic circular building and into a new triangular bloc that can fit an unwieldy (but perhaps more malleable) 888 MPs, and turning the old legislature into a Museum of Democracy. For symbolism, it is hard to beat.

Max Rodenbeck: Delhi bureau chief, The Economist, Delhi ■

This article appeared in the Asia section of the print edition of The World Ahead 2022 under the headline "A museum for democracy?"

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The World Ahead 2022

The Taliban will discover that ruling is harder than fighting

The people of Afghanistan are finding that out to their cost

Nov 8th 2021

BY BEN FARMER: FREELANCE CORRESPONDENT, THE ECONOMIST, ISLAMABAD

AFGHANISTAN'S LONG-SUFFERING population will begin 2022 entering a new, but sadly familiar, phase of the country's long turmoil. The withdrawal of American and NATO troops triggered the stunning collapse of the internationally backed government, a return of the Taliban and the re-establishment of their Islamic emirate.

The Taliban maintained ahead of their victory that they had learned the lessons of their failed, repressive regime in the 1990s, and had changed. Early signs suggest otherwise. The movement's old guard has taken charge. Women have again been kept from work, and female education is on hold. A moral-crimes ministry has been restored. Order is again imposed by force.

The Taliban's victory ended a war in which hundreds of people were killed each month, but the country still faces a formidable set of problems. Drought, the covid-19 pandemic and war had all combined to create a humanitarian crisis long before the Taliban took over. That crisis is now quickly worsening because the Taliban's victory has precipitated an economic meltdown. The new emirate has no money and no serious plans for how to obtain any. The previous administration had three-quarters of its budget funded by foreign aid, but that has now been frozen. The United Nations has warned that 1m children are at risk of starvation.

> **The Taliban appear to have a total grip on Afghanistan, but that may prove fleeting**

For an international community facing both humanitarian disaster and an unreconstructed Taliban, the choice will be to engage or isolate. Both carry risks. Abandoning the country will cause great human suffering, large waves of migration and the loss of any ability to steer the Taliban toward moderation. Yet any engagement will be seized upon by the Taliban to validate their rule and strengthen their grip on power.

At the outset of their new rule, the Taliban appear to have a total grip on the country, but that may prove fleeting. Their new administration is a government of conquest and not suited to long-term peace. The previous political class has been totally excluded, as have ethnic groups from outside the Taliban's Pushtun heartland.

Resistance to this imposition is likely to take root and grow. And while the Taliban may not have changed, the country they are governing is very different from the Afghanistan of the 1990s. Civic, social and perhaps military resistance will make governing difficult. All this could in turn expose rifts inside the movement itself. It took only weeks after the fall of Kabul for reports to emerge of infighting between moderates who wanted a more inclusive government and hardliners who did not.

As the last American military transport plane took off from Kabul airport and disappeared over the horizon in August, many in Washington declared the war to be over. But for Afghans a new chapter of turbulence and hardship may just be starting.

Ben Farmer: Freelance correspondent, The Economist, Islamabad ■

This article appeared in the Asia section of the print edition of The World Ahead 2022 under the headline "A tragic, familiar tale"

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The Philippine opposition tries to push back against authoritarianism

They could be facing a Duterte or a Marcos in the May election

Reuters

Nov 8th 2021
BY DOMINIC ZIEGLER: BANYAN COLUMNIST, THE ECONOMIST

IN THEORY 2022 is the year in which the Philippines puts the Duterte era behind it. The constitution limits the president to a single six-year term. Though hailing from one of the country's political dynasties, Rodrigo Duterte ran for office in 2016 as the foul-mouthed defender of the common man. He promised spending on infrastructure and prioritisation of growth; constitutional change to devolve powers to regions from the overweening capital, Manila; and a foreign policy that kow-towed to no great power. Above all, he declared war on drugs, crime and corruption. "I am your last card," he promised voters. "I will get down and dirty just to get things done."

Here, at least, "Duterte Harry" was true to his word. Yet in his war on drugs, road-tested during his two decades as mayor of Davao, more than 20,000 Filipinos were gunned down by hitmen, often off-duty cops. Many victims were just small-time drug dealers, or children and other innocents.

Elsewhere, constitutional change got nowhere. The president's kow-towing to Xi Jinping undermined the Philippines' defence of maritime claims in the South China Sea, yet little of the hoped-for Chinese investment appeared. The administration bungled its handling of the pandemic, imposing heavy-handed lockdowns and failing to secure enough vaccines.

> **Division opens the field to a candidate from the authoritarian camp**

Mr Duterte's drug's war, his hounding of his enemies and his stacking of the courts have undermined institutions more than at any time since the dictatorship of Ferdinand Marcos, whose reputation Mr Duterte has strived to resurrect. He and his closest advisers are vulnerable to prosecution once out of office—a powerful incentive to continue the Duterte dynasty. Mr Duterte's daughter, Sara, who took over as mayor of Davao, seemed to be the ruling party's perfect solution for the presidential election in May. She has been far and away the most popular potential candidate.

Meanwhile, the self-appointed elites who represent the "yellow", ie, liberal, strain in Philippine politics, cannot decide who to throw their support behind. An epitome of the establishment, the current vice-president, Leni Robredo, has long been belittled by Mr Duterte (president and vice-president are voted separately into office). Declaring for the presidency, Ms Robredo, a lawyer championing the rights of women and the downtrodden, adopted the colour pink in emulation of the robes of countless statues of the Virgin Mary. Her pink wave seems intended to break Mr Duterte's bond with the country.

Yet Ms Robredo lacks killer political instincts. One candidate who does not is the 46-year-old mayor of Manila, Isko Moreno. Unusually for a presidential hopeful, he comes not from the establishment or from showbiz but from the slums. Tough and edgy, as Karim Raslan, a commentator on South-East Asia, describes him, he has landed blows on the president's pandemic competence and on the greed of his henchmen. Until Ms Robredo declared, he thought he had her support and, feeling betrayed, he lashed out. That allowed the yellow camp's friends in the press to tar Mr Moreno with Mr Duterte's brush.

Other candidates vying for the pro-democratic mantle include Manny Pacquiao, a former boxing champion and Duterte ally, and Panfilo "Ping" Lacson, a bloodless senator. Division opens the field to a candidate from the authoritarian camp. Sara Duterte is more likely to throw her weight behind "Bongbong" Marcos, son of the former kleptocrat, than she is to run herself. He is a more courteous version of Mr Duterte, and profits from the fact that many younger Filipinos know little of the repression of the Marcos era. Unless the yellow camp coalesces around a strong candidate, especially Mr Moreno, early in the year, Bongbong could bounce the Philippines back to the past.

Dominic Ziegler: Banyan columnist, The Economist ■

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The World Ahead 2022

Myanmar will tip further into violence and misery

Ordinary people will bear the brunt

Reuters

Nov 8th 2021

BY CHARLIE MCCANN: SOUTH-EAST ASIA CORRESPONDENT, THE ECONOMIST, SINGAPORE

In a parallel universe, Aung San Suu Kyi would now be well into her second term in office as Myanmar's state counsellor (the country's de facto leader), overseeing the inoculation of the public against covid-19 and trying to end the many insurgencies racking the country. In reality she will spend 2022 under house arrest, detained for alleged crimes trumped up by the junta that seized power in February 2021.

Min Aung Hlaing, the senior general who is the probable architect of the coup, will be on the campaign trail ahead of the election he has called for 2023. The trail will be short. He will not stray far from Naypyidaw, a giant bunker masquerading as a capital city, for fear of being attacked. The turmoil unleashed by the coup will engulf most of the country. Angry protesters-turned-guerrillas will plant bombs and assassinate soldiers and junta officials. Emboldened ethnic-minority militias, who have long waged wars of independence, will press their advantage against stretched armed forces. Some will coordinate their attacks against the army with the hundreds of militias that have sprung up since the coup. The country will tip into civil war.

General Min Aung Hlaing has staked his legitimacy in part on his stewardship of the economy. But his speechwriters will not find much material to work with in the economic data. The cabinet of the so-called caretaker government is stuffed not with qualified technocrats but with men in boots. They will try to replenish the government's depleted coffers by selling off Myanmar's timber, jade and rare metals, lining their own pockets in the process. The regime will hand out contracts to companies owned by the armed forces, and do little to stem investor flight. Real GDP will not return to its pre-pandemic level until 2026. The kyat will continue its slide against the dollar, and prices will rise. Many Burmese will find themselves poorer and hungrier.

> **Many Burmese will find themselves poorer and hungrier**

They will find some measure of hope in the National Unity Government. Made up of deposed and exiled lawmakers, including those of Ms Suu Kyi's National League for Democracy, it promises to restore democratic rule and bring the army to heel. It is wildly popular with the public and has been recognised by the EU parliament and French Senate as Myanmar's legitimate government. With the help of hundreds of civil servants who have resigned since the coup, the shadow government is building a parallel state, and trying to distribute humanitarian aid to the 200,000 Burmese who have been uprooted from their homes since the coup. No wonder, then, that it will not appear on the ballot.

This article appeared in the Asia section of the print edition of The World Ahead 2022 under the headline "The struggle for Myanmar's soul"

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The World Ahead

The World Ahead 2022

Creating "new" adults will not slow Japan's ageing

Nearly 30% of the population is 65 or older

Shutterstock

Nov 8th 2021

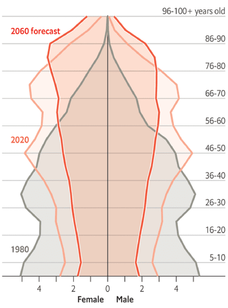
BY NOAH SNEIDER: TOKYO BUREAU CHIEF, THE ECONOMIST, TOKYO

As Japan's population continues to get older, its youngest adults will be younger in 2022. The legal age of majority will drop from 20 to 18 years old, starting in April, in accordance with an amendment to the civil code passed in 2018. This will, in effect, create roughly 2m "new" adults overnight. It is the first such change since the "adult" threshold was set in 1876, and follows a reduction in the voting age from 20 to 18 in 2016.

These new adults will be able to engage in various grown-up activities without their parents' consent, from applying for credit cards and bank loans to signing apartment leases and mobile-phone contracts. Perhaps most importantly, 18-year-olds will be able to marry without mum and dad signing off. (Currently, women can marry from 16 and men from 18, but only with parental approval.) To the chagrin of many teenagers, however, they will still not be allowed to drink alcohol or smoke tobacco legally. For that the threshold will remain 20.

Inverted pyramid

Japan, population by age group, m



Source: National Institute of Population and Social Security Research
The Economist

Japan's government hopes the change will encourage young people to become more active in society—and perhaps, with their new lawfully wedded partners, in the bedroom too. (Just 2% of Japanese children are born out of wedlock.) But this cohort of new adults will make little material difference to the country's greying demographics for now.

Japan is already the world's oldest country: more than 29% of the population is 65 or older (in Italy, the second-oldest nation, the figure stands at 23%; in America it is 17%, in Britain 19%). That is thanks in large part to ageing baby-boomers—a cohort of some 8m born between 1947 and 1949. Those boomers will start turning 75 over the coming year.

> **More than 29% of Japan's population is 65 or older**

Many people in Japan remain active in later life. Nearly half of all 65- to 69-year-olds and one- third of 70- to 74-year-olds are still employed. Japan's Gerontological Society has even called for a reclassification, suggesting that those aged 65-74 should be called "pre-old". But beyond 75, the picture changes considerably. Just 10% of such "late-stage elderly" have jobs. Medical and long-term care costs increase rapidly, an especially worrying prospect for a country that already spends 11% of GDP on health care.

Japan's government has been making gradual reforms in order to trim costs. Starting in October 2022, those aged 75 years and older with an annual income of at least ¥2m ($18,000) will have to pay 20% of their medical expenses out of their own pocket—twice the current amount. More thorough changes to recalibrate the social-security system for the new "super-aged" society are likely to follow. The government is also trying to boost the country's flagging birth rate: starting in April 2022, public health insurance will cover fertility treatment.

For many young Japanese, the pandemic has only heightened the uncertainties that dissuade them from having more children. Adulthood, as the new cohort will soon find out, is full of challenges.

Noah Sneider: Tokyo bureau chief, The Economist, Tokyo ■

This article appeared in the Asia section of the print edition of The World Ahead 2022 under the headline "Getting on"

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The World Ahead

The World Ahead 2022

The tourist map of South-East Asia will look very different in 2022

The number of "sandbox" destinations will grow

Nov 8th 2021

BY LEO MIRANI: ASIA EDITOR, THE ECONOMIST

THE ITINERARY suggested before the pandemic by Lonely Planet, a publisher of guide books, for travellers wishing to see the "best of South-East Asia" was an eight-week adventure through the region's megacities, temple towns, jungle hideaways and island retreats. A putative version for 2022, especially for those not lucky enough to be residents of "low-risk countries", might feature no more than a few islands and the odd big city, for that is all many travellers will be able to visit.

In 2019, the most recent normal year for travel, tourism supported more than 42m jobs in South-East Asia, or 13% of total employment, and contributed 12% of GDP. The UN reckons regional GDP may have declined by as much as 8.4% in 2020 as a result of reduced tourism. Some countries have been particularly hard-hit. Tourism makes up 20% of Thailand's GDP, mostly from international travellers. It received 83% less travellers in 2020 than in 2019.

In 2021, fearing that many businesses that scraped through the pandemic's first year would collapse in the second, Thailand started to experiment with the concept of a "sandbox". The idea is simple: allow fully vaccinated tourists to frolic quarantine-free on a paradise island where most of the residents are also double-jabbed. After 14 disease-free days on the island, visitors are then allowed to travel to other parts of the country if they want to.

Phuket welcomed the first foreign tourists under the scheme on July 1st. A week later, the first foreigner tested positive for covid-19. But the Thai government persevered even as the rest of the country was hit by an enormous wave caused by the Delta variant. By late 2021 it had opened up several more places, including Bangkok, for travellers to visit without quarantine.

> **Other countries will follow Thailand's lead and allow entry to "sandbox" destinations**

Barring another new variant, expect these and other corners of the region to welcome visitors again in 2022. It is not necessarily the best of South-East Asia but, after the past two years, it is not a bad start.

Leo Mirani: Asia editor, The Economist ■

This article appeared in the Asia section of the print edition of The World Ahead 2022 under the headline "The sandbox archipelago"

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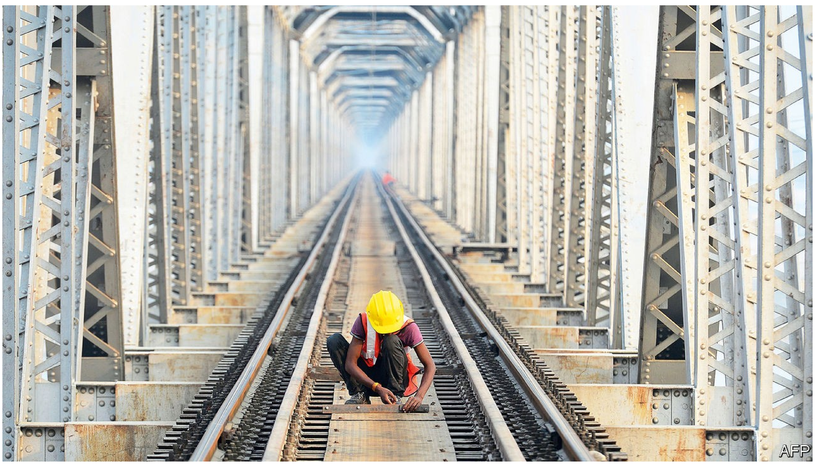
The World Ahead 2022

Railways will soon reach almost every corner of India

But the country's rail system remains a long way behind China's



Nov 8th 2021

BY TOM EASTON: MUMBAI BUREAU CHIEF, THE ECONOMIST

IN 1853 A British-built steam engine with 14 small carriages left a temporary station near the tip of the Bombay peninsula on India's west coast and proceeded north to the intersection with the mainland at Thane, a journey of 34km (21 miles) that could take several days by oxcart. Within just a few years, the new railway would provide the cotton to feed the growth of a dynamic textile industry. But despite benefits that would soon seem obvious, the challenges of erecting the initial line were so severe that it is a wonder it was ever built. As many as 10,000 inexperienced workers struggled with novel techniques in the midst of brutal heat and monsoon floods to create a stable foundation in swamps full of poisonous snakes.

It was the start of what would, over the following decades, become a national rail system. During 2022 that system will be connected to some of India's most remote areas, almost completing the connection of every state. The final touches will be put to stations at Imphal, the capital of Manipur, and Aizawl, the capital of Mizoram, both cities tucked away in north-east India between Bangladesh and Myanmar. In December 2022 the world's highest railway bridge, rising 360 metres above the Chenab river, will open, enabling rail transit into the Kashmir valley for the first time.

> **Over the past decade China has laid track equivalent to 90% of India's system**

That will allow trains to run from Kanyakumari Station, located within walking distance of the beach at India's southern tip, to the country's extreme north. Once the current spate of projects is completed, only two of India's 28 states will remain unconnected to the train network: tiny Sikkim, in part because of its particularly difficult terrain, and tiny Meghalaya, in part because of lingering political resistance.

The Indian rail system's growth has never been smooth. Momentum accelerated in the first half of the 20th century, with the length of track quadrupling to some 59,000km. After independence, the pace slowed and the total is now just shy of 100,000km. Connectivity was hindered by states' autonomy, which resulted in tracks of incompatible gauges, whose only shared characteristic was obsolete steam power. Once a standard gauge was adopted, usage exploded. The number of tickets sold annually rose from 1.3bn in 1950 to 8.4bn in 2018 and freight tonnage hauled from 73m to 1.2bn.

Other improvements are proceeding slowly. (Over the past decade China has laid track equivalent to 90% of India's system, much of it high-speed lines.) Several factors explain India's slowness. Acquiring land is hard. The country's topography—with wide rivers, high mountains and harsh weather—is unkind to surface transport. Some 200 rail tunnels are currently being bored, and the Chenab bridge is designed to withstand winds of 266kph. All this increases costs, in a poor country with urgent competing needs.

Philosophical opposition looms as well. In his book "Hind Swaraj" ("India Home Rule"), Mahatma Gandhi saw the railways as perpetuating the British Raj and providing services that corroded the atavistic, autarkic village culture he championed. Railways enabled the spread of plague and deepened famines by facilitating the export of grains, he claimed. "Good travels at a snail's pace," Gandhi famously wrote. "It can, therefore, have little to do with the railways."

Some Gandhian sentiment remains. It may explain the lack of a connection with Meghalaya. But other ideas are gaining force. The original Nehruvian idea of India as an independent nation now requires strengthening the logistical sinews of the state, says Devesh Kapur of Johns Hopkins University in Baltimore. That means an emphasis on connectivity through roads, broadband, water pipelines and especially railways.

Wide support now exists for this approach. Attacks on railways, not uncommon in the past, have ceased. Gandhi's reasoning still carries some weight, but the slow process of construction has given Indians time to move beyond his conclusions and embrace the advantages of rail. Despite the costs, many realise that a diverse nation, with many constituencies that are often at odds, is healthier when better connected.

Tom Easton: Mumbai bureau chief, The Economist ■

This article appeared in the Asia section of the print edition of The World Ahead 2022 under the headline "Slow train coming"

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Ramachandra Guha on the growth of the cult of Modi

The Indian writer says the BJP will continue to intimidate minorities

Lauren Tamaki

Nov 8th 2021
BY RAMACHANDRA GUHA: HISTORIAN AND BIOGRAPHER

MINE IS A land of myths and heroes. The worship of gods, goddesses, saints and warriors has been a central feature of Indian culture down the ages. That such hero-worship may be antithetical to democratic practice was presciently recognised by B. R. Ambedkar (1891-1956), a scholar and social reformer who oversaw the drafting of the Indian Constitution. In a speech in November 1949, he observed that "in politics, Bhakti or hero-worship is a sure road to degradation and to eventual dictatorship." Invoking John Stuart Mill, Ambedkar warned his compatriots not to "lay their liberties at the feet of even a great man, or to trust him with powers which enable him to subvert their institutions".

Indians have ignored Ambedkar's warnings twice. First, in the 1970s when, after a military victory over Pakistan, we allowed a cult to be constructed around the prime minister, Indira Gandhi. We nodded in assent as the president of her Congress party proclaimed "India is Indira, and Indira is India." When a popular movement against her misrule began to manifest itself, she imposed a state of emergency, suppressed the press, jailed opposition MPs, and had her portraits plastered across the land. Some Indians took to calling the public broadcaster "All Indira Radio".

Then and now

Her dictatorship lasted less than two years. In the seven years that Narendra Modi has been prime minister of India, he has not formally proclaimed a state of emergency—but then perhaps he has not needed to. For he has ruthlessly used the instruments of state power to undermine the functioning of democratic institutions. He has tamed the media (India is currently ranked 142nd on the World Press Freedom Index), set the tax authorities on his political opponents and jailed dozens of human-rights activists. He has also sought, with some success, to bring under his control previously independent institutions such as the army, the central bank, the election commission and the higher judiciary.

Even as he hollows out Indian democracy, Mr Modi works assiduously to construct a cult of personality around himself. In February a sports arena, previously named after Sardar Patel, a great hero of our freedom struggle, was renamed the Narendra Modi Stadium and inaugurated by the president and the home minister. By government fiat, covid-19 vaccination certificates all carry Mr Modi's picture, to the embarrassment of many Indians and the mirth and horror of immigration officials elsewhere.

> **Mr Modi has undone much of the economic and social progress made under his predecessors**

Personality cults have historically been the hallmarks of totalitarian regimes. On the left, consider the cults of Stalin, Mao and Castro; on the right, the cults of Hitler, Mussolini and Peron. In this case, however, a personality cult is being created in the world's largest democracy. Indeed, given how populous India is, and the resources being expended in its making, the cult of Narendra Modi may be the greatest ever known to humankind.

History suggests that personality cults work out badly for countries that enable them. China, Germany, Italy and Russia all suffered grievously after letting one man presume to represent the nation's collective past, present and future. India is now doing the same. Mr Modi has undone much of the economic and social progress that was made under his predecessors. Even before the pandemic, growth rates had begun to fall. Poverty and inequality have both risen alarmingly, with India ranking 101st out of 107 countries in the annual Global Hunger Index, and 140th out of 156 in terms of the gender gap. It has become an environmental basket case, ranking 120th out of 122 countries on water quality, and 177th out of 180 for overall environmental performance.

More insidiously, the cult of Modi has been accompanied by a deepening majoritarianism, as the ruling party attacks and intimidates religious minorities in its bid to create a theocratic Hindu state. The prime minister himself seeks to clothe himself in religious imagery, having himself photographed meditating in a cave one moment and opening a temple the next. Growing his hair and beard long, he wants his citizen-subjects to see him as a unique combination of a seer, a guru and a king. Ambedkar would have been appalled.

Ramachandra Guha: historian and biographer ■

This article appeared in the Asia section of the print edition of The World Ahead 2022 under the headline "Beware the cult of Modi"

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The World Ahead 2022

China hopes to flaunt the merits of its political system over America's

The Communist Party congress will contrast with America's mid-term elections

Nov 8th 2021

BY DAVID RENNIE: BEIJING BUREAU CHIEF AND CHAGUAN COLUMNIST, THE ECONOMIST

IF ALL GOES to plan for China's Communist Party, 2022 will offer a study in contrasts that humiliates America. China's leaders abhor free elections but they can read opinion polls. They see headlines predicting a drubbing for the Democratic Party in America's mid-term congressional elections in November, condemning the country to the uncertainties of divided government, if not outright gridlock. Should those polls prove accurate, China's propaganda machine will relish a fresh chance to declare that China enjoys order and prosperity thanks to one-party rule, while American-style democracy brings only chaos, dysfunction and decline.

In contrast, the year in Beijing will be dominated by the 20th party congress, a tightly controlled display of power staged amid the marble columns, red carpets and blazing chandeliers of the Great Hall of the People. That gathering, likely to be held in the autumn, will mark Xi Jinping's first decade as China's supreme leader. It may also suggest how much longer Mr Xi intends to stay in office: for five more years, or another ten, or (a less likely scenario) that he prefers to head into some form of semi-retirement, to rule from behind the scenes. Remarkably, it is possible that Mr Xi's future plans will become visible only at the end of the congress, when he (or just possibly an unexpected successor as party chief) leads the new Politburo Standing Committee onto a carpeted dais in order of rank.

Should Mr Xi wish to signal that he will step down after another five years, he will need to be followed onstage by one or two plausible successors. There are, for now, no obvious candidates with the right combination of experience, age and close ties to Mr Xi. He may feel bound to remain in charge until at least the congress of 2032, when he will be 79 years old. That version of events will be signalled if Mr Xi is trailed onstage in November by a line of unthreatening men in dark suits: long-standing loyalists or fast-rising protégés who will be either too old or too young and inexperienced to succeed their current boss at the party congress of 2027.

Party congresses are held every five years. The meetings have been used in modern times to stage orderly transfers of power between generations of leaders. Because such high-level moves are, by custom, signalled five years ahead of time, Mr Xi has already broken with recent precedent by declining to anoint a successor at the party congress of 2017. That refusal to present an heir challenged a consensus established after the death of Mao Zedong that no single leader should amass too much power or stay too long in office.

In a further assault on those norms, Mr Xi had China's constitution amended in 2018 to abolish term limits for the post of president—one of three powerful offices that he holds, alongside the far more important ones of party general secretary and chairman of the Central Military Commission, and the only one, until then, bound by a two-term constraint. Mr Xi's supporters say he must stay in office as long as he sees fit to push through vital reforms. His critics, a muted and fearful bunch in today's China, see a dangerous weakening of institutions needed to prevent one-man rule.

At the same time, officials in Beijing see threats at every turn. They are sure that America and its allies are bent on containing China. They are impatient with any criticism by foreigners, and quick to argue that Western governments chide China only to distract from their own failures. The mood in Beijing is a strange mix of confidence, hubris and paranoia. This strengthens Mr Xi. Describing the current world order, he likes to talk about "changes not seen in 100 years". In such a moment, the Communist Party is betting that continuity at the top is the safest course. The gulf between America and China has been growing for some time. It will yawn shockingly wider in November.

David Rennie: Beijing bureau chief and Chaguan columnist, The Economist ■

This article appeared in the China section of the print edition of The World Ahead 2022 under the headline "The crowning of Emperor Xi"

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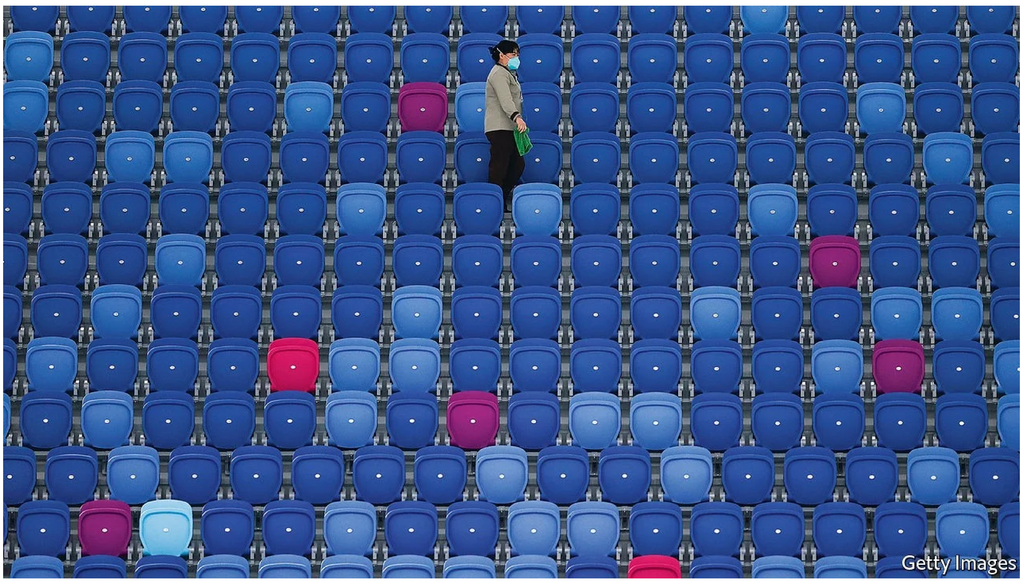
China avoids Olympic protests by banning foreign spectators

It is difficult to boycott something you are not allowed to attend


Getty Images

Nov 8th 2021

BY GADY EPSTEIN: CHINA AFFAIRS EDITOR, THE ECONOMIST

FOR A TIME it was not clear who would attend the Winter Olympics that will be held in and around Beijing in February 2022. Reports of crimes against humanity being committed against Uyghurs—including mass internment, forced labour, separation of families and forced sterilisation—had prompted calls to cancel or move the games. Activists lobbied corporate sponsors to withdraw their support. Human-rights groups branded it the "genocide Olympics". Activists and elected officials around the world talked about boycotting the games.

But it is difficult to boycott something you are not allowed to attend. In September 2021 organisers said they would not be permitting any spectators from outside China, as the games would operate in a covid-19 "bubble" stricter than the one imposed in Tokyo for the Summer Olympics. The ban does not apply to world leaders, who are invited by the host country, nor to accredited foreign media, of whom there will be plenty. But in effect the Beijing games will be a domestic—and domesticated—affair.

The "closed-loop management system" for the Olympics may help authorities in Beijing avert the sort of propaganda nightmare that activists had hoped to create. Under the contract the host country agrees with the International Olympics Committee IOC, the environment of the games is meant to be free and open. Journalists can operate freely with unfettered access to the internet; there can be no discrimination; and there is a right to assemble freely and protest. But those promises mean little.

> **It is difficult to boycott something you are not allowed to attend**

The IOC cannot stop China from preventing Uyghurs getting to the games where they would magically experience official non-discrimination. Foreign media will focus some attention on human rights, but China is unlikely to give visas to Western reporters, other than those in the bubble covering the sports.

Some world leaders, including President Joe Biden, are expected to send a message by not attending. But China's strict pandemic rules will remove some of the sting. That leaves the most important participants, the athletes themselves, with the best chance of making an impression. Do not be surprised when some brave gold-medal winner risks the Communist Party's wrath by making a symbolic gesture of protest from the podium.

Gady Epstein: China affairs editor, The Economist ■

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The World Ahead 2022

China is unlikely to re-open its borders in 2022

It is the last large country with a zero-covid policy

Getty Images

Nov 8th 2021

BY SUE-LIN WONG: CORRESPONDENT, THE ECONOMIST

IN JUNE 2021 one of China's most respected scientists tentatively suggested that the country might want to begin relaxing its zero-covid policy in 2022. Zhang Wenhong, who has been likened to Anthony Fauci, President Joe Biden's chief medical adviser, for his sober, science-based analysis, was pilloried online. Official media published a story by a former health minister (whose background is in finance) expressing "astonishment" at the idea of easing controls. The Communist Party has made the goal of eliminating covid-19 infections a top priority. China is the last large country in the world with a zero-covid policy.

A single case can lead to city-wide testing and lockdown. Local officials have been fired over a few cases in their districts. Most foreigners have been kept out, and anyone who is able to get into the country must spend at least 14 days in strict hotel quarantine.

Many people in China like being covid-free. This makes it hard for the party to reopen borders. The Delta variant's rampage through other countries has confirmed leaders' belief that moving towards a "covid tolerant" society would be disastrous. The domestic propaganda machinery has spent months boasting of the superiority of China's authoritarian system in suppressing the virus.

> **China is the last large country in the world with a zero-covid policy**

Though a few of the country's top scientists have cautiously questioned how long China's zero-covid policies may last, there are no signs the government is moving away from its position.

Strict quarantine requirements may therefore persist for much, if not all, of 2022. Chinese airlines have said they expect tight restrictions on international flights to extend for the first half of the year. The party has several important events it does not want disrupted by covid-19 outbreaks. The Winter Olympics start in and around Beijing in February, followed by the annual session of China's rubber-stamp parliament. The five-yearly party congress in late 2022 is expected to confirm Xi Jinping as the country's leader for at least another five years. The party may even choose to wait until after the annual parliamentary meeting in March 2023 to relax border controls, suggests Huang Yanzhong of the Council for Foreign Relations, an American think-tank.

Vaccine politics bring further complications. China wants 80% of its population vaccinated by the end of 2021. But no foreign vaccines have been approved and its home-grown ones, including Sinopharm and Sinovac, are not very effective against Delta. Even so, these vaccines still prevent severe cases of covid-19 which, in theory, reduces pressure on the health-care system. But in China, even people suffering from mild symptoms are hospitalised. As a result, opening up could pose challenges to hospitals, especially in rural areas. Chinese companies are developing new vaccines based on MRNA technology, but no evidence has yet been released about their efficacy.

Hong Kong may prove to be a bellwether. The city's government is desperate to open its border with mainland China. It has had only a few new cases in recent months. But the mainland authorities have refused. If they change their mind, that will be a sign that the party is finally ready to abandon its zero-covid policy.

Sue-Lin Wong: Correspondent, The Economist ■

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The World Ahead

The World Ahead 2022

Xi Jinping's crackdown on Chinese tech firms will continue

By rewriting the rules, the president is resetting an entire industry

Nov 8th 2021
BY DON WEINLAND: CHINA BUSINESS AND FINANCE EDITOR, THE ECONOMIST, HONG KONG

As the Chinese government stepped up its fierce attack against the country's technology companies in the spring and summer of 2021, business leaders, analysts and investors found themselves repeatedly asking: when will it stop? More than $1trn was wiped off the collective market capitalisation of some of the world's largest internet groups, such as Tencent, a gaming and social-media giant, and Alibaba, China's e-commerce powerhouse. Entire business models—online tutoring, for example—were laid waste. Investors needed to hear that an end was in sight. But on August 8th the Communist Party issued a five-year blueprint aimed at reshaping China's tech industry—confirming to even the most optimistic industry watchers that the abrasive changes would continue well into 2022.

As the new year dawns, vast swathes of China's economy have been hit by the regulatory crackdown. Xi Jinping, China's president, is rewriting the rules for how the economy works, and how the data that companies collect is treated. That has meant striking down some of the country's most prominent tycoons, such as Jack Ma, the founder of Alibaba, and forcing other groups, such as DiDi Global, a ride-hailing giant, into submission. The speed of the reforms means that companies in fields from fintech-lending and e-commerce to self-driving cars, social media and video-gaming must rethink how they make money and handle data.

> **China's president is rewriting the rules for how the economy works**

All of this will lead to two big changes in 2022. The first will be a decline in the profitability of China's tech sector. The country's internet and e-commerce giants have been a goldmine for investors for years. That will slow down as some of the reforms implemented in 2021 are reflected in earnings in 2022. But not all sectors are being treated equally. At one extreme, some providers of online after-school tutoring have been forced to convert into non-profit organisations. Video-gaming is also being pummelled. In September regulators told gaming companies, including Tencent, that they should stop focusing on profits and instead concentrate on reducing adolescents' addiction to playing. The short-video industry, dominated by companies such as ByteDance, Kuaishou and Bilibili, may receive similar treatment. Expect poor returns from firms in these areas in 2022.

Meanwhile, China's biggest e-commerce groups—Alibaba, Pinduoduo and JD.com—are being forced to confront many of the monopolistic practices that bolstered their earnings in the past. Meituan, a super-app focused on food delivery, has been ordered to provide better support to its armies of drivers. Such changes will erode companies' profits and clobber their share prices. Tencent's price-to-earnings ratio is expected to fall from a multiple of about 32 in 2020 to 24 in 2022, according to Bernstein, a brokerage.

The second shift will be in how Chinese tech groups raise capital. Neither Chinese nor American regulators want Chinese companies to go public in New York. Even initial public offerings in Hong Kong have taken on a new level of risk. Chinese regulators have railed against the "disorderly expansion of capital" by tech firms. A meeting of a key decision-making body on August 30th noted that the initial crackdown had shown signs of success. American investors' appetite for Chinese tech companies with heady valuations seems unlikely to recover in 2022. But expect several big firms to go public in Hong Kong, although at lower valuations.

Analysts at Morgan Stanley, a bank, call this a "reset" of an entire industry. As Chinese tech firms adjust to the reality of tighter government control, their value to investors will inevitably be lower.

Don Weinland: China business and finance editor, The Economist, Hong Kong ■

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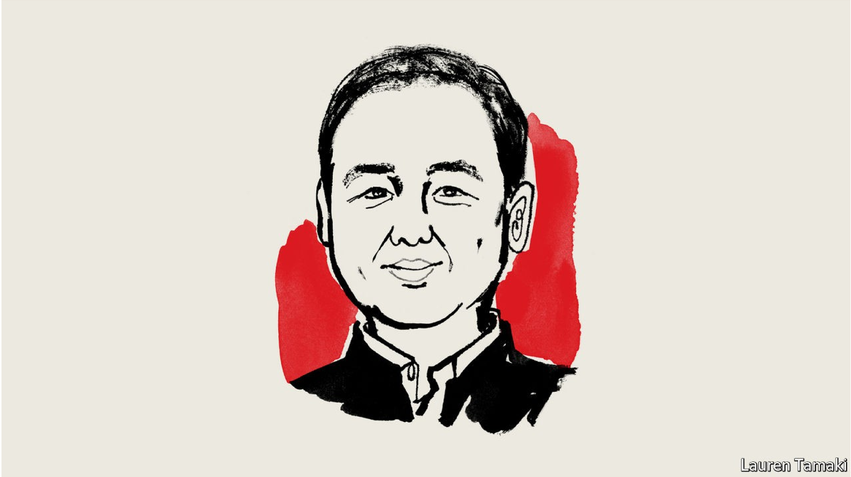
Ma Jun on co-operation over climate change

The environmentalist says China and the West can work together



Nov 8th 2021

BY MA JUN: FOUNDING DIRECTOR OF THE INSTITUTE OF PUBLIC & ENVIRONMENTAL AFFAIRS (IPE), BEIJING

IN AUGUST 2021 the UN's secretary-general called the sixth assessment report from the Intergovernmental Panel on Climate Change a "code red for humanity". To avoid catastrophic climate change globally, 120 countries have joined the race to zero emissions, including China, which is now the largest greenhouse-gas emitter in the world. It is drafting national carbon-peak and carbon-neutrality guidelines, timetables and roadmaps for its various regions and industries.

Hopes were high that 2022 would thus become the real starting point in turning climate ambitions into action around the world. But an unexpected power crunch has recently cast a shadow over the prospect for emission reductions in the near term. Natural-gas and coal prices have increased dramatically in the past few months, a clear sign that demand for fossil fuels is roaring back. China—still the factory of the world—is experiencing its worst power shortages in a decade, with widespread electricity rationing and even unannounced outages in extreme cases.

Global climate ambitions are being put to a serious test. Britain has restarted coal-fired power stations and America is increasing oil output. For its part, China is making arrangements to gear up coal production and increase coal and natural-gas imports. Such moves are expected to continue into 2022. All this has a profound negative impact on the global climate agenda, which requires dramatic and immediate cuts in fossil-fuel use.

Fighting emissions using data

With all eyes on COP26 , the UN climate change conference, to deliver real progress on climate action, the time has come for co-ordinated action. At IPE we believe the fight against climate change can draw on the experience of dealing with local pollution. As the developer of the Blue Map pollution database, we have seen how environmental-information transparency can inform and empower stakeholders to take action to improve air and water quality, reducing China's air pollution by more than half in just eight years. That is roughly the timeframe in which the world must cut carbon emissions by half in order to limit warming to 1.5°C.

In 2022, we are expanding the same approach to climate change, by creating the Blue Map for Zero Carbon, a greenhouse-gas database similar to our pollution database, for different regions and industries. We are also making emissions data easy to access and understand through visualisation and mapping, and developing a regional climate-action index, with the Chinese Academy of Environmental Science, to track and assess local climate ambitions, performance and decarbonisation trends in China's major provinces and cities. All this will make it easier to identify hotspots of energy use and carbon emissions, and thus identify the best opportunities for energy conservation and emissions reduction around the country.

One of the clear gaps we have identified is the lack of industry capacity when it comes to measuring, reporting and verifying emissions. Accordingly, along with our partners, we have launched a digital-accounting platform to help companies better track, measure and reduce them. Some big brands have already embraced these tools to improve their suppliers' accounting and reporting. One of the largest Chinese state-owned banks is using the tool on a pilot basis to measure the carbon footprints of would-be borrowers, in order to adhere to the government's green-finance policy.

Despite the hardship the world faces from the global pandemic and power shortages, in 2022 and beyond we hope to see more companies, banks and investors tapping into our Blue Map system, which is already tracking environmental performance of 10m companies, to make green choices in their sourcing and investment practices. There is no time to lose. Rarely in history has a decade been so critical to the future of humanity.

Ma Jun: founding director of the Institute of Public & Environmental Affairs (IPE), Beijing ■

This article appeared in the China section of the print edition of The World Ahead 2022 under the headline "Climate change demands global co-operation"

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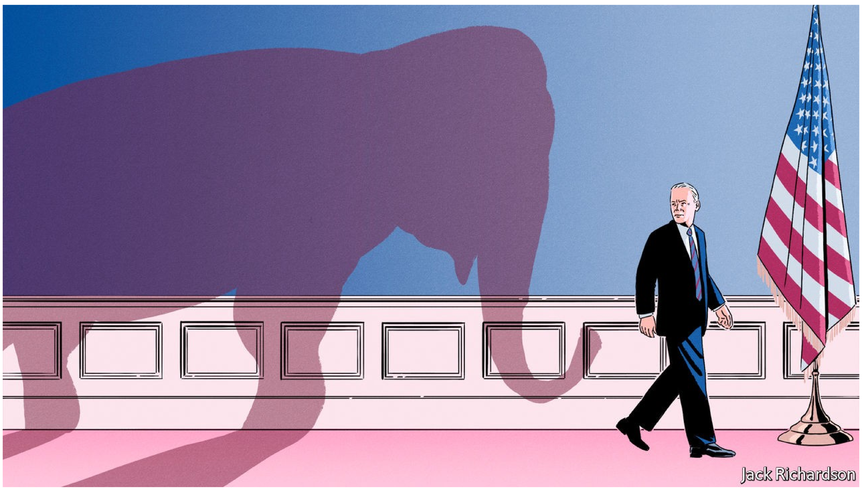
The World Ahead

The World Ahead 2022

The Biden presidency is likely to be heading towards gridlock

The president may resort to other ways to enable change



Nov 8th 2021

BY IDREES KAHLOON: WASHINGTON CORRESPONDENT, THE ECONOMIST, WASHINGTON, DC

IT IS A HARSH reality that 2022 is likely to be the last serviceable year of the Biden administration. Gridlock is endemic to the American system. It originates in a constitutional design premised on consensus, which seems increasingly unattainable in an era of hyperpolarisation, an effective supermajority requirement in the Senate and razor-thin majorities. Even under perfect conditions, when the White House and both chambers of Congress are under one party's unified control, serious legislating is fiendishly difficult. It is not a coincidence that both Barack Obama and Donald Trump passed the most important laws of their administrations—a health-care reform and a large tax cut, respectively—in the first two years of their terms. Both suffered serious losses in the mid-term elections, losing control of one chamber, and with it the ability to legislate as they had hoped.

President Joe Biden seems set to follow this unsatisfactory path. Although he managed to pass a successful stimulus bill at the start of his administration, his signature proposal—enormous expenditure on climate-change mitigation and European-style safety-net programmes, paid for by significantly higher taxes on the wealthy, and collectively known as "Build Back Better"—got stuck in legislative quicksand for much of 2021. As we went to press, warring factions of his Democratic Party were struggling to strike a deal. Something may yet pass, though the eventual compromise seemed likely to be a fraction of the $4trn in spending Mr Biden had hoped for. Yet even a partial accomplishment may look sizeable compared with what will come next.

Election losses augur a lost final two years of Mr Biden's term, at least legislatively speaking. Democrats have five seats to spare in the House of Representatives; they have zero seats to spare in the Senate. Only twice since 1938 has an incumbent president managed to see his party's position in the House expand—and on both occasions the fortunate president also commanded an approval rating above 60%. Unfortunately for Mr Biden, his rating is a comparatively measly 44%. Based on historical associations, that is in line with a loss of 33 seats—spelling a loss of control in the House. Things look rosier for Democrats in the Senate, where only one-third of seats are contested every two years, and the is weaker. But the American system requires the consent of both chambers, and Republican support would not be forthcoming for any of the priorities that Democrats have campaigned on.

Optimists argue that Democrats could still accomplish much before November 2022—even in the face of poor electoral prospects. Perhaps. But if Mr Biden's agenda-setting legislation is still being argued over, that will sap significant lawmaking energy. The prospect of looming elections will drain the rest. The problem with feeble majorities is that almost any intramural dissent is sufficient to scupper any proposal. Even if near-unanimous consent is achieved among sitting Democrats, the Senate's byzantine rules, allowing the filibustering of legislation unless 60 senators are rounded up to break it, dooms many kinds of legislation. While the filibuster remains in place, there can be no serious revision of voting-rights rules, no increase of the minimum wage and no reform of the immigration system—to name just a few. Any proposals that can swerve the filibuster are unlikely to be very significant.

One of the perks of the modern imperial presidency is that policymaking need not depend on the co-operation of a hopelessly fractious Congress—even though that method is preferable. Like his predecessors who were stymied after their first two years in office, Mr Biden may find his attention drawn to the issuance of expansive regulation through administrative agencies (especially relating to the environment), or the largely unilateral powers of pronouncing trade restrictions.

Idrees Kahloon: Washington correspondent, The Economist, Washington, DC ■

This article appeared in the United States section of the print edition of The World Ahead 2022 under the headline "System failure"

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The World Ahead

The World Ahead 2022

Why Republicans are likely to win back Congress

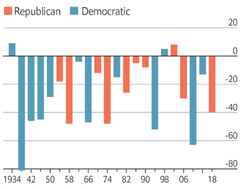
Polls show voters are ideologically much further apart than ever

Nov 8th 2021
BY G. ELLIOTT MORRIS: DATA JOURNALIST, THE ECONOMIST, WASHINGTON, DC

THERE ARE few stronger patterns in American politics than the tendency for the ruling party to lose ground in the first mid-term elections after taking the White House. In 2018 such a pattern produced a "blue wave" of backlash to Donald Trump's presidency, and Democrats wrestled 40 seats from the Republicans. In 2022 Joe Biden is likely to oversee a similarly disappointing performance for his party. Such is the mid-term curse.

Several indicators point in this direction. The first is history. Between 1934 and 2018, according to the American Presidency Project at the University of California Santa Barbara, the party controlling the White House lost an average of 28 seats in the House of Representatives. They lost seats in all but three of the last 22 mid-term cycles, that is 86% of the time. The pattern is weaker in the Senate, where the ruling party lost an average of four seats since 1934. It lost seats in the Senate in 68% of mid-terms.

The mid-term curse
United States, change in House seats for the President's party at mid-term elections



Source: The American Presidency Project
The Economist

Next, there's polling. *The Economist*'s analysis of this cycle's "generic ballot" polls, which ask Americans who they are going to vote for in their congressional district every other November, puts support for the Democrats at 51.7% of all votes for the two major parties—precisely the share of the popular vote that they won in 2020. This would portend good fortune for the Democrats if it were November 2022, but unfortunately for America's liberals, there is a tendency for the ruling party to lose ground in the year before the actual election. The ruling party's share of the two-party vote has shrunk by an average of 3.4 percentage points since the 1942 mid-terms.

> **Polls show that voters are further apart ideologically than they used to be**

Based on this relationship alone, the Democrats would be expected to win roughly 48% of the House popular vote in 2022, and would almost certainly lose their current eight-seat majority with such a performance. However, there is uncertainty in the historical relationship between the polls. Our model suggests that the Democrats could win as much as 55% or as little as 41% of the vote on the day of the mid-terms in 2022. That works out to roughly a one-in-three chance of their gaining enough votes to win.

Election-watchers should take one other indicator into account: polarisation. Polls show that voters are further apart ideologically, and less likely to swing between parties, than they used to be. As a result, large swings in the electorate's support for the ruling party may be less likely than in the past. Add this factor into our model, and the Democrats' predicted vote share rises by roughly half a percentage point to 48.5%—although uncertainty in the estimate also increases. Such a bonus would make little difference if the polls follow the historical pattern of a 3-4 point defeat for the Democrats. But it could be decisive in a closer race. In America's current era of hyper-competitive elections, small changes like this can make big differences.

This article appeared in the United States section of the print edition of The World Ahead 2022 under the headline "The road to gridlock"

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The World Ahead

The World Ahead 2022

The second coming of Donald Trump

Many on the right love him more than they love democracy

Reuters

Nov 8th 2021
BY JAMES ASTILL: WASHINGTON BUREAU CHIEF AND LEXINGTON COLUMNIST, THE ECONOMIST, WASHINGTON DC

THE USUAL routine for former presidents is to sink into the background, graciously refuse to criticise their successor and plan a library. But Donald Trump does not do background or graciousness or books. In rallies, interviews and impromptu speeches to wedding parties at Mar-a-Lago, his Florida estate, Mr Trump has lambasted President Joe Biden, the media and the handful of Republicans who have dared acknowledge that he suffered electoral defeat in 2020. He has repeatedly teased the possibility of a comeback. In 2022 that will look increasingly inevitable.

It already seems that only a health crisis could deny Mr Trump the second tilt at the presidency he clearly craves. Most Republican voters want him to run again. He has raised well over $100m just by hinting that he will. And if the Republican establishment did not roll over for him that could only be because it was too prone already to effect the contortion. Trump cheerleaders such as Lindsey Graham began exhorting him to retain command of their party the day he left office. Mr Trump's only serious rivals for the nomination, such as Governor Ron deSantis of Florida and Mike Pompeo, his former secretary of state, are his imitators. Every indication is that Republicans would prefer the real thing.

Mr Trump also appears to have pre-arranged the politics of his return—through his claim to have been robbed of electoral victory against Mr Biden by a corrupt establishment. Around 80% of Republican voters say they believe that lie. This explains why Republican lawmakers quashed an effort to hold a serious investigation into the January 6th insurrection on Capitol Hill that it inspired; and also why the handful of Republicans who resisted that, such as Representative Liz Cheney, have been pilloried. Republican lawmakers and candidates at every level are meanwhile sounding the alarm on "election integrity". The implication in many Republican-controlled states, where the delusion is most pronounced, is that the Democrats cannot win legitimately—and that special measures are therefore required to stop them winning at all.

> **Few of the 75m voters who chose Mr Trump in 2020 appear to have been repelled by the January 6th insurrection**

At least 18 Republican-controlled state legislatures have passed election laws that will make it harder to vote, many of which appear to target African-Americans and other traditionally Democratic groups. Probably worse, many of those Trumpified legislatures have also seized control of their states' handling of elections.

The Republican congressional primaries, mostly due in the first half of 2022, will indicate how far the party has succumbed to this extremism. Of the 212 Republican House members, ten voted to impeach Mr Trump over the insurrection, of whom one, citing death threats, has already announced his intention to quit politics. The other nine, including Ms Cheney, will face Trump-backed primary challengers. If most lose, as appears likely, Mr Trump's grip on his party will be tighter and its adoption of election scepticism as a strategy more advanced. (And if they win, the Trumpists will cry foul, which could have much the same effect.)

The mid-term elections in November 2022 will be a more important weather-vane. They will represent the first opportunity for Trump Republicans to air their election conspiracies to the electorate at large. The leading role that Mr Trump will take in their campaign will encourage them to do so. The big question, then, is whether enough centre-right voters will find this sufficiently off-putting to make it a losing strategy.

It would be a heavy blow to Mr Trump's prospects of recapturing the presidency if they did. But there appears to be little reason to hope for that. Remarkably few of the nearly 75m voters who chose Mr Trump in 2020 appear to have been repelled by his election denialism or the violence on Capitol Hill. If they do not share his authoritarian instincts, they appear not to take them terribly seriously. America may come to rue that.

James Astill: Washington bureau chief and Lexington columnist, The Economist, Washington DC ■

This article appeared in the United States section of the print edition of The World Ahead 2022 under the headline "The second coming of Donald Trump"

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The World Ahead

The World Ahead 2022

America's murder rate jumped in 2020

It is unlikely to decline as quickly

Getty Images

Nov 8th 2021

BY JON FASMAN: US DIGITAL EDITOR, THE ECONOMIST, NEW YORK

"ESCAPE FROM NEW YORK", a futuristic film released in 1981 but set in 1997, stars Kurt Russell as Snake Plissken, a former special-forces soldier tasked with rescuing a kidnapped president from Manhattan, which has been turned into a giant maximum-security prison. As with much science fiction, the film projected then-current anxieties into the future: in 1980 more people were killed in New York (1,814) than in any year since the police department began keeping track of such data in 1931. A decade later that number rose to 2,245.

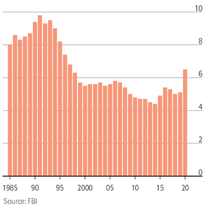
By the early 1990s nearly 25,000 people were being murdered each year across America. But then something unexpected happened: the country began to get safer. Between 1993 and 2019, America's violent-crime rate fell by nearly half. The reasons for this remain hotly debated. Possible explanations include punitive sentencing policies, which locked people up who would otherwise have been committing crimes; improved police tactics; decreased usage of cash, drugs and alcohol; and the end of leaded gasoline (lead exposure is correlated with aggression). What is less debatable is that homicides spiked in 2020—rising by almost 30%, an unprecedented rate—leading many to fear that the long crime decline is over, and is in the process of reversing.

Those who counsel calm point out that, even with the recent rise, America remains far safer than it was. In 1980 more than ten in every 100,000 Americans were murdered each year; in 2020 it was just over six, up from a mid-2010s nadir of less than five. They note that the spike occurred during a pandemic that closed schools, community centres and other social-service providers that would otherwise have provided somewhere for young men to go, and during a period of widespread protests, after a police officer in Minneapolis murdered George Floyd (some argue that under such circumstances, police pull back). And they note that, overall, crime fell in 2020, though this is false comfort: the good news that, say, theft from cars fell does not offset the much worse news that murders rose.

> **Republicans are certain to make crime a central campaign issue in 2022**

Yet the spike in 2020 was not an entirely isolated event. In some cities, homicides began rising before covid-19 struck, while in other places, particularly big cities, the murder rate remained elevated during 2021. This reveals an ominous trait of homicides: they are what sociologists call "sticky". Murders often inspire retaliatory murders; the rising side of a murder spike may be quite steep, but declines rarely are. America got safer in the 1990s and 2000s not because everyone suddenly put down their guns, but because of steady, successive gradual declines. And speaking of guns, sales set a record in 2020, and guns, unlike butter, do not spoil. With more people carrying more deadly weapons, the odds of arguments escalating into killings shorten.

Uh-oh
United States, homicides per 100,000 people



Source: FBI
The Economist

If crime—and, as important, the fear of crime—remain high, it will make its presence felt in politics. In some places, it already has. When crime rises, people get nervous, and they vote for candidates who make them feel safer. New York is a solidly liberal city, but in the Democratic mayoral primary in 2021 left-leaning voters, concerned about crime, chose Eric Adams, an ex-cop and former Republican running on a public-safety platform, over a field of progressive darlings.

Republicans, eager to take control of Congress in the mid-term elections in 2022, are certain to make crime a central campaign issue. Democrats will argue that violent crime soared everywhere: in big cities and small towns, and in places run by liberals and conservatives alike. That may be true, but truth alone does not always produce a politically convincing argument.

Over the past couple of electoral cycles, voters in a number of cities, including Boston, Chicago and Philadelphia, have elected reformist district attorneys who advocated sending fewer people to prison. Such candidates may have a harder time winning when rates of violent crime are high. Perhaps crime will begin falling as the effects of the pandemic fade, and police forces continue to invest time and money in improving community relations. Or perhaps there is simply a natural limit to how low violent-crime rates can fall in a country in which there are more guns than people.

Jon Fasman: US digital editor, The Economist, New York ■

The World Ahead

The World Ahead 2022

America's economy will claw its way back to the pre-covid trend

But a strengthening economy may not help Joe Biden

Reuters

Nov 8th 2021

BY SIMON RABINOVITCH: US ECONOMICS EDITOR, THE ECONOMIST, WASHINGTON DC

At first glance, America's headline growth figures for 2021 seem to be a stunning achievement. Its GDP is on track to expand by nearly 6% after shrinking by 3.5% in 2020, its sharpest trough-to-peak rebound in more than half a century. Yet the details are more troubling. Inflation has jumped, companies are struggling to find willing workers and everything from nappies to cars has been in short supply. The coming year will flip things around: the headline figures will be less impressive, but under the bonnet America's economic engine will be healthier.

After 2021's big rebound, growth in 2022 will almost certainly be slower. Most analysts forecast an expansion of roughly 4%. And momentum will steadily ebb as the months roll on, simply because the year-on-year comparisons will be progressively less flattering. That should not, however, diminish the broader achievement. Growth of 4% would still be robust by the standards of the past few decades. Amazingly, the overall size of the American economy would then end the year almost exactly as large as was predicted in 2019.

In the early months of 2022 much of the focus will be on the Federal Reserve. Given the strong economic backdrop, the central bank will bring an end to its ultra-loose monetary policies launched at the height of the pandemic. Jerome Powell, the Fed's chairman, has indicated that tapering—the gradual halt of its monthly purchase of bonds and other assets—will begin in late 2021 and be complete by mid-2022. That will be a headwind for financial markets. But the Fed's extensive telegraphing of its plans has given investors plenty of time to price them in.

The focus will then shift to when the Fed might start to raise interest rates. A slight majority of its rate-setting committee thinks that modest tightening will be necessary before the end of 2022. Any such moves will of course depend on the state of the economy, with inflation a particular concern. The Fed has staked much on the idea that the price pressures of recent months are transitory, and are mainly a reflection of the world's strained supply chains. Many analysts agree, expecting inflation to decelerate towards 3% in 2022 as the global economy continues to open up. As, with luck, covid-19 fades, into the background, more Americans will also re-enter the job market, bringing the economy a step closer to normality. If, however, inflation proves to be more persistent, the Fed will face calls to raise rates more swiftly.

Will Mr Powell be at the helm of the Fed for all these decisions? His term expires on February 5th and President Joe Biden is expected to reappoint him for a second term well before that deadline. The progressive wing of the Democratic Party wants someone who is tougher on banks, but Mr Powell oversaw a forceful monetary response to the pandemic slowdown and deserves a second crack at the job.

For fiscal policy, 2022 will be an important pivot for America. With the expiration of the giant covid-relief packages of the past two years, the federal deficit will shrink from 13% of GDP to 5%. Normally, that would constitute a sudden fiscal tightening. But households have more than $2trn in excess savings, thanks in part to the stimulus cheques they received. So consumption should remain solid.

Crucially, 2022 will be the first year in which Mr Biden's "Build Back Better" spending hits the economy. His programme has two legs: a renewal of America's neglected physical infrastructure and a recrafting of its social safety-net, including more funding for families with children. The total invested will be smaller than Mr Biden and most Democrats had first hoped for. But such are the realities of finessing legislation through Congress.

Even so, it will be refreshing to see that the American government is still capable of pulling together funding for long-term priorities. The prospects of any more ambitious initiatives in the coming years will vanish if the Democrats lose control of the Senate and, possibly, the House of Representatives in mid-term elections in November. Mr Biden will be left to rue the irony of his sagging political fortunes even as he presides over a strengthening economy.

Simon Rabinovitch: US economics editor, The Economist, Washington DC ■

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The World Ahead

The World Ahead 2022

America's southern border will remain a political flashpoint

In 2021 the number of migrants arriving was the highest in two decades

Reuters

Nov 8th 2021
BY ALEXANDRA SUICH BASS: SENIOR CORRESPONDENT FOR POLITICS, TECHNOLOGY AND SOCIETY, THE ECONOMIST, DALLAS

FEW MATTERS in politics are predictable, but the biennial "fall brawl"—otherwise known as the November elections—is sure to focus on America's southern border. Republicans, having observed Donald Trump's electoral success after politicising illegal immigration in 2016, are planning an encore. Expect to hear from them about President Joe Biden's "open-border policies". Red states, including Arizona and Texas, are also likely to wage new legal battles with the federal government over border programmes and enforcement.

Political rhetoric aside, one of the most surprising features of Mr Biden's administration has been the endurance of some of Mr Trump's hardline immigration policies, either by choice or not. For example, the Biden administration tried to do away permanently with Mr Trump's "Migrant Protection Protocols" (MPP) programme, which requires immigrants to stay in Mexico, often in squalid conditions, while they await their immigration-court hearings. However, legal wrangling has meant that Mr Biden has been unable to scrap MPP, despite his pledges on the campaign trail to do so. A court fight over ending MPP is likely to continue into 2022.

So is a legal tussle over "Title 42", a controversial Trump-era public-health order that is still being used by the Biden administration to expel many immigrants who reach the border without a hearing.

> **In 2021 the number of migrants arriving was the highest in two decades**

The Biden administration has been under pressure from immigration advocates to halt the use of Title 42, including a lawsuit by the American Civil Liberties Union (ACLU), but it has been loth to end it, in part because the number of border-crossers has been so high since Mr Biden assumed office. That legal battle—with the Biden administration arguing that it should be allowed to keep in place what Lee Gelernt of the ACLU calls Mr Trump's "most extreme" border policy—will continue in the coming year.

There will also be new flows of people from countries that had not previously been a large source of migrants to America's southern border, such as Brazil and Venezuela. All of this will make the border an even more difficult and more complex problem to solve, predicts Andrew Selee, president of the Migration Policy Institute, a think-tank.

The question of how Mr Biden can make immigration enforcement faster and fairer, while not prompting more people to try to make the perilous journey to cross into America illegally, is the central challenge at the core of ending the disorder at the border. One area of focus and work has been a revamped asylum system. By empowering asylum officers, as opposed to backlogged courts, to make determinations on asylum claims, cases can be resolved more quickly, and people are less likely to be left in legal limbo.

Mr Biden's tweaked asylum system will be rolled out in 2022 and is worth watching closely, because it represents a necessary change to a stretched system. America—and those seeking refuge—need an asylum process that is predictable, fast and fair.

Alexandra Suich Bass: Senior correspondent for politics, technology and society, The Economist, Dallas ■

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The World Ahead

The World Ahead 2022

Public-school enrolment in America is unlikely to return to normal

Learning loss will continue to be a concern, especially among the youngest

Nov 8th 2021

BY TAMARA GILKES BORR: US POLICY CORRESPONDENT, THE ECONOMIST, WASHINGTON, DC

COVID-19 SPARKED the largest decline in public-school enrolment since the second world war. In the early 1940s, many high-school students departed for the battlefield or for employment. But this time around, it is unclear where some of the missing students have gone—and many of them will not return.

The pandemic forced schools around the world to close overnight in early 2020. In America more than 50m pupils were sent home in March. At the time, few imagined that the closures would drag on so long. As educators tried to get students back into the classroom in the autumn, enrolment dropped by 3% for the 2020-21 academic year. Teachers and administrators called families and even went to pupils' homes in an attempt to get them back to school or at least to log in online.

Much of the decline took place among the youngest pupils: kindergarten enrolment (for five-year-olds) fell by 9%, and pre-kindergarten (for four-year-olds) by 22%. Switching to online learning was hardest for the youngest children. In the early years, lessons focus on life skills, such as learning how to use the toilet and getting along with peers—tasks that are difficult to learn over Zoom. Many families decided to keep their children at home.

Preliminary enrolment figures for the current school year (2021-22) suggest that these overall declines will persist into 2022. Few districts have released their figures. Hawaii, one of the few to do so, has reported a loss. Pre-pandemic (2019-20), Hawaii's school district enrolled 179,331 pupils. It reported 4,627 fewer students in the pandemic school year (2020-21). And in autumn 2021 it reported 3,104 fewer students than in the previous year—a 4% decline from pre-pandemic enrolment.

Some children have simply dropped out. Some have enrolled in private schools, though probably not as many as suggested by media accounts. Home-schooling has become more popular. In Michigan, areas with remote-only instruction saw larger increases in private-school enrolment, whereas home-schooling increased more in areas with in-person teaching. Differing concerns about the virus have prompted families to make different choices.

> **Learning loss will continue to be a concern in 2022, especially among the youngest children**

Many pupils left for non-traditional public schools. The numbers attending virtual (online-only), charter (independently run) and vocational schools (focused on specific trades) all increased in Massachusetts last year. In Martha's Vineyard and other vacation spots, enrolment in conventional public schools also went up, presumably as affluent families chose to weather the pandemic in their holiday homes.

Some pupils may return to their former schools once the pandemic ends and teaching returns to normal. But some families will not want to move their children from the new schools into which they have happily settled. Expect to see private and non-traditional public school enrolments remain steady. But some children are now "missing". Of those who left Hawaii's school system in the 2020-21 academic year, for example, some left the state or started home-schooling, and a small proportion went to private schools. But 2,665 pupils are unaccounted for, says Mark Murphy, professor of education at the University of Hawaii at Manoa.

Learning loss will continue to be a concern in 2022, especially among the youngest children. Preliminary enrolment numbers suggest that many of last year's would-be kindergarteners skipped it completely and started first grade in 2021 (kindergarten is not com- pulsory in most states). This will probably have a long-lasting impact: high-quality early learning is associated with increases in high-school performance, college attendance and adult wages. Those children could find themselves lagging behind their peers for years.

Funding will also be a concern. In America, it is set on a per-pupil basis—so each missing child means less money for the school. Some states, such as Florida, let pupils take their state-allocated funding to any school, public or private. Expect such "voucher" schemes to be discussed more widely in 2022.

Shortages of funding could lead to teacher-hiring freezes and a scaling back of other resources, such as educational materials, extracurricular activities and social programmes. Pandemic-relief funds are stemming the bleeding for now, but that will not last forever. Just as budget cuts reduced test scores and graduation rates in America after the global financial crisis of 2007-09, the impact of covid-19 on education will reach far beyond the pandemic's end.

Tamara Gilkes Borr: US policy correspondent, The Economist, Washington, DC ■

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The World Ahead

The World Ahead 2022

Francis Fukuyama on the end of American hegemony

Influence abroad depends on fixing problems at home

Nov 8th 2021
BY FRANCIS FUKUYAMA: SENIOR FELLOW AT STANFORD UNIVERSITY

THE HORRIFYING images of desperate Afghans trying to get out of Kabul after the Western-backed government collapsed in August seemed to signify a major juncture in world history, as America turned away from the world. Yet in truth, the end of the American era had come much earlier. The long-term sources of American weakness and decline are more domestic than international. The country will remain a great power for many years, but just how influential it will be depends on its ability to fix its internal problems, rather than its foreign policy.

The peak period of American hegemony lasted less than 20 years, from the fall of the Berlin Wall in 1989 to the financial crisis of 2007-09. The country was dominant in many domains of power—military, economic, political and cultural. The height of American hubris was the invasion of Iraq in 2003, when it hoped to remake not just Iraq and Afghanistan (invaded two years before), but the whole Middle East. America overestimated the effectiveness of military power to bring about deep political change, even as it underestimated the impact of its free-market economic model on global finance. The decade ended with its troops bogged down in two counterinsurgency wars, and a financial crisis that accentuated the inequalities American-led globalisation had brought about.

Termites in the floorboards

The degree of unipolarity in this period has been rare in history, and the world has been reverting to a more normal state of multipolarity ever since, with China, Russia, India, Europe and other centres gaining power relative to America. Afghanistan's ultimate effect on geopolitics is likely to be small: America survived an earlier, humiliating defeat when it withdrew from Vietnam in 1975, but regained its dominance within little more than a decade. The much bigger challenge to America's global standing is domestic.

American society is deeply polarised, and has found it difficult to find consensus on virtually anything. This polarisation started over conventional policy issues like taxes and abortion, but has since metastasised into a bitter fight over cultural identity. Normally a big external threat such as a global pandemic should be the occasion for citizens to rally around a common response. But the covid-19 crisis served rather to deepen America's divisions, with social distancing, mask-wearing and vaccinations being seen not as public-health measures but as political markers.These conflicts have spread to all aspects of life, from sport to the brands of consumer products that red and blue Americans buy.

> **America's influence abroad depends on its ability to fix its internal problems**

There is more apparent consensus regarding China: both Republicans and Democrats agree it is a threat to democratic values. But this only carries America so far. A far greater test for American foreign policy than Afghanistan will be Taiwan, if it comes under direct Chinese attack. Will the United States be willing to sacrifice its sons and daughters on behalf of that island's independence? Or indeed, would it risk military conflict with Russia should the latter invade Ukraine? These are serious questions with no easy answers, but a reasoned debate about American national interest will probably be conducted primarily through the lens of how it affects the partisan struggle.

The biggest policy debacle of President Joe Biden's administration in its first year has been its failure to plan adequately for the rapid collapse of Afghanistan. Mr Biden has suggested that withdrawal was necessary in order to focus on meeting the bigger challenges from Russia and China. I hope he is serious about this. Mr Obama was never successful in making a "pivot" to Asia because America remained focused on counterinsurgency in the Middle East. In 2022, the administration needs to redeploy both resources and the attention of policymakers to deter geopolitical rivals and engage with allies.

The United States is not likely to regain its earlier hegemonic status, nor should it aspire to. What it can hope for is to sustain, with like-minded countries, a world order friendly to democratic values. Whether it can do this will depend on recovering a sense of national identity and purpose at home.

Francis Fukuyama: senior fellow at Stanford University ■

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The World Ahead

The World Ahead 2022

A presidential election will test Brazil's institutions

Jair Bolsonaro is unlikely to go quietly if he loses

Nov 8th 2021

BY SARAH MASLIN: BRAZIL BUREAU CHIEF, THE ECONOMIST, SÃO PAULO

IN 2022 BRAZIL will enter full-swing election mode. That means rent-seeking and horse-trading by 30-plus political parties in more than 1,000 legislative and executive races, and months of closely watched opinion polls leading up to the election in October. The government will try to further boost social spending in an attempt to bring in votes for the beleaguered right-wing populist president, Jair Bolsonaro. It may not be enough.

By late 2021, Mr Bolsonaro's approval ratings had fallen below 30% as Brazil's economic outlook became increasingly grim. GDP, which grew by 1.2% in the first quarter, decreased by 0.1% in the second. The worst wave of covid-19 led to new lockdowns, oxygen shortages and, at one point, more than 3,000 deaths per day.

Reforms and privatisations will take a back seat to the election. Investors who rallied around Paulo Guedes, the economy minister, may lose faith that he can fulfil his pro-business agenda. In late 2021 Congress was close to passing a watered-down tax reform, but his more important public-sector reforms looked doomed. In the midst of a drought, and with public debt at nearly 100% of GDP, markets will be less forgiving than they were in 2021. Year-on-year inflation and the benchmark interest rate, at 10.25% and 6.25% respectively in October, may keep rising. Around 14% of Brazilians are unemployed. Most of the jobless will remain so in 2022, when GDP is projected to grow by just 1%.

Many will blame Mr Bolsonaro for their misfortune, as they started to in early 2021 when stimulus payments were slashed. Discontent deepened after a Senate investigation revealed that the president had ignored six offers of covid-19 vaccines from Pfizer and may have turned a blind eye to corruption once contracts were negotiated (he denies wrongdoing). Anti-government protesters came onto the streets for the first time since the start of the pandemic and will do so again in 2022. The stack of impeachment petitions against Mr Bolsonaro, of which there are 139 so far, will continue to grow.

But efforts to impeach him are unlikely to prosper. The speaker of the lower house of Congress, who is responsible for opening proceedings, is an ally. Polls in late 2021 suggested that if the election had been held then, Mr Bolsonaro's main challenger, former president Luiz Inácio Lula da Silva, would have won. But Lula, whose left-wing Workers' Party oversaw a big corruption scandal and crippling recession, is also unpopular.

The campaign will be tense. Mr Bolsonaro has started laying the ground to dispute the result. "Only God will remove me," he said at a rally in September. His supporters have called for paper receipts to be added to Brazil's electronic voting system, which Mr Bolsonaro claims, without evidence, is rife with fraud, and for "military intervention" to shut down the supreme court, which has authorised probes into Mr Bolsonaro and his politician sons. Pro-government protests will also continue in 2022. They are one of the only weapons the president has left, along with efforts to win back voters by expanding Bolsa Família, a cash-transfer programme for the very poor. If he loses the election, he may try to cling to power. The aftermath of the run-off election will test the strength of Brazil's institutions.

On September 7th 2022, Brazil will celebrate the 200th anniversary of its independence from Portugal. Congress will vote on whether to extend racial quotas for universities, and the supreme court may issue a ruling that will affect indigenous lands throughout Brazil. But the country's future rests most heavily on the result of the election. Most Brazilians will vote based on their pocketbooks, but democracy's fate in their country now depends on voting out Mr Bolsonaro.

Sarah Maslin: Brazil bureau chief, The Economist, São Paulo ■

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The World Ahead

The World Ahead 2022

Brazil's election offers hope for the rainforest

The Amazon has gone from being a carbon sink to a carbon source

Nov 8th 2021

BY SARAH MASLIN: BRAZIL BUREAU CHIEF, THE ECONOMIST SÃO PAULO

A PRESIDENTIAL ELECTION in 2022 will offer a chance for Brazil's government to reverse policies that have contributed to global climate change. The country is home to 60% of the Amazon rainforest, which has historically been an important carbon sink. But a worrying study published in 2021 in Nature found that over the past decade it has instead become a carbon source. The culprits: forest fires and deforestation, which has soared by more than 40% since populist president Jair Bolsonaro took office in 2019.

On his watch, environmental enforcement and fines dropped to record lows. Activists say this has encouraged illegal logging, mining, cattle-ranching and land-grabbing. In June the environment minister, Ricardo Salles, resigned after federal police began investigating him for alleged involvement in timber trafficking (he denies wrongdoing).

A greener president would try to crack down on such crimes. Polls suggest that Mr Bolsonaro is likely to lose the election. His successor could convince Germany and Norway to unfreeze the Amazon Fund, a pot of money for enforcement and sustainable development that was withdrawn in 2019 amid concerns about Mr Bolsonaro's policies. A new president could also revive talks with President Joe Biden, who has offered to create a $20bn fund for the rainforest once Brazil starts showing results.

> **In the past decade, the Amazon has gone from being a carbon sink to a carbon source**

Brazil is one of only a few countries that did not improve its target for cutting emissions by 2030. In the run-up to UN climate talks in Glasgow it was unclear whether the government would abandon its insistence on "double-counting"—its historic demand that carbon credits it sells to other countries also be included in its own emission-cuts tally. If it backs down from this stance and a global market emerges from the talks, Brazil could receive billions of dollars to preserve patches of rainforest it sells as credits. Its voluntary market has boomed in recent years.

Other Amazonian countries, such as Colombia, have shown more willingness to combat deforestation, though they also face pressure from business interests. Better leadership in Brazil could jump-start regional efforts to boost enforcement and find sustainable alternatives to deforestation for the rainforest's inhabitants. But if Mr Bolsonaro wins again, his determination to fill the forest with roads, dams and mines could cause destruction far beyond the borders of Brazil.

Sarah Maslin: Brazil bureau chief, The Economist São Paulo ■

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The World Ahead

The World Ahead 2022

Mexico's president will continue to damage the country's democracy

Can its institutions retain their independence?

Reuters

Nov 8th 2021

BY SARAH BIRKE: MEXICO CITY BUREAU CHIEF, THE ECONOMIST, MEXICO CITY

OVER THE past two decades Mexico has provided an important example of democratic transition. Its democracy is a flawed one, marred by corruption, violence and poor governance. But it is recognisably a democracy all the same, with a history of successful elections and peaceful transfers of power between parties, a fairly good separation of powers and a set of independent, though imperfect, institutions. The question in 2022 will be how much President Andrés Manuel López Obrador continues to undermine that system.

Mr López Obrador swept to power in 2018 at the head of his populist Morena party, voted in by people attracted by his promise to make Mexico more democratic and to work for the majority long neglected by the elite. That was, and is, a laudable aim. The Institutional Revolutionary Party (PRI) governed Mexico for 71 uninterrupted years until 2000, and again from 2012 to 2018, with two terms for the conservative National Action Party (PAN) in between. The PRI in particular ran things to suit itself, empowering the army and in some cases trying to pack autonomous institutions with loyalists.

But Mr López Obrador's rule is undermining Mexico's democracy rather than bolstering it. In his first three years he has favoured a highly personalistic and centralised style of governing. He has prioritised pet projects over institutionalised schemes, for example by scrapping a hugely successful cash-transfer programme in favour of badly targeted handouts that are billed as personal gifts from the president.

> **The key is whether the country's institutions can retain their independence**

He speaks directly to his supporters in daily conferences, denouncing those who do not support him, including journalists and NGOs. He likes to decide issues using public (and often legally questionable) "consultations" and referendums, such as whether to cancel a half-built airport in Mexico City (it was) and whether to prosecute his five predecessors (turnout was too low to be binding). He has threatened to get rid of some institutions or degrade them by reducing their funding, or by packing them with loyalists, as with the courts.

Another area of concern is how much more power Mr López Obrador gives to the armed forces. In the past three years he has drastically expanded their role, despite a lack of transparency and accountability, and previous pledges that he would rein them in. They are now even more involved in the fight against crime, in addition to controlling the border with the United States and building infrastructure projects, such as an airport in Mexico City to replace the scrapped one.

The problem is that few voters are enamoured with the opposition parties, which have no new ideas for ruling differently from the past. So, in spite of all his faults, the president is likely to remain popular and win the recall referendum. The key is whether the country's institutions can retain their independence. Many Mexicans support the INE, which polls show to be the most trusted civilian institution in Mexico (the army is still the most trusted of all, but most people do not want troops on the streets). Mexico may be an imperfect democracy but support for its institutions is strong.

Sarah Birke: Mexico City bureau chief, The Economist, Mexico City ■

This article appeared in the Americas section of the print edition of The World Ahead 2022 under the headline "Mexico's imperilled democracy"

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The World Ahead 2022

Latin America is in danger of going back to the old normal

Economic stagnation, social discontent and threats to democracy loom

Reuters

Nov 8th 2021

BY MICHAEL REID: BELLO COLUMNIST, THE ECONOMIST

THE BIG worry for Latin Americans in 2022 will be going back to the "old normal" as the pandemic recedes. That involved economic stagnation, social discontent and the discrediting of democratic politics. Turbocharged by the pandemic, these ills produced popular rage in several countries in 2021. This was mitigated in part by emergency aid and fiscal and monetary stimulus. As a result, in 2021 the region recovered much of the economic output it lost in 2020. In 2022 the recovery will slow: an uptick in inflation is prompting central banks to raise interest rates while many governments have exhausted their limited fiscal firepower. The result is that Latin America's economy, taken as a whole, will be lucky to grow by more than 3% in 2022.

Anti-incumbency has been the defining feature of recent elections in Latin America. That is likely to remain the case in Brazil. The big question is whether or not rage will start to give way to a more pragmatic focus on the basics of economic growth and social protection. Chile and Colombia will provide the main tests of this in 2022.

Chile faces a complicated year. A presidential election due in late 2021 is wide open. The most likely outcome is a run-off between Gabriel Boric of the hard left and José Antonio Kast of the hard right. The new president and Congress will at first cohabit with a convention to write a new constitution, agreed on by the politicians after a social explosion in late 2019 called into question what had been a successful free-market economy. The hard left did unexpectedly well in the election of the convention's 155 members. The convention has until July to agree on a new constitutional draft which will then be put to a referendum. This will certainly mandate more state provision in health care and pensions, which could offer a blueprint for the new social contract many Latin Americans crave. The new charter might also involve a much more decisive swing to the left, with curbs on mining and an expensive list of social rights. But it is possible that a broad dealmaking group manages to craft a text that combines rights with fiscal responsibility.

> **Latin Americans want more spending on health care and public services**

The political centre in Latin America has been eroded in recent elections by polarisation. Colombia's election in May could spark its revival, provided it can unite behind a single candidate. There are two strong contenders: Sergio Fajardo, a former mayor of Medellín who began the city's renewal, narrowly missed making the run-off in the previous presidential election in 2018, and Alejandro Gaviria, an economist, successful writer, former health minister and cancer survivor who has a compelling story to tell. Whoever wins a primary election due in March will face Gustavo Petro, a populist leftist. Remarkably, he would be Colombia's first left-wing president. The right may fade, after the disappointing presidency of Ivan Duque.

That applies to the region as a whole. Latin Americans want more spending on health care and public services in general. But bigger deficits over the past two years have pushed the region's public debt to over 70% of its GDP. As interest rates start rising this becomes more expensive to service. Yet raising taxes is politically fraught, especially as the region desperately needs to provide incentives for lagging private investment.

Fail in this infernal balancing act, and democracy risks falling prey to creeping authoritarianism, long ensconced in Cuba, Nicaragua and Venezuela. In 2021 Nayib Bukele, El Salvador's popular young president, became the latest elected leader to erect an autocracy, taking control of the judiciary, harassing independent journalists and authorising his own re-election for a second term. So far these four countries are exceptions. But that could change, especially if Jair Bolsonaro manages to subvert Brazil's election in 2022 and if Andrés Manuel López Obrador in Mexico uses his likely victory in a recall referendum to intensify his siege of the independent electoral authority and the courts. Opinion polls continue to show a steady and worrying erosion of support for democracy in Latin America. Democrats have been warned.

Michael Reid: Bello columnist, The Economist ■

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Claudia Sheinbaum Pardo on lessons from Mexico City

The city's mayor pushes for equality and sustainability

Lauren Tamaki

Nov 8th 2021

BY CLAUDIA SHEINBAUM PARDO: MAYOR OF MEXICO CITY

In December 2021 it will be three years since I assumed office as the first woman to be elected mayor of Mexico City and part of a political movement led by President López Obrador. After 30 years of failed national neo-liberal policies and six years of rampant corruption and increasing insecurity, citizens overwhelmingly voted for a radical transformation to rebuild the welfare state from below. I vowed to improve universal access to quality public education and health care, decent housing, improved public transportation and security. I promised to ensure environmental sustainability, help deal with climate change and, most importantly, to end corruption.

Three years later, despite an unprecedented medical and economic crisis created by covid-19, we have made remarkable progress towards the vision of an equitable and sustainable city. During the pandemic we guaranteed access to universal health care. Through effective co-ordination of health providers, the number of designated hospital beds was increased from 2,000 to 8,246. We provided 3.5m free covid-19 tests and delivered free oxygen to patients who did not require hospitalisation. Mexico City has one of the highest vaccination rates in the world. By the end of September 2021, 98.7% of adults had received at least one dose, and 74% were fully vaccinated.

> **The pandemic was an opportunity to fulfil the promise that nobody would be left behind**

The pandemic emergency derailed the city's economic dynamism. A city that depends heavily on professional services, tourism and commerce was hard-hit by months of confinement. We expanded the coverage of social programmes and created new systems to support the incomes of the most vulnerable families, ensuring they were able to cover basic needs. Around $300m in income support was delivered during the first 18 months of the crisis.

Support was also provided through our universal scholarship programme, reaching 1.2m children enrolled in public schools; expansion of unemployment insurance for 260,000 workers, including those in the informal sector; 105,000 interest-free loans to small companies; and a federal universal pension for those aged 65 and over.

At the same time we maintained our commitment to keep our campaign promises. In three years we created two public universities; increased the capacity of the middle-school system for an estimated 41,000 more students in 2024; provided maintenance to all 2,190 public schools; and inaugurated 227 community centres (against a goal of 300) to offer free on-line education and access to skills development, sports and cultural activities for members of marginalised communities. The right to digital inclusion is provided through an expansion of high-speed fibre-optic networks. Mexico City today has the most extensive coverage of free Wi-Fi in the world.

In a city of 9.2m people within a metropolitan area of 22m, the ability to move around quickly and safely is crucial. Our expansion of public transport includes two new lines of Cablebus, an innovative transport system that provides safe, fast mobility to millions of people in the city's poorest neighbourhoods; the addition of 200 electric trolleybuses and 300 low-emission buses; and the creation of 180km (112 miles) of new cycle lanes. All of these measures improve public transport while also reducing greenhouse-gas emissions and improving air quality.

Access to water and public spaces are two other areas where environmental sustainability intersects with public health. We doubled investment in the modernisation of the water-distribution system, parts of which are 70-100 years old. We also took steps to clean up rivers and wetlands across the city, and launched a scheme to restore public parks, rural areas and natural reserves, which collectively cover half of the city's territory.

A city for everyone

These achievements, even under the most difficult circumstances, show how much can be done in Mexico to build inclusive and sustainable societies when there is political will to eradicate corruption and to serve people. I am part of a political movement that has fought against electoral fraud and corruption. In 2022 and beyond, we are committed to strengthening democracy and building a city—and a country—for all people, and for our children and grandchildren.

Claudia Sheinbaum Pardo: mayor of Mexico City ■

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The World Ahead 2022

The West's stand-off with Iran could escalate

Plenty of Westerners don't think the nuclear deal is worth the effort

Getty Images

Nov 8th 2021
BY NICK PELHAM: MIDDLE EAST CORRESPONDENT, THE ECONOMIST

DESPITE TALKING in 2021, Iran and America seem no closer to reviving the multinational nuclear deal, known as the Joint Comprehensive Plan of Action (JCPOA), out of which Donald Trump pulled America in 2018. Both sides have said that they are willing to return to the terms of the original deal if the other does first. But the world has changed since then, and the prospect of continued deadlock in 2022 means there is a growing chance of escalation.

One big change is that although Democrats have regained power in America, hardliners now control all the levers of power in Iran. The Islamic Republic's new president, Ebrahim Raisi, has side-stepped Western efforts to restore the JCPOA. After months of his evasion, global powers may conclude that he and his sponsor, Iran's supreme leader, Ayatollah Ali Khamenei, are no longer interested in a fully fledged nuclear deal.

Iran's hardliners worry that the West would use the JCPOA as a first step to curb Iran's regional reach and its missile programme, and press it on human rights. Better ties with the West would also revive Iran's reformers in their struggle with the regime's inner core and raise their hopes of diluting Iran's clerical zeal. So the hardliners may decide a deal is best avoided. Mr Khamenei will also not want Western powers to upset his own succession, most likely to his son, Mojtaba.

As a result, Western diplomats will spend early 2022 trying to devise creative alternatives. "More-for-more" would release Iran from more sanctions than the original deal in exchange for a longer-term suspension of its nuclear programme. "Less-for-less" would drip-feed some $100bn of assets frozen abroad in return for a rollback of uranium enrichment. Iran will demand that America reverse all sanctions imposed by Mr Trump and promise never again to renege on the deal. America will insist that Iran first scale back its nuclear operations.

The likely deadlock will cheer hardliners in Tehran. They will argue that America's sanctions on banking and oil strengthen Iran's resilience and accelerate its diversification away from fossil fuels. Mr Raisi will seek to get closer to China and improve trade ties with the Shanghai Cooperation Organisation, a club Iran joined in 2021 that includes China, India and Russia. Iran's oil sales to China doubled in 2021 and will continue to grow. Iranian public opinion towards America may cool further.

Hence the likelihood of escalation. The first theatre for confrontation would be Iran's nuclear development. By September 2021, Iran had five tonnes of uranium enriched to 3.67% fissile purity, up from 200kg agreed under the JCPOA. It also had 85kg enriched to 20% and another 10kg enriched to 60%, far in excess of anything needed for civilian purposes. Parliament has mandated a new generation of centrifuges that will extend enrichment targets to weapons-grade purity of 90% or more.

The second theatre will be regional. Iran could stage military exercises on its border with Azerbaijan, which has close military ties with Israel. For its part, Israel might increase sabotage operations against Iran's nuclear installations and drone attacks on its many proxies, raising the threat of a regional war. Iran could offer China's navy the use of its islands in the Gulf. Some observers reckon that the first military showdown between China and the West could be in the Gulf of Oman, rather than the South China Sea.

Fear of such scenarios might pull the enemies back from the brink. Nobody wants a war. The West might offer better terms, allowing hardliners to save face (for all their bravado, they want a stronger economy). Mr Raisi lacks the $600bn in reserves that cushioned Iran from sanctions a decade ago, and the partial release of frozen assets that the West gave his predecessor. The rial has lost 90% of its value against the dollar since 2015. Salaries and savings have been hit. Basics such as rice are priced out of reach, and cuts to power and water cause anger just when Mr Khamenei is preparing his succession. But the old man may calculate that his regime is safer without the meddling West.

Nick Pelham: Middle East correspondent, The Economist ■

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Tunisia is setting itself up for an autocratic future

After the current president, there could be problems

Reuters

Nov 8th 2021

BY ROGER MCSHANE: MIDDLE EAST EDITOR, THE ECONOMIST

DAYS AFTER sacking the prime minister, suspending parliament and assuming executive authority in July 2021, President Kais Saied of Tunisia summoned reporters from the New York Times to his office. The president's opponents were calling his actions a coup. Mr Saied wanted to dispel any notion that he was acting in an authoritarian manner. "Why do you think that, at 67, I would start a career as a dictator?" he asked, quoting the words of the French statesman Charles de Gaulle from 1958.

Mr Saied, who is 63, must see a bit of de Gaulle in himself. In 1958, with France racked by political instability and on the brink of civil war, de Gaulle was asked to reform the country's political institutions. That led to the creation of the Fifth Republic, featuring a powerful president. The first person elected to the post was de Gaulle.

Tunisians turned to Mr Saied in 2019, when nearly three-quarters of them voted for him to be president. Many saw the former constitutional-law professor as an honest reformer who would upend the system. Tunisia, the birthplace of the Arab spring, is often hailed as the lone success story to emerge from the revolutionary protests that swept across the region in 2011. But a decade of democracy did not bring prosperity, and Tunisians grew disillusioned with politics.

> **The monk-like Mr Saied is largely seen as honourable**

Enter Mr Saied, who hailed his victory as a "new revolution". Only in 2021 did it become clear what that revolution would look like. Two months after he seized power, Mr Saied said he would rule by decree, bypassing the constitution. He says he will eventually propose an amended charter—undoubtedly featuring a stronger president. A growing number of critics have warned him against concentrating too much power in his hands. But the public cares less about democracy and more about jobs.

Moreover, the president may be setting Tunisia up for something worse. Although he is largely seen as honourable and incorruptible, those who want to succeed him are not. Take Abir Moussi, a populist demagogue who spouts conspiracy theories. Tunisia's democracy might not survive if someone like her were to become president. Whether or not Mr Saied wants to be a dictator, plenty of other Tunisian politicians seem to relish the role.

Roger McShane: Middle East editor, The Economist ■

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The World Ahead

The World Ahead 2022

Saudi Arabia reins in its disastrous foreign policy

Economic problems at home are more pressing

Nov 8th 2021

BY GREGG CARLSTROM: MIDDLE EAST CORRESPONDENT, THE ECONOMIST, DUBAI

FOR MUHAMMAD BIN SALMAN, no news is good news. Since 2015, when he began a meteoric ascent from little-known Saudi prince to de facto ruler, he has overseen a long list of actions that left him with a reputation for viciousness and impetuousness. There was the disastrous (and continuing) war in Yemen; the blockade of Qatar; the bizarre abduction of Saad Hariri, Lebanon's then-prime minister; and the murder of Jamal Khashoggi, a Saudi journalist. At home he jailed activists on dubious charges and shook down princes and businessmen for cash, holding the latter in gilded detention at the Ritz-Carlton hotel in Riyadh.

None of this was helpful for attracting foreign investment, which Prince Muhammad needs to move the Saudi economy away from an over-reliance on oil. Mr Khashoggi's murder came weeks before an investment conference hosted by the kingdom's main sovereign-wealth fund; some executives backed out. Locking up businessmen in a luxury hotel was not a reassuring message about the business climate. Foreign direct investment shrivelled from $8.1bn in 2015 to $1.4bn in 2017.

There have been far fewer calamitous headlines in 2021. In part this is because Saudi Arabia has backed away from a foreign policy that was pugnacious but profitless. The blockade of Qatar led to no major concessions, while Mr Hariri's abduction did not rearrange Lebanese politics to Saudi liking. In 2022 Saudi Arabia will continue to pursue a nascent dialogue with Iran. It will not bring warm ties between the old foes, but may reduce the risk of open conflict (such as the Iranian-sponsored attack on Saudi oil facilities in 2019).

> **Saudi Arabia has backed away from a foreign policy that was pugnacious but profitless**

The Saudis will continue to edge away from America, which has long been their security guarantor, because three successive American presidents have seemed unhappy about playing that role. In August the Saudi defence minister signed a military-co-operation deal with his Russian counterpart. Expect more of that—but relations with Russia are complex, useful mostly as a way to goad America. Ties with China, both military and economic, will become more important.

The crown prince's approach to economic reform so far has been to let a thousand flowers bloom (literally: in May he announced a scheme to plant 10bn trees in the desert). Expect more grandiose plans in 2022, but also tangible efforts to emulate and compete with successful neighbours.

One obvious approach is to poach business from the United Arab Emirates, the Gulf's most diversified economy. New tariffs imposed on Emirati goods in July cut Saudi imports by 33%. In September the kingdom ordered two state-owned Saudi broadcasters, with headquarters in Dubai, to move employees to Riyadh. Saudi multinationals will face pressure to do the same. Competition will intensify in 2022. But it should at least be bloodless.

Gregg Carlstrom: Middle East correspondent, The Economist, Dubai ■

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The World Ahead 2022

The Bennett v Bibi rivalry will continue to overshadow Israeli politics

Opposition to Mr Netanyahu is one of the few things uniting the opposition

Reuters

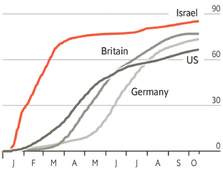
Nov 8th 2021

BY ROGER MCSHANE: MIDDLE EAST EDITOR, THE ECONOMIST

"DO NOT LET your spirits fall," Binyamin Netanyahu told his supporters in the summer of 2021. Israel's longest-serving prime minister was about to cede power to a government led by Naftali Bennett. Mr Netanyahu (known as Bibi) was furious that Mr Bennett, his former aide and fellow nationalist, had made common cause with leftists and Arab conservatives to push him out. He vowed to bring the new government down. "And with the help of God, this will happen faster than you think," said Mr Netanyahu.

Perhaps God is busy or travelling or sleeping, because Mr Bennett's government has proved surprisingly resilient. It has built on some of Mr Netanyahu's successes, deepening ties with Arab states that established relations with Israel in 2020, and swiftly rolling out covid-19 booster shots (see chart). Because the government is ideologically diverse, it has set aside divisive issues, such as how to deal with the Palestinians, and focused on mundane challenges. The passage of a budget (Israel has not had one in two years) would make it likely that Mr Bennett will stay in power through 2022.

Leader of the pack
Share of over-11s that have had two doses of covid-19 vaccine, 2021, %



Source: Our World in Data
The Economist

The bigger question may be whether Mr Netanyahu remains in the Knesset (Israel's parliament) for that long. He is leader of the opposition, chairman of the biggest party (Likud) and eager to make a comeback. He talks to world leaders and prominent Israelis as if he were still prime minister. A big portion of the public backs him. But most Israelis are not clamouring for his return. With the new leadership settling in nicely, Mr Netanyahu no longer seems indispensable. How long will he be happy in this diminished role?

> **Opposition to Mr Netanyahu is one of the few things that unites the parties of the coalition**

There is also something pulling Mr Netanyahu away from politics: money. As a member of the Knesset he is barred from accepting outside payments. Yet while he was prime minister, he and his family had lavish tastes. There were scandals over spending on hairdressers, ice cream, meals from celebrity chefs and first-class travel, among many other things. After Mr Netanyahu left office, the government asked him to return dozens of gifts from world leaders (he denied keeping them). Mr Netanyahu is also on trial for allegedly accepting gifts from wealthy associates.

Were he to leave the Knesset, Mr Netanyahu would not face such scrutiny. He could, for example, take a holiday on a private island in Hawaii that is almost wholly owned by Larry Ellison, a technology billionaire, without facing questions over who paid for what (as happened in September). He could make millions of dollars giving speeches, consulting or sitting on corporate boards (Mr Ellison is rumoured to have offered him a lucrative spot on the board of his company, Oracle). And he could raise funds for his legal defence, the cost of which is mounting: he faces three cases, on charges of fraud, breach of trust and accepting bribes while prime minister. He denies all the charges.

The government might try to block any comeback by finally closing the loophole that lets a person under indictment serve as prime minister. That could backfire, though. Opposition to Mr Netanyahu is one of the few things that unites the parties of the coalition. If there were no longer a danger that he might retake power, the chances of its breaking up would increase.

Roger McShane: Middle East editor, The Economist ■

This article appeared in the Middle East section of the print edition of The World Ahead 2022 under the headline "Bennett v Bibi"

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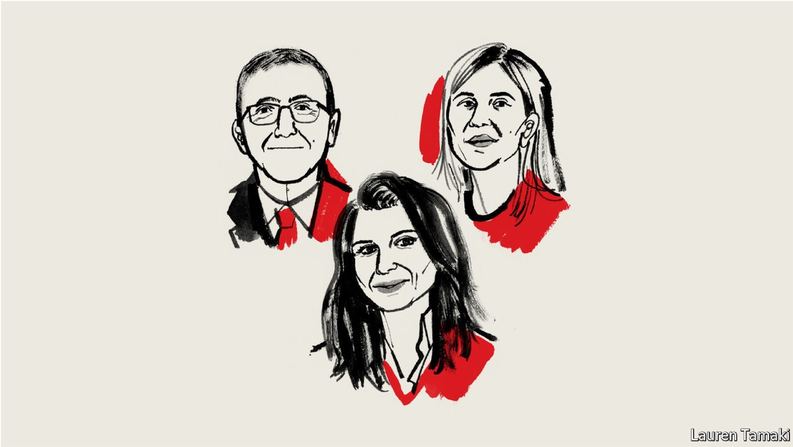
The World Ahead 2022

Middle East activists say that climate can trump politics

They propose a "green-blue deal" for the region



Nov 8th 2021

BY GIDON BROMBERG, NADA MAJDALANI AND YANA ABU TALEB: ISRAELI, PALESTINIAN AND JORDANIAN CO-DIRECTORS OF ECOPEACE MIDDLE EAST

ALTHOUGH THE Middle East peace process might be blocked, the path remains open to building trust by achieving progress on the environment in 2022. Israelis, Palestinians and Jordanians can unite to fight our common climate-change Armageddon.

Call it a "green-blue deal". Climate change is hitting the Middle East hard. Temperatures are soaring—since the 1950s, they have increased along the eastern Mediterranean coast by more than 2°C and an additional 4°C of warming is predicted by the end of the century. The "green" part of our green-blue deal targets cleaning up Middle Eastern energy supplies to reduce climate-changing emissions.

Meanwhile, water in the region is scarce and becoming scarcer. Climate models warn of a 40% decrease in rainfall by the end of the century. And when it does rain, it will pour, leading to potentially deadly and damaging floods. The "blue" part of our green-blue deal aims to bring water security to our parched region.

First, some background. For many Middle Easterners, life outside is already unbearable during the long summer months. Turning again to those climate models, the number of days with high summer temperatures is predicted to increase by 50% by the end of the century. Our governments are already struggling to cope. They fail to provide the most basic services of water, electricity and food for too many in our region. Given the Middle East's political instability, it is easy to see why the region's climate crisis is often described as a threat multiplier, fuelling conflict and state failure.

> **Through co-operation on climate change, we can build trust from the bottom up, and keep the two-state solution alive**

Inspired by the participation of young people in efforts to clean up the Jordan river, Israeli, Palestinian, and Jordanian local leaders have come together. One of our proudest moments was a meeting at which mayors from all communities held hands and stood in their swimming trunks in a cleaned-up portion of the river. The mayors are not best friends. But despite the animosity between them, these local leaders realised that they would all be losers if they allowed the despoiling of the river to continue.

The time is now right for bigger, bolder action. That is why we are calling for a region-wide green-blue deal in 2022. Recent technological advances in solar energy and water desalination offer bright prospects, and provide the scope for an agreement that benefits all parties.

Jordan, with vast desert areas, enjoys a comparative advantage over the Israelis and the Palestinians in the production of solar energy. For their part, with access to the Mediterranean coast, they both enjoy a comparative advantage over Jordan in the production of fresh water via desalination. As well as meeting domestic needs, Jordanian solar energy could be sold to the Israeli and Palestinian grids. At the same time, solar-powered Israeli and Palestinian desalination plants could boost local supplies while also helping to ease Jordan's water shortages. For the first time, each party to the deal will have something to buy and something to sell.

Instead of fighting over scarce supplies, desalinated water can help Palestinians draw their fair share of natural water, improving their livelihoods. New Palestinian and Jordanian waste-water-treatment plants, solar-energy farms and climate-smart agricultural techniques could lead to a dramatic increase in food production.

Water good idea

This win-win deal will require investment and co-operation. The progress we have made in the Jordan Valley shows that Middle Easterners can work together on practical solutions. By co-operating against climate change, we can build trust from the bottom up, and keep the two-state solution alive.

From our offices in Tel Aviv, Ramallah and Amman, we call on the public, and especially young people across the Middle East, from Rabat to Tehran and from Beirut to Abu Dhabi, to join our activists in 2022 and hold Middle Eastern governments to account. We need a region-wide green-blue deal. Our common survival depends on it.

Gidon Bromberg, Nada Majdalani and Yana Abu Taleb: Israeli, Palestinian and Jordanian co-directors of EcoPeace Middle East ■

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The World Ahead

The World Ahead 2022

Africa's biggest economies will struggle in 2022

Smaller neighbours will race ahead

Nov 8th 2021

BY KINLEY SALMON: AFRICA CORRESPONDENT, THE ECONOMIST, DAKAR

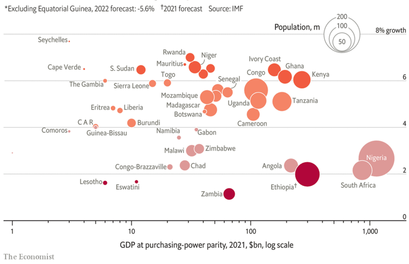
AT FIRST GLANCE it appears that 2022 will finally herald some good news for sub-Saharan Africa. In contrast to most of the world, growth is expected to accelerate. This partly reflects the region's torrid 2021. While much of the world enjoyed a vaccine-fuelled recovery from covid-19, less than 5% of Africans were fully jabbed by October. So, while in 2022 most other regions will naturally slow, Africa has lots of room to improve.

Still, for the sub-Saharan region overall, the IMF forecasts just a 0.1 percentage point increase in growth to 3.8% for 2022. This hides deep divergences. South Africa, Nigeria and Angola, which together make up about half of sub-Saharan Africa's GDP, were in deep trouble before covid-19. Their sluggishness will continue in 2022. Those bouncing back will be relative minnows such as Rwanda and the Seychelles, which will see well above the 3.8% growth projected for the region, and medium-sized economies such as Ivory Coast and Ghana.

What has gone so wrong in sub-Saharan Africa's big economies? In Nigeria the answer, angry locals lament, is almost everything. The region's biggest economy is beset by a profound security crisis. Boko Haram and other jihadist groups are terrorising the north-east. In the north-west gangs of armed bandits kidnap people and extort farmers by blocking access to their fields. The government has shut schools and markets and even blocked telecoms networks in much of the north-west as it tries to bomb bandit hideouts. Meanwhile, separatists in the south-east are frequently demanding that people stay at home in protest against the federal government. All this causes disruption for farmers, traders and anyone else trying to do business.

Africa, 2022 GDP forecast*, % change on a year earlier

*Excluding Equatorial Guinea, 2022 forecast: -5.6% †2021 forecast Source: IMF



The Economist

Nigeria's economy is also deeply reliant on oil. GDP per person may again fall in 2022, as it has every year since 2015, when crude prices fell sharply. Terrible roads, power cuts and erratic policymaking all exacerbate the problems. Rising oil prices could bail Nigeria out in 2022, if its creaking wells can pump enough. But the return of easy oil money will reduce pressure on politicians to get serious on diversifying the economy.

Angola is also heavily dependent on oil. President João Lourenço, who took over in 2017, wants to diversify but that will take time. For now a rising oil price might help consolidate a recovery after five years of recession. But the country is struggling to pump enough barrels to take advantage. Angola is deeply in debt, especially to China, and there is rising anger among the struggling population who saw elites quaffing champagne in the earlier oil-boom years, but got little themselves.

Yet there is good news, too. The IMF says Rwanda will hit 7% growth in 2022. Benin should muster 6.5%. The Seychelles, welcoming back tourists, could reach 8%. Ghana, Ivory Coast and Senegal should all get near their brisk pre-pandemic growth rates. These economies have one big thing in common: none is reliant on oil or mining. Many also have a recent track record of investment in infrastructure such as roads and broadband cables, a commitment to further diversification, and a willingness to unshackle the private sector.

They still face troubles, from political strife to rising debt levels. And they, too, were battered by the pandemic. Without help filling the financing gap, the long-term damage to health and education could be "huge and frightening", worried Ken Ofori-Atta, Ghana's finance minister, in 2021. Yet these places will at least grow robustly in 2022, making a difference in all areas, from debt management to poverty reduction.

South Africa, an upper-middle-income country, sometimes likes to see itself as standing apart from the continent. Yet the last time its GDP grew by 6% was more than 40 years ago. Nigerians like to point out that the economy of just one state, Lagos, is larger than that of Ghana. Yet the IMF predicts that Ghana will grow by 4.7% in 2021, as Nigeria manages only 2.6%. Size is not everything. In 2022 and beyond, the big boys would do well to learn from the vigour and diversification of some of their smaller neighbours.

Kinley Salmon: Africa correspondent, The Economist, Dakar ■

This article appeared in the Africa section of the print edition of The World Ahead 2022 under the headline "Small, nimble and not reliant on oil"

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The World Ahead

The World Ahead 2022

Africa will continue to suffer coups and civil wars in 2022

Of the world's 15 most fragile states, 11 are in sub-Saharan Africa

Nov 8th 2021

BY JONATHAN ROSENTHAL: AFRICA EDITOR, THE ECONOMIST

IN THE MID-1980S a young aid worker cut his teeth trying to negotiate between warring parties in Ethiopia to allow food trucks to cross the front lines in a bid to ease the suffering in the world's first televised famine. The disaster was largely caused by the government, a Marxist dictatorship that forced peasants onto collective farms, where they starved, and halted food supplies to areas under rebel control. It killed 400,00-700,000 people.

More than 35 years later that aid worker is a veteran Western diplomat who is again trying to negotiate with Ethiopia's government to allow food to cross the front lines of a civil war to avert a new famine, affecting more than 1m people. "It has bookended my career," he says, with evident pain in his voice. Ethiopia's rapid descent, from one of Africa's fastest-developing countries to one torn by civil war, will dominate the West's interactions with the region.

> **Of the world's 15 most fragile states, 11 are in sub-Saharan Africa**

Amid famine, mounting atrocities and ethnic cleansing of minority groups, America and the EU will pile pressure on the government and the rebel Tigray People's Liberation Front to end a war that neither side wants to end but that neither is strong enough to win. Diplomats publicly talk of using sanctions and an arms embargo to encourage talks. Privately they are bereft of hope and worry that the longer the fighting continues, the greater the risk of Ethiopia disintegrating, Yugoslavia-like, into the ethnic states that make up its federation. Many are concerned that the conflict may also spill across borders, dragging Somalia and coup-prone Sudan into a war that has already sucked in troops from Eritrea.

Ethiopia is not the only African trouble-spot that the world will be watching in 2022. All but four of the 15 most vulnerable countries on the Fragile States Index compiled by the Fund for Peace, an American think-tank, are in sub-Saharan Africa. They include long-troubled countries such as South Sudan, which has been at war for most of the decade since it was formed; the Central African Republic, which is held together largely by a UN peacekeeping force; and Somalia, where the jihadists of al-Shabab control most rural areas, and where 15 years of statebuilding are at risk of collapsing back into civil war because of a power-grab by the president, Mohamed Abdullahi Mohamed.

Jonathan Rosenthal: Africa editor, The Economist ■

This article appeared in the Africa section of the print edition of The World Ahead 2022 under the headline "Trouble brewing"

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The World Ahead

The World Ahead 2022

Elections in Africa will be seen as bellwethers for democracy

Africans are frustrated at the gap between promise and reality

AFP

Nov 8th 2021

BY JOHN MCDERMOTT: CHIEF AFRICA CORRESPONDENT, THE ECONOMIST, JOHANNESBURG

THE 1990S were a good decade for African democracy. One after another, countries threw off one-party rule and embraced multi-party elections. By 2000 nearly every state had gone to the polls. Since then progress has been uneven. Peaceful transfers of power are more common, but these frequently reflect stitch-ups by ruling elites, not the will of the people. Incumbents often rig elections. Though large majorities in most countries say they want more democracy, around half of sub-Saharan Africans are dissatisfied with the democracy they have, up from about a quarter two decades ago.

African elections will be relatively scarce in 2022. But the few presidential elections that are due to take place will illustrate why Africans are frustrated by the gap between democracy's promise and its reality.

In Mali elections are meant to mark a return to civilian rule after coups in August 2020 and May 2021. After the first coup the putschists said they would hold elections by the end of February 2022. After the second the new junta, led by Colonel Assimi Goita, affirmed that timeline. But Malians are wary of trusting someone who helped stage one palace coup and was so dissatisfied with the results that he led another one. The military men who run Mali seem mostly interested in exploiting the war economy which exploded as a result of the Western-backed battle against jihadists in the north of the country. If they delay the vote it will lead to yet more uncertainty and fragility.

In Angola elections will be the first real test of President João Lourenço's popularity. He was appointed leader of the Popular Movement for the Liberation of Angola (MPLA) in 2017, replacing José Eduardo dos Santos, whose 38 years in power enriched his family but did little for most Angolans. Mr Lourenço has selectively pursued those accused of graft under the old regime and proposed ways to diversify the economy of Africa's second-largest oil producer. But low oil prices and the pandemic kept the country in recession, and ending electricity, water and transport subsidies as part of a deal with the IMF has further upset many Angolans.

> **Africans are frustrated by the gap between democracy's promise and its reality**

Politics will be more competitive in Kenya. Uhuru Kenyatta is nearing the end of his second and final term as president. But it is unclear who will replace him. In 2018 Mr Kenyatta agreed on a rapprochement with Raila Odinga, his former opponent and fellow scion of a political family. The deal led to a set of constitutional changes under a banner known as the Building Bridges Initiative (BBI). Mr Kenyatta argued these would take the edge off the country's winner-takes-all ethnicity-based politics. Critics said it was an elite pact that would ultimately see Mr Odinga become president, with Mr Kenyatta pulling strings in the background.

Whatever the truth, the BBI suffered a serious blow in May 2021 when the High Court said the changes were unlawful, a verdict later upheld on appeal. The ruling delighted Kenyan civil society, which sees the constitution agreed on in 2010 as a bulwark against abuses of power. It also pleased William Ruto, the deputy president, who said he thanked God (not the doughty judges) for deliverance from the BBI.

Mr Ruto, who was not known to have had a principled opposition to the constitutional changes, nevertheless benefited from the damage it has done to his rivals, Messrs Kenyatta and Odinga. It will help him make his argument for the top job—a pitch that self-made "hustlers" like him are better than members of political "dynasties". Whether he would do much to end the corruption and patronage that plagues Kenyan politics is far less clear.

Africa's most inspiring presidential election of 2022 may take place in a country that is not officially a state. The sovereignty of Somaliland, which claims independence from Somalia, is not recognised by any other country. Its politics are far from perfect: clan loyalty determines most people's votes, and women find it hard to get elected. But its presidential race, which will see Musa Bihi Abdi run for re-election, should be a reminder that, despite its lack of statehood, Somaliland is more democratic than many other parts of Africa.

John McDermott: Chief Africa correspondent, The Economist, Johannesburg ■

This article appeared in the Africa section of the print edition of The World Ahead 2022 under the headline "The ballot boxes to watch"

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The World Ahead

The World Ahead 2022

African fashion designers will be in the spotlight

Many African cities have a flourishing fashion industry

Nov 8th 2021

BY GEORGIA BANJO: FOREIGN AFFAIRS CORRESPONDENT, THE ECONOMIST

IN JUNE 2022 the Victoria and Albert (V&A) museum in London will stage an exhibition on the history of African fashion, from independence through to the present day. It is an ambitious task: no exhibition could ever do justice to the fashions of an entire continent. But with 250 pieces, curators hope to show that there is far more than tassels, beading and wax prints.

The V&A show will shine a spotlight on African designers, such as Lagos Space Programme, who are increasingly being recognised in the world's fashion capitals. African talents are vying for some of the industry's biggest awards, such as the LVMH prize for young artists—Thebe Magugu of South Africa is a recent winner.

For his west African weaving techniques, Emmanuel Okoro won the inaugural edition of "Africa Fashion Up", a showcase for African designers held in Paris in September. Balenciaga, a Spanish luxury fashion house, was a sponsor. And if fellow Nigerian designer Kenneth Ize's capsule for Karl Lagerfeld is anything to go by, 2022 promises more collaborations showcasing African designers.

Many African cities have diverse, thriving fashion scenes of their own. Fashion weeks held in Dakar, Johannesburg and Lagos every autumn are hotly anticipated. Rich subcultures, from the dandy *sapeurs* of Kinshasa to the Afropunk scene in Johannesburg, will continue to flourish. But in America, designers will find followings by dressing African stars—styling an Afrobeats singer at the Grammy awards, say, or designing the dress that Chimamanda Ngozi Adichie wears to her latest book launch. When the sequel to "Black Panther", a Hollywood blockbuster set in a fictional African kingdom, is released in the summer, expect a flurry of African-inspired fashion shows, as well as some grumbling about cultural appropriation.

> **Many African cities have diverse, thriving fashion scenes of their own**

Increasingly designers are backed by African entrepreneurs. In October 2021 Roberta Annan, a Ghanaian businesswoman, launched a €100m ($116m) fund to be based in Luxembourg that will award grants to small- and medium-sized African creative and fashion enterprises. The internet, too, gives them a global shopfront. Industrie Africa, an online catalogue of emerging designers, based in Tanzania, recently added an e-commerce platform to its site. Never has it been easier for designers to reach globetrotting millennials with money to spend and social consciences to engage.

Obstacles remain. Most designers still struggle to transcend the logistical and financial bottlenecks that hamstring African trade. Despite attempts to broaden fashion education to a wider audience, the latest styles will remain largely the domain of an educated, well-travelled elite. But there will be more feathers in the caps of this small cohort. African fashion is taking off, and some of the world's leading fashion houses will be hanging on to its coattails.

Georgia Banjo: Foreign affairs correspondent, The Economist ■

This article appeared in the Africa section of the print edition of The World Ahead 2022 under the headline "Sustainably chic"

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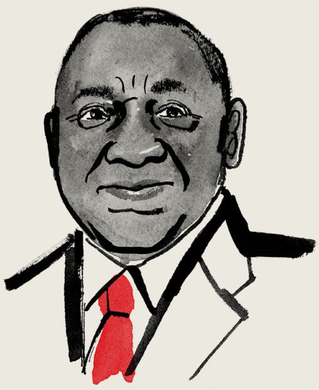
The World Ahead 2022

Cyril Ramaphosa says the world must end vaccine apartheid

The South African president urges a more balanced distribution



Lauren Tamaki

Nov 8th 2021

BY CYRIL RAMAPHOSA: PRESIDENT OF SOUTH AFRICA

THE STORY of the Trojan war contains a perfect allegory about the powerlessness of humankind against the forces of nature. It was unfavourable winds, not a lack of manpower or equipment, that stranded the Greek armada in a tiny coastal port, throwing its attack on Troy into disarray.

The worst global-health crisis of this century, the covid-19 pandemic, has similarly caught us all unprepared. Just as the winds trapped the ancient Greeks at Aulis, the pandemic has thrown off course our plans to end poverty, drive inclusive economic growth and reduce inequality.

The pandemic has exposed the fragility of the global economy and society. It has challenged the notion that richer nations can successfully insulate themselves from the plight of the developing world. Although the advent of coronavirus vaccines has broadened the frontiers of hope for a sustainable global recovery, the inequitable distribution of these vaccines means that the recovery will be uneven and, potentially, short-lived. If the world is to overcome the pandemic in 2022, it needs to end vaccine apartheid.

> **Inequitable distribution of vaccines means the recovery will be uneven and, potentially, short-lived**

That will require a more progressive approach to intellectual property around vaccines. Ensuring the availability of medical supplies for everyone will require, among other measures, enabling and expanding vaccine production in developing economies. Covid-19 has exacerbated poverty, unemployment and underdevelopment across vast swathes of the globe. To respond effectively, we will need to increase social spending on health care and welfare, strengthen health systems, undertake mass job-creation programmes and build resilience in communities.

The implementation of the African Continental Free Trade Area will gain momentum, bringing the world's biggest free-trade zone into full operation. Developing economies will continue to make the case that official development assistance is no substitute for increased foreign direct investment, which is more sustainable, creates more opportunities and benefits both investors and recipient countries.

There will be renewed attention on the Sustainable Development Goals and on mobilising resources to help poorer countries meet them. We will intensify efforts to adapt to and mitigate the impacts of climate change. Much more support must be given to low- and middle-income countries, which are most vulnerable to the impacts of climate change while bearing the least responsibility for it.

In an interdependent world, there is an urgent need for enhanced North-South collaboration around future pandemic preparedness and early-warning systems. Covid-19 has highlighted the dire material conditions of the poor, the marginalised and the oppressed. To emerge successfully from this crisis, the social compact between citizen and state must be upheld and deepened. In their management of both the pandemic and the economic recovery, governments will need to prove themselves worthy of the trust and confidence of their people.

At a global level, the altruism that brought communities and societies together in the early days of the pandemic will deepen as we work to overcome domestic and global challenges, including gender-based violence, racism and xenophobia. To achieve our goals, social solidarity must overcome narrow self-interest. This solidarity must be indivisible and unconditional. It must be based on mutual respect and mutual responsibility.

The power of solidarity

We can no longer avert our eyes from the inequalities that prevent all human beings from leading lives of dignity and prosperity. 2022 must be a turning-point, in which we not only overcome a devastating pandemic, but also achieve a sustainable, just and inclusive global recovery. Let it be a year in which we harness the power of solidarity to realise a more equal and more resilient future—one that leaves no country, community or person behind.

Cyril Ramaphosa: president of South Africa ■

This article appeared in the Africa section of the print edition of The World Ahead 2022 under the headline "The world must end vaccine apartheid"

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The World Ahead

The World Ahead 2022

The fight against climate change requires action not just words

"Implementation" will be the buzzword for the new year

Getty Images

Nov 8th 2021

BY CATHERINE BRAHIC: ENVIRONMENT EDITOR, THE ECONOMIST

IT IS TRADITIONAL, after a major UN climate summit, for the momentum behind climate policy to enter a lull. It happens most noticeably in years after annual summits that had created a lot of pre-conference fanfare and expectations that were almost impossible to fulfil. This was the case in 2010, after the disastrous COP15 summit in Copenhagen the previous December had promised a new global climate treaty and delivered a devastating postponement.

Regardless of the aftertaste left by COP26, which took place in November 2021 in Glasgow, 2022 will not have that luxury. In the first three months of the year, the Intergovernmental Panel on Climate Change will publish its next two major reviews of climate science, detailing the latest findings on the ways in which societies and ecosystems are vulnerable to the effects of climate change and the measures needed to cut greenhouse-gas emissions.

Together, the two reports will only serve to underline the urgency of cementing the national climate goals that were presented in Glasgow with national policies. Expect the first report to give details of how much climate change is already affecting lives in both rich and poor countries. This will underline how important it is to limit global warming to no more than 1.5°C above pre-industrial average, in line with the most ambitious goal of the 2015 Paris agreement. The second report is likely to show just how challenging that will be.

Cutting emissions quickly and deeply enough to limit global warming to 1.5°c means total future human emissions cannot exceed 400bn-450bn tonnes—roughly a decade of emissions at current annual rates. It is unfortunate but predictable that the promises made in Glasgow will not be sufficient to meet that goal.

As a result, in 2022 there will be considerable pressure on governments and the private sector to keep their foot on the (decarbonised) accelerator pedal. "Implementation" is the buzzword, referring to the real, measurable efforts that countries and companies are, or are not, making in order to meet their promises to reduce emissions or reach net-zero within a certain timeframe. One concern is that the energy spike which began in the second half of 2021, and the resulting fears of the elderly freezing during the winter, will put a chill on the resolve of weary politicians. "The milestone [for 2022] is this," says Li Suo, a policy analyst for Greenpeace East Asia. "By June 2022 can we see three new policies or actions that make the new targets achievable?"

Lurking in the background is the next stick, though a soft one, that the Paris agreement offers, in order to encourage emissions reduction. Parties to the agreement signed up to a global stock-taking exercise, under which they must demonstrate the progress they have made towards meeting their national goals. Data-gathering for the first stock-take begins in 2022. Time to start implementing.

Catherine Brahic: Environment editor, The Economist ■

This article appeared in the International section of the print edition of The World Ahead 2022 under the headline "The hard part"

The World Ahead

The World Ahead 2022

Obese children will outnumber the underweight for the first time

Many of the overweight kids live in Asia and Africa

Nov 8th 2021

BY SLAVEA CHANKOVA: HEALTH-CARE CORRESPONDENT, THE ECONOMIST

IN SPAIN THEY could not go outdoors for six weeks. In Wuhan they were cooped up for 76 days. The worst was in the Philippines, where children were forbidden from leaving their homes for more than a year. These were some of the most draconian pandemic lockdowns youngsters had to bear. But even shorter and less restrictive ones have left scars on children's lives—with consequences that will become increasingly apparent in 2022.

One of the most depressing trends is the rise in childhood obesity, which accelerated in many countries during the pandemic as children sat still at home for longer, often in front of a screen. A global study published in 2017 in the *Lancet* projected that if the trends seen at the time continued, by 2022 obesity in children and adolescents aged 5-19 years would surpass the share who were underweight for the first time. That prediction now seems certain to come true.

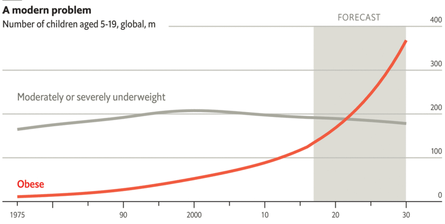
Many people think that children carrying extra weight are found only in wealthy countries, and that poor countries' nutrition crisis takes the form only of an abundance of emaciated children. In fact, 27% of the world's overweight children under the age of five live in Africa and 48% are in Asia. Indeed, in some parts of Africa and Asia the number of overweight children is two to four times higher than the number of children who are too thin for their height (a measure of acute malnutrition known as "wasting").

> **27% of overweight children under five live in Africa and 48% are in Asia**

Over the past ten years the share of overweight children has been creeping up, while the share of malnourished children has been falling. In 2020, 5.7% of children under five were overweight and 6.7% had wasting.

Not so with obesity. Poor eating and habits of physical activity formed in early childhood tend to persist through adolescence and into adulthood. For millions of young children stuck at home during the pandemic lockdowns of 2020-21, these crucial habits have changed for the worse. In Germany, for example, 28% of three- to five- year-olds engaged in less physical activity and 20% consumed more sugary snacks during the pandemic.

A modern problem
Number of children aged 5-19, global, m



Source: NCD Risk Factor Collaboration
The Economist

In rich countries, childhood obesity is concentrated in poor families. In poor countries, however, it is a middle-class problem—so as average incomes rise, more children are moving into the overweight zone. Things are made worse by the fact that starvation in early life increases a child's risk of rapid weight gain later on, which scientists think is partly due to metabolic change. Many poor countries are now facing a "double epidemic" of malnutrition and obesity, which often coexist in the same community and even in the same household.

In 2022 and beyond, expect to see more countries trying harder to change the "obesogenic" environments in which children live. Policymakers will introduce more taxes on sugary drinks and snacks, revamp school-based exercise and nutrition programmes, and start treating obesity as a disease (which it is, according to the World Health Organisation) rather than a personal failure.

For the youngest sufferers, the earlier things can be turned around, the greater are the chances that they will grow up to enjoy a longer, healthier and happier life.

Slavea Chankova: Health-care correspondent, The Economist ■

This article appeared in the International section of the print edition of The World Ahead 2022 under the headline "Growing up—and out"

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The World Ahead

The World Ahead 2022

The number of people in extreme poverty is falling again

But some of the damage of the past two years will be impossible to undo

Reuters

Nov 8th 2021

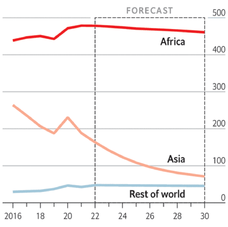
BY AVANTIKA CHILKOTI: INTERNATIONAL CORRESPONDENT, THE ECONOMIST

IN NAIROBI, a motorbike taxi driver who spent months hiding from his landlord during the covid-19 lockdown will be back on the road in 2022 and beginning to repay his debt. A farmer in rural Zambia will be relieved that the local college has reopened and is buying up her crop for hungry students. In Delhi urban migrants who fled to their home villages when the city was shuttered will be back and looking for work.

Covid-19 plunged millions into poverty as countries went into lockdown, jobs dried up and people living in cramped, unsanitary housing struggled to keep the virus at bay. In the coming year, as lockdowns are lifted and economic activity restarts, many will be rebuilding their lives. At the end of 2020, the number of people living on less than $1.90 a day had increased to almost 750m, according to the World Data Lab's World Poverty Clock, a predictive tool which includes World Bank and IMF data. By the end of 2022 they expect that number to edge back down towards where it was before the pandemic, around 685m.

Progress will be slow. The IMF reckons economic growth in 2022 will pick up faster in some rich countries than in poor ones. And some of the damage done in the past two years will be impossible to undo. Skipping meals has developmental consequences for children. Missed health checks can lead to long-term illness. Those who sold a goat or a refrigerator in a panic will have to save for years to buy another.

Hopefully just a blip
Number of people living in extreme poverty, m



Source: World Data Lab
The Economist

Globally, the pandemic has pushed lots of people in middle-income countries, many of whom lived just above the poverty line, back into penury. In 2020 and 2021, economists warned of a "re-Asianisation" of poverty as millions of Indians, in particular, faced fresh hardship. But, as the recovery takes hold, poverty will once again become concentrated in the poorest parts of sub-Saharan Africa and fragile states. By 2030, over 60% of those living on less than $1.90 per day will be in fragile states. Stable countries, meanwhile, are inching towards ending extreme poverty.

Within nations, there is growing concern about poverty in cities. One in ten people who are poor in 2022 will be in urban areas. Many will be looking for work, doing things like cleaning homes and hawking street food. But jobs will be hard to find while consumer confidence remains weak and the threat of disease lingers. By late October 2021, some countries like Spain and Singapore had managed to vaccinate three-quarters of their population. But in others, like Ethiopia and Uganda, less than 1% of the population was fully jabbed. That discrepancy will persist into 2022 and beyond.

> **Some of the damage done in the past two years will be impossible to undo**

At the individual level, the gender gap continues to widen. Women, who are more likely to have precarious jobs, were hit hard by covid-19 lockdowns. The pandemic cost women around the world at least $800bn in lost income in 2020, according to Oxfam, a charity. Many who dropped out of school or lost their jobs won't go back. Some have become wives and mothers sooner than they planned. There will be 121 women in poverty for every 100 men by 2030, according to UN Women, up from 118 in 2021.

Avantika Chilkoti: International correspondent, The Economist ■

This article appeared in the International section of the print edition of The World Ahead 2022 under the headline "xxx"

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The World Ahead

The World Ahead 2022

Autocrats will continue to target dissidents abroad

They know that Western countries have done so, too

Reuters

Nov 8th 2021

BY GEORGIA BANJO: FOREIGN AFFAIRS CORRESPONDENT, THE ECONOMIST

BEFORE 2021, few people imagined that a national leader would order the hijacking of a foreign plane in order to capture a dissident. But that is exactly what Alexander Lukashenko, president of Belarus, did last May to silence Roman Protasevich. An outspoken exile can be a special kind of headache for an autocrat, causing all manner of image problems at home and abroad. Silencing them using smear tactics, intimidation and violence, even if it means reaching across borders and breaking laws, also serves to spread fear and disillusionment through the diaspora.

In 2022 there will be more such outrages, and a greater variety of perpetrators. Smaller states will copy larger ones. Mr Lukashenko learned much from the Russian president, Vladimir Putin.

Asia will continue to be at the centre. Iran, which has killed its citizens abroad and kidnapped others, will be in good company when it joins the Shanghai Cooperation Organisation (SCO). The Asian security alliance maintains a shared blacklist of dissidents.

> **States will continue to use spyware to snoop on their citizens abroad**

Another SCO member, India, is the only "free" state to engage in "transnational repression", according to Freedom House, a think-tank. The world's largest democracy will probably detain more activists abroad in the run-up to elections in 2022. Nepal, which has long harassed Tibetans and deported them to neighbouring China, may do so more, ahead of its own election.

The urge to repress is strongest at moments of heightened political sensitivity. International sporting events in 2022—the Winter Olympics in Beijing in February, the World Cup in Qatar in November—are occasions when hosts will be aware of outside criticism, and anxious to stop it. Hong Kong dissidents abroad will be at most risk of harassment before a new chief executive is selected in March.

Governments will continue to use such methods as long as they think they can get away with it. America's intelligence community believes that Muhammad bin Salman, the Saudi crown prince, directly approved the killing of Jamal Khashoggi, a *Washington Post* columnist, in Turkey in 2018. But he will not be deterred by America's "Khashoggi ban", which supposedly slaps sanctions on people implicated in such acts but is unlikely to touch the prince himself.

After September 11th 2001, America and its allies used the global "war on terror" to flout international law prohibiting rendition and torture, and to deny suspected "terrorists" their rights. Regimes around the world believe that gives them the right to do similar things, and worse. A quarter of all the "red notices" issued for fugitives by Interpol, the international policing body, contain the word "terrorist".

As long as Western democracies condone such bending of the rules, it will be hard to push others to stop. In 2022 they can lead by example, by showing greater respect for international law and better protecting the exiles of repressive regimes.

Georgia Banjo: Foreign affairs correspondent, The Economist ■

This article appeared in the International section of the print edition of The World Ahead 2022 under the headline "Dictators without borders"

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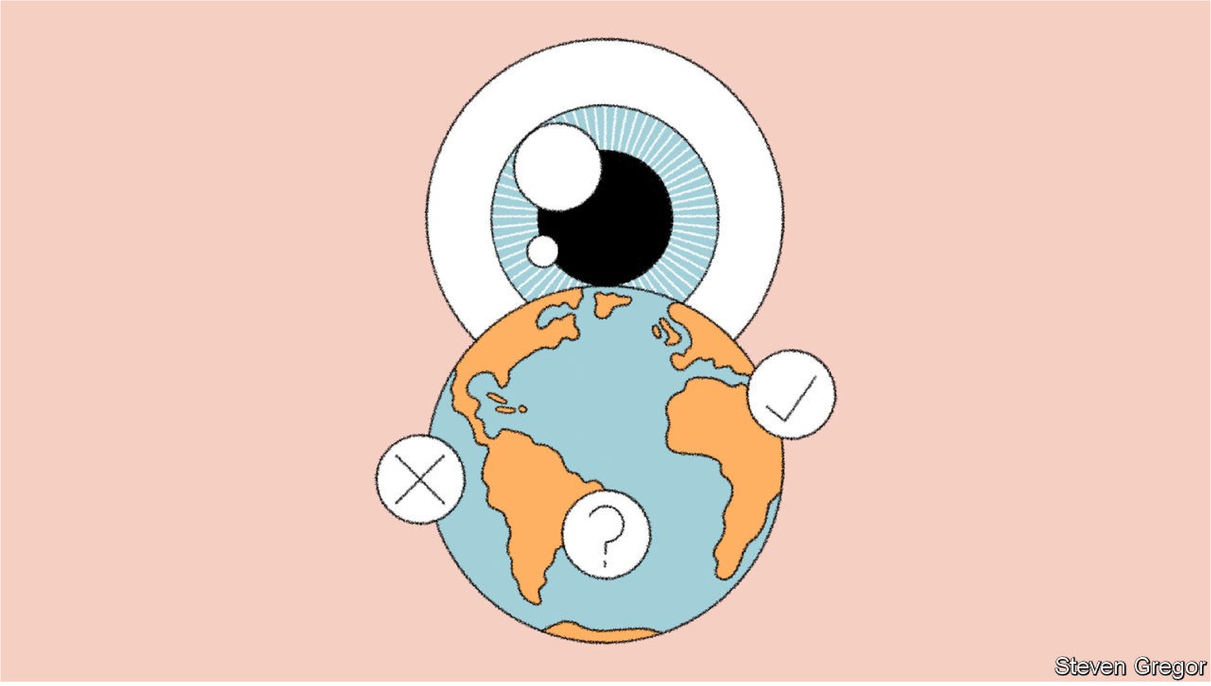
The World Ahead 2022

How The Economist's predictions for 2021 stacked up

Not too badly—even if we didn't mention the word "variant"



Nov 8th 2021

BY TOM STANDAGE: EDITOR, THE WORLD AHEAD 2022

After the chastening experience of 2020—like everyone else, we were blindsided by the pandemic—we acquitted ourselves better in 2021. But while we got the broad strokes right, in retrospect some of our predictions did not go far enough.

The combination of vaccines and cheap, rapid tests began to turn the tide of the pandemic. As expected, there were fights between and within countries about access to vaccines. And scepticism and conspiracy theories led some people to refuse to have the jab. But we failed to foresee just how widespread vaccine refusal would become, and the extent to which it would become a badge of political identity. Nor did we anticipate the significance of coronavirus "variants"—a word that did not appear in *The World in 2021*.

In politics, we were right that Donald Trump kept the Republicans in his thrall, and continued to undermine faith in America's electoral processes. We pointed to the risk of post-election violence. But the insurrection of January 6th showed how far Mr Trump was willing to go in an effort to retain power—much further than most people expected.

We thought Japan might get a new prime minister, but did not tip Kishida Fumio as a contender. We were wrong to suggest demand for oil would stay depressed. Though we thought the Taliban had "a good chance of returning to power" in Afghanistan, we expected it to be the result of a political deal, not a military clean-sweep. And we were shocked by Xi Jinping's brutal clampdown on tech companies. But for future-watchers, being surprised is what keeps things interesting.

Tom Standage: Editor, The World Ahead 2022 ■

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The World Ahead

The World Ahead 2022

The world is waking up to the scourge of illegal fishing

Illegal, unreported and unregulated fishing boats are the new pirates

Nov 8th 2021

BY DOMINIC ZIEGLER: BANYAN COLUMNIST, THE ECONOMIST

IT IS TIME to stop thinking of old-fashioned piracy as the worst scourge among all human activities taking place upon the ocean. In the Indian and Pacific Oceans and beyond, that dubious honour easily falls to those taking part in illicit fishing. What is known as illegal, unreported and unregulated (IUU) fishing accounts for 20-50% of the global catch (with the proportion probably highest in the once-rich waters of the Indo-Pacific).

IUU fishing, where operators lack licences, go after protected species or use too fine a net, is the chief driver behind plummeting fish stocks—just a fifth of commercial species are sustainably fished. That marks a precipitous decline that robs coastal states of over $20bn a year and threatens the livelihoods of millions of small-scale fishermen.

Worse, IUU operators are likely to be involved in other crimes, from finning sharks to running drugs. Tens of thousands of South-East Asian and African crews toil under conditions of debt bondage to Taiwanese, Chinese and other unscrupulous operators of big fleets. In the Pacific, onboard fisheries observers monitoring the catch are routinely murdered. Organised crime's tentacles run deep into the fishing industry. IUU operators are the new pirates.

Thankfully, 2022 will mark a turning-point of sorts. Just before the start of the year a deal to force countries to end most of the harmful subsidies to their fisheries will be reached at the World Trade Organisation (WTO). That goal has eluded the global body until now, despite 20 years of negotiations. But as Santiago Wills, Colombia's representative at the WTO, points out, in another 20 years there won't be any fish left to argue over.

> **Illegal, unreported and unregulated fishing boats are the new pirates**

Mark Zimring of The Nature Conservancy (TNC) highlights the convergence of advanced technology enabling better monitoring of fishing fleets, as retailers strive to keep IUU-caught fish out of their supply chains. The technology—from satellite imagery revealing "dark fleets" to onboard e-monitoring of catches using big data—will become commercially viable at scale in 2022, Mr Zimring predicts.

More light will be shone on murky global supply chains, too. Already, TNC has joined up with the tiny but fish-rich Marshall Islands to create a brand of tinned tuna with impeccably sustainable provenance. In late 2021 Walmart, an American supermarket chain, signed up to the initiative, introducing it as its house-brand tuna. In 2022 more retailers will adopt such a model. Sally Yozell of the Stimson Centre, an American think-tank, says that an approach emphasising traceability and transparency in seafood supply chains from when a fish is caught to when it arrives in America will force the whole global seafood market to clean up its act.

A final point of brightness is the growing international effort to go after the perpetrators on land responsible for organised crime at sea. The ultimate beneficiaries of ocean crime easily evade overstretched fisheries inspectors in ports, since they hide behind brass plates in opaque tax jurisdictions.

Hence the importance of international efforts such as the UN-backed Blue Justice Initiative, which encourages co-operation in the fight against transnational crime. Emma Witbooi, an expert in maritime law, says a third of all coastal nations could sign up to the Copenhagen declaration that underpins the initiative by the end of 2022. It is a long haul back to healthy seas, but the coming year could mark a promising start.

Dominic Ziegler: Banyan columnist, The Economist ■

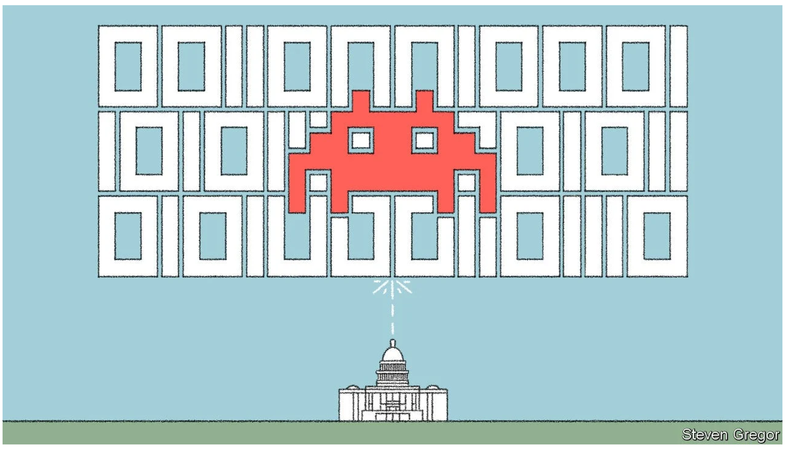
This article appeared in the International section of the print edition of The World Ahead 2022 under the headline "Taking stock"

The World Ahead

The World Ahead 2022

The digital pandemic of ransomware attacks will continue

Firms need to get the basics right in order to fight them



Nov 8th 2021

BY SHASHANK JOSHI: DEFENCE EDITOR, THE ECONOMIST

A DIGITAL PANDEMIC swept the world in 2021. Prominent ransomware attacks struck Colonial Pipeline, the operator of the largest fuel pipeline on America's east coast, as well as the largest meat-processing company in North America and Ireland's health-care system. Attackers scramble an organisation's files and demand a payment to unlock them. American firms lost hundreds of millions of dollars to the problem in 2021 according to the Department of Homeland Security. The topic even dominated the first summit between Presidents Joe Biden and Vladimir Putin in June. In 2022 governments and firms will fight back, but the pandemic will rage on.

Tired of the economic disruption caused by ransomware, governments will strike back. Many countries have developed offensive cyber-forces run by military and intelligence agencies. These have been designed with state adversaries in mind, but they are perfectly capable of being turned on smaller fry.

In March 2021 eight Western countries, co-ordinated by the European Union's police agency, attacked and disrupted the Emotet botnet, a network of hijacked servers used by cyber-criminals. The FBI has conducted similar operations. Such aggressive tactics will become more common. Indeed, some states may find that muscle-flexing against criminals is a low-risk way to demonstrate their cyber-capabilities to their rivals.

> **The line between cyber-crime and cyber-war is blurry**

If governments cannot hunt down the attackers, then recovering the ransoms is the next best thing. In most cases, ransoms are paid in cryptocurrency, held in anonymous accounts that are hard to unmask. Even so, America's government was able to recover the majority of the ransom paid by Colonial Pipeline by somehow acquiring the password to the attacker's stash of Bitcoin, the cryptocurrency in which the ransom was paid. This success will encourage other law-enforcement agencies to monitor cryptocurrencies more closely.

But the line between cyber-crime and cyber-war is a blurry one—some attackers are free agents, some are backed by states and others hover in between. So victims risk losing payouts if an attack is deemed an act of war, traditionally exempt from coverage. Many governments are concerned that insurance payouts are enriching cyber-criminals and fueling more ransomware.

Some attackers are even exploiting the market by determining precisely how much a firm is insured for, and then tailoring their ransomware demand to that amount, notes James Sullivan of the Royal United Services Institute, a think-tank. He says that insurers need to agree to minimum security standards, so that companies cannot simply choose laxer providers. This should also prod policyholders into beefing up their defences.

Governments may even consider a more drastic option: banning digital ransoms entirely, in the same way that many countries criminalise the payment of terrorist ransoms for kidnapping. At present, businesses can largely do as they like; some cyber-ransoms are even tax deductible. Several American states have pending legislation that would ban such payments. More will follow.

Yet ransom bans are unlikely to work. They will penalise smaller firms, who lack the resources and expertise to fortify their networks, and will drive ransom payments underground. A more useful approach would be demanding that companies report both breaches and ransom payments, forcing the issue into the open. Over time, more companies will also realise that paying ransoms is no guarantee of recovering their data.

Ransomware is part of a larger problem. Cyber-criminals are versatile and their methods are fungible. Illicit access to a system can be used to hold data hostage as in ransomware, or to mount a digital heist. Ransomware gangs are realising that crippling an American pipeline is not the best way to stay unnoticed. Should ransomware grow too risky, or less profitable, hackers may turn their attention to, say, stealing cryptocurrency.

Curbing cyber-crime ultimately requires getting the basics right: educating employees to be wary of suspicious emails; keeping software up to date; and backing up data. That sort of prosaic cultural change is not as sexy as cyber-retaliation or as satisfying as a ransom ban, but it is the only solution in the long term.

Shashank Joshi: Defence editor, The Economist ■

This article appeared in the International section of the print edition of The World Ahead 2022 under the headline "Hitting back at cyber-criminals"

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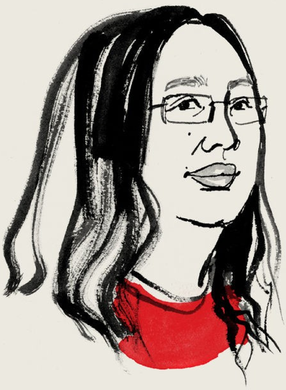
The World Ahead 2022

Audrey Tang on how technology strengthens democracy

Taiwan's digital minister says citizens, firms and government must co-operate



Lauren Tamaki

Nov 8th 2021

BY AUDREY TANG: DIGITAL MINISTER OF TAIWAN

THE COVID-19 pandemic continues to have a profound impact on the world. In many countries we have seen the spread of misinformation, rising public anxiety and increasing political polarisation—often inflamed by social media. The challenge of tackling the virus, and the social problems it has caused, is straining the capabilities of governments around the world. In Taiwan, however, we see a silver lining in the dark clouds. The pandemic has strengthened our model of collaboration between people, government and the private sector, deepening what I call "people-public-private" partnerships. This is because we have built digital infrastructure that lets people freely express opinions on policy reforms.

Our contact-tracing system, 1922 SMS, is a case in point. It was a solution jointly proposed by civic-tech communities in Taiwan to ensure both privacy protection and efficient contact-tracing. When Taiwan encountered its first wave of covid-19 infections in May 2021, the gov community (spelt with a zero in place of the "o", and pronounced "gov-zero"), a decentralised group of "civic hackers" in Taiwan, swung into action. Civic technologists enthusiastically discussed how to improve existing registration systems, which mostly relied on paper and pencil, or primitive web forms, and were often confusing or counter-productive to virus-suppression measures.

People power

Inspired by these discussions, we worked with Taiwan's five main telecoms firms to develop 1922 SMS. By scanning a QR code using a smartphone camera and sending a text message to the toll-free number 1922, check-in records are created and stored—with no need for an app. When necessary, contact-tracers can retrieve data from the system for quick and effective tracing. From discussion to deployment, the 1922 SMS system was built in a week. This would not have been possible without a robust partnership between the public and private sectors and the people.

This is just one recent example of Taiwan's alliance between public servants and civic-techies. Since its establishment in 2012, the gov community has gradually grown into one of the largest open-source civic-tech communities in the world. In 2017, gov established a system of grants to reward community proposals that can potentially benefit the public interest. This in turn inspired us to initiate an annual "presidential hackathon" event in 2018, in which civic technologists and public servants form teams and compete to develop innovative ways to upgrade government services.

> **The pandemic has strengthened our model of collaboration between people, government and the private sector**

Another scheme, the Rescue Action by Youth (RAY) project, offers opportunities to students. Since 2017 my office has gathered RAY students every summer to review government digital services. The students are divided into groups to focus on upgrading particular departmental websites. Through design and usability studies, they create prototypes that showcase suggested improvements. This approach has been used to upgrade the websites of the Hike Smart Taiwan service, which is used by mountaineers and hikers, and the Youth Development Administration, among others.

There are many other examples. An open platform called vTaiwan, created by volunteers, brings together representatives from the public, private and social sectors to devise and debate policy solutions to problems related to the digital economy, from online alcohol sales to ride-hailing. A related government-maintained platform, called Join, hosts debates and helps create consensus in other policy areas. Since its launch in 2015, Join has been accessed by almost half of Taiwan's population.

Democracy—the combination of *demos* (people) and *kratos* (rule)—means "rule by the people". The "Taiwan model" demonstrates how the use of digital platforms can strengthen democracy, by giving everyone a voice and enabling a government that works not just *for* the people but *with* the people.

Audrey Tang: digital minister of Taiwan ■

This article appeared in the International section of the print edition of The World Ahead 2022 under the headline "How technology can strengthen democracy"

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The World Ahead

The World Ahead 2022

A turbulent political year is in store for France

Presidential and parliamentary elections will be tight

Nov 8th 2021

BY SOPHIE PEDDER: PARIS BUREAU CHIEF, THE ECONOMIST, PARIS

If Emmanuel Macron wins a second term in the two-round vote on April 10th and 24th 2022, he will become the first French president to be re-elected for 20 years. But he has his work cut out to achieve it.

France weathered the pandemic in 2021 fairly well: schools were hardly shut, businesses and salaries well protected and vaccines widely distributed. In the coming year the economic rebound will continue to boost job creation. The country is less taxed, more tech-savvy and more business-friendly than five years ago. In theory, that bodes well for Mr Macron. But he needs to show that he is not just competent, but can listen, too.

The race will be tight, nasty and divisive. The French dislike nothing more than a pre-written script. Polls will fluctuate, as voters play with rival candidates' nerves. They do not want a repeat of 2017, pitting Mr Macron against Marine Le Pen. The leader of the National Rally (formerly National Front) will make her pitch to the anti-Macron *gilets jaunes* (yellow vests). The hard-right leader will borrow Brexit slogans, such as "take back control", though she will no longer call for a Frexit referendum, nor withdrawal from the euro. But, on her third attempt at the presidency, she will lack novelty value.

Parties will matter less than people and polls. Don't rule out an upset from a disruptive populist, as seen in America and Brazil. France's version is Eric Zemmour, a 63-year-old anti-immigrant and anti-Islam polemicist, who will portray Ms Le Pen as too soft and drag the debate onto even more toxic ground. He could split the right-wing vote and keep her from the run-off.

The centre-right Republicans will supply the strongest mainstream alternative to Mr Macron, if rivals rally around one nominee. They are due to make their pick on December 4th 2021. Watch three candidates closely. Xavier Bertrand, head of the northern Hauts-de-France region, will cast himself as the moderate anti-Parisian antidote to Mr Macron, but is distrusted within the party. Valérie Pécresse, head of the Ile-de-France region around Paris, is more of a policy-driven team player, but is mocked for appearing posh. Michel Barnier, the EU's former Brexit negotiator, is better known in Britain than France, but liked by party members. If Mr Bertrand loses, don't rule out a rebellious solo run for the presidency. Each will promise to "respect" the French more—a dig at Mr Macron's reputation for arrogance.

In January, France will take over the six-month presidency of the EU Council. This will put Europe at the centre of Mr Macron's campaign. Expect him to push "European sovereignty", as a response to a rising China and a disengaging America. Bruised by Anglophones in the Indo-Pacific, Mr Macron will be keener than ever to reinforce his country's strategic links—and act as a dominant voice within Europe in the post-Merkel era.

The odds are still, just, on a Macron victory. But he would find a centre-right opponent particularly tough. Even if he wins, he may struggle for a majority at parliamentary elections in June. He will need help from Edouard Philippe, his ex-prime minister, who will use his new party, Horizons, to win seats and clout. A new government will try to curb public spending after the runaway budgets of the pandemic, and to raise the retirement age. This will prompt angry protests and strikes. Even if re-elected, Mr Macron will struggle to repair divisions after a febrile and turbulent year.

Sophie Pedder: Paris bureau chief, The Economist, Paris ■

This article appeared in the Europe section of the print edition of The World Ahead 2022 under the headline "Macron, and on?"

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The World Ahead

The World Ahead 2022

Will Mario Draghi run to be Italy's president?

Or will he remain as prime minister?

Nov 8th 2021

BY JOHN HOOPER: ITALY AND VATICAN CORRESPONDENT, THE ECONOMIST, ROME

ITALY WILL hold at least one important election in 2022—and perhaps two. The unavoidable one is for a president to succeed Sergio Mattarella, whose term expires on February 2nd. An Italian president spends much of his time cutting ribbons, presenting awards and making platitudinous speeches. But he (Italy has never had a female president) also wields formidable powers. It is the president who dissolves parliament and appoints the prime minister. And Mario Draghi, the current prime minister (pictured), is said by associates to want the job.

A lot of Italians would like him to remain in the one he already has. Italy faces the daunting task of spending, not only wisely but speedily, more than €200bn ($232bn) from the EU's post-pandemic recovery funds. Who better to oversee the process than Mr Draghi, a former president of the European Central Bank?

Since coming into office in February 2021 as the leader of an improbably heterogeneous coalition, stretching from the radical left to the populist right, the supremely undemonstrative yet plain-speaking Mr Draghi has made himself Italy's most popular politician.

> **A lot of Italians would like Mr Draghi to stay in his current job**

At the forefront of those arguing for him to stay has been Enrico Letta. A former prime minister, Mr Letta returned from voluntary exile to assume the leadership of the centre-left Democratic Party (PD) shortly after the current government took office. If Mr Draghi were to stay until the next general election, which has to be held by March 2023, it would not only keep a steady hand at the helm for longer, it would also give Mr Letta more time to revive his party's fortunes. The PD was at just 17% in the polls when he took on the leadership. But in local elections in October 2021, the centre-left's candidates for mayor won in most of Italy's biggest cities.

Polling a combined 40%, the right was confident of victory and, with a contribution from Silvio Berlusconi's once-mighty Forza Italia party, an overall parliamentary majority. Even if Mr Draghi does stay on as prime minister, it is quite possible, given Italian politicians' aversion to winter campaigning, that a general election will be engineered anyway for the autumn.

John Hooper: Italy and Vatican correspondent, The Economist, Rome ■

This article appeared in the Europe section of the print edition of The World Ahead 2022 under the headline "Draghi's choice"

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The World Ahead

The World Ahead 2022

A new coalition government will try to find its feet in Germany

The new chancellor will try to retain Angela Merkel's instinct for consensus

Nov 8th 2021

BY TOM NUTTALL: BERLIN BUREAU CHIEF, THE ECONOMIST, BERLIN

IN 2022 GERMANY will embark on an innovation in governance, and not only because it will be the first time in 16 years that someone other than Angela Merkel is in charge. For more than six decades Germany has been run by a series of two-way coalitions. For three of her four terms, Mrs Merkel's conservative Christian Democratic alliance (CDU/CSU) led centrist "grand coalitions" with the Social Democrats (SPD). But Germany's electorate has fragmented, and the government that emerges from the election of September 2021 will in all likelihood comprise three parties. This is set to be an SPD-led "traffic-light" coalition, with the Greens and pro-business Free Democrats (FDP) as junior partners (the name is taken from the parties' respective colours, the SPD's being red and the FDP's yellow).

Will the three-party experiment work? Optimists hope the traffic-light coalition could be greater than the sum of its parts. The Greens could provide the impetus for action on climate change; the FDP on red tape and digitisation. Together, the two smaller parties could find common ground on civil-liberties projects such as legalising marijuana and revising Germany's doddery citizenship laws. Meanwhile Olaf Scholz, the would-be SPD chancellor, would use his clout to help steer the next phase of Germany's industrial transition, and to reassure European partners that he will retain his predecessor's instinct for consensus. After years of Mrs Merkel's managerialism, the parties will try to present themselves as a collective force for modernisation.

Yet their mutual mistrust also risks incoherence and paralysis. If the debt-averse FDP manages to secure the finance ministry, for instance, the Greens would need reassurance that their spending ambitions will not be thwarted at every turn. The parties have differing views on the EU's fiscal rules, and its debt-funded recovery spending. Such concerns will result in an overly detailed coalition agreement that will limit the government's flexibility. On fiscal matters the coalition could face hurdles in the Bundesrat, Germany's upper house, where its constituent parties do not enjoy a majority.

> **The SPD and Green leaderships will have to manage an ambitious new crop of largely left-leaning MPs**

A government beset by disagreements may not be well positioned to face Germany's many challenges. These include adjusting to what will soon be a shrinking workforce; planning for tight carbon-emission reduction targets; and tackling a looming decision on whether, and how, to replace the ageing fleet of Tornado aircraft that America relies on to carry its nuclear weapons stationed in Germany. Biggest of all will be tackling climate and digital investment needs worth hundreds of billions of euros. Germany's constitutional debt brake limits borrowing, which means the new government will have to construct clever off-budget wheezes.

German politics will be a livelier affair. The new parliament is younger and more colourful than its predecessor, and includes an ambitious new crop of left-leaning SPD and Green MPs. Voters in four states will issue their verdicts on Germany's new political landscape during 2022. These include North Rhine-Westphalia, the largest. Its election, in May, will be the first big test for all the main parties.

That includes the CDU, in national opposition for the first time since 2005. The party faces infighting over its post-Merkel future. Several of its big hitters—probably including Jens Spahn, the outgoing health minister; Norbert Röttgen, a foreign-affairs specialist; and Ralph Brinkhaus, the head of the party's MPs—will vie for the chance to reinvent a party licking its wounds following its electoral drubbing in September. After Mrs Merkel's long reign, her party's experience in opposition will amount to its own political experiment.

Tom Nuttall: Berlin bureau chief, The Economist, Berlin ■

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The World Ahead

The World Ahead 2022

The EU will try to work out what "strategic autonomy" means

And France will attempt to take over Germany's leading role

Nov 8th 2021

BY DUNCAN ROBINSON: BRUSSELS BUREAU CHIEF AND CHARLEMAGNE COLUMNIST, THE ECONOMIST

INTERVIEWING AN EU official can sometimes feel like quizzing Humpty Dumpty. In "Alice In Wonderland", the notoriously clumsy egg explained: "When I use a word it means just what I choose it to mean—neither more nor less." Eurocrats would approve. In trying to navigate between an unreliable America and a rising China, the EU has alighted on a phrase to sum up its new guiding mantra: strategic autonomy. Unfortunately, there is no agreement on what it means. Working out its true definition will be the task of 2022.

Partly it is an economic endeavour, and in that area there will be relative harmony among EU governments. Boosting EU self-sufficiency on things like microchips has the grudging support of free-trading countries, such as Denmark and the Netherlands. The pandemic revealed that supply chains can be fragile.

European businesses have been burned operating in China, as intellectual property has been stolen. As long as the policy is not revealed to be a ploy to shovel cash at stodgy European enterprises, the liberal countries will play along. The result will be a European economy less reliant on imports.

> **Unfortunately there is no agreement on what strategic autonomy means**

The other aspect of strategic autonomy—defence and security—will prove more controversial. The EU is divided when it comes to defence. Hard power is a hard topic and one that is usually ignored at the EU level as a result. A French-led summit on defence in the first half of 2022, with the European Commission as a cheerleader, will put the topic front and centre.

A likelier option is a more limited coalition of the willing, with some countries agreeing to meld their armed forces further, but without going anywhere near forming the oft-forecast, never-delivered EU army.

France will cement its role as the EU's most influential government. Angela Merkel's departure leaves a power vacuum at the top, which the French will happily try to fill. France has the rotating presidency of the EU for the first six months of the year, allowing it to shape the legislative agenda of the bloc. (Indeed, it has pledged to do as much EU business in French as possible.)

Emmanuel Macron, the staunchest advocate of European strategic autonomy, has the chance to become a second-term French president and cement himself as the continent's most prominent leader. Under Mr Macron, France has increased its influence on the European stage, but "peak France" still seems some way away.

A test of French influence will be in the coming reforms to the Stability and Growth Pact. Resetting the rules, which dictate how much governments can spend, will be the main fiscal battle of 2022. France, Italy and Spain have long called for a loosening. Germany and the Netherlands insist things work perfectly well as they are.

Sorting out the spending rules will be the most consequential decision taken by EU leaders in 2022. In a Humpty Dumptyesque twist, the pact has provided neither stability nor growth: wide gaps in growth rates have emerged between northern and southern Europe in the past two decades, along with a subsequent political backlash. The EU gains its power from its economic clout. For all its attempts to boost its influence abroad, strategic autonomy will depend on getting things right at home.

Duncan Robinson: Brussels bureau chief and Charlemagne columnist, The Economist ■

This article appeared in the Europe section of the print edition of The World Ahead 2022 under the headline "Strategic what?"

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The World Ahead

The World Ahead 2022

EU leaders will struggle to update fiscal rules

The unanimity needed for such moves has often proved elusive

Getty Images

Nov 8th 2021

BY TOM NUTTALL: BERLIN BUREAU CHIEF, THE ECONOMIST, BERLIN

EUROPE RESPONDED to its financial crisis of 2010-12 with endless missteps. The euro zone agreed on punishing austerity as the price for rescue packages, and the European Central Bank raised rates at the worst possible moment. The result was a double-dip recession, drastic cuts in investment and, in some countries, sky-high unemployment, especially among the young. This time the reaction has been smarter. When covid-19 struck, the ECB ramped up its bond-buying and the EU suspended its fiscal rules, allowing governments to spend freely on furlough and other schemes.

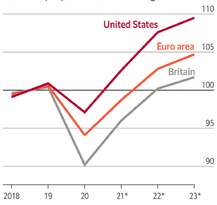
The coming year will test just how much has changed. The first part of 2022 will see a bruising battle between EU governments over the Stability and Growth Pact (SGP), the EU's fiscal rulebook. Even before covid-19 the constraints of the SGP, drawn up in the 1990s, looked a poor fit for a world of low interest rates and pressing investment needs. Endless amendments had left a legal tangle only experts could understand. Now countries like Italy are shouldering debt burdens close to 160% of GDP. The existing rules, due to snap back in 2023, would theoretically oblige Italy to run primary budget surpluses worth five percentage points a year—a punishing form of austerity that defies common sense.

But governments must find common ground, and SGP reform is divisive. Opening the EU treaties to amend the pact's benchmark figures, which aim to limit government's fiscal deficits and debt stocks to 3% and 60% of GDP respectively, is unlikely. Countries like Italy and France will urge tweaks that could, for instance, ease the adjustment path for indebted countries—perhaps by giving governments a say in defining it themselves. To help meet the EU's "Fit for 55" climate goals, some governments will push for a "golden rule" to exclude green spending from the deficit calculation.

> **The unanimity needed to change the EU's tax rules has often proved elusive**

The EU's sluggish legislative procedures will not kick into gear in time to change the rules for 2023. In the meantime governments will need a steer from Brussels on whether their proposed budgets for that year will pass muster. The commission in turn will need to know that northern governments will not cry foul if it agrees to wink at rule-flouters. But several have already signalled they will play hardball. Nor will Germany's new coalition be minded to align with Europe's south.

Bouncing back
Real GDP per person, 2018/19 average=100



Source: IMF *Forecast
The Economist

The debate will run amid risks to the recovery, including continuing supply-chain disruptions, to which countries with large manufacturing sectors like Germany are vulnerable. Pandemic-related travel and contact restrictions could curb growth further. Meanwhile the ECB will wind down parts of its stimulus in 2022.

Next Generation EU (NGEU), the EU's €800bn ($930bn) debt-funded investment plan, will pick up part of the strain. In 2022 the commission will disburse around €55bn in grants, with especially large sums channelled to Italy and Spain. More will come in 2023 and 2024. To repay the debt, governments will consider increasing the EU's "own resources" (common taxes), perhaps via levies on imports from countries without carbon pricing, or amendments to the EU's own emissions-trading scheme. But the unanimity needed to make such changes has generally proved elusive. That debate will kick off in earnest in 2022.

So will another. Brussels has long struggled to respond to member governments it thinks subvert the EU's legal order, such as Hungary and Poland. In 2022 it will raise the stakes by delaying payments from the NGEU or even the EU's regular budget. That will irritate governments who see Brussels Eurocrats as bullies and worry leaders who fret about EU unity—but reassure taxpayers elsewhere that they are not paying to undermine the club from within.

Tom Nuttall: Berlin bureau chief, The Economist, Berlin ■

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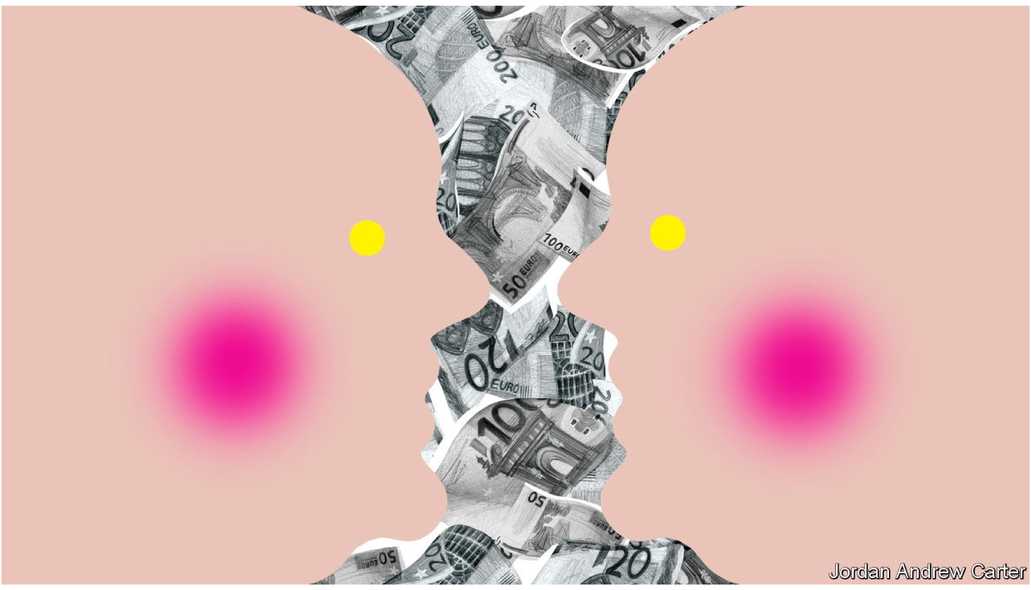
The World Ahead

The World Ahead 2022

The EU's new anti-corruption cop will start prosecuting scammers

The union has long needed someone to go after those stealing its money



Nov 8th 2021

BY MATT STEINGLASS: EUROPE CORRESPONDENT, THE ECONOMIST, AMSTERDAM

IN 2021 THE EU acquired something it had been sorely missing: an agency to go after people who steal its money. The new European Public Prosecutor's Office (EPPO) can try anyone involved in abuses of €100,000 ($116,000) or more of EU funds. The bloc has long had an office to investigate fraud (OLAF), but to prosecute cases it had to turn them over to member states, which usually dropped them. In its first few months the EPPO has launched more than 300 investigations involving total damages of €4.5bn. In 2022 it expects to start indicting and convicting people.

Many of the EPPO's investigations target embezzlement or kickbacks in EU subsidies and contracts. Its first one involved a Croatian mayor who allegedly took bribes when awarding a €562,000 contract for a recycling centre. Others involve customs duties and VAT, which are administered by the EU. In September the EPPO reported a scheme to evade VAT on imported covid-19 protective gear to the Italian authorities, who seized €11m from the accused companies' owners. Anomalies in trade figures suggest that VAT fraud in the EU could amount to tens of billions of euros per year.

Bogus contractors and tax fraudsters are the EPPO's bread and butter. But its most complex job is taking on corrupt politicians who pocket EU funds or use them to reward cronies. Such systemic corruption is especially common in countries such as Hungary and Bulgaria where the government has gained control over the justice system. The EPPO's prosecutors are independent, but they must try cases in member states' courts. Four of the EU's 27 states have no plans to join the EPPO (Sweden will sign on in 2022). They include Hungary, which has the highest rate of fraud involving EU funds.

One case to watch will be that of Andrej Babis, a billionaire who is the outgoing Czech prime minister. For years a conflict-of-interest case against him by Czech magistrates has been stalled. It concerns tens of millions of euros in EU subsidies received by companies he formerly owned. They have now turned it over to the EPPO. In a separate matter, the "Pandora papers" investigation alleged Mr Babis moved $22m through shell companies secretly to buy a villa near Cannes. He denies any impropriety.

The EPPO is especially important because the EU's budget is rising dramatically. The bloc's covid-recovery fund will distribute €800bn before 2027, creating big economic opportunities—but also new chances for scammers. One aim of the EPPO is to give the EU's donor countries confidence that the money they contribute will be spent properly.

This article appeared in the Europe section of the print edition of The World Ahead 2022 under the headline "One cop to nab 'em all"

The World Ahead

The World Ahead 2022

Vladimir Putin will renew his attacks on elections and the internet

But can he tame YouTube?

Nov 8th 2021

BY ARKADY OSTROVSKY: RUSSIA EDITOR, THE ECONOMIST

THE POISONING in 2020 and imprisonment in 2021 of Alexei Navalny, a Russian opposition leader, marked the transformation of Vladimir Putin's regime from a consensual autocracy into tyranny, where a small group of people exercise power without legal or constitutional constraints. As the Kremlin consolidates this transformation, two remnants of democracy inherited from the 1990s stand in its way. One is elections, the other is the freedom of the internet. Both are being steamrolled.

Start with the elections. In 2021 Mr Putin threw out constitutional restrictions that demanded he step down in 2024. He can now rule until at least 2036 and probably beyond, but he still needs to dress his power grab in electoral finery. Yet as the parliamentary elections held in September 2021 showed, the decline in support for Mr Putin's regime is no obstacle to victory.

Had the result not been fixed, Mr Putin's United Russia party would have received just over 30% of the vote, according to Sergey Shpilkin, a data analyst. Instead it has claimed nearly 50% of the vote and a supermajority in the Duma. By jailing Mr Navalny, chasing his associates out of Russia and cracking down on anyone who supports him, the Kremlin has in effect banned participatory politics. The aim is to retain elections, but get rid of any alternative to Mr Putin.

> **The biggest challenge to the Kremlin comes from the internet**

Yet the physical suppression of his opponents is no longer sufficient. The biggest challenge to the Kremlin comes from the internet, which enables civil society to organise and has elevated Mr Navalny to be the leading opposition politician, recognised by the majority of the country.

But over the past decade the spread of the internet has rendered the Kremlin's monopoly over television useless. The share of the internet and social media among all sources of information has grown from 18% in 2013-15 to 45% in 2021. Mr Navalny was banned from state-controlled television channels, but his YouTube audience is comparable in size to that of any state-television news programme.

The Kremlin has banned all websites linked to Mr Navalny by deeming them "extremist". It has installed equipment and compelled providers to hamper access to Twitter so that pictures and videos do not upload. It has threatened the Russian staff of Apple and Google with criminal proceedings in order to remove Mr Navalny's app from their stores. Media organisations and journalists have been declared "foreign agents", making it almost impossible to operate in Russia.

But the biggest problem it has is with YouTube, Google's video-hosting platform. Though Google is increasingly compliant with Russia's demands to remove content, it continues to host Mr Navalny's films, which attract tens of millions of views. Blocking YouTube is problematic. The service is used by millions of Russians who have little interest in politics but would be outraged if it were unavailable.

The Kremlin will increase pressure on Google to fall into line: it may slow down its search engine and impose fines. And it will continue to develop its own video-hosting platform, RuTube, to which it can move popular content, then switch off YouTube if necessary. Restoring a monopoly over information is central to Mr Putin's power. The war over the internet will define Russia's near future.

Arkady Ostrovsky: Russia editor, The Economist ■

This article appeared in the Europe section of the print edition of The World Ahead 2022 under the headline "Russia's battlegrounds"

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The World Ahead 2022

Could Viktor Orban be voted out of office?

To widespread surprise, the opposition have united around one candidate

Nov 8th 2021

BY VENDELINE VON BREDOW: EUROPEAN BUSINESS AND FINANCE CORRESPONDENT, THE ECONOMIST, BERLIN

THE RUN-UP to Hungary's parliamentary elections in April 2022 is looking unexpectedly exciting. Although it seemed almost impossible at the start of 2021 that Viktor Orban, the prime minister, would not keep his two-thirds supermajority in parliament, the situation changed over the course of the year. Six diverse opposition parties managed to unite to choose a single candidate to fight Mr Orban. They also selected joint candidates for the half of the seats in the Hungarian parliament that are directly elected. For the first time since Mr Orban returned to power in 2010, he is facing the very real prospect of defeat.

The thought of ousting Mr Orban proved to be a powerful unifier of parties ranging from leftist and liberal parties such as Momentum to Jobbik, a formerly hard-right party that has become more moderate. The run-off for the primary in mid-October to choose the coalition candidate was between Klara Dobrev, a vice-president of the European Parliament; Gergely Karacsony, the mayor of Budapest; and Peter Marki-Zay, the mayor of Hodmezovasarhely, a south-eastern city. Mr Karacsony withdrew in favour of Mr Marki-Zay to prevent Ms Dobrev, who won the first round, from winning the second.

He and many others believed that Ms Dobrev cannot beat Mr Orban because she is married to Ferenc Gyurcsany, a wildly unpopular former prime minister, who remains tainted by riots in 2006 after he confessed to lying repeatedly about the state of the economy.

Mr Karacsony's selfless calculation worked: Mr Marki-Zay, an independent small-town conservative, beat Ms Dobrev in the run-off. But can the 49-year-old Catholic father of seven beat Mr Orban? In 2018 Mr Marki-Zay surprised pundits and pollsters when he won the mayor's office in Hodmezovasarhely, a fiefdom of Fidesz, Mr Orban's party. And he again surprised observers by beating Peter Jakab, the Jobbik candidate, in the first round of the primaries, thus coming third and qualifying for the run-off.

Even so, Mr Orban will deploy all his substantial weaponry to beat his rival. In the autumn of 2021 he announced that families would be refunded $2bn in income tax in early 2022. He promised a hike of the minimum wage, a special payment for pensioners in November and two weeks of extra state-pension payments in January. And he will try to attack Mr Marki-Zay personally, as he started to do with Ms Dobrev when she seemed most likely to be his opponent.

Vendeline von Bredow: European business and finance correspondent, The Economist, Berlin ■

This article appeared in the Europe section of the print edition of The World Ahead 2022 under the headline "Viktor, loser?"

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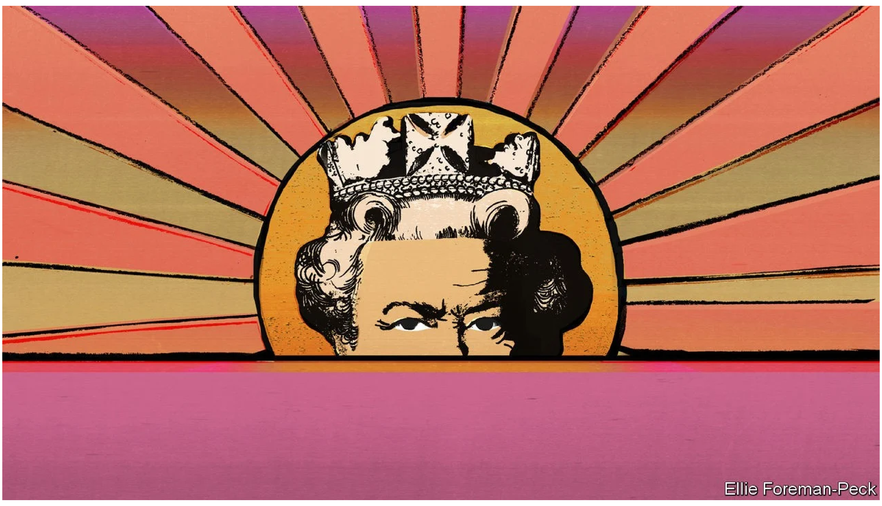
The World Ahead

The World Ahead 2022

Celebrations in 2022 cannot hide an uncertain future for Britain

Not least the question of whether the kingdom can remain united



Nov 8th 2021
BY MATTHEW HOLEHOUSE: BRITAIN POLITICAL CORRESPONDENT, THE ECONOMIST

After the political turbulence of Brexit and the long misery of covid-19, many Britons will be looking for cheer in 2022. The royal household will oblige. On February 6th, Queen Elizabeth II will become the first British monarch to reign for 70 years. The Platinum Jubilee celebrations will feature a year of travel around the country by members of the royal family (the pandemic has interrupted much of the usual ribbon-cutting). There will be an additional bank holiday for the centrepiece of the celebrations: a four-day jubilee weekend in June. The itinerary features military parades, pageants and a pop concert at Buckingham Palace.

Red tunics and bearskins, jets roaring overhead, the wave from the balcony, celebrity guests and miles of bunting beneath drizzly English skies—it will all be familiar fare for television viewers fed a regular diet of royal weddings and jubilees since the Silver Jubilee of 1977. To stand on the Mall during such events is to watch a clockwork, made-for-television production to rival anything the music industry can produce. The result is a monarchy that is simultaneously intimate, untouchable and universal.

Yet 2022's festivities will be tinged with melancholy. The queen will be 96 years old in April. Though she seems to be generally in good health, she has had a few minor wobbles, and those watching at home may wonder if this will be the last great spectacle of her reign. Few TV commentators will dwell on that.

As the guards march by, the public may contemplate the state of the monarchy she will one day leave behind. It may not command as much affection and authority. Prince Charles, her heir, is much less popular than his mother, though his accession could change that overnight. She is politically inscrutable and morally scrupulous. He has made his views known on all manner of topics, and had his marriages publicly dissected. The fifth season of the Netflix serial "The Crown", depicting his divorce from Princess Diana, will air in 2022. Its portrayal of him so far has been unforgiving.

Britons may contemplate, too, the approaching sunset of their own era: what Clement Attlee, prime minister from 1945 to 1951, called the "new Elizabethan age", of the jet engine, the television and the contraceptive pill. It will be a year stuffed with parallels, not least in "Unboxed", a government-organised cultural festival. As with the Festival of Britain of 1951, this will attempt to distil the essence of the country in science, maths and engineering. It will face a wall of cynicism. The politics of that era will recur too: a period of stability through two-party dominance; a struggle to meet intense demand for better schools, hospitals and housing; and anxieties about Britain's seat at the international table.

The Democratic Unionist Party, the largest unionist party, wants to undo the British government's Brexit deal, which has introduced a new trade border in the Irish Sea. That may lead it to refuse to occupy the deputy first minister's post and to collapse the power-sharing agreement that underpins Northern Ireland's devolved government. That would result in civil servants running things again—as was the case from 2017 to 2020.

There will be another anniversary, less well marked in Northern Ireland, in 2022: the centenary of the establishment of the Irish Free State, the forerunner to the modern republic. In 1922 Egypt also gained its independence from Britain. That year proved to be the peak of the British Empire, and the start of decades of unravelling. What seems solid can quickly prove fragile.

Matthew Holehouse: Britain political correspondent, The Economist ■

This article appeared in the Britain section of the print edition of The World Ahead 2022 under the headline "State of the nation"

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The World Ahead

The World Ahead 2022

The British government's main opposition will be its back-benchers

Ideological differences within Tory ranks will start to show

Nov 8th 2021
BY ADRIAN WOOLDRIDGE: BAGEHOT COLUMNIST, THE ECONOMIST

By rights, Boris Johnson should have an easy ride in 2022. The government enjoys a majority of 80, its biggest since Margaret Thatcher's time. The cabinet is packed with simpering poodles. Sir Keir Starmer is still trying to drag the Labour Party, kicking and screaming, out of the far-left wilderness. And Mr Johnson has defined an exciting and challenging agenda—"levelling up" one of Europe's most regionally and socially divided countries. Yet the prime minister is nevertheless in for a difficult year, with trouble coming not from Sir Keir's opposition party, but from his own backbenches.

The Conservative Party has all it needs to cause its nominal master trouble: a clique of hardened rebels; internal divisions over everything from spending to foreign policy; a weak Downing Street operation; and a habit of rebellion. Party bosses calculate that, thanks to growing disloyalty, the government's working majority is not 80 but more like 20—about the same number that John Major had during a premiership that was characterised by perpetual rebellion and plotting and by a succession of knife-edge votes.

Why is a party that is famous for its appetite for power becoming so unruly? One reason is that it has been in office either on its own or as part of a coalition since 2010. Every year in power adds to the number of MPs who can't be disciplined either because they've had their time in office and been discarded (such as Theresa May and David Davis) or because they have given up on ever being promoted. Another reason is that MPs are increasingly acting as political entrepreneurs rather than cogs in the party machine: their road to success lies in building their individual brands through media appearances (as Mr Johnson himself did).

> **The chairman of the 1922 Committee will be a central figure in 2022**

But the biggest reason is ideological: the Conservative Party is divided down the middle between its traditional supporters in the prosperous shires and its new-found supporters in the industrial north. Shire Tories claim nobody joins the Conservative Party because they want to raise taxes and expand the state. But the Brexit earthquake gave the Tories a cohort of working-class voters who are more dependent on the state than its traditional voters. It also gave the party a new agenda—levelling up by providing better opportunities for the left behind, even if that means higher taxes and looser planning laws.

Sir Graham Brady, the chairman of the 1922 Committee, the backbenchers' trade union, will be a central figure in politics: far more important, for the time being, than most cabinet ministers, and perhaps more important than the official leader of the opposition.

Adrian Wooldridge: Bagehot columnist, The Economist ■

This article appeared in the Britain section of the print edition of The World Ahead 2022 under the headline "They're not behind you!"

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The World Ahead

The World Ahead 2022

After covid-19, Brexit's impact on the British economy will be clearer

Starting with a shortage of goods and workers

Bloomberg

Nov 8th 2021

BY DUNCAN WELDON: BRITAIN ECONOMICS CORRESPONDENT, THE ECONOMIST

DISENTANGLING THE economic impact of Brexit from that of the covid-19 pandemic is not straightforward. Britain's final exit from its transitional membership of the European Single Market and Customs Union finally occurred in January 2021. Exports to and imports from the European Union duly collapsed. But with the country then in the midst of its third national lockdown it was hard to say which factor was more important. Over the course of 2022 the impact of the pandemic will, with luck, begin to fade. But the consequences of Brexit will still be felt.

Britain's macroeconomic story in the latter half of 2021 was unusually straightforward: economic demand recovered faster than supply and the results were shortages, bottlenecks and inflation. Stock levels at both retailers and manufacturers fell to multi-decade lows and firms across a wide range of industries complained of a shortage of workers. Some of this reflected the global fallout from the pandemic. A worldwide shift in consumer demand—away from services and towards goods—coupled with the hit to production from a lack of staff, delayed transport, lockdowns and rising energy prices has led to goods shortages in many rich countries. But even as such constraints ease elsewhere, the impact will linger for longer in Britain.

The trade deal struck in late 2020 with the EU lets firms and consumers avoid tariffs and quotas on goods, but has still introduced new frictions at a previously very smooth border. Food products heading to Europe in particular are subject to sanitary and phytosanitary checks, but all goods are subject to potential delays from customs checks. Britain chose to delay implementing the full checks on imports from the EU for most of 2021, but they will begin to bite in 2022. Some European small and medium-sized businesses have already decided that exporting to Britain is not worth the hassle. British retailers reckon that supply shortages could last well into the second half of 2022.

The lack of workers may take even longer to deal with. Like the goods shortages, a difficulty in hiring was not a uniquely British phenomenon in late 2021. But, once again, Brexit will make the effects felt for longer. Firms in industries that disproportionately relied on EU workers—such as road haulage, hospitality and food-processing—have been especially hard-hit. Although in theory EU workers who were previously resident in Britain, and acquired settled status, are welcome to return, it is unclear how many will. New EU workers will struggle to get work visas in lower-waged fields. Higher pay will eventually begin to draw more Britons into roles such as lorry-driving, but as the shortages linger into 2022 the government will end up adding more jobs to the "shortage occupation list" to allow some more migration to fill the gap.

Inflation will stay above the Bank of England's 2% target in 2022, but interest rates will rise only slowly. As the post-pandemic recovery slows and fiscal policy tightens, price pressures will start to ease by the latter half of the year.

Duncan Weldon: Britain economics correspondent, The Economist ■

This article appeared in the Britain section of the print edition of The World Ahead 2022 under the headline "Double whammy"

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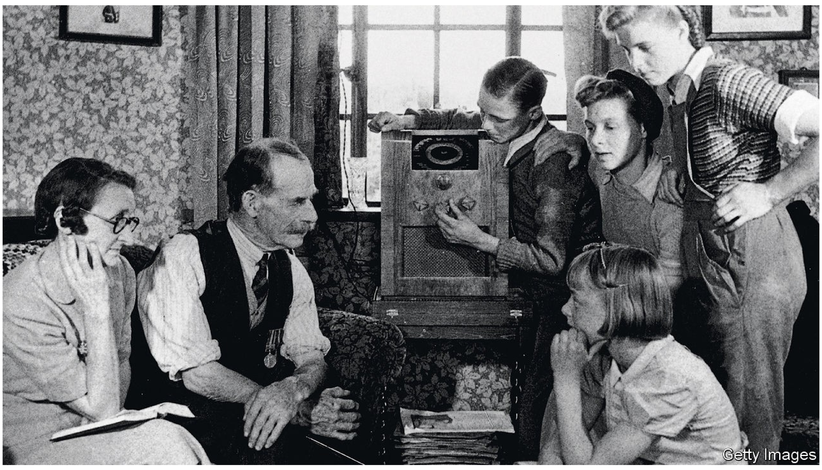
The World Ahead

The World Ahead 2022

In its centenary year, the BBC looks vulnerable

The British government and American streamers are the main causes



Nov 8th 2021

BY TOM WAINWRIGHT: MEDIA EDITOR, THE ECONOMIST

THE FIRST radio transmission by what was then known as the British Broadcasting Company came on November 14th 1922: "2LO, Marconi House, London, calling." The call-sign, 2LO (lo was short for London), was the number of the broadcasting licence awarded to it by the Post Office. Arthur Burrows, director of programmes at the BBC, read the news and weather twice—first quickly, and then slowly, for those taking notes.

In the hundred years since, the corporation, as the BBC was later renamed, has become a £5.1bn ($7bn) per year operation that runs eight national TV channels, more than 50 radio stations, a sprawling website and suite of apps, as well as a World Service that broadcasts in 43 languages. Yet in the year of its centenary it will find itself vulnerable, both at home and abroad.

Start at home. Two Tube stops south of the BBC's headquarters, the current occupant of 10 Downing Street, Boris Johnson, is intent on taming what he calls the Brexit-Bashing Corporation (though some Remainers say it is not critical enough). The government has indicated that it would like to trim the licence fee, the levy on all homes that provides most of the BBC's income. And it has installed bosses it likes: Richard Sharp, the BBC's chairman, is a Conservative Party donor and Brexit supporter; Sir Robbie Gibb, the latest government appointee to the BBC's board, was head of communications in Downing Street under Theresa May. Nadine Dorries, the new culture secretary, once described the licence fee as "more in keeping in a Soviet-style country".

> **In the year of its centenary, the BBC will find itself vulnerable**

The year ahead will offer more opportunities to shape the corporation's values. Ofcom, the broadcasting regulator, needs a chairman. Mr Johnson is keen on Paul Dacre, a former editor of the DAILY MAIL who has accused the BBC of exercising "cultural Marxism". After an independent panel rejected him in 2021, the government is re-running the process. The BBC's head of news, Fran Unsworth, will step down in January. Editorial appointments are notionally an internal matter, but that did not stop the government from lobbying against a recent candidate for another BBC news job.

For all the challenges from Downing Street, the bigger ones come from abroad. Video-streaming means the BBC is competing directly with Hollywood and Silicon Valley. Netflix has overtaken the BBC's iPlayer as Britain's most-used streaming service—no mean feat given that iPlayer is free to licence-fee payers. Among under-18s, Netflix is twice as popular as iPlayer, which also lags behind Amazon Prime Video and YouTube. The global streaming platforms have economies of scale the BBC cannot match. Whereas iPlayer has about 11,000 hours of content, Netflix and Amazon have 40,000 each. And the streaming landscape is becoming steadily more crowded.

Amid this onslaught, the BBC is emphasising its public-service role. During the lockdowns of 2020 and 2021 it quickly produced online-learning resources, while Netflix and YouTube were serving up giggles and misinformation, respectively. The BBC hopes to press that advantage with its centenary celebrations, which will involve a push into schools.

Like Channel 4, its other main card to play is its fostering of a TV-production industry in Britain. The expansion of Hollywood's streamers is leaving local production houses less reliant on British broadcasters (Netflix is now the biggest commissioner of new scripted content in Europe). But the streamers make only what works globally, not distinctly British creations. Those include wholesome services like Alba, the BBC's Gaelic-language channel in Scotland, and raucous hits like Channel 4's "Derry Girls".

Those examples highlight another strength of the public broadcasters: maintaining a shared culture for the fractious nations of the United Kingdom. John Reith, the BBC's first director-general, described how broadcasting was "making the nation as one man". As Mr Johnson tries to hold together a fraying union, that is something for him to consider.

Tom Wainwright: media editor, The Economist ■

This article appeared in the Britain section of the print edition of The World Ahead 2022 under the headline "Broadcast blues"

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The World Ahead

The World Ahead 2022

Boris Johnson's infrastructure schemes will face opposition

Money will be in short supply, protests will not

Nov 8th 2021

BY ELLIOTT KIME: BRITAIN CORRESPONDENT, THE ECONOMIST

BORIS JOHNSON wants to go down in history as a master builder. As mayor of London he pursued many costly transport schemes—and now political necessity is pushing him that way again. He has promised to "level up" Britain to secure old industrial seats won from Labour in 2019 by making poorer places better connected.

He has also pledged to make Britain greener. But if levelling up is to happen, then digging will have to start in 2022. And his plans are facing opposition from environmentalists and, perhaps more important, from his own treasury.

Heightened spending during the pandemic has made the treasury reluctant to spend more, forcing Mr Johnson to shelve some of his wilder plans, such as a tunnel between Northern Ireland and Scotland. He may also mothball the extension of a high-speed rail link, known as HS2, between Birmingham and Leeds, after projected costs rose from £33bn ($45bn) in 2012 to at least £108bn. This will cause political headaches, since northern Tory MPs wanted it to boost their hold on those former Labour seats.

> **Heightened spending during the pandemic has made the treasury reluctant to spend more**

A series of road-building and energy projects will go ahead, including Stonehenge Tunnel and Lower Thames Crossing, two expensive new road projects. Work on a new electric-vehicle charging network will continue. Construction of Sizewell C, a nuclear power station in Suffolk, should start in 2022 if planning is approved. Firms can start bidding on the government's new hydrogen fund, which aims to have 5GW of low-carbon hydrogen-production capacity by 2030 for industry and home heating.

Elliott Kime: Britain correspondent, The Economist ■

This article appeared in the Britain section of the print edition of The World Ahead 2022 under the headline "Shovels at the ready"

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The World Ahead

The World Ahead 2022

The Church of England's God is becoming more liberal

Traditionalists should brace themselves for more change

Nov 8th 2021

BY CATHERINE NIXEY: BRITAIN CORRESPONDENT, THE ECONOMIST

SMITING USED to be so simple. God smote and the people trembled, and they sometimes died. He smote the rebellious Israelites (tens of thousands died); the firstborn Egyptians (they all died) and the Philistines (they got haemorrhoids). The Sodomites suffered a particularly striking smiting. In Genesis, the men of Sodom are "wicked and sinners before the Lord exceedingly", so God rained "brimstone and fire" upon Sodom. The brimstone smouldered for centuries; the word "sodomy" entered popular parlance—and English lawbooks. Homosexual acts remained a crime in England until 1967.

Few in Britain celebrate a smitey Almighty today. God, as the Archbishop of Canterbury put it recently, "is love". And now fewer celebrate a homophobic God. In June 2021, Methodists voted, after "prayerful consideration", to allow same-sex marriage. In September, the Church of Wales voted to allow blessings for same-sex relationships. In 2022 the Church of England (C of E) will consider similar questions. The signs are promising. As a recent C of E book put it, in a tone not easily confused with that of Leviticus: "together we stand against homophobia". The evidence is clear: God is becoming more liberal.

In theory this should not be possible. God, as well as being love, and on occasion a cause of haemorrhoids, is supposed to be eternal: the same yesterday, today, for ever. And yet, as critics have noted for centuries, He manifestly is not. Historians have a theory as to what is going on. "On earth as it is in heaven" runs the Christian prayer. A concept called "politicomorphism" argues that the divine chain of command runs in the opposite direction: in heaven as it is on earth. Democratic, liberal nations get democratic, liberal deities; undemocratic, illiberal countries get the opposite. Just ask an Afghan.

> **Few in Britain celebrate a smitey Almighty today**

Shrewd politicians have long known this, says James Crossley of St Mary's University, Twickenham. God has been used to justify slavery and its abolition, the oppression of women and their emancipation, as well as numerous wars. "Left, right, centre…He's the authority that you want," adds Mr Crossley. God is "a complicated chap".

Take God's pronouns which—like all pronouns—are currently a cause of contention, as some now refer to Him as Her. As always, there are obscure historical texts that appear to justify this: ancient Syriac Christians referred to the Holy Ghost as "she". So if He seems complicated now, that is nothing to what He/She might yet become.

Catherine Nixey: Britain correspondent, The Economist ■

This article appeared in the Britain section of the print edition of The World Ahead 2022 under the headline "Nearer, my God, to me"

The World Ahead

The World Ahead 2022

Scotland's new Hate Crime Act will have a chilling effect on free speech

It is the latest example of growing authoritarianism

Nov 8th 2021

BY HELEN JOYCE: BRITAIN EDITOR, THE ECONOMIST

In "On Liberty", the greatest defence of free speech ever penned, John Stuart Mill, the son of a Scottish philosopher and economist, condemned the "assumption of infallibility"—being so certain you are right that you take it upon yourself to settle a question for everyone else "without allowing them to hear what can be said on the contrary side". If only today's Scottish politicians were listening. The country's new Hate Crime Act, which is expected to come into force in 2022, will make certain political arguments punishable by up to seven years in jail. It creates an offence of "stirring up" hatred, criminalising utterances that are considered inflammatory or insulting even when they cause no actual harm and are not intended to incite a specific act. And it covers private conversations, even within the home.

As debate in the Scottish Parliament during its passage made clear, it is largely aimed at silencing women who argue that access to single-sex spaces and services should be according to biological sex, not self-declared gender identity. Speech considered abusive of a trans person—someone who does not identify with their natal sex—is criminalised; abusing someone because of their sex is not. A proposal to carve out protection for factual statements, such as that human beings cannot change their biological sex, failed.

"Stirring up" offences in England and Wales covering race, religion and sexuality are narrowly drawn and hardly ever used. The new Scottish offences, by contrast, seem likely to be prosecuted with vigour. In 2021 Marion Millar of For Women Scotland, a feminist group, faced prosecution under existing laws after being accused of sending transphobic tweets. One included the slogan #WomenWontWheesht (women won't shut up) and a picture of ribbons in the suffragette colours that supposedly looked like a noose. The case was eventually dropped, though only after much expense and stress. The new act will make such prosecutions easier.

> **The new offence of "stirring up" hatred covers private conversations, even within the home**

It is the latest authoritarian move by the Scottish National Party (SNP), which has dominated Scotland's Parliament for a decade. Critics say its focus on Scottish independence, which has given it a near-majority, allows it to avoid stating a coherent political philosophy or listening to critics. In 2012 it forced through a law criminalising sectarian chants at football matches, which was repealed in 2018 after human-rights challenges. In 2019 it was forced to drop a "named persons" scheme, which would have nominated a public-sector worker with responsibility for every child, after the Supreme Court ruled the plan breached privacy rights. Delays in implementing the latest act, which passed in March, may suggest cold feet. Unless amended, it is likely to face legal challenges, says Joanna Cherry, a QC who sits in Westminster for the SNP, and who (despite her party affiliation) represented Ms Millar.

Helen Joyce: Britain editor, The Economist ■

This article appeared in the Britain section of the print edition of The World Ahead 2022 under the headline "A new Scottish authoritarianism"

The World Ahead

The World Ahead 2022

Marvin Rees on how mayors can save the world

The mayor of Bristol says city leaders will be crucial in fighting climate change

Lauren Tamaki

Nov 8th 2021
BY MARVIN REES: MAYOR OF BRISTOL

THE LEADERSHIP of cities will come to the fore in 2022, as the inadequacy of global governance, with its overdependence on national governments, is laid bare. In the wake of the COP26 climate conference, the failure of national representatives will become apparent. They are unable to move beyond high-profile commitments to tackle the climate and ecological emergencies by offering clear, measurable plans with proper funding and a clear timeline for delivery.

The fight against climate change will be won or lost in cities, which are now home to over half of the world's population. Cities consume around 70% of all energy and generate three-quarters of global carbon emissions. These numbers will increase as cities grow, with estimates that 68% of people will live in urban areas by 2050.

At the same time, however, cities offer more sustainable lifestyles. Higher-density living can result in smaller carbon footprints. Decarbonising urban transport and energy systems will be important for reaching net-zero emissions. And it is in cities where most people will be affected by climate change, as heatwaves threaten residents in city centres, and rising sea levels and extreme rainstorms cause flash flooding. We know we need to prepare for more of these weather events in 2022.

> **Cities are the missing piece of the puzzle in national and global governance**

My city, Bristol, is a member of the UK Core Cities, a network of Britain's 11 largest urban areas. Collectively we account for 20m people and 26% of national economic output. Yet there has been no government effort to convene us to devise a coherent plan for decarbonisation. This is a recipe for underperformance at the very moment humanity has no room for error. And it is a mistake that is repeated time and again.

Cities are organising themselves. More than 300 international city networks have already emerged. Some are geographically organised, such as Core Cities, Eurocities and the US Conference of Mayors. Some are organised around common issues, such as the Mayors Migration Council or the C40 Cities Climate Leadership Group. Others, such as the Global Parliament of Mayors, are trying to strengthen cities' role within national and international governance structures.

In 2018 I spoke at the United Nations during the final negotiations of its Global Compact on Migration. As the first mayor to be invited to speak, I argued that cities should be given a stronger, more formal role in setting migration policy. Most migrants leave cities, transit through them, travel to them and return to them—including Bristol. As with climate, cities can provide leadership and expertise. The UN's compact had direct consequences for the lives of Bristol people, many of whom, like me, are first- or second-generation migrants.

When I was first elected in 2016, I did not anticipate how central international leadership would be to my mayoralty. But it is a natural extension of the argument for the devolution of more powers to individual cities. It is not enough to be able to shape what happens within the city. Serving Bristol means taking account of, and helping to shape, the external context and forces that affect life in the city.

None of this is a prediction of the demise of national governments. Rather it is an argument for the missing piece of the puzzle in national and international governance. National governments need to make space, and international organisations need to redirect much of their energy and finance through cities. My colleague on the World Economic Forum Global Future Councils Forum, the scholar and writer Greg Clark, says we are living in the century of the city. It is of critical importance, for all our sakes, that national and international governance catches up with that fact. Making city leaders equal partners in shaping national and international policy will maximise our chances of tackling the major challenges of our time.

Marvin Rees: mayor of Bristol ■

This article appeared in the Britain section of the print edition of The World Ahead 2022 under the headline "How mayors can help save the world"

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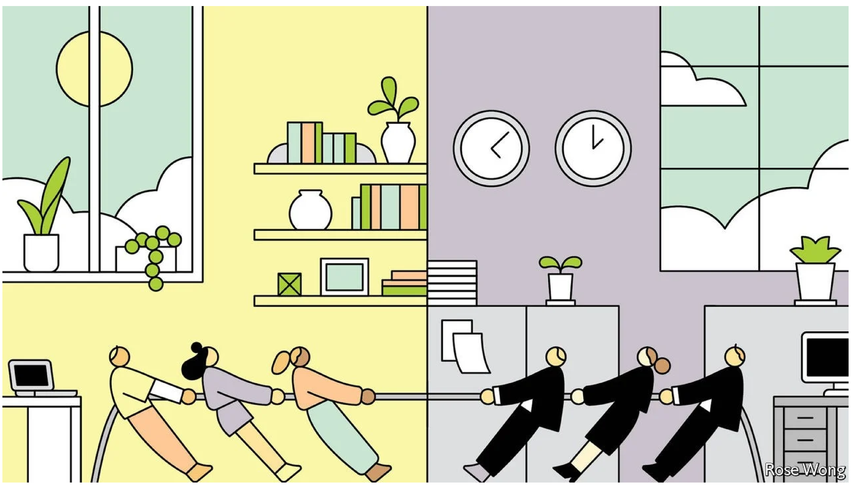
The World Ahead

The World Ahead 2022

The fight over the hybrid future of work

People like working from home. Bosses want them back in the office



Nov 8th 2021

BY CALLUM WILLIAMS: SENIOR ECONOMICS WRITER, THE ECONOMIST, SAN FRANCISCO

THE LOCKDOWNS of 2020 represented an unprecedented shock to office life. Overnight, companies the world over were forced into a giant experiment in working from home (WFH) that few firms would ever have dared try of their own volition. At the peak in the spring of 2020, some 60% of total working hours in America were conducted from people's living rooms, kitchens and, for the lucky few, home offices. The results of this experiment are in, and they suggest that many of these novel working practices will endure. And for the better.

For workers, the great WFH experiment has gone fairly well. Adjusting to the new regime was not easy for everyone—especially those living in small flats, or with children to home-school. Yet on average workers report higher levels of satisfaction and happiness. Respondents to surveys suggest that they would like to work from home nearly 50% of the time, up from 5% before the pandemic, with the remainder in the office. But people's actual behaviour suggests that their true preference is to spend even more time in their pyjamas. How else to explain why, even in places where the threat from covid-19 is low, offices are only a third full?

Few managers seem keen on so much remote working. According to a survey by three economists, José Maria Barrero, Nick Bloom and Steven Davis, firms expect that around a quarter of all work hours will be done from home in a post-covid world—about half what workers want. These harder-nosed preferences in part reflect a perception that too much time out of the office is bad for productivity and company culture. Certainly some evidence suggests that working from home full-time can make people less efficient.

Yet there is less disagreement on the benefits of a "hybrid" approach. Research suggests that a mixture of home and office work can actually be the best arrangement for productivity. It enables a more efficient division of labour between "deep work" (the sort requiring lots of concentration, which may be best done at home) and collaborative work (best done with colleagues, in person, in the office). Setting aside some afternoons for in-person drinks or awaydays also helps maintain company culture.

Firms have other incentives to offer hybrid work, beyond mere efficiency. Some recognise its importance in the fight to retain talent. Even the most prestigious investment banks, which until now have stressed the benefits of the office, are soon likely to have people jumping ship if they do not become more flexible.

There are already signs that the move to hybrid working is paying off. During the pandemic people's views of their firms' culture became more favourable, suggest data from Glassdoor, a website that lets workers rate employers. Surveys by Gallup, a pollster, find that employee "engagement" in America, a rough measure of how committed people are to their jobs, is near an all-time high. In part this reflects a sense of solidarity with colleagues and managers. But it also reflects a genuine improvement in working conditions.

Further changes are on the way in 2022. Many firms realise that they need to do more to encourage people to come into the office. That means investing in perks such as fitness centres and good food. And governments are waking up to the fact that employment law needs to evolve, to recognise and protect home-workers.

The WFH experiment has a sting in the tail, however. Not everyone can benefit from it. Even in rich countries a majority of the workforce must be physically present in order to do their jobs. Long before the pandemic a gap was emerging between well-paid, intellectually stimulated workers on the one hand, and poorly paid service workers on the other. The rise of working from home deepens the split between these two types of people—with consequences that no one can predict.

Callum Williams: Senior economics writer, The Economist, San Francisco ■

This article appeared in the Business section of the print edition of The World Ahead 2022 under the headline "Pyjamas v suits"

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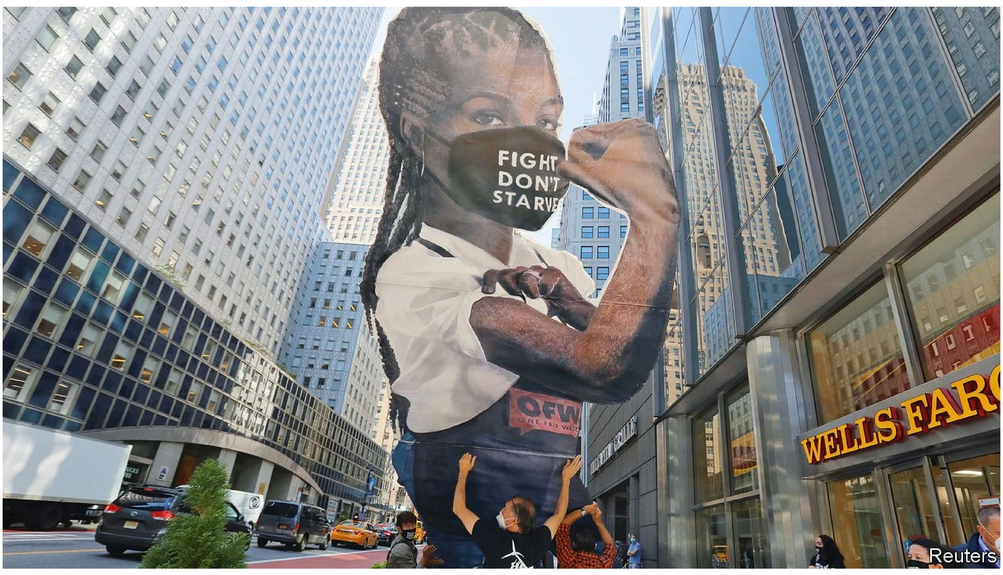
The World Ahead 2022

Why 2022 will be the year of the worker

Workers have more bargaining power than they have had for years



Reuters

Nov 8th 2021

BY CALLUM WILLIAMS: SENIOR ECONOMICS WRITER, THE ECONOMIST

WORKERS AROUND the world suffered hardship during the lockdowns of 2020 and 2021. In the first year of the pandemic global working hours declined by 9%. In some countries unemployment shot up so quickly that social-security computers broke. Workers on low salaries or with fewer qualifications bore the brunt. Some analysts worry that the pandemic will usher in a harsher era in which such workers struggle to find jobs, or see their work done by robots. But there is reason not to be so pessimistic.

Already labour markets across the rich world have outperformed expectations. In mid-2020 the OECD, a club of mostly rich countries, reckoned that, in the event of a second wave of covid-19 infections, unemployment in its member states would be around 9% at the end of 2021. In fact many countries saw three or even four waves of the virus. Yet unemployment figures were better, not worse, than expected (currently around 6%). Even countries not known for speedy recoveries, such as those in the euro zone, have bounced back quickly.

> **Workers have more bargaining power than they have had for years**

Three factors mean that the world of work will continue to outperform expectations in 2022. The first relates to working from home. Estimates suggest that people will spend around five times as much of their working time out of the office as before the pandemic, boosting both happiness and productivity.

The second factor relates to automation. Many economists assume that the pandemic will usher in the rise of the robots, with AI-enabled machines taking jobs. It is certainly true that past pandemics have encouraged automation, in part because robots do not get sick. But so far, according to *The Economist*'s analysis, there is little evidence of automation taking place. Jobs that are supposedly vulnerable to mechanisation are growing just as quickly as other sorts.

The upshot is that workers have more bargaining power than they have had for years. Already in America the number of monthly resignations is near all-time highs. Employers offering low wages or poor conditions are struggling to fill positions: unfilled vacancies, at 30m across the rich world, have never been so high. Too much worker power can be inflationary; employers need some bargaining power too. Yet for much of the past decade businesses have had the upper hand. The year of the worker need not be feared.

Callum Williams: Senior economics writer, The Economist ■

This article appeared in the Business section of the print edition of The World Ahead 2022 under the headline "Labour gains"

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The World Ahead

The World Ahead 2022

Companies' promises to hit net-zero will be put to the test

Much ado about nothing

Apple

Nov 8th 2021

BY VIJAY VAITHEESWARAN: GLOBAL ENERGY AND CLIMATE INNOVATION EDITOR, THE ECONOMIST, NEW YORK

PROMISING NOTHING is all the rage these days in the executive suite. Leading corporate bosses have been rushing to declare their commitment to "net zero" emissions targets. By this, they imply that their companies will dramatically slash net emissions of greenhouse gases (GHGS) to nothing—or even go negative, possibly by making use of technologies for sucking carbon dioxide out of the air and burying it. These promises are in line with commitments made by many governments under the Paris agreement to cut national emissions of GHGS by 2050 to limit global warming.

Given that many industries were in the past reluctant to embrace demanding climate targets (or, as the fossil-fuel industry did, lobbied against them), this at first seems remarkable. A recent analysis of the world's 2,000 biggest publicly traded firms found that over a fifth of them—with combined sales of nearly $14trn a year—have embraced net-zero targets. More than two-thirds of firms selling household and personal products, for example, had made such commitments. In America, about a quarter of the big industrial firms in the S&P 500 index have done so. Some technology giants, including Alphabet and Microsoft, even claim that they will remove from the atmosphere all carbon they have spewed out in their corporate history.

Although climate ambition is to be applauded, such grand claims need to be taken with a very large pinch of salt, for two reasons. The first is that the terms used by many firms to describe their climate ambitions, which range from "net zero" to "carbon neutral" to "zero emission" to "carbon negative", are slippery indeed. Innocent bystanders may think these commit a company to make massive reductions in its emissions of GHGS, but that is not necessarily the case. Most companies plan to make some cuts in emissions, which may prove painful and costly, and to achieve the rest of their carbon goal by buying cheaper "offsets" (such as credits for renewable-energy projects or for protecting forests that sequester carbon) that vary wildly in quality. This loophole lets firms make green promises without explaining exactly how they plan to clean up their act.

> **Companies will start getting serious about their net-zero goals**

The second reason for scepticism is that most of these commitments are being made for 2040, 2050 or beyond. Given that none of the bosses making these promises is likely to be in charge then, it is worryingly easy for bosses to set ambitious goals for which they will not be held accountable when the time comes. Many firms are also using the long time horizon as an excuse not to specify how their goals will be met, pointing instead to unspecified future innovations that will magically solve the problem. In television advertisements trumpeting its goal of net-zero by 2040, Amazon even acknowledges as much, admitting that "We don't really know exactly how we're going to get there."

The other reason for hope comes from the bottom up. The Science Based Targets initiative (SBTi), a voluntary project organised by several environmental and international organisations including the UN, is pushing companies to make serious net-zero commitments that are consistent with the Paris agreement's goals on containing global warming. The SBTi's boffins will accredit only those companies that adopt high standards of measurement and disclosure of climate data, and have serious carbon-mitigation plans (offsets of any kind do not count, for example). Firms embracing science-based targets have reduced their combined GHG emissions by a quarter since 2015, whereas global emissions from energy and industrial processes have risen by 3.4% over that same period. Greenwashers, in short, need not apply.

Vijay Vaitheeswaran: Global energy and climate innovation editor, The Economist, New York ■

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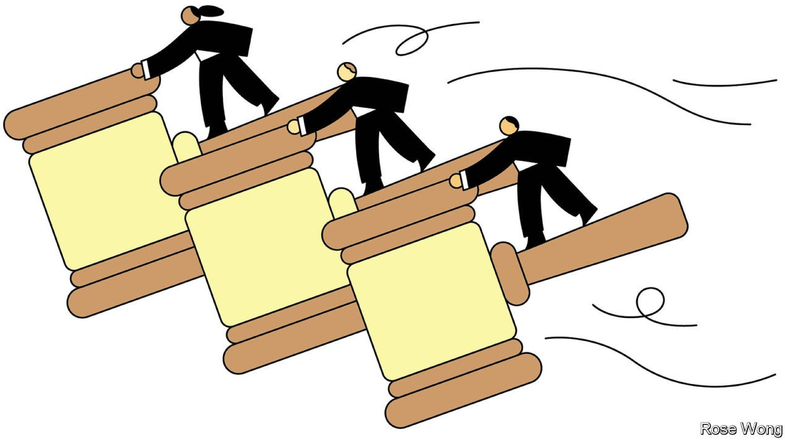
The World Ahead 2022

Antitrust regulators face vibrant competition—with each other

The race to be the best tech regulator is highly competitive. How appropriate



Nov 8th 2021

BY LUDWIG SIEGELE: US TECHNOLOGY EDITOR, THE ECONOMIST, SAN FRANCISCO

FEELING CONFUSED? It's not your fault. Regulators around the world have launched a bewildering number of antitrust lawsuits and investigations against the big tech firms: Amazon, Apple, Facebook (now known as Meta) and Google. Each focuses on a different part of the conglomerate, from Apple's App Store to Google's advertising data. Scarcely a day passes without an existing case making headlines or a new one popping up.

That is unlikely to change in 2022. But instead of trying to make sense of this ever-changing legal smorgasbord, it is more edifying to follow what lawmakers are up to. While lawsuits drag on (and often end with not much to show for all the effort), 2022 will be the year when the world's parliaments and regulators start to pass substantial rules to govern the tech industry. It will therefore be possible to guess which country (or region) might develop the world's best competition framework.

In early 2021 it seemed that the European Union would win, hands down. Its executive branch, the European Commission, had just introduced the Digital Markets Act (DMA), the first law aimed at regulating big tech "ex ante"—that is, constraining firms' behaviour upfront, rather than punishing them after the fact with antitrust cases. The idea is to prohibit the gatekeepers of important digital markets, such as apps and online search, from engaging in unfair practices, such as discriminating against rivals that use their platforms.

Yet lately experts have grown less enthusiastic about the DMA, which the European Parliament may vote on in 2022, says Tommaso Valletti, a former chief economist at the commission, now at Imperial College London. The main criticism is that the DMA applies the same rules to all tech titans despite the fact that their businesses, and their competition problems, differ.

> **The idea is to prohibit the gatekeepers of important digital markets from engaging in unfair practices**

China's crackdown makes America look even further behind: although a regulatory and cultural "techlash" has raged for years now, the results have been meagre. That may change in 2022. As with antitrust lawsuits, a confusing number of tech bills have been proposed in Congress: the House of Representatives has moved forward with half a dozen. Some Republicans, who claim that the big platforms want to censor them, may yet team up with Democrats to pass DMA-like legislation.

There are two other candidates to be the leading tech regulator. One, somewhat surprisingly, is Germany. Andreas Mundt, who heads the country's Federal Cartel Office (FCO), has turned his agency into a pioneer of tech regulation, in particular by going after Facebook's data-harvesting practices. A new competition law allows the FCO to prohibit firms deemed of "paramount significance for competition across markets" from engaging in anti-competitive practices. This approach has the flexibility to cope with tech giants in different markets and their efforts to evade restrictions (though it is unclear quite how this will align with the EU's DMA).

Yet it is Britain that appears to have the best setup so far, though it is not fully implemented. Its Competition and Markets Authority (CMA) now has a Digital Markets Unit (DMU). The government is working on new regulation, to be passed in 2022, that would empower the DMU, like Germany's FCO, to give tech firms "strategic market status" and require them to follow stricter rules.

The main difference is that the CMA, even more than the FCO, has invested in relevant resources. Its researchers have published some of the best studies of the market for digital advertising. The CMA also boasts a Data, Technology and Analytics team, which consistently recruits data scientists in order to close the wide knowledge gap between tech titans and their regulators.

Even so, says William Kovacic, an antitrust veteran who now teaches at George Washington University, the architects of all these regulatory setups would be the first to admit that they are still experiments which could go wrong. Britain's DMU could be politicised or captured by the industry, as has happened elsewhere. So the contest to be the best regulator in tech is as yet undecided, and highly competitive. It is good to see competition regulators practising what they preach.

Ludwig Siegele: US technology editor, The Economist, San Francisco ■

This article appeared in the Business section of the print edition of The World Ahead 2022 under the headline "Race of the regulators"

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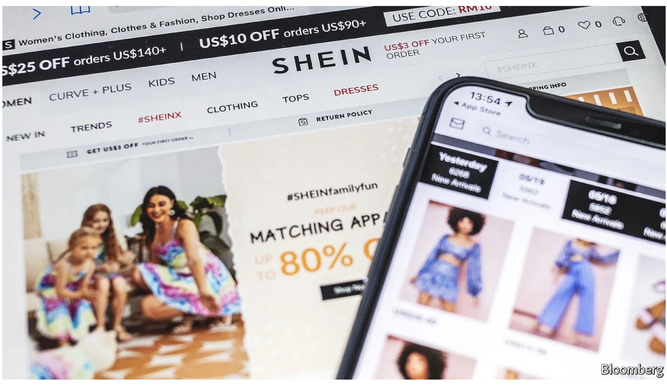
The World Ahead

The World Ahead 2022

Chinese firms are quietly pursuing a new global strategy

They are acquiring market share under the radar, through small deals



Bloomberg

Nov 8th 2021
BY DON WEINLAND: CHINA BUSINESS AND FINANCE EDITOR, THE ECONOMIST, HONG KONG

IF ALL GOES as planned, builders will break ground on a battery plant in the German state of Saarland in 2022. The 24-gigawatt-hours (GWh) per-year factory will not only be one of the largest of its kind in Europe—it will also be a beachhead for Chinese battery-makers. The company behind the plant, SVOLT, is rapidly gaining market share outside China. So, too, are other Chinese groups such as BYD and CATL. Becoming global leaders in the industry is part of a high-level government plan.

Just a few years ago it seemed that China Inc was about to make a big global splash. Starting in 2014 Chinese companies began buying assets across Europe and America, including well-known brands and iconic properties. In 2016 this activity reached its peak, with Chinese firms sealing around $200bn in mergers and acquisitions (M&A) abroad. The spree did not last. Chinese authorities grew weary of the vast amounts of dollars draining from China's capital account, often to purchase trophy assets such as football teams. Regulators in the countries receiving the investments also became sensitive to potential security threats. As relations between China and America came unstuck starting in 2018, so did the ability of Chinese companies to continue the binge. Cross-border M&A by Chinese companies in 2021 was the lowest for more than a decade.

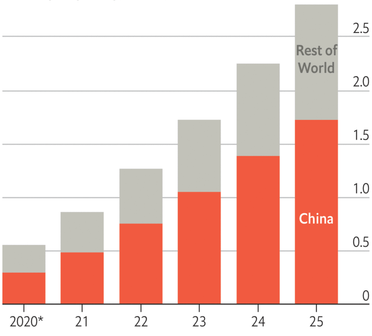
The absence of blockbuster deals inked by jet-setting Chinese executives has often been interpreted as a retreat by corporate China. This is far from the truth. In fact, Chinese groups have become more disciplined. They no longer buy Italian football teams or New York skyscrapers. Firms carry out smaller mergers and acquisitions that do not attract attention. Many have focused on greenfield expansion in foreign markets, as opposed to buy-outs. Foreign direct investment (FDI) from Chinese companies hit $133bn last year, making the country the world's biggest global investor.

Though some of that investment was accounted for by M&A transactions, much of it was the reinvestment of profits from operations abroad, a sign that China Inc is thriving and growing organically in host countries. Just as foreign factories cropped up in China in the 1980s and 1990s, now high-end Chinese manufacturing facilities are appearing in developed markets. SVOLT's battery factory in Germany is a prime example. Many of these companies are also shifting their business models, as part of an attempt to adapt to a world that is more hostile to Chinese investments.

> **Chinese firms carry out smaller mergers and acquisitions that do not attract attention**

Powered up

Forecast electric-vehicle lithium-ion battery capacity, GWh, '000



Source: HSBC *Actual
The Economist

The second trend in 2022 will be a shift in operating models. Chinese groups such as Huawei have been stung by regulators in America and other countries on national-security grounds. Regulators in China have also given their own companies trouble for similar reasons. Didi Global, a ride-hailing firm, was punished in July by China's cyberspace administrator because of concerns over data security, sending its newly listed New York shares plummeting.

Chinese companies that want to operate globally must navigate this perilous environment. Some are learning how to do it. Take ByteDance, the tech company that owns TikTok. It has successfully decentralised its global business. Its Chinese social-media platform, called Douyin, is controlled from Beijing. But TikTok is owned through a holding company in the Cayman Islands, and its executives work from offices in Singapore and Los Angeles. This gives regulators in Beijing fewer ways to meddle in its global business.

Shein, a Chinese online clothing retailer, has also adapted an operating structure fit for the times. The firm, which is the fastest-growing fashion group in the world, makes its clothes in China, but it does not sell them domestically. Instead, it sells to American and European consumers directly, through its mobile app. Not having any Chinese users will make it less of a target for domestic regulators. It may even make it easier for the firm to do a foreign initial public offering. Expect more Chinese internet groups to adopt creative operating models to help hedge against political risks at home.

Don Weinland: China business and finance editor, The Economist, Hong Kong ■

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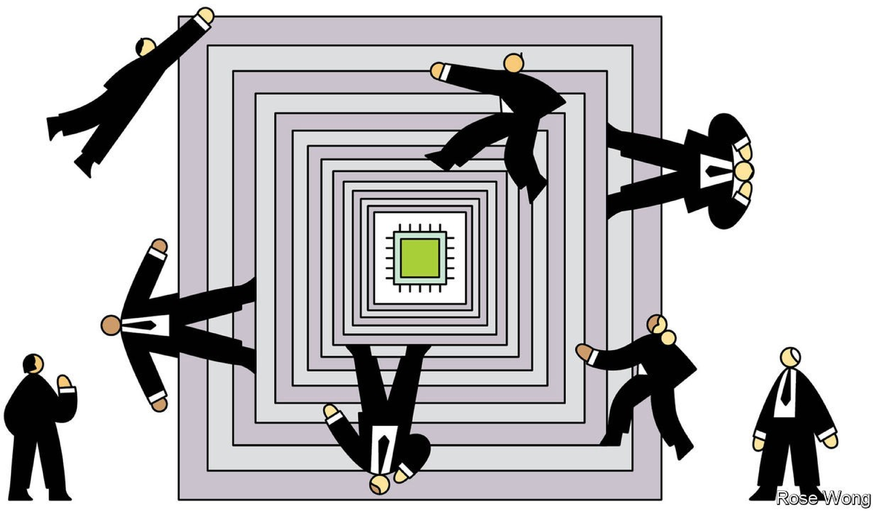
The World Ahead

The World Ahead 2022

Dramatic shifts in the semiconductor industry will continue

Geopolitics and open-source designs are reshaping chipmaking



Nov 8th 2021

BY HAL HODSON: TECHNOLOGY CORRESPONDENT, THE ECONOMIST

THE BUSINESS of chipmaking was fraught even before the pandemic struck. China and America were engaged in a geopolitical tussle over this strategically vital technology, with America doing everything it could to cut off Chinese companies' access to complex tools of chipmaking, most of which are made in America. The United States was also mulling subsidies for chip manufacturing on American soil, as well as the injection of tens of billions of dollars of public money into the industry to counter the hundreds of billions of dollars being injected by China into its own companies.

Then covid-19 further complicated matters—and the coming year will bring little respite. By the middle of 2021 the pandemic had triggered a chip-supply crunch, as much of the world took to working from home and bought lots of electronic goods to help them do so. Car manufacturers lost out, having cancelled their chip orders early on in the pandemic only to find themselves at the back of the queue when demand for cars rebounded. As a result, in 2022 chipmakers will still be working overtime to expand supply.

Meanwhile governments around the world will be doing everything they can to incentivise the construction of the facilities that will provide for this expansion on their soil. America will decide how to spend the $52bn it earmarked in the summer of 2021 to boost domestic chip production. If all goes to plan TSMC, a Taiwanese chipmaker, which leads the world in the production of high-end chips by some margin, will be halfway through building its own factory in America for the first time. Europe will either still be contemplating a stimulus of its own, or already spending it.

Yet the industry is shifting in ways which make it difficult for governments to allocate taxpayers' money efficiently. The cost of manufacturing cutting-edge chips continues to rise, pushing manufacturers to seek new ways of improving performance. Governments that spend buckets of taxpayer cash in an attempt to grab high-end production may end up overlooking the novel technologies that are starting to redefine the landscape.

> **Blueprints underlying chip designs are being published under open-source licences, for anyone to use**

A new business model for the design of chips will also take hold, in which the blueprints underlying chip designs are published under open-source licences, available for anyone to use. An open-source chip design known as RISC-V will continue eating the industry from the bottom up; the cheapest circuits are already being switched over to it. Companies that own and control proprietary chip designs—such as Intel, with its x86 architecture—will be racing to offer at least the impression of openness, in an effort to fend off the threat.

In a word, then, 2022 will be messy. The chipmaking industry was already reconfiguring itself as the costs of continually shrinking circuits became overwhelming. As governments attempt to use stimulus money to reshape the chip supply chain, they will be trying to grab a beast in the midst of transformation.

Hal Hodson: Technology correspondent, The Economist ■

This article appeared in the Business section of the print edition of The World Ahead 2022 under the headline "A messy year ahead"

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The World Ahead

The World Ahead 2022

Football is bouncing back from a difficult period

But the World Cup will not be the only source of angst in 2022

AFP

Nov 8th 2021

BY NEIL FREDRIK JENSEN: FOOTBALL ANALYST AND AUTHOR

UNDER NORMAL circumstances, the World Cup is the most important event in the football calendar. In 2022, however, the tournament will be overshadowed, to some extent, by football's recovery from its greatest peace-time crisis.

Football has always acted as the great distractor; a pastime that lets people cast aside routine for at least 90 minutes. The loss of it in 2020 hit hard, as games were cancelled completely and then allowed only in empty stadiums. The return of spectators is symbolic of a shift to something approaching normality. But there could still be plenty of discontent.

The decision by FIFA, the sport's governing body, to make Qatar the host for the World Cup in 2022 was controversial from the start, because of the country's total lack of footballing heritage or infrastructure, and because of protests against its poor treatment of migrant workers. Some national teams, such as Germany (pictured), Norway and the Netherlands, have donned T-shirts at recent games, protesting about the host nation's human-rights record. Such moves may not make much difference, and those nations are unlikely to boycott such a crucial footballing event. But they will continue to be an annoyance to the organisers.

> **Across the industry, match-day income dried up, transfers came to a standstill and broadcasters looked for rebates**

There could be grumbling, too, about geopolitics. The average fan on the terraces may not be following the politics of the Middle East, but concerns about Qatar's support for Islamist movements such as the Muslim Brotherhood prompted a boycott and a blockade of the country for several years by neighbouring states, led by Saudi Arabia. Though this is now resolved, such issues have contributed to a wariness about the competition and could affect the number of visitors willing to travel to watch the games.

But the World Cup will not be the only source of angst in the football world in 2022. There has been growing resentment towards some club-owners and their business plans. The issue came to a head in April 2021 with the announcement of a proposed European Super League (ESL). It was the creation of a cartel of 12 of the continent's biggest clubs, including Barcelona, Chelsea, Juventus and Real Madrid, and proposed an elite competition that would have generated lucrative revenues for its members. This was not the first time such a project had been mooted, and although the scheme was quickly abandoned after intense criticism from fans and the general public, it would be foolish to believe it has gone away completely.

The ESL came to the fore partly because of the pandemic. In the 2019-20 season, European clubs' revenues declined by €3.7bn ($4.3bn) and the top 20 clubs, many of them ESL advocates, suffered a 12% drop in takings. Across the football industry, match-day income dried up, transfers came to a standstill and broadcasters looked for rebates on money already paid. In 2022 the 2020-21 season's finances will be revealed and provide a more accurate picture of the pandemic's impact on the sport. As some preliminary figures have shown, it is unlikely to be pretty.

After a whole season without spectators in 2020-21, clubs will have to reassess their levels of debt, costs and funding. The example of La Liga, Spain's top-flight league, selling a stake to a private-equity company for €2.7bn, showed how football is starting to find alternative sources of investment and financing. That habit may spread in the coming year.

The financial crisis that has unfolded is not confined to small, cash-poor clubs. Barcelona, the epitome of a modern, elitist institution, ran into financial trouble, with huge debts and an unsustainable wage bill. As a result, the club was forced into releasing Lionel Messi, its talismanic captain, to Paris Saint-Germain. Similarly, Inter Milan, Italian champions in 2021, saw their coach and key players leave after their Chinese owner scaled back spending. In 2022 more clubs will have to overhaul the management of their finances.

Football, being the global obsession that it is, will recover as long as further lockdowns can be kept at bay. Sceptics will undoubtedly remind the world about the sport's problems with human rights, geopolitics and overpaid stars. But, come November, people around the globe will gather round their televisions and passionately cheer their teams on, while reminding each other what a beautiful game it is.

Neil Fredrik Jensen: Football analyst and author ■

This article appeared in the Business section of the print edition of The World Ahead 2022 under the headline "Bouncing back"

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The World Ahead

The World Ahead 2022

Tareq Amin on the open future of mobile telecoms

Networks based on OpenRAN can cut costs and address security worries

Nov 8th 2021

BY TAREQ AMIN: CHIEF EXECUTIVE, RAKUTEN SYMPHONY

A MOBILE-TELECOMS revolution is under way—one reminiscent of the way personal computers replaced mainframes in the 1980s, and cloud-based apps are replacing traditional software today. OpenRAN, a new way of building mobile networks, will transform the telecoms industry by cutting costs, improving security and boosting competition. This new technology will sweep across the world in 2022.

Historically, a few large vendors have dominated the business of supplying mobile-network equipment, providing costly proprietary systems in which they control both the hardware and the software. OpenRAN networks are completely different: they are software-driven, based on open standards and run in the cloud on commercial, off-the-shelf servers.

The 4G network built and launched in Japan by my company, Rakuten, is the world's first large-scale deployment of OpenRAN technology. We are now working to build a similar network with 1&1, a German telecoms firm. Other operators, including Dish in America, and Telefónica and Vodafone in Europe, are also adopting OpenRAN.

This approach has many advantages over the traditional, proprietary way of doing things. The first is lower costs: in our experience, a reduction of 30-40% in capital expenditure and operating costs for 4G networks, and as much as 50% for 5G networks. In Japan, known for its costly mobile-network charges, this has enabled us to cut the average monthly bill by 60%. More than 4m customers have signed up in the past year, despite the pandemic, which hampered the operation of many of our bricks-and-mortar stores.

> **OpenRAN provides a way to depoliticise the roll-out of 5G**

Second, OpenRAN networks are safer and more secure than proprietary technology. Their open architecture lets operators decide what they put in their networks. No single vendor controls the system. Our supply chain is transparent. We know exactly what is going into our network—and, for the record, we use no Chinese equipment. The open architecture makes it easy to respond to any problems by switching out software or hardware. Our network has no black boxes.

OpenRAN should be music to the ears of security hawks, and those worried about the security implications of trusting a single supplier, particularly in Western countries where network operators have been advised not to use equipment made by Huawei, the leading Chinese vendor, on security grounds. OpenRAN provides a way to depoliticise the roll-out of 5G.

All this will also boost competition. Little wonder, then, that OpenRAN faces opposition from entrenched incumbents. Some claim that our new technology consumes more energy than traditional systems, for example. In fact the opposite is true. Because it is software-based, an OpenRAN network can be flexibly scaled to meet demand, optimising energy consumption. When demand is high, it scales up to handle it, and when demand is low at night, it scales down. And as data centres become steadily more energy-efficient, so does the network. Sceptics also suggest that OpenRAN networks do not work in cities. But our network serves subscribers in some of the largest and densest cities in the world: Tokyo, Nagoya and Osaka. In early 2022 we aim to cover 96% of Japan's population with 4G. Independent research found that our network in Tokyo outperformed comparable networks in Berlin, London and Rome.

Open sesame

More affordable connectivity will cause an industrial shake-up in the coming years. Instead of proprietary systems built by a handful of incumbents, OpenRAN offers new suppliers, both large and small, the opportunity to get into the mobile-infrastructure market. Our network relies on equipment from a range of suppliers, including radio-access technology from Nokia, routers and switches from Cisco and other hardware from NEC. The software was provided by Altiostar (recently acquired by Rakuten) and Robin.io.

Rakuten has established a new division, called Symphony, to bring together these parts and share our expertise with network operators in other countries. By the end of 2022, we hope more telecoms firms around the world will be singing along to OpenRAN's tune.

Tareq Amin: chief executive, Rakuten Symphony ■

This article appeared in the Business section of the print edition of The World Ahead 2022 under the headline "The open future of mobile telecoms"

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The World Ahead

The World Ahead 2022

International travel will get easier, but restrictions will remain

Cross-border travel will probably not recover to pre-covid levels until 2024

Nov 8th 2021

BY SIMON WRIGHT: INDUSTRY EDITOR, THE ECONOMIST

THE START of the pandemic was characterised by empty supermarket shelves, as global supply chains creaked under the strain of panic buying and the disruption caused by covid-19. The system soon adjusted. But one shortage that has not been alleviated is that of international travellers. Planes are still often half-full at best and many of the world's airports remain sparsely populated. International arrivals fell by nearly 75% in 2020, according to the UN's World Travel Organisation, with 1bn fewer people taking trips abroad. The figures for 2021 are not expected to be much better. But the prospects for 2022 look less gloomy.

More people will rediscover the pleasures of jumping on a plane to go on a spontaneous city break, attend a long-planned family wedding or take the holiday of a lifetime. And while executives will continue to spend a lot of time sitting bolt upright in video calls, more will also recline in business-class seats. In the decades before the pandemic, international travel grew rapidly, with the number of visitors to foreign countries tripling between 1990 and 2019. Budget airlines, growing prosperity and more leisure time underpinned this growth. These forces will eventually reassert themselves.

Early in the pandemic, most forecasters reckoned that international travel would not recover to the levels of 2019 before 2023 at the earliest, and more likely in 2024. That still seems a reasonable bet. Restrictions on international jaunts are still tight and are lifting only slowly. Even now only three countries—Colombia, Costa Rica and Mexico—impose no restrictions on visitors, while 88 countries are still closed completely and many more have draconian policies in place. But as vaccination rates climb and infections fall, rules will be relaxed and routes will reopen. Much of the world's population was barred from entering the United States until its rules changed in November.

> **Cross-border travel will not recover to pre-covid levels until 2023 at the earliest, and more likely 2024**

The recovery will be uneven. Domestic travel in large countries has already bounced back—America is getting closer to pre-covid levels and China has surpassed them already. Regional travel is picking up. IATA, an airline-industry body, reckons Europe could be back to nearly four-fifths of pre-pandemic levels in 2022. But Asia's recovery has been slow and may continue to lag the rest of the world. Long-haul travel will remain at low levels until vaccinations are more widespread and the plethora of rules and regulations become easier to navigate.

Even if a more virulent mutation of the virus emerges, potentially putting everything into reverse again, one type of globetrotter will fly above the lingering dark clouds—the rich. Soaring demand for seats on private jets is likely to continue as the wealthy sidestep many of the barriers facing the masses. The first eight months of 2021 saw 2.9m flights by business jets, 70% more than in 2020 and a tad higher than in 2019, while commercial flights still languish around 40% below pre-pandemic levels, according to WingX, a private-aviation data firm.

If that is not exclusive enough, a new covid-free destination took off in 2021 and is expected to welcome many more visitors in the coming years. If you have several hundred thousand dollars to spare, you can book a ticket for a flight to outer space.

Simon Wright: Industry editor, The Economist ■

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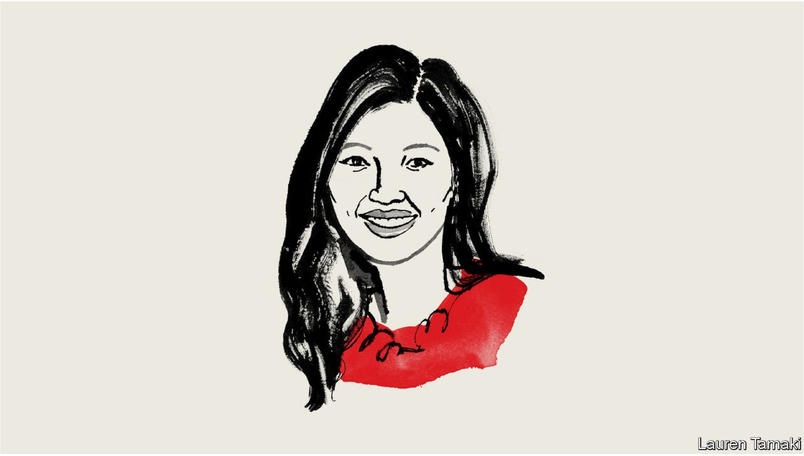
The World Ahead

The World Ahead 2022

Li Jin on the future of the creator economy

Shared ownership and control of online platforms is the way forward



Nov 8th 2021
BY LI JIN: CO-FOUNDER AT VARIANT FUND AND FOUNDER OF ATELIER VENTURES

IMAGINE A WORLD in which Facebook is owned and operated by its users, who vote to decide its policies on content moderation and data collection. Those users—whose photos, videos and other posts give Facebook its value—collectively co-own the platform, and the earliest adopters have seen the value of their stakes appreciate greatly as it has grown in scale. A core team works day-to-day on platform development, but product strategy and resource allocation are decided upon by all. This imagined future sounds radically different from today's digital world. But it is closer than you might think.

Over the past decade, big online platforms such as Facebook, Snap, TikTok and YouTube have reached multi-billion dollar valuations. They could not have done so without the content posted by their users. The "creator economy"—the platforms and tools that allow creative individuals to share content, build an audience and make money in various ways—is now worth over $100bn. There are an estimated 50m creators around the world, and it is the fourth most-sought-after career among British children aged 7-11. Creators' cultural impact is eclipsing that of traditional media. Ryan's World, a children's channel on YouTube that features videos of toys being "unboxed", has over 30m subscribers, and its most popular video has had more than 2bn views. Fewer than a million people, by contrast, watch CNN in prime time.

But cracks are emerging in the creator economy, rooted in the stark imbalance of power between proprietary platforms and the creators who use them. A handful of social-media behemoths act as gatekeepers for finding and connecting with audiences. Creators are reliant on mercurial algorithms to sustain their relevance. Despite directly contributing to the value of platforms by uploading content that engages users, creators resemble an underclass of workers, lacking the benefits and protections of employees or the share options that would let them benefit from platforms' success. I've called these dynamics "taxation without representation" or "21st-century serfdom".

> **The next step is for creators to build, operate and own the products and platforms they rely on**

Creators are in a weak position to push for change. Historically, advances in workers' rights were driven by collective bargaining through unions, which represented one-third of American workers in the mid-20th century. Today, creators are expressing their views via bottom-up organising, for example by highlighting unfair policies to their audiences, or going on "strike" by refraining from posting. But these efforts have had little impact, because ultimately there is nowhere else for creators to go.

To date, co-operative ownership has struggled because of challenges in scaling up decision-making and governance, and in attracting investment. But new technologies promise to remove these barriers. Decentralised networks, like those that underpin cryptocurrencies, allow ownership to be distributed via tokens, which are earned for contributions to the network and which often confer governance rights. It may sound futuristic and abstract, but it is already happening. Axie Infinity, a pet-battle game in which users earn tokens they can sell and convert into income, now has 1.7m daily users, who have traded over $2bn-worth of game assets to date. SuperRare, a digital-art marketplace, launched a "curation token" in August, decentralising itself and giving users a say in the platform's future.

Decentralise this

In 2022 new, decentralised networks serving the creator economy will reach a tipping-point. The democratisation of wealth-building assets through token distribution is an appealing prospect. For innovators, rewarding users with ownership can help attract the enormous user bases that will enable these new platforms to outcompete existing, centralised ones. Creator ownership eliminates the conflict between platforms and participants and ensures that growth benefits all stakeholders. In the coming months and years, creators will realise and harness their power, leading to the birth of a new set of platforms that confer ownership and control—and treat creators as first-class citizens.

Li Jin: co-founder at Variant Fund and founder of Atelier Ventures ■

This article appeared in the Business section of the print edition of The World Ahead 2022 under the headline "The future of the creator economy"

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The World Ahead

The World Ahead 2022

Decentralised finance is booming, but it has yet to find its purpose

DeFi is now the arena where the most exciting innovation is occurring

Nov 8th 2021
BY ALICE FULWOOD: WALL STREET CORRESPONDENT, THE ECONOMIST, NEW YORK

It is common, in the minds of economists, academics and most regular folk, to think of the real economy and the financial economy as separate but interlinked spheres. This is the essence of the "classical dichotomy" at the heart of the neoclassical school of economics, which considers money "a mere veil" obscuring real underlying activities. Those labouring in the real economy grow wheat, write articles and build houses. Financiers simply shuffle money around on top of that. Yet at its best financialisation makes possible real activity that could not otherwise occur. This is apparent for a loan made to a startup, or a bond that enables the building of a new factory. But it is also often true of more complex areas of finance, such as exchanges and derivatives. It is here that 2022 will see exciting innovations.

Over the past two years, many of the functions of the financial system have been recreated as applications and protocols on the Ethereum blockchain, an open blockchain that can store and verify lines of code. Activities are mostly carried out via "smart contracts", which self-execute according to predetermined conditions. Many things have been written into open-source code using smart contracts, including wallets and payment systems, deposit and lending applications, and even investment funds and systems to self-stabilise currency regimes.

Collectively, this array of functions is known as decentralised finance, or "DeFi"—and it is booming. From less than $10bn in early 2020, some $100bn-worth of tokens are now locked up in financial smart contracts for use on decentralised exchanges or deposited to earn yields. Demand for DeFi apps is driving up usage of the Ethereum blockchain. It settled $116bn-worth of transactions in early 2020, but that boomed to $2.5trn-worth in the second quarter of 2021, including payments and transactions to facilitate trading and lending. (Visa, a payments giant, settled about the same amount in the same period; Nasdaq, a stock exchange, traded six times as much.)

The system has many advantages over traditional finance. Payments are often cheap and are almost instant. By pre-determining the rules of transactions in ways that are impossible to mess with, DeFi can eliminate things like settlement risks. By locking up collateral for a loan in a smart contract, the risk of a counterparty defaulting can also be eliminated.

The barriers to entry are low by comparison with traditional finance, so DeFi has quickly become the arena where the most exciting innovation is occurring. For example, an entirely on-blockchain stablecoin (a token pegged to a government currency, like the dollar) called dai lets anyone create new dai tokens by depositing collateral in a smart contract. If the value of the collateral drops below the minimum threshold of 150% of the value of the outstanding dai, the smart contract automatically auctions the collateral to cancel the debt. Dai is remarkably stable against the dollar and solves many of the problems associated with previous stablecoins.

Second, DeFi may begin to merge with conventional finance. Assets typically handled by the financial system—houses, shares and bonds—might find their way onto a blockchain system. Previous attempts to do this using "enterprise blockchains" (run by a single institution) offered some efficiency gains, but missed out on many of the benefits of decentralisation, such as interoperability and transparency. By exploring ways to move assets such as shares onto an open-blockchain system, and to ensure that real-world outcomes can be enforced, DeFi could become more useful for all.

Third, the development of a real economy on top of a blockchain might flourish. Economic activities such as creating videos, images, music and text are wholly digital, which is why media can be distributed online, mostly by giant, centralised tech platforms. But decentralised, on-blockchain platforms to distribute these kinds of content are nascent and flourishing. If digital content can be purveyed on a blockchain system, DeFi will have found its real economy.

Alice Fulwood: Wall Street correspondent, The Economist, New York ■

This article appeared in the Finance section of the print edition of The World Ahead 2022 under the headline "High five, DeFi"

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The World Ahead

The World Ahead 2022

Central banks are getting closer to issuing their own digital money

They are gearing up to mint "central bank digital currencies"

Nov 8th 2021

BY ALICE FULWOOD: WALL STREET CORRESPONDENT, THE ECONOMIST, NEW YORK

COINS MINTED during the reign of Augustus Caesar, the first Roman emperor, bore his head on one side and a dolphin intertwined with an anchor on the other. The maritime emblem represents the emperor's favourite motto: "festina lente" or "make haste, slowly". The quickest way to do something, in short, is to do it right the first time.

The same approach appears to have been adopted by global central bankers as they gear up to mint digital money, or "central bank digital currencies" (CBDCs), for the first time. At present, the only money issued by a central bank and used by ordinary people is physical cash. Digital payments systems, which are flourishing, rely on private firms, such as banks, credit-card companies and tech firms. As cash falls out of use, central bankers worldwide have begun to ponder whether to replace it with a digital alternative.

Central bankers have rushed to investigate—86% of global central banks are researching CBDCs, up from two-thirds in 2018—but no big economy has yet taken the plunge. Only the Bahamas, a Caribbean nation, and a few of its southern neighbours (St Kitts and Nevis, Antigua and Barbuda, St Lucia and Grenada) have issued a "live" CBDC.

> **Jerome Powell has said it is more important "to get it right than be first"**

The big economy most likely to join them in 2022 is China. It first ran a pilot scheme for its CBDC in December 2019, but has ramped up quickly. According to a paper published in July by the People's Bank of China (PBOC), China's central bank, almost 21m digital wallets have already been created to hold digital yuan, and some 70m transactions have been carried out. The PBOC appears to want its digital money to be in widespread use before the Winter Olympics, which will be held in Beijing in February 2022.

A slow and steady approach is understandable: a digital central-bank token is a radical shift in a country's financial system that should not be undertaken lightly. It is very unlikely, for instance, that a digital dollar will be forthcoming in 2022. Jerome Powell, the chairman of the Federal Reserve, has said that it is more important for America "to get it right than be first".

Alice Fulwood: Wall Street correspondent, The Economist, New York ■

This article appeared in the Finance section of the print edition of The World Ahead 2022 under the headline "Minting, fast and slow"

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The World Ahead

The World Ahead 2022

The phenomenon of meme stocks could be here to stay

Small-scale traders' sheer force of will can keep stock prices pumped up

Alamy

Nov 8th 2021

BY MIKE BIRD: ASIA BUSINESS AND FINANCE EDITOR, THE ECONOMIST, HONG KONG

HYENAS, VULTURES, lions and wildebeest featured in January 2021 in an imaginative description by Thomas Friedman, an American commentator, of the feeding frenzy over a handful of American stocks. Referring to GameStop, a consumer-electronics retailer at the centre of the frenzy, Mr Friedman said the stock would eventually go back to four to five dollars. "It's the circle of life."

GameStop shares have not returned to the four or five dollars at which they traded in the summer of 2020. They currently trade at over $180 even as the company is still making a loss. But although Mr Friedman's metaphor may have lacked ecological rigour, it typified a popular, naturalist way of viewing financial markets. There are winners and losers, growth and decay—which come to an equilibrium over time. That view took a serious beating in 2021, and it is likely to continue to struggle in 2022.

Conventional analysis gives few explanations for such a sustained rise in a small handful of stocks such as GameStop—known as meme stocks, based on their sudden popularity on social media—whose ascent flies in the face of fundamentals or asset prices. Analysts have thus reasoned that what goes up must come down.

> **Predictably, conventional finance has tried to muscle in**

This dovetails with the difficulty regulators have had in dealing with meme stocks. Research by Victoria Chiu and Moin A. Yahya of the University of Alberta Faculty of Law notes that these events are neither an example of "pump and dump", in which the shares of a firm are boosted then sold quickly, nor a cybersmear scheme in which a short-seller publishes malicious rumours about a company. Instead, it is a "pump and hold"—an action that sits a long way outside existing frameworks of market behaviour.

Robinhood, the platform of choice for many small-scale traders, has struggled since its IPO in August, but similar apps that turn trading into a game are popping up across the world and will be difficult to stop. The phenomenon is likely to continue and even intensify in 2022.

Predictably, conventional finance has tried to muscle in. An exchange-traded fund designed by Roundhill Investments, an advisory firm, based on an index of meme stocks, awaits regulatory approval. In cryptocurrency markets, the arrival of mainstream finance cemented the sector as more than a fad. The same may soon be true of meme stocks.

In May South Korea lifted a short-selling ban imposed in the early days of the pandemic. Large short positions mounted against HMM, a container-transport company, and Doosan Heavy, an industrial firm, which were spurned in turn by the country's "ants", a term for small-scale investors. The ants will be strengthened in 2022 as fractional trading of Korean stocks begins. (Some trade at such high prices that individual trading is difficult.)

As long as stocks can be pumped up and held by the sheer force of will of small-scale traders, the old thinking may no longer be a safe bet. Ants are also part of the circle of life.

Mike Bird: Asia business and finance editor, The Economist, Hong Kong ■

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The World Ahead

The World Ahead 2022

What will happen to inflation in 2022?

It's back—but not for long. Worries about inflation will diminish

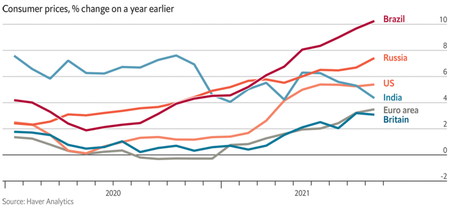
Nov 8th 2021

BY RYAN AVENT: TRADE AND INTERNATIONAL ECONOMICS EDITOR, THE ECONOMIST, WASHINGTON, DC

IN THE YEARS immediately before the pandemic, worrying about inflation seemed as passé as bell-bottomed trousers and leaded petrol. But as the global economy clawed its way back from the deep recession induced by covid-19, the old scourge reappeared. Inflation rose above 5% in America and 3% in Britain, and roared much higher in many emerging markets. Some economists warned of the imminent return of the chronically high inflation of the 1970s. Developments in 2022 will put such fears to rest—but not before making central bankers sweat a bit.

From the 1980s, inflation rates across much of the world began a slow downward march that persisted into 2020. The drop was in part a reflection of central bankers' success in learning to keep price pressures under control, but their work was made easier by a number of structural trends. Globalisation reduced production costs and crimped workers' bargaining power, suppressing wage growth. And as rich-world populations aged, they saved more, which meant consumption did not jump as much in response to income growth as it had in the past. In the aftermath of the global financial crisis, inflation persistently undershot central banks' inflation targets, encouraging some, such as America's Federal Reserve, to give themselves more freedom to push inflation up: a striking reversal for institutions with reflexively hawkish instincts.

On the rise
Consumer prices, % change on a year earlier



Source: Haver Analytics
The Economist

Then covid-19 struck. To shore up financial markets, central banks ploughed huge amounts of money into the financial system. Governments borrowed on a scale not seen since the second world war, to bolster the incomes of those unable to work. America's government budget deficit exceeded 12% of GDP in both 2020 and 2021.

This stimulus kept demand from tumbling, but supply was a different story. Covid-19 interrupted production of all sorts of goods and services. Droughts and heatwaves contributed to disappointing harvests for crops such as coffee and wheat. And problems in global shipping led to unprecedented freight backlogs. Inadequate fuel supplies caused prices of coal, gas and oil to rocket upward as winter approached, kindling memories of the energy shocks of the 1970s.

In such pressures, some economists—such as Larry Summers of Harvard University—see the first signs of a new era of troublingly high inflation. Firms' struggles to fill job openings could indicate that the era of weak labour power is drawing to a close. Central banks now place a higher priority on achieving low unemployment than they once did, and so might be too complacent about inflation risks. Inflation can also feed on itself. As people get used to larger and more frequent price increases, firms may find that putting up prices is less bad for business than it used to be. Inflation expectations, as economists say, could become "de-anchored". Surging energy costs could squeeze growth and productivity.

Most importantly, many of the structural factors that dragged inflation down in the years before the pandemic remain in place. Powerful trade unions are not staging a comeback, populations continue to age and, despite stresses on global supply chains, there are few signs of a broad reversal in globalisation. Neither have central bankers forgotten how to rein in inflation. Indeed, in 2022, interest rates will rise across much of the world. Inflation is back—but not for long.

Ryan Avent: Trade and international economics editor, The Economist, Washington, DC ■

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The World Ahead

The World Ahead 2022

Food prices will stay high, hurting poor countries most

In 2021 they hit their highest point for a decade

Nov 8th 2021

BY MATTHIEU FAVAS: FINANCE CORRESPONDENT, THE ECONOMIST

COVID-19 HAS had a counter-intuitive effect on food prices. In early 2020, when much of the world went into lockdown, the fear was that stockpiling and closed borders would cause prices to rise. Instead they barely budged. It was only months later, when the pandemic seemed to ease off in the rich world and economies reopened, that prices started to climb alarmingly fast. By May 2021 they had reached their highest point since 2011, after rising by 40% in 12 months, according to an index from the UN's Food and Agriculture Organisation.

In 2022 the same forces that created this surge will continue to cause trouble, which means there is little chance that prices will cool. A key factor explaining the boom is an outbreak of swine flu in China in 2018, which reduced its pig herd by half. That forced the country to import a lot of pork and alternative sources of protein (chiefly poultry and fish), along with the grain to feed them, throughout 2019 and 2020, reducing global stocks. The ensuing restocking seemed to be nearly over by the middle of 2021, but evidence that the disease has been spreading again is feeding fears of another cull. Those doubts will persist in 2022, helping to keep food markets volatile.

> **A key factor explaining the boom is the outbreak of swine flu in China in 2018**

Another factor has been the spate of logistical hiccups caused by the swift reopening of international trade at a time when covid-19 is still gumming up activity at important bottlenecks. A shortage of containers, as well as the continued grounding of many passenger planes, which often carry the most delicate foodstuffs in their bellies, mean that shipping fresh fruit and vegetables remains tricky. Staples like grain and sugar travel by bulk on huge ships, but capacity there is also limited. It does not help that oil prices have rebounded, fuelling inflation in everything from fertilisers and chemicals to the cost of transport across fields and oceans. In the coming year these forces may abate, but only gradually.

But perhaps the greatest source of uncertainty, as ever with agriculture, will be the weather. In early 2021 prices rose partly as a result of droughts in the grain-producing regions of North and South America. Planting and harvest conditions improved throughout the year but scientists now think there is a high probability of another La Niña—a weather event of the sort that disturbed climate patterns a year ago—over the winter. Meanwhile, disasters made more frequent by climate change, such as floods and wildfires (of which there were plenty in 2021), may hurt production in the world's breadbaskets more severely this time around.

> **Prices will probably remain below the peaks reached in 2007-08**

Still, barring a worst-case scenario, the world should have no reason to panic. Despite recent inflation, prices will probably remain below the peaks reached in 2007-08, when a global food scare sparked riots across the world. Most countries have eschewed the kind of protectionist measures—export bans and stockpiling—that inflamed the crisis back then. And much of the food people consume is processed, which means the higher cost of raw materials is often partly absorbed by those who transport, process and market it at every step.

But dearer agricultural commodities will still cause great harm in developing countries, because their populations eat much less processed food: more eggs and coarse grain, fewer chocolate bars and ready-meals. And processing margins there are often thinner. The harm will be exacerbated by other problems that hit poor countries the hardest, such as the depreciation of local currencies, covid-related restrictions and disruptions, and the loss of household income because of the pandemic and its fallout. A powerful remedy would be vaccination, so that economies outside the rich world can reopen for good and their incomes start to rise again. Unfortunately the prospects for rapid progress on that front are dim.

Matthieu Favas: Finance correspondent, The Economist ■

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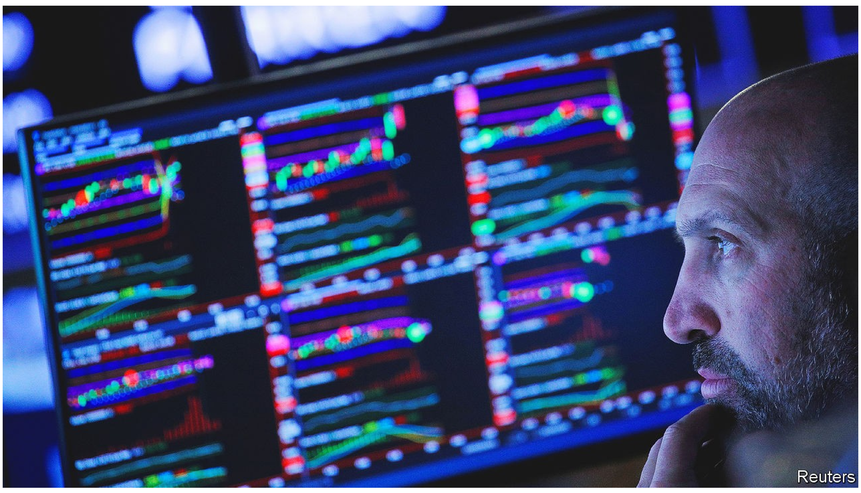
The World Ahead

The World Ahead 2022

An uptick in corporate defaults is unlikely

But if credit tightens, junk bonds will sour quickly


Reuters

Nov 8th 2021

BY JOSHUA ROBERTS: CITY AND FINANCE CORRESPONDENT, THE ECONOMIST

EUPHEMISMS ABOUND in the market for risky debt. Bonds issued by the companies most likely to default on them are no longer "junk", but instead "speculative grade" or "high yield". Borrowers would never dream of stiffing their lenders; some, however, engage in "distressed exchanges" that reduce the value of their debt without lenders' consent. One especially genteel measure of profitability that emerged during the coronavirus pandemic was "EBITDAC"—earnings before interest, tax, depreciation, amortisation and covid.

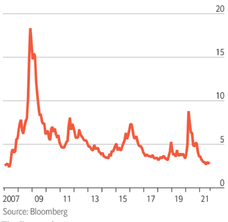
During 2021, such politeness seemed to be justified. The global default rate for speculative-grade debt started the year at just under 7%, around half the level it hit during the worst of the financial crisis of 2007-09. Despite waves of lockdowns triggered by successively more contagious strains of coronavirus, it spent the next three quarters in decline. According to forecasts by Moody's, a credit-rating agency, it will continue to drop in 2022, hitting 1.6% by the end of April before beginning a gradual rise. That is some way below the long-term average of 4.2%.

So far, the calm has been underpinned by huge fiscal and monetary support. Governments have arranged grants and loans for businesses in financial distress, and buoyed consumer spending with furlough schemes and stimulus cheques for individuals. As a result, companies in debt have mostly been able to find the cash to service it. Meanwhile, central banks have kept interest rates low and flooded markets with liquidity via vast expansions of quantitative easing. That has encouraged investors to lend to riskier borrowers from whom they can extract higher interest payments.

> **Even the riskiest borrowers are likely to enjoy low interest rates and easy access to credit for some time**

The net effect is that credit spreads for American junk bonds—the additional interest charged on them in comparison to government debt—are at their lowest since 2007. In Europe, much high-yield debt carries an interest rate below inflation, meaning that in real terms even speculative-grade issuers are being paid to borrow.

Back where it came from
US high-yield corporate bonds, spread over Treasuries, percentage points



Source: Bloomberg
The Economist

For as long as America's Federal Reserve keeps supporting the market, expect this state of affairs to persist. Although it is about to start reducing its bond purchases, it is unlikely to stop them altogether, or to begin raising rates, before the middle of 2022. That means that even the riskiest borrowers are set to enjoy easy access to credit for some time to come. And companies with the ability to tap new, cheap funding don't go into default.

Should credit conditions tighten, though—perhaps due to persistent high inflation—debt investors will be in for harder times. Of the $1.7trn-worth of American junk bonds, perhaps $250bn is owed by companies whose earnings over the past year barely covered their interest payments. A decade and more of ever-looser covenants has made it harder for lenders to seize the wheel when borrowers get into financial distress. Capital structures are also more rickety than they used to be, with less junior debt to absorb losses.

Many of those with the worst credit ratings are backed by private-equity funds, which have more of a reputation for financial bait-and-switch than they do for ensuring creditors are paid back in full. The coming year ought to be a benign one for corporate defaults, but if it turns, it will turn quickly.

Joshua Roberts: City and finance correspondent, The Economist ■

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The outlook for emerging-market debt in 2022

Emerging markets will suffer various degrees of "fiscal scarring"

Getty Images

Nov 8th 2021
BY SIMON COX: CHINA ECONOMICS EDITOR, THE ECONOMIST, HONG KONG

THE YEAR 2022 will mark the 40th anniversary of a famous default. On August 12th 1982, Mexico's finance minister confessed that his government could not repay the money American banks had heedlessly lent to it. The country "will run out of money in four days", he reportedly told them. After Mexico's default, 26 other developing countries (including 15 in Latin America) eventually had to reschedule their debts.

The crisis began less than a year after the term "emerging markets" had been invented by Antoine van Agtmael of the World Bank. (He was looking for a sunnier alternative to the term "third world".) Forty years later, emerging markets have again accumulated uncomfortably high levels of debt: their government obligations average about 63% of their combined GDP, according to the IMF. That is an increase of more than ten percentage points since 2018. Could the anniversary of one debt crisis be marked by another?

In a word, no. Before their bust in 1982, emerging markets mostly borrowed at short maturities and floating rates in foreign currencies. The biggest debtors today tend to sell longer-term bonds, mostly in their own currencies, and often to local buyers. According to the IMF and World Bank, 29 poor countries are at "high risk" of debt distress. An additional four governments have a weak credit rating of CCC+, according to S&P Global Ratings. (In the past, almost half of countries in the CCC or CC category have defaulted within a year.) But most of these borrowers are too small to cause much systemic concern.

> **Instead of a debt crisis, emerging markets may suffer various degrees of "fiscal scarring"**

The one possible exception is Argentina. Having already rescheduled its bonds in 2020, it will have no difficulty meeting its obligations to private creditors in 2022. But the money it owes to the IMF is another matter. It will need a new long-term loan from the fund to help it repay its large existing debts to the institution, including $18bn due in 2022. In return, the fund is likely to insist that Argentina raise tariffs on electricity, curtail borrowing from the central bank and maintain a realistic exchange rate.

Instead of a debt crisis, emerging markets may suffer various degrees of "fiscal scarring", as Alberto Ramos of Goldman Sachs has put it. Like the stiff tissue that closes over a wound, high government debt and deficits can restrict a government's flexibility and range of movement, hampering its response to further slowdowns. Brazil's fiscal deficit, for example, has added to inflationary pressure in the country, obliging its central bank to raise interest rates sharply, even as unemployment remains high.

The emerging-market debt that seized the attention of world investors in 2021 was owed not by a government, but by China's overstretched property developer, Evergrande. Its liabilities of over $300bn exceed the public debts of all but nine emerging economies. How China handles its property slowdown is likely to remain the largest question hanging over the biggest emerging economy in 2022.

Of the ten original emerging markets identified by Mr van Agtmael in 1981, three (Chile, Greece and South Korea) have since become high-income economies by the World Bank's definition. China (which was not one of the original ten) hopes to join them in the upper tier before long. The bank's high-income threshold is updated each year, based on a weighted average of inflation rates and exchange rates across America, Britain, China, the euro area and Japan. The threshold worked out at a national income per person of $12,695 in 2020.

If China (which had an income of $10,610 per person in 2020) handles its property slowdown well, it has a fighting chance of passing the high-income threshold in 2023. That would make 2022 another pivotal year in the history of emerging markets: the Middle Kingdom's last year as a middle-income country.

Simon Cox: China economics editor, The Economist, Hong Kong ■

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Chris Dixon and Packy McCormick on the future of crypto

There's more to crypto than currency and financial applications

Nov 8th 2021

BY CHRIS DIXON: GENERAL PARTNER, A16Z, AND PACKY MCCORMICK: FOUNDER, NOT BORING CAPITAL

BECAUSE OF THE success of bitcoin, the pioneering cryptocurrency launched in 2008, many people associate blockchains primarily with money and finance. But the applications of blockchains are much broader. Modern blockchains are fully programmable, like a PC or a smartphone. What makes them unique, however, is that they let programmers write code that can make strong commitments about how that code will behave in the future. Bitcoin's code guarantees that there can only ever be 21m bitcoins, that network participants cannot spend the same coin twice, plus a host of other commitments that established trust in the currency.

The year ahead will show that blockchains can support a lot more applications beyond money and finance. In 2022 decentralised services will chip away at big tech companies' stranglehold on the internet. A cluster of new "web3" technologies, such as tokens, will dramatically improve the digital economics of creators, technologists and small businesses.

Ethereum, released in 2015, was the first blockchain to fully generalise the ideas that began with Bitcoin. Ethereum can run programs (known as smart contracts) that enable developers to build almost any application. Services built on Ethereum can offer advanced functionality that rivals the services offered by centralised tech firms, while removing rent-seeking and central points of control. Ethereum also enabled the creation of tokens—software-based units of value that grant users ownership rights and even revenue streams.

Blockchains also made possible the automation of traditional financial functions such as lending or trading. The first Ethereum apps to gain widespread adoption were decentralised finance (DeFi) apps like Compound, Maker and Uniswap. In DeFi, financial functions are handled by fully automated protocols that are owned and operated by decentralised communities instead of centralised companies.

DeFi attracted the money and attention needed to bootstrap the growth of web3, but web3 is about more than money and crypto. During 2021 we've seen entrepreneurs expand the ideas that started with bitcoin and DeFi to games, media, marketplaces and even social networking. At the core of this expansion was a new concept, non-fungible tokens (NFTs). These are blockchain-based records that uniquely represent items of digital media, including art, videos, music, games, text and code. NFTs contain documentation of their history and origin and can have code attached to do almost anything (a popular feature is code that ensures that the original creator receives royalties from secondary sales).

> **Blockchains can support a lot more applications beyond money and finance**

Early headlines about NFTs focused on speculation and money. Mike Winkelmann, a digital artist known as Beeple, raised eyebrows and rolled eyeballs when he sold an NFT at Christie's for $69m. In the six months from April to November 2021, $7.2bn-worth of NFTs changed hands on OpenSea, the largest NFT platform. But the real story is that NFTs are a key building-block for a new wave of web3 services that radically alter the economics of the internet, redistributing value and control from tech giants back to users, developers and small firms.

Web3 applications are wresting market share from centralised incumbents. Braintrust, a web3 talent marketplace that incentivises participants with tokens, works with employers including Deloitte, NASA, Nike and Porsche. And it is gaining ground on public competitors such as Upwork.

Music is also ripe for disruption. Streaming services have created the opportunity for artists to reach millions of fans through an awkward marriage with record labels. Web3 platforms such as Audius, Sound.xyz and Royal will create the opportunity for artists to make millions of dollars by creating new revenue streams that aren't mediated by record companies. Web3-based competitors to large social networks like Facebook and Twitter will also emerge. Unlike the incumbents, they will share revenue with the creators that fuel their growth.

Let the new internet flourish

In 2022, it will become clear to more people what many in the web3 world already know: the best way to rein in big tech companies is through competition, not regulation. Already, there are policymakers in Washington who appreciate that web3 is about much more than cryptocurrency or speculation. In the coming year more leaders, in America and in other democracies, will realise the need for sensible regulation that encourages responsible innovation while also allowing entrepreneurs to build the next generation of the internet.

Chris Dixon: general partner, a16z, and Packy McCormick: founder, Not Boring Capital ■

This article appeared in the Finance section of the print edition of The World Ahead 2022 under the headline "There's more to crypto than currency"

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The World Ahead

The World Ahead 2022

What to expect in year three of the pandemic

New antibody and antiviral treatments, and better vaccines, are on the way

Nov 8th 2021

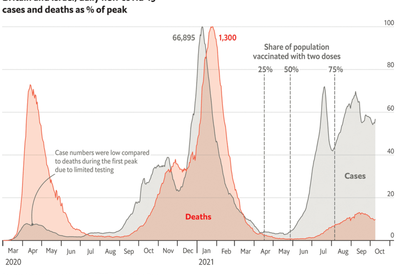
BY NATASHA LODER: HEALTH-POLICY EDITOR, THE ECONOMIST

In the well-vaccinated wealthier countries of the world, year three of the pandemic will be better than year two, and covid-19 will have much less impact on health and everyday activities. Vaccines have weakened the link between cases and deaths in countries such as Britain and Israel (see chart). But in countries that are poorer, less well vaccinated or both, the deleterious effects of the virus will linger. A disparity of outcomes between rich and poor countries will emerge. The Gates Foundation, one of the world's largest charities, predicts that average incomes will return to their pre-pandemic levels in 90% of advanced economies, compared with only a third of low- and middle-income economies.

Although the supply of vaccines surged in the last quarter of 2021, many countries will remain under-vaccinated for much of 2022, as a result of distribution difficulties and vaccine hesitancy. This will lead to higher rates of death and illness and weaker economic recoveries. The "last mile" problem of vaccine delivery will become painfully apparent as health workers carry vaccines into the planet's poorest and most remote places. But complaints about unequal distribution will start to abate during 2022 as access to patients' arms becomes a larger limiting factor than access to jabs. Indeed, if manufacturers do not scale back vaccine production there will be a glut by the second half of the year, predicts Airfinity, a provider of life-sciences data.

Booster jabs will be more widely used in 2022 as countries develop an understanding of when they are needed. New variants will also drive uptake, says Stanley Plotkin of the University of Pennsylvania, inventor of the rubella vaccine. Dr Plotkin says current vaccines and tweaked versions will be used as boosters, enhancing protection against variants.

Britain and Israel, daily new covid-19 cases and deaths as % of peak



Sources: Johns Hopkins University CSSE; Our World in Data
The Economist

The vaccination of children will also expand, in some countries to those as young as six months. Where vaccine hesitancy makes it hard for governments to reach their targets they will be inclined to make life difficult for the unvaccinated—by requiring vaccine passports to attend certain venues, and making vaccination compulsory for groups such as health-care workers.

Immunity and treatments may be widespread enough by mid-2022 to drive down case numbers and reduce the risk of new variants. At this point, the virus will become endemic in many countries. But although existing vaccines may be able to suppress the virus, new ones are needed to cut transmission.

Other innovations in covid-19 vaccines will include freeze-dried formulations of mRNA jabs, and vaccines that are given via skin patches or inhalation. Freeze-dried mRNA vaccines are easy to transport. As the supply of vaccines grows in 2022, those based on mRNA will be increasingly preferred, because they offer higher levels of protection. That will crimp the global market for less effective vaccines, such as the Chinese ones.

In rich countries there will also be greater focus on antibody treatments for people infected with covid-19. America, Britain and other countries will rely more on cocktails such as those from Regeneron or AstraZeneca.

Most promising of all are new antiviral drugs. Pfizer is already manufacturing "significant quantities" of its protease inhibitor. In America, the government has agreed to buy 1.2bn courses of an antiviral drug being developed by Merck, known as molnupiravir. This has shown its efficacy in trials, and the company has licensed it for widespread, affordable production.

There are many other antivirals in the pipeline. Antiviral drugs that can be taken in pill form, after diagnosis, are likely to become blockbusters in 2022, helping make covid-19 an ever more treatable disease. That will lead, in turn, to new concerns about unequal access and of misuse fostering resistant strains.

The greatest risk to this more optimistic outlook is the emergence of a new variant capable of evading the protection provided by existing vaccines. The coronavirus remains a formidable foe.

Natasha Loder: Health-policy editor, The Economist ■

This article appeared in the Science and Technology section of the print edition of The World Ahead 2022 under the headline "From pandemic to endemic"

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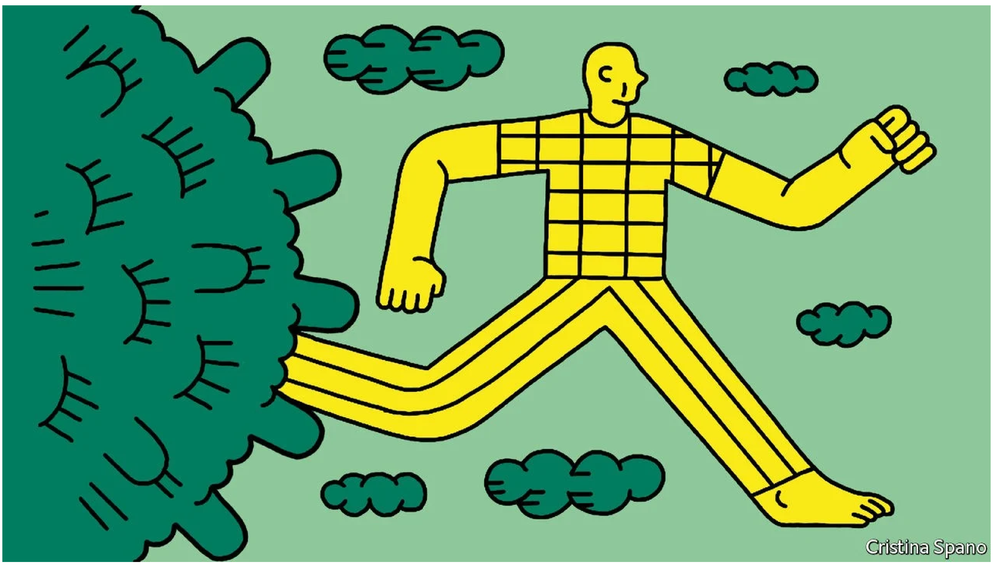
The World Ahead

The World Ahead 2022

Tests and treatments for "long covid" are on the horizon

They will help sufferers of other disorders, too



Nov 8th 2021

BY SLAVEA CHANKOVA: HEALTH-CARE CORRESPONDENT, THE ECONOMIST

By the end of 2022 vaccines, better treatments and a layer of natural immunity from prior infection will collectively consign covid-19 to the ranks of ordinary seasonal infections that people rarely worry about. But millions of people who were infected during the pandemic will still be unwell. They will be persistently troubled by some combination of the nearly 200 symptoms that manifest as "long covid".

For many of these sufferers light will begin to appear on the horizon as early as the first half of 2022, as some of the long-covid research projects set up in 2021 start reporting results. America's National Institutes of Health has spent more than $1bn on investigating causes and treatments. Britain is running more than 15 studies with thousands of long-covid patients.

Discoveries are expected in three main areas. The first is mapping the biological pathways for the most debilitating long-covid symptoms, such as breathlessness and brain fog. Some studies are looking, for example, at changes in brain volume and structure. Knowing whether a long-covid symptom is caused by a specific sort of damage to blood vessels, the nervous system or other tissues will help refine the search for treatments. For many sufferers, knowing what is causing their symptoms will provide some degree of relief—by proving that it is not all in their heads.

> **Large trials are under way of several existing drugs and rehabilitation methods**

The second main area of research is focused on diagnostic tests and scans that measure the effects of long covid on some of the main organs of the body. These may include blood tests for specific markers of damage, MRI scans and some newer methods. One British study is giving patients xenon, a non-toxic gas that can be seen on scans as it travels through the body, and may therefore show whether breathlessness is caused by damage to the lungs or the blood vessels. Another study is looking at the presence in the blood of cytokines, molecules that are potential markers for a hyperactive immune response (a suspected cause of long covid). Some of these tests and scans will then be used to track how long-covid symptoms respond to various treatments.

Some of the discoveries that emerge from all this will also contribute to the understanding and treatment of other ailments with similar and overlapping symptoms, such as Lyme disease, chronic-fatigue syndrome and complications from flu. For millions of people whose lives have been upended by a viral infection that will not go away, 2022 will be a year of hope.

Slavea Chankova: Health-care correspondent, The Economist ■

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Ugur Sahin and Ozlem Tureci on the future of mRNA therapies

The founders of BioNTech are looking beyond covid-19

Nov 8th 2021

BY UGUR SAHIN AND OZLEM TURECI: FOUNDERS OF BIONTECH

THE RAPID development of multiple covid-19 vaccines is an unprecedented achievement in drug development that has offered a way out of the pandemic. But there is more good news to come. The role of vaccines based on messenger RNA (mRNA) technology in this success heralds a new era in the development of therapies for other diseases.

The mRNA breakthrough was made possible by scientific co-operation over three decades that helped transform a promising concept into a highly potent and versatile biopharmaceutical platform. We believe that in 15 years, one-third of all newly approved drugs will be based on mRNA.

Rather than relying on complex and time-consuming fermentation processes to produce drugs, mRNA therapies instead turn the recipient's own cells into drug factories. Each mRNA molecule is a recipe that instructs the cells to manufacture a specific desired protein. Our covid-19 vaccine prompts cells to manufacture the "spike" protein found in the coronavirus's outer coating, thus priming the immune system so that it can subsequently recognise and fend off the virus.

This technology is a turning-point in the pharmaceutical industry, comparable to the inauguration of recombinant DNA technology (allowing the production of human-protein drugs such as insulin), or monoclonal antibodies in laboratory fermenters, more than 40 years ago. The roll-out of this concept into readily available drugs promises to disrupt and transform the industry—and global health.

> **We believe that in 15 years, one-third of all newly approved drugs will be based on mRNA**

It also paves the way for mRNA vaccines to be deployed against other infectious diseases. Many existing vaccines for such diseases might be reformulated using mRNA, making them more efficient. We believe that the versatility of mRNA technology offers opportunities to go further, and to combat currently undefeated diseases.

At BioNTech, we are now going beyond covid-19 and investing in mRNA-vaccine programmes to deal with diseases such as malaria, tuberculosis and HIV, which are still responsible for many deaths in lower-income countries. The prospect of being able to bring mRNA technology to bear is creating a spirit of optimism in the fight against these human scourges.

The pandemic has forced people to work better together. Recently initiated projects have seen a high degree of co-operation between institutions such as the World Health Organisation, international regulatory authorities and funding organisations, supported by experts who have been researching the pathogens of interest for more than 30 years. The first mRNA-vaccine candidates for these diseases are expected to enter clinical trials in 2022 and 2023.

We also face increasingly challenging health problems on a global scale, such as age-related diseases in developed countries and the growing need for affordable primary health-care in low-income countries. These can be conquered only by sustainable innovation that is versatile and cost-efficient, and can enable the individualisation of treatment and targeting of rare diseases. We believe these needs could be perfectly addressed by mRNA.

The rich toolbox of mRNA technologies includes an increasingly diversified portfolio of mRNA formats, some with the ability to multiply in cells, and a plethora of ways to deliver mRNA to different organs and cells in the body. In the future, mRNA drugs could be used for individualised cancer therapies, regenerative medicine, and for a wide variety of diseases such as allergies, autoimmune conditions and inflammatory diseases.

What mRNA did next

The stage is set for the emergence of a new health-tech industry that will redefine the biotech-pharmaceutical landscape. A key enabler of success will be that health-tech leaders and pioneers welcome and support new disruptors to the market. Only by further encouraging investment in innovation and fostering a culture of co-operation and cross-fertilisation will this new industry become a changemaker for public health. This new generation of tech-pharma players may reshape the world's health in 2022—and beyond.

Ugur Sahin and Ozlem Tureci: founders of BioNTech ■

This article appeared in the Science and Technology section of the print edition of The World Ahead 2022 under the headline "The post-covid future of mRNA therapies"

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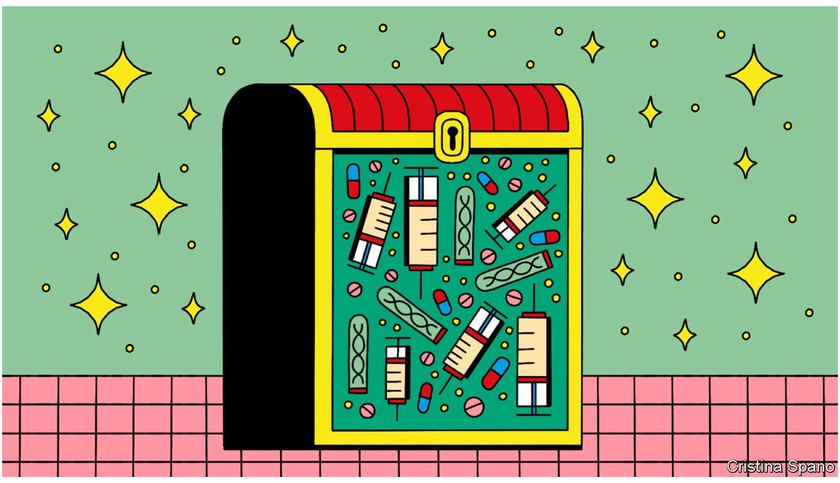
The World Ahead

The World Ahead 2022

New therapies for a range of conditions are coming in 2022

Haemophilia, brain disorders and malaria are being targeted


Cristina Spano

Nov 8th 2021

BY NATASHA LODER: HEALTH-POLICY EDITOR, THE ECONOMIST

PUBLIC INTEREST in medical research has lately been dominated by treatments and vaccines for covid-19. But research in other areas has continued, and is about to bear fruit. In 2022 giant strides will be made in treating haemophilia, and there will be a resurgence of interest in drugs for neurological disorders—and progress on malaria.

Haemophilia, a disorder in which blood fails to clot in the usual way, has been with humanity throughout history, and now affects more than 1.1m men around the world. The earliest mention of it is in the Talmud, which exempts a woman's third son from circumcision if his two elder brothers have died of bleeding after the procedure. These days haemophilia can be treated by replacing the missing blood-clotting factors through therapies delivered by injection. These have alleviated some of the worst outcomes of a genetic disorder that can disable as well as kill. But for decades researchers have hoped to correct these inborn errors by providing the correct gene via gene therapy. At least one such treatment is likely to reach the market in 2022.

The correct genes for clotting factors are introduced into the body by a harmless virus, a similar trick to that employed by some covid-19 vaccines. Instead of carrying the genetic recipe for a spike protein, however, the virus carries the instructions for making the missing proteins. And unlike a covid-19 vaccine, the virus is engineered so that the genetic material it carries takes up permanent residence inside the cells it infects, granting them, in theory, life-long ability to manufacture the clotting factors.

> **In 2022 giant strides will be made in treating haemophilia**

The two firms closest to having the first licensed product have targeted different variants of the disease. Biomarin, an American firm, has developed a treatment for haemophilia A called Roctavian; uniQure, based in the Netherlands, has devised a treatment for haemophilia B called EtranaDez. Either or both may gain approval from drug regulators in America or Europe in 2022. And coming up behind them is a joint effort by Pfizer, a drugs giant, and Spark Therapeutics, a biotech firm, to treat haemophilia B.

A gene-therapy drug for beta-thalassemia, another blood disorder, was pulled from the German market by its maker, Bluebird Bio, when it was unable to reach an agreement with the government on pricing. This suggests that scientists' technical ability to develop treatments is starting to push up against the boundaries of what society is willing to fund.

New therapeutics for diseases of the brain are also worth watching in 2022. The granting—by American regulators—of approval for Aduhelm, an Alzheimer's drug made by Biogen, a biotech firm, in 2021 has reinvigorated interest in therapies for dementia and other neurological disorders—even though some question the efficacy of the new treatment. Eli Lilly, a drugs giant, hopes to follow in 2022 with its own Alzheimer's drug, donanemab, which also targets the amyloid proteins in the brain.

Alector, a biotech firm, is betting that neurodegeneration can be tackled by harnessing the body's immune system. In 2022 it will be dosing patients with a drug to treat frontotemporal dementia, a rapidly progressing and severe form of the condition that affects about 170,000 people in America and Europe. In addition, interest is growing in using psychedelic drugs to treat brain disorders.

A new malaria vaccine will be rolled out in sub-Saharan Africa towards the end of 2022. It is a historic step forward, even though it is only 30% effective and requires four doses. Better vaccines will follow. Meanwhile, Pfizer and BioNTech will start producing their mRNA-based covid-19 jab in Africa by the end of the year. That will give efforts to make new vaccines in Africa, for Africa, a welcome shot in the arm.

Natasha Loder: Health-policy editor, The Economist ■

This article appeared in the Science and Technology section of the print edition of The World Ahead 2022 under the headline "Blood and treasure"

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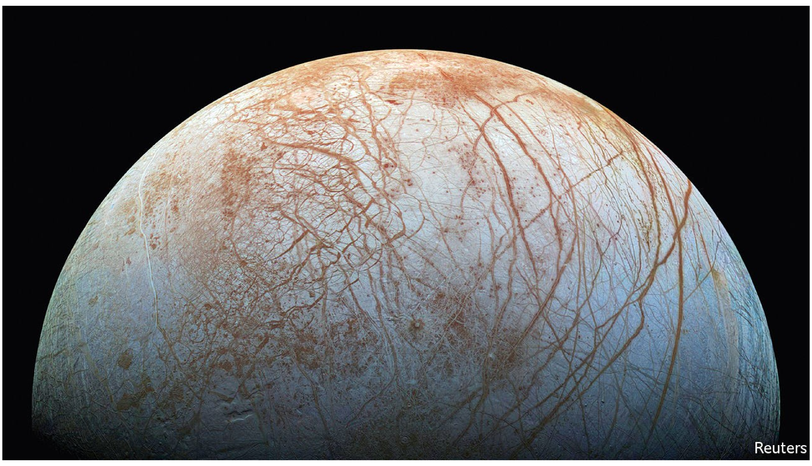
The World Ahead

The World Ahead 2022

Several ambitious space missions will blast off in 2022

The stakes are high for national space agencies and private firms


Reuters

Nov 8th 2021

BY BENJAMIN SUTHERLAND: FREELANCE CORRESPONDENT, THE ECONOMIST

FOR A TASTE of forthcoming space missions, consider a European Space Agency (ESA) probe due to blast off, in mid-2022, for Jupiter's icy moons. The spacecraft, called JUICE, will use gravity assists from a series of planetary fly-bys to accelerate, reaching Jupiter in under eight years. Once it arrives, manoeuvring among Jovian moons 45 light-minutes from Earth will be complex—project manager Giuseppe Sarri describes the realm as "a mini solar system" with "not much margin for error". The probe will not be able to establish whether one of those moons, Europa, harbours life, but scientists hope to find clues in the vapours it ejects. And if a manoeuvre near Ganymede succeeds in 2032, the spacecraft will become the first to orbit another planet's moon.

Earth's Moon, for its part, will also see lots of action. Countries planning to launch lunar craft in 2022 include India, Japan, Russia and South Korea. NASA, America's space agency, is sponsoring an astonishing 18 missions in 2022, as it paves the way for a return to the Moon by astronauts as part of a lunar programme called Artemis. Thales Alenia Space, a Franco-Italian firm, is expected to deliver the shell of Gateway, a space station to be put in lunar orbit, to America in late 2022.

Mars, and asteroids beyond, also beckon. In the second half of 2022 ESA plans to launch ExoMars, a mission that missed a 2020 launch window for the red planet, from Kazakhstan. It includes a Russian-built lander that, after arriving in 2023, will disgorge a rover that will enable scientists to deepen their search for signs of past or present life. As for asteroids, NASA plans to launch three probes in 2022 to study space rocks between Mars and Jupiter. It will also conduct a "hypervelocity test crash" with a small asteroid named Dimorphos in late 2022. Experts will study how a collision with a car-sized spacecraft alters the harmless rock's path, lest another threaten Earth one day.

> **For Russia's space agency, 2022 could be a make-or-break year**

Upcoming missions will entail much nail-biting for engineers. India's first lunar lander, Vikram, crashed into the surface in 2019. Russia last landed a probe on the Moon in 1976; its new lander, Luna 25, has suffered lengthy delays. Starliner, a capsule which America's Boeing hopes will make its first crewed mission in 2022, has been plagued by setbacks including sticky valves and software problems.

As for space tourism, Blue Origin and Virgin Galactic (founded by Jeff Bezos and Sir Richard Branson respectively) both made their maiden suborbital flights in 2021. Both hope to pick up the pace with "regular, predictable, reliable" flights in 2022, says Tom Shelley of Space Adventures, a space-tour operator based in Virginia. But with Virgin's vehicle grounded for safety checks, he reckons Blue Origin has the edge.

For Russia's space agency, 2022 could be a make-or-break year as it pursues funding via tourism and participation in international missions. Florian Vidal of IFRI, a think-tank in Paris, says Russia's space industry has been hobbled by corruption, underinvestment and technical problems. As a result, the success of a big expansion of Russia's Vostochny Cosmodrome in 2022 has become, he says, "a question of credibility".

In 2022 a Chinese space station, Tiangong, could become fully operational, according to an American intelligence report from 2021 that described it as part of China's efforts to "match or exceed" America's military power, with systems including anti-satellite weapons. Other countries are also worried. Some strategists think it is no coincidence that in 2022 South Korea "will be getting busier in space", as Lee Joon, planning chief at the country's space agency, puts it delicately. The perceived threat from China will also push India to use its space programme for military messaging and other "purposes of foreign policy", predicts Ajey Lele, an expert at MP-IDSA, a think-tank in Delhi funded by the defence ministry. That is one motivation for a possible 2022 maiden launch of Indian astronauts. Much of the progress of modern space technologies, in short, is driven by old-fashioned geopolitical competition.

Benjamin Sutherland: Freelance correspondent, The Economist ■

This article appeared in the Science and Technology section of the print edition of The World Ahead 2022 under the headline "Higher stakes"

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The World Ahead

The World Ahead 2022

Can Elon Musk's Starlink satellites bankroll a base on Mars?

SpaceX is betting that there is money to be made in satellite telecoms

Nov 8th 2021

BY TIM CROSS: TECHNOLOGY EDITOR, THE ECONOMIST

ELON MUSK, SpaceX's ambitious founder, has always been clear about why the company exists. Humans are currently a single-planet species. Mr Musk would like to change that by establishing a permanent base on Mars. Ideally, he would join its inhabitants. "I want to die on Mars," runs his familiar joke, "just not on impact."

Progress has been steady and spectacular. SpaceX's partly reusable Falcon rockets have driven down the cost of launching things into space, a vital step for its Martian ambitions. The firm's newest vehicle, dubbed Starship, is due to make its first orbital test flight at the end of 2021. If and when it flies, it will be the most powerful rocket since the Saturn V that took the Apollo astronauts to the Moon. Both the vehicle and its booster will also be fully reusable, reducing the cost-to-orbit even further. Starship has been explicitly designed with trips to Mars in mind.

Until now SpaceX has financed itself by providing rocket launches for NASA, on whose behalf it ferries both cargo and astronauts to the International Space Station, and by launching satellites for private companies such as broadcasters and telecoms firms. But going to Mars will be expensive. To try to pay for it, SpaceX is getting into the telecoms business back on Earth. It plans to fill the skies with at least 10,000 low-flying satellites, or around four times as many as are currently active and in orbit. "Starlink", as the service is known, was due to come out of its beta-testing phase in October.

> **The sheer number of satellites in the Starlink constellation will allow it to serve millions of users**

Satellite internet is not a new idea. But, as he has already done with both rockets and electric cars, Mr Musk believes he can make transformative improvements to an old technology. Existing services rely on satellites in high orbits. That allows them to cover plenty of ground. But it also means that many customers must share a single satellite, which limits capacity, while the round trip signals must make to and from high orbit adds irritating delays. The result is that satellite internet is usually treated as a last resort when nothing else is available.

But it is not just the unserved who are interested. Some high-frequency traders reckon Starlink might offer a faster way for buy and sell orders to cross the Atlantic than existing fibre-optic cables do. That, at least, is the theory.

Starlink has competitors: OneWeb, a rival which emerged from bankruptcy in November 2020, plans to fly 648 satellites of its own. Amazon is developing a similar project called Kuiper, though it has yet to launch any satellites. Astronomers, meanwhile, worry that filling the sky with thousands of low-flying satellites will interfere with their scientific work. SpaceX has changed the design of Starlink satellites, and added an anti-reflective coating, in response to such concerns.

Previous attempts to sell satellite-internet services to consumers have foundered on the cost of the high-tech antennae needed to send and receive data (SpaceX reckons it has reduced the manufacturing cost of its terminals from $3,000 to $1,500 in the past two years). And Starlink's price of $99 per month is not cheap, even for customers in rich countries.

No one knows yet how well Starlink will work: Morgan Stanley, a bank, assigns SpaceX a valuation of somewhere between $5bn and $200bn, with uncertainty about its success accounting for the wide range. More answers should emerge in 2022. Whether even $200bn would be enough to fund the establishment of a permanent base on Mars is not clear either. But that still lies some way off in the future.

Tim Cross: Technology editor, The Economist ■

This article appeared in the Science and Technology section of the print edition of The World Ahead 2022 under the headline "The near frontier"

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The World Ahead

The World Ahead 2022

New scientific instruments probe the limits of the known

A new telescope, and an upgraded LHC, tackle questions big and small

Nov 8th 2021

BY ALOK JHA: SCIENCE CORRESPONDENT, THE ECONOMIST

WHAT IS THE universe made of? Where has it come from? And how will it end? These questions have occupied the minds of generations of physicists who have probed the limits of the big and the small.

At the cosmic end, astronomers will get a big new piece of kit in the coming year. The Vera C. Rubin Observatory (VRO) is due to achieve "first light" in October 2022 as it prepares to begin its science observations in 2023. Every night, from a mountain-top in Chile, its instruments will take 15-second exposures of patches of the night sky that are 40 times bigger than a full moon. These 3,200-megapixel images will form the constituent pieces of a survey of the visible sky that will be recorded every three or four nights for a decade. The goal, say the scientists who run it, is to "record the greatest timelapse of the universe ever made".

This will allow scientists to tackle big questions such as the nature of dark energy—the mysterious substance that seems to push the universe apart. Given that it accounts for around 70% of the stuff in the cosmos, it is a giant hole in astronomers' knowledge.

The VRO will tackle the dark energy problem in several ways. One strategy will be to measure the expansion of the universe in more detail than ever before. It will do this by looking for type 1a supernovae, which are the death throes of massive stars. These explosions are all exactly the same brightness, so by measuring how bright a type 1a supernova looks from Earth, it is possible to calculate its distance. Such explosions thus serve as a type of cosmic yardstick for astronomers. The VRO will be sensitive enough to find a million of these supernovae—100 times more than have been observed so far. That will help astronomers build a better picture of how the universe is expanding, and how that expansion may have changed over time.

In addition, the VRO will study the predictions of general relativity, Albert Einstein's theory of gravity, by observing clusters of galaxies. These are the largest objects held together by gravity, and by comparing clusters that are nearby (and younger) with those that are far away (and older), scientists will be able to examine how these structures have evolved—and whether the nature of gravity has changed over the history of the universe.

Since 2018, however, the LHC has been shut while engineers and physicists upgrade, repair or, in some cases, completely rebuild its cathedral-sized detectors. More efficient, more powerful detectors will enable them to carry out experiments with even greater precision. With the upgrades now complete, the next set of physics operations—known as Run 3—will begin in March 2022.

One of the upgraded LHC's first tasks will be to measure the properties of the Higgs boson in more detail. Discovered in 2012 to much fanfare, just a few years after the LHC began operating, the Higgs was the final piece of the jigsaw known as the Standard Model of particle physics, a quantum-mechanical description of all known elementary particles. Though successful, the Standard Model is not a complete description of the universe—it does not account for dark energy or dark matter, and cannot explain why there seems to be more matter than antimatter in the universe. These inadequacies point to as-yet-undiscovered physical laws, forces or particles.

Understanding the Higgs boson in more detail could open a door into a new realm of physics. Scientists do not really know much about it. Is it truly elementary with no internal structure (like an electron) or is it a composite of smaller particles (like a proton)? Is it really the Higgs boson predicted by the Standard Model, or is it actually a different particle from an undiscovered theory?

By generating more Higgs bosons and measuring their properties more precisely, the upgraded LHC will help scientists crack some of those open questions—in particle physics, and in cosmology, too.

Alok Jha: Science correspondent, The Economist ■

This article appeared in the Science and Technology section of the print edition of The World Ahead 2022 under the headline "Questions big and small"

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The World Ahead

The World Ahead 2022

Western museums are starting to return colonial-era treasures

Europe's museums are stuffed with imperial plunder

Nov 8th 2021

BY BARNABY PHILLIPS: AUTHOR OF "LOOT: BRITAIN AND THE BENIN BRONZES" (ONEWORLD)

In an act of contrition for crimes committed during the colonial era, German museums are expected to return some of their Benin bronzes to Nigeria in 2022. The bronzes are the thousands of metal castings and ivory sculptures that were taken from the west African kingdom of Benin (today in southern Nigeria, and not to be confused with the neighbouring Republic of Benin) by British troops in 1897. They have become emblematic of the increasingly charged debate over colonial loot in Western museums and private collections. Their fame derives both from their exquisite craftsmanship—when they arrived in Europe, critics compared them to objects from ancient Greece or Renaissance Italy—and from the brutal manner in which they were removed by the British from the palace in Benin City.

There are more than a thousand Benin bronzes in Germany (curators bought loot from the expedition on the open market), and museums in several German cities have taken a collective decision to start the process of giving them back to Nigeria. They have been encouraged by the government, as well as a broad consensus among the main political parties. Nigeria's ambassador to Germany, Yusuf Tuggar, says ownership must be transferred to his country with no preconditions.

Privately, German officials and curators express concern at divisions within Nigeria between the Oba of Benin (the region's traditional king) and the local state government, and frustration at delays in building a secure facility to house the bronzes in the country. A compromise seems likely: the physical return of a minority of the objects, plus the legal transfer of the remainder, which will stay in Germany for now.

For the rest of Europe, where many museums are stuffed with imperial plunder, the symbolic significance will be profound. "It's a very important precedent," says Barbara Plankensteiner, director of the Museum of World Cultures in Hamburg. Mr Tuggar puts it more bluntly: "We hope it will open the floodgates."

But will it? Britain has even more Benin bronzes than Germany has. The British Museum has the world's largest collection, of about 1,000. In 2022 its critics will grow ever more indignant and vocal. The British Museum habitually responds to restitution claims with bland rebuffs from the press office. Expect more of these in the coming year, even as, behind the scenes, unease spreads among curators.

Officials and museums will drag their feet in France, too. The French government insists that a handful of high-profile returns, to Senegal and the Republic of Benin, should not create a legal precedent leading to further restitution. This is ironic, as it was Emmanuel Macron's promise in 2017 to return plundered items from colonial times which energised campaigners.

In Africa, artists will strive to seize the opportunities presented by the winds of change blowing through the West. Many worry that processes of restitution have been defined in Europe and North America, with too little input from societies to which artefacts might be returned. One exception, and one of the most significant museum developments of 2022, is the expected opening of the John Randle Centre in the heart of Lagos, which will celebrate Yoruba culture and history. It is named after one of the first Africans to qualify as a doctor in Britain, in 1888. Its architect, Seun Oduwole, says it will be "full of the sounds and images of the marketplace and everyday culture". Its location is poignant: just across the road from Nigeria's colonial-era museum, where gloomy galleries and dusty display-cabinets provide a warning of how institutions that fail to move with the times can wither away.

Barnaby Phillips: Author of "Loot: Britain and the Benin Bronzes" (Oneworld) ■

This article appeared in the Culture section of the print edition of The World Ahead 2022 under the headline "Returning home"

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The World Ahead

The World Ahead 2022

Noteworthy new museums are opening their doors in 2022

From Bob Dylan, to Broadway, to a new National Museum in Oslo

Nov 8th 2021
BY RACHEL LLOYD: DEPUTY CULTURE EDITOR, THE ECONOMIST

IT HAS BEEN a grim couple of years for museums. In 2019 more than 230m people visited the 100 most popular institutions worldwide; in 2020, that figure fell to 54m because of coronavrius lockdowns and social-distancing requirements. More than 40% of museums surveyed by UNESCO, the cultural arm of the United Nations, had to close again for parts of 2021 amid new waves of the virus. The pandemic has negatively affected ticket sales—a crucial source of revenue for museums—as well as government subsidies. Some museums have taken to "de-accessioning" (museum-speak for "selling") artworks from their collections in order to cover wages and running costs.

In the midst of the gloom, 2022 will bring some bright spots for the sector. In May the Bob Dylan Centre will open its doors in Tulsa, Oklahoma, drawing on a collection of more than 100,000 artefacts to explore the musician's cultural influence. Fans will be able to listen to unreleased recordings by the ten-time Grammy-award-winning singer-songwriter and learn how hits such as "Like a Rolling Stone" were made. Notebooks, letters and other manuscripts will be on display, showing the literary sensibilities that led to Mr Dylan being awarded the Nobel prize in literature in 2016. The folk-rock star has also dabbled in visual art over the years, creating the album cover for "Self Portrait" in 1970 and exhibiting his colourful, expressionistic paintings all over the world. Even dedicated Dylanologists may learn something new.

> **Bob Dylan's notebooks, letters, manuscripts and paintings will be on display**

Those whose musical tastes are of a more theatrical bent will be able to get their toes tapping at the Museum of Broadway when it makes its debut in New York in the summer. It will tell the story of the historic arts district from 1735, when the first theatre opened, to the present day. (Before the pandemic struck, Broadway had enjoyed its best season in history, grossing $1.8bn in the year to May 2019.) Through visual art and interactive installations, visitors will learn about the industry's pioneers, go backstage at historic musicals and discover how a Broadway show is produced.

In June, 12 years after the architectural design was chosen, the National Museum in Oslo will open in its new location on the city's waterfront. The institution was established in 2003 when several museums, including the National Gallery and the Museum of Contemporary Art, were integrated. There will be plenty of room in the new premises, as the museum boasts a total surface area of 54,600 square metres (587,700 square feet), making it the largest of its kind in the Nordic countries (though some locals grumble that it looks like a prison). Around 5,000 artworks from the museum's collection will be on display, twice as many as before. Its most prized possession is Edvard Munch's "The Scream", but the inaugural exhibition will focus on contemporary Norwegian art, asking: "What is good art? And who decides?" Good questions, indeed.

This article appeared in the Culture section of the print edition of The World Ahead 2022 under the headline "xxx"

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The World Ahead

The World Ahead 2022

Why stand-up comedy is on the rise in authoritarian countries

Did you hear the one about the general?

Alamy

Nov 8th 2021

BY FROM OUR REGIONAL CORRESPONDENTS, THE ECONOMIST

MOCKING MIRTHLESS despots may be funny, but it comes at a price. At the softer end, Hong Kong's government-run broadcaster closed "Headliner", a popular satirical show that had run for 31 years; its hosts left for Taiwan and Britain. In Singapore, whose government is dominated by an elite from the ethnic-Chinese majority, a rapper and comedian known as Preetipls sent up an excruciating government advertisement in which an ethnic-Chinese actor wore brownface to represent Malay and Indian minorities. Her video highlighted the government's own racial blind spots, but the police response was to put her on notice for undermining racial harmony.

Authoritarian rule does not necessarily kill comedy, but it does circumscribe it. In China, traditional comedic forms such as *xiangsheng*, or "crosstalk", remain staples of televised galas. But their avoidance of any sensitive topic renders them cloying. By contrast, stand-up comedy is growing. Tickets for the most popular comedy clubs in Shanghai and Beijing sell out in seconds. "Rock and Roast", a variety show that features competing comedians, often attracts more than 100m views a week on the streaming platform of Tencent, an internet giant. It avoids politics, too, but comedians do explore sensitive social themes such as feminism, mental health and body image. One female comedian, Yang Li, has prompted several nationwide debates.

> **Tickets for the most popular comedy clubs in Shanghai and Beijing sell out in seconds**

Stand-up comedy is on the up in authoritarian countries from Kazakhstan to Vietnam. But as a means for taunting governments, cartoons may still be the most popular and potent form of satire in Asia, not least because cartoonists can cloak their critiques more easily. One cartoonist in Thailand says the government's attempts to scrub the internet clean of caricatures resemble a never-ending game of whack-a-mole.

Myanmar's junta, led by General Min Aung Hlaing, is the bad joke that keeps on giving. With civic life shuttered and the economy crumbling, state newspapers trumpet the junta's ambitions to develop electric vehicles and build a metro for the deserted capital, Naypyidaw.

One group of Burmese satirists, which has gone underground to avoid arrest and torture, continues to put out comedies online that ridicule the generals. Others have melted into the jungles to join the growing armed resistance—judging that the sword, for now, will prove mightier than the put-down.

From our regional correspondents, The Economist ■

This article appeared in the Culture section of the print edition of The World Ahead 2022 under the headline "Did you hear the one about the general?"

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The World Ahead

The World Ahead 2022

How the pandemic has boosted artists' creativity

Exhibitions in 2022 will show the fruits of their productive seclusion

Nov 8th 2021

BY FIAMMETTA ROCCO: CULTURE CORRESPONDENT, THE ECONOMIST

In mid-2020 William Kentridge, a world-renowned sculptor, performance artist and film-maker, caught covid-19. The South African had been working at the Centre for the Less Good Idea, an incubator space for performers he had opened in 2016 in central Johannesburg. Forced to isolate after he and some of his fellow dancers and musicians tested positive, he took to working in the small artist's studio he had built at the bottom of the garden at his family home in Houghton.

For nearly four decades, Mr Kentridge had been travelling year-round, overseeing installations, performances and exhibitions from New York to Salzburg to Sydney. It was rare for him to be at home for more than a couple of weeks at once. Finding himself unexpectedly with time on his hands, Mr Kentridge was at last able to concentrate on a project he'd been mulling over for many years: a series of one-hour films called "Studio Life", based on what he describes as the natural history of the studio, the alchemy of art and what happens when the artist closes the door. "One can think of the studio as a kind of enlarged head," he says. "Instead of the ideas moving a few centimetres from one part of your memory to your active thinking, it's the walk across the studio that has the same effect of bringing ideas together and allowing something to emerge."

Covid-19 was the cause of much suffering. But for many artists—especially those whose global reputations meant they were almost constantly on the road—it has been a blessing, offering an unexpected chance to think and work uninterrupted for months on end. Sir Harrison Birtwistle, an 87-year-old British composer, has been concentrating on a new opera. Crystal Pite, a Canadian choreographer and director, has focused on a series of works that will be unveiled from 2022 at the Royal Opera House at Covent Garden in London. The American artist Michael Heizer has been adding the final touches to a project he started 50 years ago, the creation of a hand-carved pharaonic "city", the world's biggest sculpture, in the Nevada desert.

Two international exhibitions will showcase the work of artists from around the world. From April, work by more than 100 artists will be on display at the first Venice Biennale since the pandemic, including, for the first time, artists from Oman, such as Hassan Meer (pictured). Curated by Cecilia Alemani, the 2022 Biennale will be called "The Milk of Dreams", inspired by a children's book by Leonora Carrington, a British surrealist. "Carrington's stories describe a world set free, brimming with possibilities," says Ms Alemani.

Two months later, in June, a new and largely unknown group of artists will exhibit their work at the 15th edition of Documenta, a show held every five years in the German city of Kassel that is known for introducing to the world the next generation of artistic greats.

Fiammetta Rocco: Culture correspondent, The Economist ■

This article appeared in the Culture section of the print edition of The World Ahead 2022 under the headline "Productive seclusion"

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The World Ahead

The World Ahead 2022

A new space race is under way—between film-makers

Spacesuit, camera, action!

Nov 8th 2021

BY RACHEL LLOYD: DEPUTY CULTURE EDITOR, THE ECONOMIST

FILM-MAKERS HAVE been fascinated by space for well over a century. "Le Voyage dans la Lune", a silent short film, followed five astronomers propelled to the Moon by a cannon; it was an international hit after its release in 1902. When the space race between America and the Soviet Union took off in the mid-20th century, film and TV storytellers capitalised on public interest with "Thunderbirds" (1965-66), "Star Trek" (1966-69) and "2001: A Space Odyssey" (1968). Viewers and critics are still captivated by spacefaring odysseys today, as evinced by the success of science-fiction films such as "Gravity" (2013) and "Interstellar" (2014) as well as biopics of Neil Armstrong and NASA mathematicians.

Producers often enlist the expertise of theoretical physicists and former astronauts in order to create a faithful portrayal of space travel. The most realistic depiction yet may arrive on screens in 2022. In October 2021 Roscosmos, Russia's space agency, sent Yulia Peresild, an actor (pictured) and Klim Shipenko, a director, to the International Space Station (ISS) to film scenes for "Vyzov" ("The Challenge"). A co-production between Channel One, Russia's main broadcaster, Roscosmos and a film studio, the story follows a surgeon as she is dispatched to operate on a cosmonaut before he can return to Earth. Ms Peresild had to meet certain physical requirements and undergo rigorous preparation before the mission at the Yuri Gagarin Cosmonaut Training Centre—named after the Soviet pilot who became the first person to journey into space in 1961. This included High-G, which involves putting people in centrifuges to test their tolerance of acceleration, as well as parachuting and zero-gravity lessons.

The Russian film-makers are hoping to beat old foes in their creative endeavour: in May 2020 an American film crew, led by director Doug Liman and star Tom Cruise, announced its intention to get their own cameras rolling on the ISS with the help of NASA and SpaceX, Elon Musk's rocketry firm. Universal Pictures has reportedly set a budget of $200m for the project—around the same amount as it spent on the ninth instalment of the "Fast & Furious" franchise. It seems, however, that Russia was better prepared for lift-off. Although Messrs Liman and Cruise were also hoping to begin filming in October 2021, further details about this endeavour remain scarce. (A publicist for the project states merely that the film is in "active development".)

Whenever these tales make it to the big screen, both are hoping to rekindle a public passion for celestial exploration. Roscosmos has said it strives to "popularise Russia's space activities". The agency also plans to take Yusaku Maezawa, a Japanese billionaire, to the ISS in December 2021 (he will record the trip for his YouTube channel). Similarly, when announcing the Hollywood project, Jim Bridenstein, a former administrator at NASA, said that "we need popular media to inspire a new generation of engineers and scientists to make [NASA's] ambitious plans a reality." To infinity, perhaps, and beyond.

Rachel Lloyd: Deputy culture editor, The Economist ■

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The World Ahead

The World Ahead 2022

Ai Weiwei on reclaiming art from capitalism

Contemporary art has become just a form of entertainment

Lauren Tamaki

Nov 8th 2021
BY AI WEIWEI: ARTIST AND ACTIVIST

CONTEMPORARY CULTURE, by which I mean the paintings, sculpture, audio-visual media, literature and poetry that have emerged since the Industrial Revolution, bears the mark of the times. Over the past 200 years fundamental changes in manufacturing, and an emphasis on the pursuit of profit, have transformed economics, politics and culture. It was a huge leap unlike anything that had previously occurred in history, dramatically expanding mankind's capabilities and resulting in global differences in wealth and development. Powerful European and North American nations plundered other parts of the world. In the post-cold-war era, a new framework of globalisation emerged, championed by the West, its political bodies and monopolistic corporations. Political and cultural discourses are dominated by the need to make profits. The national boundaries that once delineated territories seem not to exist any more.

All this is reflected in our era's culture. It is unduly influenced by profit-driven companies with inordinate power over our economic and political structures, education and media. Their pervasive impact is manifested in society's value judgments, aesthetic education and philosophy. The cultural landscape is also shaped by the framework of Western capitalism and its associated concepts of democracy, freedom and a partial dose of socialism. A complete system has been formed, spanning from the shaping of aesthetics under these conditions, through cultural education, art criticism and the curatorial processes of galleries and museums, to artworks' eventual entry into the narrative of Western art history. This system reflects the values and aesthetic tendencies of capitalism in every respect.

> **Contemporary art has become just a form of entertainment, detached from spiritual life**

It is characterised by capitalism's fervent advocacy of individual freedom, its encouragement of so-called "creativity" and the idealisation of unfettered personal development. Its symptoms can be observed in the overwhelming tendency to consider art from a purely commercial perspective, neglecting spiritual concerns in favour of wealth accumulation. At the same time, societal injustices, regional inequalities, exploitation of the weak and unsustainable use of natural resources are ignored. By dodging these questions, contemporary art has become just a form of entertainment, detached from spiritual life. Art's power to shape self-awareness and assist in the understanding of identity has been compromised. The outlook is dim.

I believe that art can develop in a meaningful and rewarding manner only when it redefines the human condition. An artist, as a human being, is both an individual and a member of society. It is impossible for individuals in our era to escape from the broader political context. To be aware of one's unique existence and spiritual nature, it is vital to remain sensitive to the human condition and conscious of the origin of morality. Without consciousness, there is no morality. Over the years, my artworks have been concerned with life and death, the bigger sociopolitical context, global environmental change and the ongoing pandemic and its impact on humanity and the human condition. They are all connected with the human condition and human dignity, which provided the inspiration for "Black Chandelier" (2021) and "A Tree" (2021). My future works will continue in this vein.

A cornerstone of life

Humans' intellectual limitations provide artistic possibilities. Despite mankind's exaggerated self-esteem, extreme arrogance and tendency to overestimate the degree of control we have over the universe, humans have been unable to escape the fact of their own mortality. Life and death, pain and disappointment, exploitation and sacrifice—all provide the best soil in which art can flourish, awakening humanity and constantly reshaping self-awareness. Art is as vital as religion and science, an indispensable cornerstone of life. Even if it is temporarily eclipsed by human greed and desire, its re-emergence is inevitable, and all of humanity will be the better for it.

Ai Weiwei: artist and activist ■

This article appeared in the Culture section of the print edition of The World Ahead 2022 under the headline "Reclaiming art from capitalism"

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The World Ahead

The World Ahead 2022

The video-streaming battle is going global

But in some territories, streamers are forming alliances

AFP

Nov 8th 2021
BY TOM WAINWRIGHT: MEDIA EDITOR, THE ECONOMIST

After COVID-19 forced directors everywhere to shout "Cut!", new television series were thin on the ground in 2021. But with filming back under way, viewers will be spoilt for choice in 2022. Netflix, the world's leading video-streamer, will launch the fourth season of its sci-fi hit, "Stranger Things". Amazon Prime Video, the online retailer's entertainment arm, will unveil a lavish "Lord of the Rings" spin-off which cost nearly half a billion dollars to make.

These are among the next salvos in the competition for eyeballs known as the streaming wars, in which the entertainment giants of Hollywood and Silicon Valley vie to outspend each other on content. Yet in much of the world the "wars" have been limited to two or three combatants. Netflix and Amazon are everywhere. Apple TV+, the tech firm's video venture, is in more than 100 countries. The rest are relative works in progress.

In 2022 that will change, as Hollywood's other streamers pile into new markets. International expansion offers them a chance to sign up tens of millions of new customers and swell their war chests. But the battle for subscribers will be harder than at home.

> **In some territories, streaming wars are giving way to streaming alliances**

Disney, Hollywood's biggest studio, has been pushing deeper into Asia, launching its Disney+ service most recently in Hong Kong, Taiwan and South Korea (the setting for "Squid Game", Netflix's global smash-hit in 2021). Peacock, the streaming platform of NBC-Universal, part of the Comcast cable empire, has just begun its roll-out in Europe, as has HBO Max, part of WarnerMedia. Discovery+, which serves up light factual entertainment, recently set up shop in Brazil, Canada and the Philippines.

Squids in
Worldwide streaming subscriptions, Q2 2021, m

*Prime members who use video service
†Includes temporary free offers from separate purchase
‡US-only
Source: Ampere Analysis
The Economist

The year ahead will see further expansion. Disney+ plans launches in eastern Europe, the Middle East and Africa. Paramount+, a streamer owned by ViacomCBS, will arrive in Europe's largest markets. HBO Max, which has some of America's most valuable TV, from "Game of Thrones" to "Succession", will expand its footprint in Europe, too.

Hollywood will find foreigners a tough crowd. Emerging markets mean lower revenues: Disney+ makes less than $1 a month from subscribers in India. Even in rich countries, budgets are lower than in America. The average American cable bill comes to nearly $100 a month, according to Ampere Analysis, a research firm. In Britain the equivalent is half that. And whereas Americans are ditching their overpriced cable packages in record numbers, freeing spending power for streaming, Europeans seem to be much more attached to their pay-TV subscriptions.

There are also questions about rights. Some studios, like Disney, are putting all their films and shows on their own streaming service. But others still have licensing obligations to different distributors. HBO Max has yet to announce a launch date in some big European countries, including Britain, where the rights to its most popular programmes are held by Sky, a satellite broadcaster owned by Comcast.

The difficulty of cracking these markets is one reason why streaming wars are giving way to streaming alliances. Discovery and WarnerMedia hope to complete their proposed merger in 2022, to help them take on Netflix. Comcast and ViacomCBS, whose streaming platforms, Peacock and Paramount+, compete with each other in America, have agreed to co-operate internationally. Their output will be combined into yet another streaming service, called SkyShowtime, which will launch in Europe in 2022. There will be plenty on TV in the year ahead. The challenge will be working out what to watch, and on which platform.

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The World Ahead

The World Ahead 2022

H.E. Mohamed Al Mubarak on cities and culture

Culture and creativity will drive the cities of the future

Nov 8th 2021
BY H.E. MOHAMED AL MUBARAK: CHAIRMAN, DEPARTMENT OF CULTURE AND TOURISM, ABU DHABI

THE PANDEMIC has had a profound impact on cities, especially in the developed world. With companies allowing workers to continue to work from home as the lockdowns ease, many people have decided to move out altogether. To retain their economic edge in the post-pandemic world, city leaders must do more to make sure that urban areas are places where people want to live and work.

Embedding more cultural and creative activity within the social life of a city is one of the most important ways to do this. This will help preserve the heart of our urban spaces even as they embrace the connecting power of digitisation. A city is not solely defined by its financial markets, office buildings or economic activity, but by the unique creativity and culture woven throughout everyday life.

Even though many of us turned to cultural pursuits to get through the lockdowns, these elements of urban life have never been more at risk. They represent a positive force that is sorely needed to help create a sustainable shared future. "Cultural localisation" has become a pillar of Culture2030, a coalition of international agencies dedicated to the fuller integration of culture in the UN Sustainable Development Goals and the UN Decade of Action. It puts the local at the heart of cultural development.

Culture and creativity are an integral part of our growth as a society and imperative for our personal and collective well-being. A recent study by the World Health Organisation and University College London found that engaging with the arts is crucial for dealing with physical and mental-health challenges, and aids social cohesion.

My own family's first excursion after the lockdown was to Louvre Abu Dhabi. It was an almost spiritual experience, reminding us that cultural and creative activities are medicine for the mind and the heart. They are also drivers of a powerful economic sector. Transforming a city to harness this power is not something that can be achieved by governments alone; it requires collaboration between policymakers, the non-profit and education sectors, committed individuals and private industry.

> **Culture and creativity are an integral part of our growth as a society and imperative for our personal and collective well-being**

At our fourth Culture Summit in March 2021, the Department of Culture and Tourism in Abu Dhabi partnered with UNESCO to announce a new joint study aimed at measuring the impact covid-19 has had on the global cultural and creative industries. It will also devise solutions to support the sector's recovery and help it to become part of wider social and economic regeneration strategies.

One good case study is the city of Miami, which has developed over the past 20 years into a vibrant centre for contemporary culture through a combination of factors, including an accessible public art programme featuring well-known artists such as Keith Haring and Robert Rauschenberg, and successful impact philanthropy. Adrienne Arsht's $30m gift to the Center for the Performing Arts was credited with attracting as much as $1bn in investment in the local community. Commercial activity is at the heart of its success, with Art Basel Miami Beach, a mega-fair, generating hundreds of millions of dollars in economic activity, and developers commissioning some of the world's greatest architects, such as Frank Gehry, Jean Nouvel and the late Zaha Hadid, to transform the city's skyline. This has helped create a global cultural destination where people want to live, work and visit.

Abu Dhabi has been trying to do the same, investing more than $8bn between 2016 and 2026 in our own cultural and creative industries. This strategy encompasses more than 800 initiatives—from promoting traditional local handicrafts to opening major cultural institutions such as Louvre Abu Dhabi, the Zayed National Museum and Guggenheim Abu Dhabi. The upcoming film "Mission Impossible: 7" will feature scenes in both the expansive local deserts of Abu Dhabi and our modern international airport, representing the emirate's unusual blend of ancient heritage and future-ready ambition.

Looking forward, looking back

As we celebrate the UAE's 50th anniversary at the end of 2021, Abu Dhabi is rapidly diversifying its economy to embrace innovation and creativity, and we believe that other cities around the world would benefit greatly from doing the same. A rich cultural life with humming public spaces and a supportive economic framework is essential for creating fulfilled communities that can make cities vibrant, energised places—where workers in the new economies of the 21st century want to live, thrive and raise their families.

H.E. Mohamed Al Mubarak: chairman, Department of Culture and Tourism, Abu Dhabi ■

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The World Ahead

The World Ahead 2022

Coal is being phased out—in British homes, at least

2022 is the last year in which coal may be burned in British domestic hearths

Nov 8th 2021

BY ANN WROE: OBITUARIES EDITOR, THE ECONOMIST

THERE WAS a time, not so long ago, when people in Britain's cities and suburbs woke in winter not to cock-crow or the beep of a mobile phone, but to the strident riddling with pokers of stoves, boilers and grates. The ash that fell from them was not soft and white, like wood-ash, but scraped grey clinker that had once been coal.

Coal was king of the winter household. Its arrival each autumn was a ceremony, with the knobbly sacks hauled off the lorry and onto the shoulders of straining men with flat caps and dust-smeared cheeks. Into the cellar or garden bunker the coal poured with a roar and a tumbling soot-cloud; then the door was sealed again. Behind it the coal could be imagined brooding, waiting, like a presence.

This was a fuel both ancient and strange. Its smell was salty and slightly spicy, of the deep earth. It had come from beds laid down in the Carboniferous and the Permian periods, dug out by miners who toiled underground half-naked. It was compacted of giant wetland ferns and towering unknown trees, pressed down so hard for so long that they became stone. Users of coal warmed themselves not with logs sawn from any old regular tree, but by burning prehistoric forests that had been stalked by dinosaurs.

> **Users of coal warmed themselves by burning prehistoric forests stalked by dinosaurs**

Coal came in many grades, from proud, glossy, sharp-cut anthracite to poor brown lignite, left for power stations. To burn any kind was very different from burning wood. Wood fires were spirited, flamey and lively; coal took time, slowly digesting its starter of kindling and balled-up newspaper, letting the gas and tar smoke off. Only when it had "dried" would it open its heart of heat, to reveal scarlet lakes of magma and outcrops of glowing ore. Robert Louis Stevenson saw armies there; any child could imagine them in this war-landscape, as the red mountains slowly subsided into plains of lava and ash.

Holmes's era was close to peak coal in Britain. In 1913, between industrial and domestic use, the country burned 287m tonnes of it, most of it from more than 1,300 deep mines. By then every chimney in London, south Wales and the northern towns had been belching coal dust for decades. Coal made the weather, as Charles Dickens described in the incomparable first chapter of "Bleak House":

> *Fog everywhere. Fog up the river, where it flows among green aits and meadows; fog down the river, where it rolls defiled among the tiers of shipping and the waterside pollutions of a great (and dirty) city…Fog on the Essex marshes, fog on the Kentish heights…Fog in the eyes and throats of Greenwich pensioners, wheezing by the firesides of their wards.*

Almost no coal was imported, for Britain had deposits so accessible that the invading Romans forged their weapons with it, merely pecking with picks at the surface, and so abundant that the country industrialised well before the rest of the world. Queen Elizabeth I was already "greatly grieved and annoyed with the taste and smoke of sea-coales". A tax on coal introduced in 1666 was lucrative enough to pay for two-thirds of Christopher Wren's elegant new London churches.

In 1888 a hundredweight (112lbs; 51kg) of coal, which would last a family a week, cost one shilling and twopence: less than the weekly bill for flour or fruit. But it involved a Faustian bargain. Burned in quantity (as it will continue to be in America, China and India), it produced the cheap energy on which modern life depends. It also poisoned the air and disrupted the climate. The cheering warmth of individual hearths was balanced always by the inescapable pollution of thousands of them, just as the mellow sweetness of a miner's song was filtered through deadly black dust.

Ann Wroe: Obituaries editor, The Economist ■

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