

Edward Luce Violence was already implicit in much of the rhetoric. Now it is explicit — PAGE 15

Trump calls for unity in face of 'evil' after surviving assassination attempt

Attack transforms White House race Ex-president heads for nomination FBI says shooter's motives unclear

STEFF CHÁVEZ AND LAUREN FEDOR — WASHINGTON COLBY SMITH — NEW YORK JOE MILLER — BUTLER, PENNSYLVANIA

Donald Trump yesterday called for national unity in the face of "evil" after a gunman attempted to assassinate him at a campaign rally in Pennsylvania.

The Republican candidate was injured in Saturday's shooting, an act of political violence that has transformed the 2024 presidential race and threatens to further polarise the country with less than four months to go until polling day in November.

"We will FEAR NOT, but instead remain resilient in our Faith and Defiant in the face of Wickedness," the former president posted on his Truth Social platform. "In this moment, it is more important than ever that we stand United, and show our True Character as Americans, remaining Strong and Determined, and not allowing Evil to Win."

Trump added that it was "God alone who prevented the unthinkable from happening" and he looked "forward to speaking to our Great Nation this week from Wisconsin".

Trump will today head to the Republican National Convention in Milwaukee, Wisconsin, where he will be formally selected as the Republican nominee for president.

Shortly after Trump began his rally on Saturday evening, shots were fired towards the stage from an "elevated position" outside the venue in Butler, Pennsylvania, according to the US Secret Service. One spectator was killed and two others were critically wounded, authorities said.

After the shots, Trump crouched and was surrounded by Secret Service agents, who rushed him offstage with blood streaming down his right ear and streaked across his face. He pumped his fist in the air and shouted "fight, fight, fight!" to the crowd before being placed in a car and driven away.

After the incident he was treated at a local medical facility before leaving western Pennsylvania late on Saturday.



Show of defiance: Donald Trump is surrounded by Secret Service agents after shots were fired, before being ushered off the podium — AP Photo/Evan Vuori

The FBI identified the shooter as Thomas Crooks, a 20-year-old man from Bethel Park, Pennsylvania, a town in the battleground state about 40 miles from where the rally took place.

Crooks was killed by Secret Service agents on the roof of a building outside the open-air venue where Trump was speaking. His motives for trying to kill the former president were not yet known, the FBI said.

US President Joe Biden spoke to Trump after the assassination attempt, the White House said.

Biden and Vice-President Kamala Harris received a briefing in the situation room of the White House yesterday from homeland security and law enforcement officials, including attorney-general Merrick Garland, FBI

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director Christopher Wray, homeland security secretary Alejandro Mayorkas and Secret Service director Kimberly Cheatle.

When the shooting took place Biden was in Rehoboth Beach, Delaware, where he has a holiday home. He rushed back to the White House late on Saturday after a brief address to the nation in which he said there was "no place in America for this kind of violence".

Both Republicans and Democrats called for an investigation into the apparent security lapse.

House speaker Mike Johnson said he had asked "pointed questions" about the surveillance measures at the rally to Mayorkas, whose department oversees the Secret Service.

The Secret Service is responsible for protecting current and former US presidents.

"How could [the gunman] not be noticed by Secret Service?" Johnson said.

It's time for the moderate voices of America to be heard

INSIGHT

Peter Spiegel

America is no stranger to political violence. It has raised its ugly head with almost frightening regularity throughout the country's history, at times of extreme polarisation.

But for the most part, assassinations — and attempted assassinations — trigger such shock across the political spectrum that all sides step back from the precipice and cooler heads prevail. Will that be the case in 2024?

The mood on both sides of the political aisle does not lend itself to cool heads or calm nerves. Both Democrats and Republicans have used fear to motivate their bases over the course of the 2024 campaign, and both have warned that a

victory in November by their rival presidential candidate will spell the end of America as we know it. It is not an atmosphere conducive to a return to electoral normality.

But there is precedent, within the lifetimes of many still involved in American politics. A startling wave of political bloodletting at an equally polarised time was cauterised — and not because of any strong leadership by US government officialdom, but rather by the reassertion of the forces of moderation in American society, which wrested back the national conversation from the extremes.

It is still shocking to list the series of shootings and assassinations that occurred on the American political scene over the four years starting in 1968. Not only was Martin Luther King assassinated at the Lorraine Motel in Memphis, and Robert Kennedy murdered after the California Democratic primary, but four student protesters were shot and killed by the Ohio

National Guard just two years later. Then Alabama governor George Wallace was wounded by a gunman on the 1972 Democratic campaign trail.

In retrospect, it is astonishing that the country did not tear itself apart. Leftwing radicals were staging angry protests against the Vietnam war and

Both Democrats and Republicans have used fear to motivate their bases over the campaign

extremist groups like the Weathermen carried out a series of bombings. On the right, the King assassination was just the most significant in a decade-long orgy of violence.

But by 1976, national politics had become boring again. Decent if uninspiring ex-football hero Gerald Ford ran for re-election against Jimmy Carter, a born-again Christian who used to run a

peanut farm. A deranged gunman tried to shoot Ronald Reagan in 1981, but not for political reasons.

The lesson is that American democracy has proven itself resilient. It is easy to forget the US experienced a bloody civil war followed by a presidential assassination — but within a generation emerged into a gilded age, becoming the most important economic power on the global stage.

If the past is prologue, Saturday's apparent assassination attempt on Donald Trump will produce a shock for the American political system, allowing for voices of reason to reassert themselves.

But much that has occurred in the US since Trump appeared on the political scene has been so unprecedented that even the lessons of American history may no longer provide a reliable guide. Let us hope that the voices of moderation, who have been cowed by extremes on both sides of the spectrum, use this as a time to step back into the arena. The country's future may rely on it.

World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS					
	Jul 12	Prev	%chg	Jul 12	Jul 5	Jul 12	Jul 5	Yield (%)	Jul 12	Jul 5	Chg		
S&P 500	5627.05	5584.54	0.76	\$/€	1.061	1.082	€/\$	0.917	0.924	US 2 yr	4.47	4.49	-0.02
Nasdaq Composite	18440.22	18283.41	0.86	\$/£	1.259	1.280	£/\$	0.770	0.781	US 10 yr	4.19	4.17	0.02
Dow Jones Ind	40061.95	39753.75	0.78	€/£	0.840	0.846	€/€	1.191	1.182	US 30 yr	4.41	4.38	0.02
FTSEurofirst 300	2078.70	2059.76	0.92	¥/\$	157.720	160.975	¥/€	172.065	174.240	UK 2 yr	4.07	4.04	0.03
Euro Stoxx 50	5050.38	4976.13	1.49	SFr/€	204.871	206.008	£ index	84.431	83.749	UK 10 yr	4.21	4.18	0.03
FTSE 100	8252.91	8223.34	0.36						UK 30 yr	4.61	4.58	0.03	
FTSE All-Share	4522.75	4508.55	0.31						JPN 2 yr	0.32	0.33	-0.01	
CAC 40	7774.37	7677.13	1.27						JPN 10 yr	1.05	1.08	-0.03	
Xetra Dax	18748.18	18534.56	1.15						JPN 30 yr	2.17	2.22	-0.05	
Nikkei	41190.68	42224.02	-2.45						GER 2 yr	2.82	2.80	0.02	
Hang Seng	18293.38	17832.33	2.59						GER 10 yr	2.47	2.44	0.03	
MSCI World \$	3606.15	3613.61	-0.21						GER 30 yr	2.68	2.66	0.03	
MSCI EM \$	1124.86	1111.22	1.23										
MSCI ACWI \$	824.27	824.77	-0.06										
FT Wilshire 2500	7166.26	7205.91	-0.55										
FT Wilshire 5000	55744.10	56019.10	-0.49										

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ASSASSINATION ATTEMPT

Political protection

Secret Service faces probe over 'breaches'

Congress to investigate gunman's ability to evade security and target rally

PATRICK TEMPLE-WEST — NEW YORK

The US Congress has launched an investigation into "inexcusable security breaches" at Donald Trump's campaign rally in Pennsylvania, piling pressure on the agency responsible for protecting presidents and presidential candidates.

Both Republicans and Democrats yesterday called for an immediate investigation into the role played by the US Secret Service after what the FBI called an assassination attempt at the former

president's rally on Saturday evening. "We're launching an investigation into the inexcusable security breaches in Pennsylvania," congressman Carlos Gimenez, a member of the House homeland security committee, wrote on X. House Speaker Mike Johnson also said Secret Service director Kimberly Cheatle would be called to testify.

In a news conference early yesterday morning, FBI agent Kevin Rojek said "it was surprising" that the gunman was able to get shots off. "There is going to be a long investigation into what took place," he added.

The Secret Service's protection extends to former presidents and vice-presidents as well as their children

under 16. It also includes major presidential and vice-presidential candidates within 120 days of elections.

Secret Service spokesman Anthony Guglielmi said yesterday that claims that the agency had turned down a request from Trump's team for additional security were "absolutely false". "In fact, we added protective resources & technology & capabilities as part of the increased campaign travel tempo," Guglielmi said on X.

Known primarily for providing the president's bodyguards, tasked with jumping in front of bullets, the US Secret Service's role has mushroomed since its creation in 1865 to include advance scouting of public venues where presi-

dents and major presidential candidates will be close to the public.

Trump thanked the Secret Service and other law enforcement for their "rapid response" to the shooting.

But others focused on the agency's apparent failings, with Johnson saying "the American people deserve to know the truth". Newt Gingrich, a Republican former House speaker, said "Cheatle should be suspended immediately".

Democratic lawmakers joined Republicans in calling on the Secret Service to explain how a shooter was able to get so close to Trump. Ruben Gallego, a candidate for US Senate in Arizona, said the attack raised "grave concerns regarding the security measures — or lack thereof

— that were taken to protect a former president of the United States".

Gallego wrote to Cheatle calling on "all those responsible for the planning, approving and executing of this failed security plan to be held accountable and to testify before Congress immediately".

Since the Secret Service officially started protecting presidents, at least seven assaults have occurred, including the 1981 shooting of Ronald Reagan, according to a 2023 report from the Congressional Research Service. Only one attack, on John F Kennedy in 1963, has killed a president under Secret Service protection.

See FT View
Edward Luce see Opinion

Support

Billionaires Ackman and Musk endorse Republican frontrunner

IVAN LEVINGSTON — LONDON

The world's richest man Elon Musk and billionaire hedge fund manager Bill Ackman both endorsed Donald Trump's presidential bid this weekend, shortly after he was injured in the attempted assassination.

Musk and Ackman went public with their pledges of support as the former president's supporters rallied around him after the shooting.

Musk wrote on the social media platform X — which he owns — that he was backing Trump. "I fully endorse President Trump and hope for his rapid recovery," Musk posted.

Ackman wrote on X that he was "going to formally endorse" Trump after recently "spending a few hours" with him.

Ackman, the founder of Pershing Square Capital Management, had backed Trump's Republican rivals, including Nikki Haley, in the party's primary contest this year.

He has previously donated money to Democrats. However, a person familiar with Ackman's thinking told the Financial Times in May that his dislike for President Joe Biden far outweighed his ambivalence for Trump.

The backing from Musk and Ackman comes on top of other billionaires who had already come out for Trump, including Blackstone chief executive Stephen Schwarzman, who endorsed Trump for president as a "vote for change".

Trump has received growing support on Wall Street — including from donors who abandoned him after the January 6 2021 attack on the US Capitol — after the Republican candidate pledged to slash taxes and eliminate government regulation if elected again.

Wall Street bosses have criticised the Biden administration for what they describe as regulatory over-reach.

Silicon Valley has also warmed to Trump in recent months, despite historically being a strong Democratic party base. Some of its most prominent venture capitalists hosted a fundraiser for him last month which brought in \$12m in campaign funds.

The sold-out event hosted by Silicon Valley investor David Sacks at his \$20m mansion on "billionaires row" in San Francisco's ritzy Pacific Heights district was the first part of a three-day West Coast charm offensive.

Tech industry figures have become unhappy about issues such as free speech, tech regulation and taxes. The cryptocurrency sector in particular has felt aggrieved by what it sees as a hostile regulatory regime under Biden's administration.

Attendees included Jacob Helberg, a senior Palantir executive who recently announced a \$1m donation to the Trump campaign after donating to Biden in the 2020 election.

Earlier in the year, Biden's campaign hit out at Trump as he tried to court Musk and other megadonors, mocking him as a "sucker" who is being used by billionaires pushing tax cuts.

It also accused Trump of cutting deals with donors to help cover legal costs stemming from civil and criminal cases, including his hush-money trial in New York.

Pennsylvania. Community response

Shooter's neighbours puzzle over motives

Locals struggle to explain reasons behind 20-year-old's deadly action against candidateSTEFANIA PALMA — WASHINGTON
JOE MILLER — BETHEL PARK

Thomas Matthew Crooks graduated from Bethel Park High School on a sunny June day in 2022. Two years later, he travelled an hour from his home in Pennsylvania, climbed on to a rooftop and fired several shots at Donald Trump, minutes into the former president's speech at a campaign rally.

Trump, who suffered a minor injury to his ear, was whisked away by security, as US Secret Service agents shot and killed the 20-year-old gunman. The attack on Saturday left another man dead and two others critically injured.

The attempted assassination has reverberated throughout the US and has further strained what has become one of the most polarising presidential elections in the country's history.

But yesterday, the shooting's aftermath could also be felt among a small Pennsylvania community, which was left puzzling over the motives of a young neighbour who was a registered Republican but had also once donated to Democratic causes.

Crooks hailed from Bethel Park, a well-heeled suburban neighbourhood south of Pittsburgh. "Trump" signs dot manicured front lawns across the tree-lined borough, often alongside "thin blue line" American flags.

The flags demonstrate support for law enforcement but have become controversial after being wielded by Trump supporters who stormed the US Capitol on January 6 2021 in a bid to stop the certification of Biden's win in the 2020 presidential polls.

Some yard signs stressing "unity" also feature LGBT and trans pride flags.

A section of the road on which Crooks lived was cordoned off yesterday, with state troopers preventing the press from getting too close. Police and other law enforcement came and went; some were seen carrying boxes out of the family's home. Several neighbours said they had been shocked by the developments but did not know the family or the alleged shooter. "Nobody knows him around here," said one man, who asked not to be named.

Another woman, a retired local



Police cordon: law enforcement blocks a street in Bethel Park around the home of Thomas Matthew Crooks, seen in his high school yearbook below



Joshua A. Bickel/AP

teacher, said that she was "praying for the family" and the country, and lamented that divisive politics had now infiltrated her genteel neighbourhood. "We always used to get along," she said.

The local community is not overtly political, said Jeffrey, a neighbour who asked only to be identified by his first name, "and you don't have to worry about people shouting what they think".

Others talked of a bomb scare in the early hours of the morning following the shooting, claiming the houses surrounding Crooks' were told of the threat. The nature of the alleged alarm was not clear, however. US media was reporting yesterday that explosive devices were found in Crooks' car, and possibly in his house.

The FBI, which is leading the probe into Trump's shooting, did not immediately respond to a request for comment. The Bethel Park police department redirected queries to the FBI.

The Bethel Park school district in a statement expressed "its sincere wishes for a speedy and full recovery" for Trump and for the rally-goers. "We offer

special condolences to the family of at least one attendee who was killed," it said, adding it was fully co-operating with the law enforcement probe.

Journalists at CNN reported they had spoken to Crooks' father late on Saturday night, who reportedly said that he was trying to figure out "what the hell is going on" but would "wait until I talk to law enforcement" before speaking about the incident.

"From the little we know about the shooter and the weapon, it was likely purchased legally and outfitted for accuracy at long distance," said Jeffrey Fagan, professor at Columbia Law School. "We need to know more about the shooter's background, especially if he had a criminal record or a history of mental illness or drug addiction that would have prohibited him from passing the required background check to purchase the weapon."

Authorities have yet to determine a motive and are investigating whether Crooks acted alone.

The incident has once again put a spotlight on the fraught gun debate in a country where shootings are the chief

'We need to know more about the shooter's background, especially if he had a criminal record'

cause of death among American youth, as firearm regulation continues to be eased.

The attempted assassination came a month after the US Supreme Court dealt the latest blow to efforts to rein in firearms by overturning a Trump-era ban on "bump stocks", a device that greatly increases the firepower of ordinary rifles. The measure had been implemented after a mass shooting in Las Vegas, the deadliest in modern US history.

The high court's conservative majority held that the Bureau of Alcohol, Tobacco, Firearms and Explosives exceeded its authority in implementing the rule. But Sonia Sotomayor, the justice who led the liberal dissent, warned that the court's ruling would have "deadly consequences".

Back in Bethel Park, the community was yesterday still coming to terms with the latest act of gun violence that has thrust a corner of American suburbia at the heart of the 2024 presidential elections. "It's shocking, it's a little scary," said Jeffrey, the neighbour. "You never know what people are thinking,"

International reaction

World leaders unite to condemn attack and appeal for calm

MATTHEW VINCENT — LONDON

World leaders were united in their condemnation of the attempted assassination of Donald Trump this weekend and called for political violence to be eradicated throughout democratic societies.

In the immediate aftermath of the shooting a succession of key foreign dignitaries followed US President Joe Biden in denouncing the attack.

China's President Xi Jinping expressed "sympathy and solicitude" for the Republican presidential candidate, through a statement posted by Beijing's foreign ministry, which also said it was "paying attention" to the situation in the US.

Ursula von der Leyen, president of the European Commission, said she was "deeply shocked". She added: "I wish Donald Trump a speedy recovery and offer my condolences to the family of the innocent victim. Political violence has no place in a democracy."

French President Emmanuel Macron described the incident as "a tragedy for our democracies" and said that "France shares the shock and indignation of the

American people". German Chancellor Olaf Scholz called the attack "despicable" and said that violent acts such as these threatened democracy.

UK Prime Minister Sir Keir Starmer said he was "appalled by the shocking scenes" and that he had sent his best wishes to Trump and his family. "Political violence in any form has no place in our societies and my thoughts are with all the victims of this attack," Starmer said in a post on X.

Fumio Kishida, Japan's Prime Minister, said he would "pray for President Trump's speedy recovery".

Others stressed a need for calm following the shooting, which came less than four months before the US presidential election in November.

Italian Prime Minister Giorgia Meloni sent "solidarity and best wishes" to Trump and said she hoped "that the next few months of the election campaign will see dialogue and responsibility prevail over hatred and violence".

Czech President Petr Pavel said that politicians "need to try to calm the situation down".

Some echoed appeals from US lawmakers for a dialling down of inflamma-

tory political rhetoric. "It's a phenomenon that's not unique to the US," said Australian Prime Minister Anthony Albanese. "We must lower the temperature of debate. There is nothing to be served by some of the escalation of rhetoric that we see in some of our political debate, political discourse in the democratic world."

However, Russia blamed the current US administration for creating the "atmosphere" that provoked the attack.

Kremlin spokesperson Dmitry Peskov told reporters: "We don't think for a moment that the attempt on candi-



Ursula von der Leyen said that she was 'deeply shocked' by the shooting

date Trump was organised by the current authorities but the atmosphere this administration created around candidate Trump during the political campaign provoked what America is dealing with today."

Turkish President Recep Tayyip Erdoğan called on US authorities to investigate the incident quickly and ensure that justice was seen to be done.

Speaking yesterday, he said: "I strongly condemn the assassination attempt... I believe that the investigation into the attack will be carried out in the most effective way and the perpetrators and instigators will be brought to justice as soon as possible, in order not to cast a shadow on the US elections and global stability."

In Brazil, President Luiz Inácio Lula da Silva said that the attack must be "strongly repudiated" by all defenders of democracy.

His predecessor, the longtime Trump supporter Jair Bolsonaro — who was the victim of a stabbing during the 2018 presidential election — said of the former US president's narrow miss: "This, to understand, is something that comes from above."

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ASSASSINATION ATTEMPT

Maga allies unite in admiration of the man they see as 'unstoppable'

Shooting likely to strengthen former president's image as a political martyr

JAMES POLITI — WASHINGTON
LAUREN FEDOR — NEW YORK

Donald Trump was minutes into his stump speech under the blue skies and blazing sun of Butler, Pennsylvania, when a volley of gunshots was fired at the former president from a nearby rooftop.

Within seconds, he was crouched on the ground behind his podium. But soon enough, bloodied and shaken, Trump was standing again, pumping his fist in defiance as he was rushed from the outdoor venue to a local hospital by the US Secret Service.

Saturday's shooting, in which one person attending the rally and the gunman were killed and two others critically injured, according to authorities, marked a new moment in America's dark history of political violence.

It also brings another twist in this year's fraught White House race between Trump and Joe Biden.

The attack came just two days before the Republican National Convention in Wisconsin, which begins today, and where Trump will be confirmed as his party's presidential candidate. It also followed three weeks of turmoil on the Democratic side over Biden's capacity to run for a second term.

In the early hours of yesterday, the political impact was not immediately clear — but Trump's allies were casting him as the ultimate survivor.

In their eyes, he was already a political martyr, having battled through dozens of criminal charges over the past two years. But overcoming an assassination

attempt prompted new expressions of devotion, admiration and glorification of the former president among Republicans and others in the Maga orbit.

Trump is "unstoppable", Mike Johnson, the Republican Speaker of the House of Representatives, wrote on social media.

"The event has the potential to increase former president Trump's support by highlighting his vigour, motivating his base, and eliciting sympathy," Rob Casey, an analyst at Signum Global Advisors, a policy analysis group, wrote in a note on Saturday night.

Marco Rubio, the Florida Republican senator and contender to be Trump's running mate pick, said "God protected" the former president. Bernie Moreno, a Republican US Senate candidate in Ohio, dubbed Trump an "American legend". General Keith Kellogg, an outside aide on national security, said that he had been "under fire many times" and it "revealed your character".

"When the president stood up with blood streaming and fist pumped and said 'fight', it revealed his," Kellogg wrote on X.

Shortly after news of the shooting circulated, Trump also gained the endorsement of the world's richest man, and owner of X, Elon Musk. "Last time America had a candidate this tough was Theodore Roosevelt," Musk wrote in one of several posts about Trump.

Hedge fund billionaire Bill Ackman also said he was "formally" endorsing Trump. Betting markets on the election's outcome swung sharply in



Taking cover: Secret Service agents surround Donald Trump after the shots rang out at the rally in Butler, Pennsylvania
Doug Mills/The New York Times/Redux/eyevine

Trump's favour. Ronald Reagan enjoyed a brief polling surge after he survived an assassination attempt in 1981.

The shooting also interrupted a challenging news cycle for Biden, who has struggled to overcome a disastrous performance in last month's debate against Trump, with about 20 Democratic lawmakers calling for him to quit the race in the past week.

"The incident is also likely to benefit President Biden by shifting some of the focus away from concerns around his age and acuity, removing pressure on him to leave the race, and potentially further entrenching him in his desire to see the campaign through," Casey wrote.

Biden condemned the shooting in

remarks from his home state of Delaware, where he was spending the weekend, and attempted to lower the political temperature. "There is no place in America for this kind of violence. It's sick. It's sick. It's one of the reasons why we have to unite this country," he said in televised remarks. The US president later called Trump, and hurried back to the White House.

But Biden is trailing Trump in most national and battleground-state polls, and his plans to escalate his attacks on his Republican rival during the convention have been put on hold.

The president's campaign said it was "working to pull down our television ads as quickly as possible".

While Biden will be pausing or toning

'When [Trump] stood up with blood streaming and fist pumped and said "fight", it revealed his character'

"The only thing more tragic than what just happened is that, if we're being honest, it wasn't totally a shock"

down his attacks on Trump, some Trump allies were not holding back, blaming "the left", the media, the Democratic party and even Biden himself for the shooting, even before the identity or motive of the gunman had been established.

Several pointed to remarks Biden made on a call with donors earlier in the week, when the president reportedly said: "We're done talking about the debate, it's time to put Trump in the bullseye."

JD Vance, the Ohio senator and another top contender to be Trump's running mate, said in a statement on X: "The central premise of the Biden campaign is that President Donald Trump is an authoritarian fascist who must be stopped at all costs. That rhetoric led directly to President Trump's attempted assassination."

Others tied the incident to Trump's legal woes. The former president was convicted in New York on 34 criminal charges this year, and is facing three other criminal trials, despite the Supreme Court ruling earlier this month that he had partial immunity for prosecution for actions he took as president.

"First they sued him. Then they prosecuted him. Then they tried to take him off the ballot. The only thing more tragic than what just happened is that, if we're being honest, it wasn't totally a shock," said Vivek Ramaswamy, the biotech investor and top Trump ally.

Mike Lee, the Republican senator from Utah, called on Biden to "immediately order that all federal criminal charges against President Trump be dropped".

"Such a gesture would help heal wounds and allow all Americans to take a deep breath and reflect on how we got here," Lee added, in a joint statement with Robert O'Brien, who was Trump's national security adviser.

Others struck a more measured tone. Doug Burgum, the North Dakota governor who is also seen as a possible vice-presidential pick, called on supporters to pray for Trump and those attending the rally, adding in a post on X: "We all know President Trump is stronger than his enemies. Today he showed it."

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HARRIET AGNEW AND GEORGE STEER
LONDON

One of the most successful tech investors said chipmaker Nvidia could be worth almost \$50tn in a decade — more than the combined current market value of the entire S&P 500.

James Anderson, best known for his early bets on the likes of Tesla and Amazon, said: "The potential scale of Nvidia in the most optimistic outcome is both way higher than I've ever seen before and could lead to a market cap of double-digit trillions.

"This isn't a prediction but a possibility if artificial intelligence works for customers and Nvidia's lead is intact."

'This isn't a prediction but a possibility if AI works for customers and Nvidia's lead is intact'

Nvidia has been the chief beneficiary of a boom in demand for chips that can train and run powerful generative AI models, such as OpenAI's ChatGPT. Its shares have surged 162 per cent since the start of the year, pushing the chipmaker's market value above \$3tn — up 20-fold on the about \$150bn it was worth in August 2018 when Apple became the first company to reach a trillion-dollar valuation.

Nvidia, whose chief executive Jensen Huang has declared the company is at the centre of a new "industrial revolution", briefly leapfrogged Microsoft and Apple in June to become the world's most valuable publicly listed company.

The company's "persistent exponential progress, the competitive advantages in hardware and software, and the culture and leadership are exactly what

we look for", said Anderson, who last year teamed up with the holding company of Italy's Agnelli family to launch Lingotto Investment Management, where he runs a \$650m fund whose largest position is in the US chipmaker.

Anderson is best known for the almost four decades he spent at Baillie Gifford. There he ran its flagship Scottish Mortgage Investment Trust, which first bought Nvidia in 2016, and helped turn the Edinburgh-based private partnership into an unlikely star of tech investing.

When Scottish Mortgage initiated a position in Nvidia, "it wasn't clear what would be the main driver — we didn't decide if it would be gaming, crypto, autonomous driving or AI but left it to the course of events", said Anderson.

He added that the big difference between the semiconductor manufacturer and some of his other successful bets was that "Amazon, Tesla, etc, didn't start from highly profitable and dominant positions but had to get there".

A crucial influence on Anderson and Baillie Gifford's investment process has been academic Hendrik Bessembinder, who found that over many decades just 4 per cent of stocks accounted for all net wealth creation — providing the basis for their belief that fund managers should seek to identify companies that are extreme winners.

Anderson outlined why Nvidia fell into this category in a letter to investors this year.

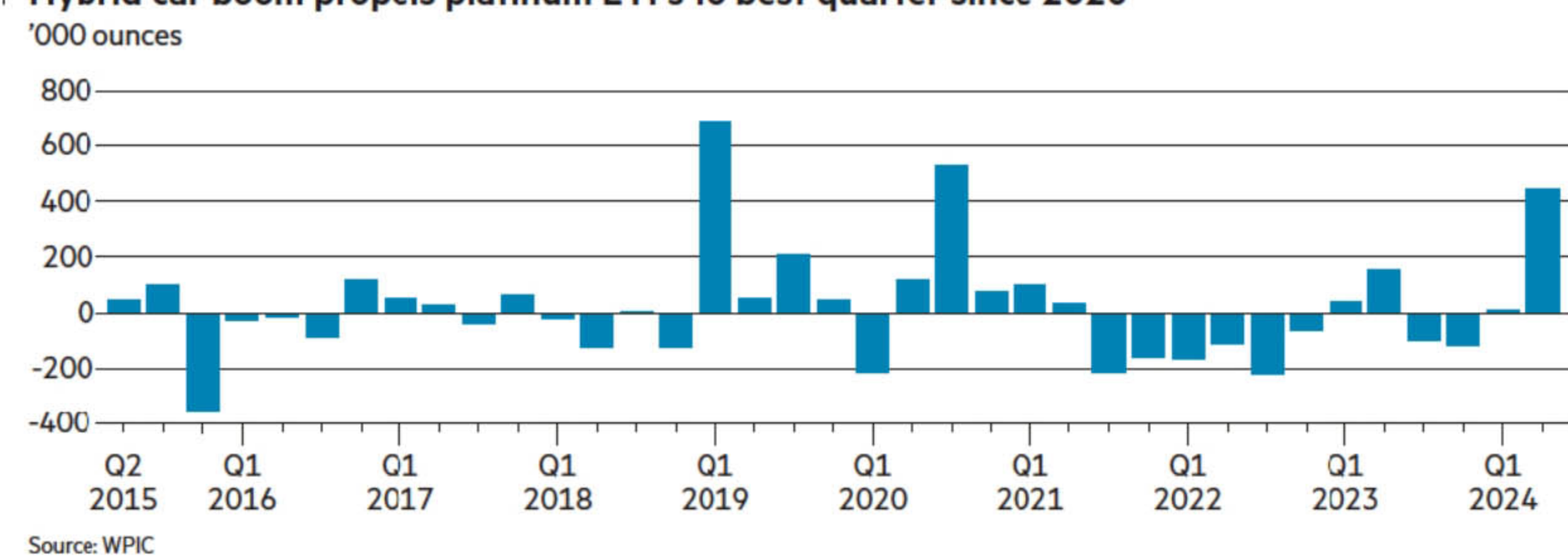
The current combined market capitalisation of all the companies in the S&P 500 is about \$47tn.

Nvidia currently trades at more than 47 times its estimated earnings per share for the coming year and is responsible for almost 30 per cent of the S&P 500's 17.7 per cent gain this year.

Pedal to the metal Platinum funds propelled by punts on booming hybrid vehicle sales



Hybrid car boom propels platinum ETFs to best quarter since 2020



HARRY DEMPSEY AND MARI NOVIK — LONDON
KANA INAGAKI — TOKYO

Investors are betting on resurgent interest in hybrid vehicles and resiliency demand for traditional combustion-engine cars by pouring cash into funds that invest in platinum at the fastest rate in four years.

Holdings of exchange traded funds backed by physical platinum surged by about 444,000 ounces in the second quarter, equating to almost 6 per cent of annual demand and the biggest jump since 2020. Both hybrid and traditional-engine vehicles use platinum to reduce harmful emissions.

Sales of hybrid vehicles have surged — with big carmakers investing heavily in this area again — as consumers grow wary of fully electric vehicles, while combustion-engine vehicles are now predicted to be around for longer than previously thought.

"The investor interest is coming from slower battery-electric vehicle growth and the higher-for-longer combustion-engine vehicle demand,"

said Edward Sterck, director of research at the World Platinum Investment Council, an industry lobby group.

The ETF inflows helped to propel the platinum price 20 per cent higher over a month to the middle of May, after it mostly traded below \$1,000 per ounce since last June. It has since retraced some of its gains to trade at \$1,014 per ounce, less than half its all-time high of \$2,240 in 2008.

ETFs linked to palladium, another metal used in catalytic converters, have seen strong inflows equating to 200,000 ounces this year.

Global carmakers including Ford and Stellantis are expanding their line-up of petrol-electric hybrids as sales growth of EVs slows due to concerns about cost and charging infrastructure. Investments in hybrid technology are far smaller than electric vehicles while carmakers are able to generate higher profit margins.

Toyota has also churned out record profits on the back of booming hybrid sales and recently unveiled a new generation of internal combustion

engines as it expects the global shift to electric vehicles to take longer than expected.

Hybrid vehicle sales in Europe this year have climbed 21 per cent to 1.3m units, compared with growth of just 2 per cent for EVs, according to BNP Paribas. US hybrid sales have risen even faster at 35 per cent year on year.

Catalytic converters in hybrid vehicles require higher volumes of platinum and palladium than traditional petrol and diesel engines.

By contrast, the slowdown in EV demand has hit the prices of metals used in batteries such as lithium, cobalt and nickel.

Nicky Shiels, an analyst at MKS Pamp, a Swiss precious metals refinery and trader, said that the EV slowdown was "an absolute tailwind" for investment demand for platinum.

Paul Syms, head of commodities product management at Invesco, said that platinum demand was also boosted by AI and data storage since the metal is used in hard-disc drives, while supply is expected to be low.

Goldman challenges result of Fed 'stress test'

JOSHUA FRANKLIN AND
STEPHEN GANDEL — NEW YORK

Goldman Sachs has lodged an appeal with the US Federal Reserve challenging its result in the regulator's most recent "stress test", which is set to force the Wall Street bank to hold a greater amount of capital, according to people familiar with the matter.

The appeal advances the issues that Goldman chief executive David Solomon expressed publicly two weeks ago, when he said the Fed's results did not reflect the work the bank had done to make its business more stable. Goldman and the Fed declined to comment.

The Fed's stress result, which included that Goldman would lose more than \$40bn from loans in a series of economic doomsday scenarios, would require the bank to hold a higher amount of capital relative to its assets. Capital is kept in store by banks to absorb potential losses but is also used for dividends and stock buybacks.

The result will mean Goldman's capital holdings rise more than some analysts had expected, given that the bank has pared back its business of investing its own capital in less liquid and riskier private assets. Goldman is also typically subject to some of the highest capital requirements due to its large trading business.

The appeal process starts with banks submitting a letter to the Fed that lays out the areas in which it disagrees with the outcome. The Fed would then recheck the test for any errors.

Since the Fed started to allow banks to appeal against their results in 2020, eight lenders have done so but all have been rebuffed. Goldman challenged its results once four years ago.

The Fed's stress test was mandated by Congress as part of the Dodd-Frank post-financial crisis reforms and is used to decide how much capital banks must hold their assets. The Fed typically discloses in August the names of any banks that appealed against their test result and whether they were successful.

Bank capital has been a hot topic in the past 12 months after the Fed proposed implementation of new regulations, the so-called Basel III endgame reforms, that would require large US banks to hold more capital. The proposal set off a lobbying campaign from the banking industry. Fed chair Jay Powell has since said the central bank would make material changes to its proposal.

Technology. Security

Chinese EV laser maker fights US blacklisting

Founder of Hesai sues Pentagon after classification as 'military company' batters share price

EDWARD WHITE — SHANGHAI
DEMETRI SEVASTOPULO — WASHINGTON

David Li says he was "shocked" in May last year when the US Congressional Research Service accused his company, Hesai — the world's biggest producer of laser sensors used in electric vehicles — of supporting the Chinese military.

The CRS report was the first public sign that Hesai would become the latest victim of the US-China tech war.

Then, in January, Hesai was hit with even worse news when the Pentagon added the Shanghai-based and New York-listed group to a list of Chinese entities alleged to be part of China's military-civil fusion programme.

While the Pentagon's move to add Hesai to a list of about 40 "Chinese military companies" instituted in 2021 had no regulatory impact, it created a perception of investment risk that helped trigger a battering of Hesai's share price.

Li, a University of Illinois Urbana-Champaign graduate and Hesai chief executive, decided that the company he co-founded had to fight back.

Hesai began legal proceedings by suing the Pentagon in a US court in May, and this month asked for a summary judgment. The action came shortly after Li returned from Washington following an unsuccessful bid to talk US officials around.

"It became difficult to get the record clean without suing them," he told the Financial Times in an interview. "The goal isn't to defeat anybody. The goal is

to . . . have an open dialogue because we think it is a really bad mistake."

Hesai is among a rising number of Chinese groups targeted for alleged military links amid deepening fears in Washington over the threats posed by Beijing to US national security.

Congress is considering legislation that would ban the Pentagon from using products that contain Chinese-made lidar, which uses lasers to detect surrounding road conditions for advanced driver-assistance systems. Lidar can also be used in sophisticated robotics products. Hesai is also a rare example of a Chinese group deciding not to take US actions against it lying down. ByteDance, owner of video app TikTok, is also contesting a law that would ban the platform unless it divests the app.

Hesai alleges that the Pentagon's behaviour was "arbitrary and capricious" because it did not provide the company with prior notice or an opportunity to respond. It argues that the Pentagon has failed to explain its rationale, provide evidence or review information submitted by the company.

The Pentagon declined to comment on the lawsuit. But it said Hesai met the definition of a "Chinese military company" as outlined in the US law that requires the defence department to compile the list.

The Pentagon added that the term generally referred to companies "owned by, controlled by, affiliated with, or contributing to the People's Republic of China's military modernisation or to the PRC defence industrial base".

Li denies any connection between Hesai and the Chinese military and says it has not received "any investment" from the Chinese government or state-linked entities. Hesai's lidar sensors, he

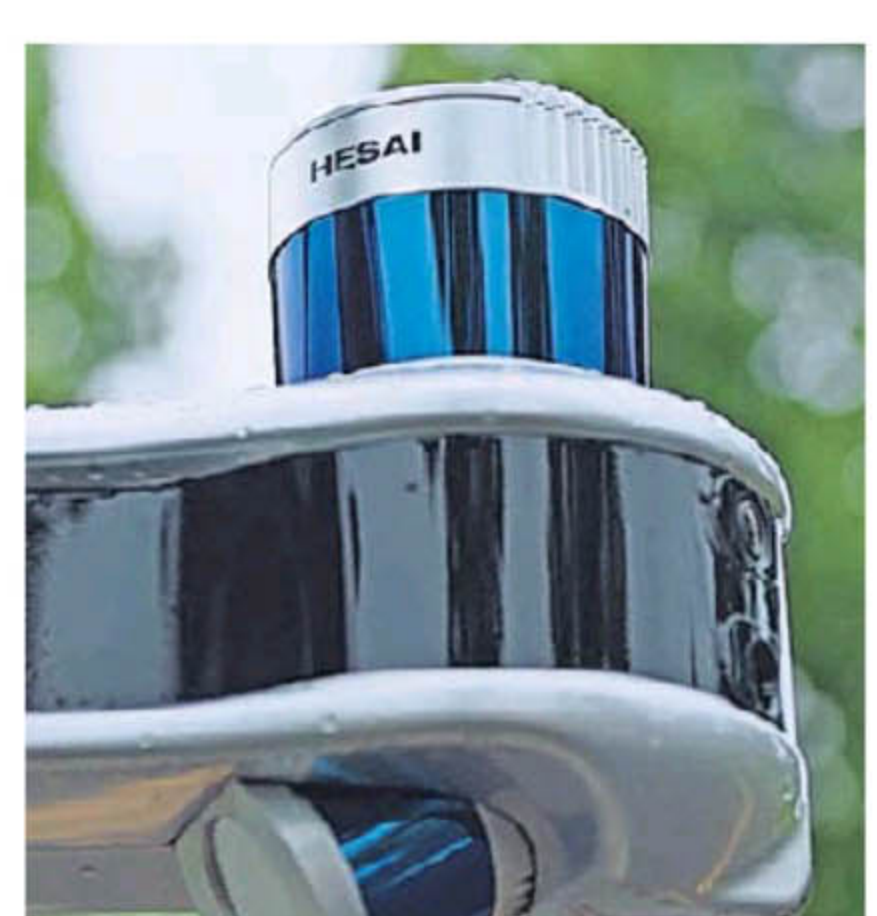
says, are controlled and operated by customers. It cannot access the images generated by lidar, as the technology does not have wireless connectivity and cannot be accessed remotely.

"This is civilian technology . . . we have procedures in place to even prevent the units being directly sold to any military of any country," Li said.

Founded 10 years ago in Silicon Valley, but with its main operations now in Shanghai and Hangzhou, Hesai has a market share of just under 50 per cent of lidar sales to the global automotive industry and works with most of China's top EV makers.

Of its Rmb1.8bn (\$250m) in revenues in 2023, China accounted for 55 per cent and the US just over 40 per cent, but Hesai expects that the US proportion will fall to less than 20 per cent this year.

Hesai has also faced scrutiny from China experts in Washington. In a report on Hesai, James Mulvenon, chief intelligence officer at the US group Pamir Consulting, alleged that it appeared to have facilities inside, or next to, a dedicated



Hesai's lidar technology is used in electric vehicles

military-civil fusion zone in Shanghai.

Mulvenon said Hesai also appeared to have supply-chain connections with universities that conduct cutting-edge research for the People's Liberation Army. His report also alleged that Hesai technology had been used in vehicles used in the repression of Uyghur Muslims in the Xinjiang region.

Hesai disputed Mulvenon's claims, saying it had no connections with any Chinese military organisations, does not have any facility within or adjacent to any dedicated military-civil fusion zones in Shanghai, nor is it aware of its products being used as part of the Xinjiang allegations.

The US is also increasingly concerned that Chinese groups may use their technology to target the data of Americans. The White House recently launched an investigation into whether Chinese cars that use sensors, including lidar, and data-collection technology posed a risk to US national security. US officials are worried about Chinese laws that require domestic firms to hand over data to the government.

In a preliminary prospectus filed with the US Securities and Exchange Commission ahead of its New York listing early last year, Hesai itself said it faced risks associated with having the majority of its operations in China, including the fact that Beijing "may influence or intervene in our operations at any time", in addition to having possible oversight influence on "data security".

Revenues for the lidar market globally are forecast to surge to about \$14bn next year and to more than \$45bn by 2030, according to S&P. China is expected to dominate about two-thirds of the market next year.

Additional reporting by Gloria Li

FT LIVE

INDUSTRY INSIGHTS JUST RELEASED

We are pleased to share the complete audio transcript of our recent FT Live webinar, "**The Future of Dealmaking in Entertainment**", which will give you a taste of what we're offering at the Financial Times' inaugural Business of Entertainment Summit in September.

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Malaysia's king tries to rescue 'dream paradise'

Chinese-backed development of Forest City complex in Johor has languished amid Country Garden's debt problems

MERCEDES RUEHL — JOHOR BAHRU
THOMAS HALE — SHANGHAI

Malaysia's billionaire king is trying to resuscitate a huge real estate project he helped launch in his homeland, with its Chinese developer Country Garden having succumbed to the property crisis in mainland China.

With plans for luxury condominium towers, hotels, a shopping mall and golf course, the \$100bn Forest City development straddling artificial islands on Malaysia's southern coast had been billed as a "dream paradise" when the project was launched in 2013. It aimed to provide homes for as many as 700,000 people across 7,000 acres by 2035.

More than a decade later, the joint venture between China and Malaysia appeared to be more of a "ghost city" on a recent visit by the Financial Times, with largely empty apartments and quiet streets.

In a stark example of the far-reaching effects of China's economic downturn, the project's debt-laden developer Country Garden has been unable to prioritise its largest overseas project. Only 15 per cent of Forest City has allegedly been built in terms of land area.

However, Country Garden's troubles have provided an opening for Malaysia to address the situation. Sultan Ibrahim Iskandar, who became king in January under the country's five-year rotating monarchical system, has taken a more active role in the project's direction in recent months, according to two people familiar with the development, although the shareholding structure has not changed.

Company records show Country Garden still owns 60 per cent of the project, while a private company, Esplanade Danga 88, of which the king owns 64 per cent, has the remaining 40 per cent. This puts the king's overall stake at about 25 per cent.

Advisers to the business-friendly, motorcycle-riding monarch — who is also the ruler of the state of Johor, where the project is based — have engaged the



federal and state governments this year on suggestions for repositioning Forest City.

Daing A Malek bin Daing A Rahaman, a Malaysian businessman and member of the royal court of advisers to the king, is one of the people taking advice on the project's direction, the two people said. Malek owns shares in Esplanade Danga 88 and is a director in Country Garden Pacificview, the master developer, filings show.

Country Garden Pacificview reported

a loss after tax of RM342mn (\$72mn) in 2022 but has not reported 2023 figures.

"Country Garden has bigger problems to deal with and has let the Malaysia side take charge, even though [the Chinese group] is still the biggest shareholder," one of the two people said, adding that Malaysia had become frustrated with the "empty" development.

The national palace did not respond to a request for comment.

In the months following Country Garden's debt default last October, Malaysia

Paradise lost: a miniature of Forest City at a sales gallery in Johor, Malaysia; Sultan Ibrahim Iskandar (seated below, centre) hopes to revive the development

Mohd Rafsanjani/Getty Images

has sought to make the project more of a commercial district, with Forest City included in a proposed special economic zone between Johor and neighbouring Singapore. The king has given his strong public backing for the initiative, set to be signed by the state and federal governments this year.

Plans have also been raised to move some government agency offices to the site by the end of the year, according to one official. Prime Minister Anwar Ibrahim last year announced Forest City would be designated a special financial zone, with incentives including lower income tax rates.

The existing commercial and leisure parts of Forest City have generally also fared better. The golf course on a week-

'Country Garden has bigger problems to deal with and has let the Malaysia side take charge'

end in June was fully booked, and the adjoining hotel had a 70 per cent occupancy rate, thanks mostly to golfing enthusiasts from Singapore and South Korea and a Singaporean church group, according to staff on duty.

Forest City's exact status in terms of sales is difficult to verify. Country Garden and the Malaysian state government, when cited in media reports, have made claims varying from the project being only 15 per cent built to 70 per cent of the units built so far having been sold in the past two years.

An onsite showroom in Forest City displaying a model of the project has multiple "sold out" signs over replica apartment blocks. However, the air-conditioning was off and only two salespeople were on duty on a visit to the largely empty hall by the FT in June. The streets and a duty-free shopping mall were mostly devoid of people. The residents' club room with an infinity pool in the landmark Carnelian Tower condominium was locked, with no lights on.

Country Garden was once seen as a stable player in China's property market after peers such as Evergrande defaulted in 2021 and sparked a cash crunch. But the developer, which had \$200bn in liabilities as of the end of 2022, defaulted on its offshore debt payments last October and this year has faced a winding-up petition in Hong Kong, adjourned until the end of this month, as it attempts to restructure.

The main criticism levelled at Forest City by the Malaysian side is that Country Garden marketed the project squarely at Chinese buyers wanting a second home or an investment, rather than at residents of Malaysia or Singapore. But bad timing, with pandemic lockdowns and President Xi Jinping's stricter controls on moving capital and travelling overseas, left swaths of the 28,000 built units empty. Many are available today for resale at lower prices or for rent on local real estate websites.

Country Garden's Forest City project disputed in a statement that it was a "ghost town" and said there had been no recent change in the project's management rights. There was no specific deadline for the 700,000 total population target, it added, and of 10,000 current residents, more than half commute to Singapore.

A former Country Garden employee, who visited the Malaysian project in its early stages in 2016, said the "kick-off of the project was quite difficult".

The person added that the company offered the promise of lucrative bonuses for salespeople but also required prospective project managers to buy properties themselves in order to support initial sales volumes. He estimated there were hundreds of project managers for sales involved in Forest City.

"I know some people, they joined, put their stake there, got fast-tracked, became senior project managers," he said. "Now it's just stuck, I know many people regret it already."

Additional reporting by A. Anantha Lakshmi in Jakarta

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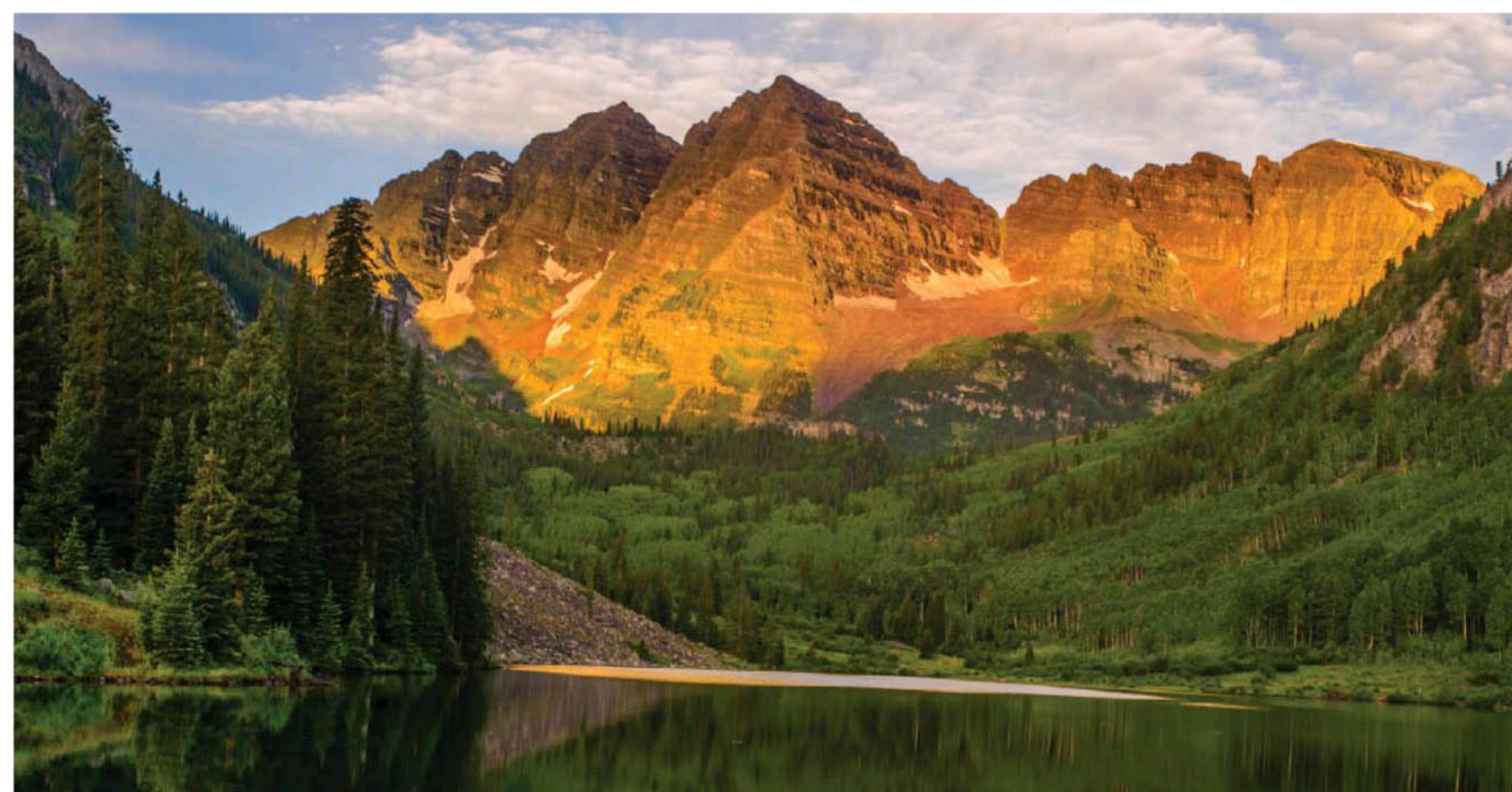
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Travel & leisure

Poor staffing and weather delay Europe flights

PHILIP GEORGIADIS — LONDON

European airlines have warned that air traffic control restrictions, worsened by bad weather, risk disrupting the summer getaway for millions of passengers.

Just 56 per cent of flights in Europe departed on time in the first week of July, as weather issues and air traffic restrictions combined to hit punctuality, according to figures from Eurocontrol, which manages the region's airspace and national air navigation providers.

Last month, passengers suffered a cumulative 4.7mn minutes of flight delays, up almost a third from a year before, the group said.

After disruption at London's Heathrow and Gatwick airports earlier in the month, Ryanair on Friday said "excessive flight delays caused by European [air traffic control] staff shortages" had delayed 24 per cent of its first-wave departures (135 of its 574 aircraft) that day. The problems were "affecting all European airlines", it said.

"We have become really worried lately... the numbers [of flights delayed] have been silly," said Ourania Georgoutsakou, managing director of Airlines for Europe, the industry trade body.

The rise in delays follows growing pressure on Europe's airspace as airlines send an increasing number of planes into already congested skies. Bad weather, a shortage of air traffic controllers and the closure of a large area of

Europe's airspace because of Russia's war in Ukraine have also placed more strain on the air traffic control network. In June, there were on average 33,671 daily flights in Europe, a 5.2 per cent increase on the previous year, according to Eurocontrol, as airlines added fresh capacity to meet rising demand in a post-pandemic travel boom.

"Summer 2024 is proving particularly challenging due to strong traffic growth and network saturation combined with adverse weather," Eurocontrol said in a statement.

Airlines have warned that national air traffic control services are underperforming, pointing to Eurocontrol data showing that delays due to air traffic problems hit their second-highest level in 20 years in 2023.

"[We] and many other European airlines are having our schedules repeatedly delayed, flights cancelled and passengers disrupted due to the misman-

agement of European ATC," said Neal McMahon, Ryanair's chief operating officer.

But air traffic control providers, which are generally state-owned, said they had not been able to invest in better resourcing, including hiring more staff to address a chronic shortage of air traffic controllers, because of a regulatory system that has prioritised cutting the fees charged to airlines.

Total air traffic costs charged to airlines have barely risen in 20 years, even as the number of flight hours in European airspace has grown, according to Eurocontrol.

"Financial limits imposed by regulation still hamper staff recruitment and training, and constrain essential investment in new infrastructure," the Civil Air Navigation Services Organisation, which represents the air traffic management industry, said in a statement.

The air traffic industry has warned that driving down ATC charges could be a false economy for airlines if it leads to increasing delays. Frédéric Deleau, executive vice-president for Europe at the International Federation of Air Traffic Controllers' Associations, said there had been some recruitment of controllers over the past year, but he feared it was "too little too late" for this summer.

Many controllers were working overtime, including up to 28 days per month in some countries, "pushing limits and fatigue", Deleau said, although he stressed that safety remained the number one priority. "It will take time to stop the negative spiral," he said.



Delays last August at Gatwick, which could be repeated this summer

COMPANIES & MARKETS

Equities

Japan exchange reins in 'aimless' listings

Chief Yamaji insists 'name and shame' campaign will create stronger companies

DAVID KEOHANE AND KANA INAGAKI
TOKYO

The chief of Japan's stock exchange said fewer companies were listing "aimlessly" as a result of its corporate governance drive and rising shareholder activism.

Hiromi Yamaji, the head of the Japan Exchange Group which controls the Tokyo Stock Exchange, said in an interview with the Financial Times that in

the past, companies "just kept listing because it was prestigious".

He added: "But now that is changing due to increased expectations from shareholders and because of the exchange's own push to improve corporate governance."

The former Nomura banker, who took over JPX in 2023, introduced a radical "name and shame" regime in January to drive better valuations, particularly at listed companies with a price-to-book ratio of less than one, meaning the market values them below their book value. As of May, 34 per cent of Topix 500 companies had a price-to-book ratio of less than one.

Buyouts have surged in Japan, with the total value hitting \$4.2bn last year, the highest level since 2006, according to LSEG data. School operator Benesse Holdings and karaoke company Shidax were among the companies to announce plans to go private.

Yamaji said companies deciding not to list or to go private was a "healthy" sign: "If they decide to do this [not list] they may come back after they improve their operations and become stronger."

At the end of June, 1,335 of the 1,643 companies listed on the exchange's most prestigious section have complied with its request to outline plans to raise their valuations. Yamaji said he was

ready to do more to encourage improvements in corporate governance. In the second half of the year, he intends to publish anonymous case studies of companies that are failing to properly address governance concerns.

He has also proposed new rules for the Topix index that could increase the required free float, adjusted for market capitalisation, of included stocks. This change could further reduce the number of listed companies by 40 per cent to an estimated 1,200 by the second half of 2028, he said.

JPMorgan analysts said changing the inclusion rules "could give small [and] mid-cap companies near the threshold

for exclusion an incentive to improve their stock prices".

There are other signs of progress. Cross-shareholdings, which were historically a way to cement ties between companies but have been criticised by investors for creating conflicts of interest and misallocating capital, are being unwound in many sectors.

At the same time, corporate Japan is experiencing an increase in shareholder activism. CLSA said there had been as many activist events – such as investors taking positions or making significant suggestions to companies – in the first half of the year as there were in the whole of 2023.

Technology

Transsion hit by Qualcomm and Philips patent suits

JOSH GABERT-DOYON AND JAMES KYNGE
LONDON

Shenzhen-listed Transsion, the world's fourth-largest smartphone maker, is being sued by Qualcomm and Philips for alleged intellectual property violations.

Transsion, which has a 48 per cent market share for smartphones in the African continent and is expanding rapidly across the global south, is facing intensifying legal and commercial pressures from large US and European technology companies.

Qualcomm filed a lawsuit against Transsion, the manufacturer behind the Tecno, Itel and Infinix brands, in India earlier this week and has filed claims in Europe and China over alleged patent infringement. Philips has also sued Transsion in India, according to court filings.

Nokia, the Finnish telecoms company, is also pressing the Chinese company to start making payments for patented technologies used in Transsion phones, according to people familiar with the matter.

Ann Chaplin, Qualcomm's general counsel, told the Financial Times on Friday: "Transsion [...] has declined to accept a licence from Qualcomm for the majority of its mobile products, so we are pursuing litigation to enforce our rights." Chaplin added: "Qualcomm

Transsion said it was willing to reach agreement with patent holders via 'friendly negotiations'

has sued Transsion [...] to protect our patent rights and help restore a level playing field for all our licensees."

Mobile phones are full of components and technologies that were developed and patented by multiple companies.

Smartphone makers are obliged to pay royalties to the owners of each piece of intellectual property.

Transsion has followed an extremely low-cost business model to win market share by undercutting rivals. The average Transsion smartphone sells for \$110-\$120, according to Counterpoint, a research firm.

Typically the value of royalties agreements by large smartphone makers to intellectual property owners is in the region of hundreds of millions of US dollars, according to one analyst.

Transsion said that it "respects the intellectual property rights of third parties" and added that the company is willing to reach an IP licence agreement with patent holders through "friendly negotiations".

"We have signed a 5G standard patent licence agreement with Qualcomm and are in the process of fulfilling that agreement," Transsion added.

In January, Philips filed an IP lawsuit against Transsion in India, another country where Transsion is trying to gain a foothold, according to court documents. Philips declined to comment.

Transsion declined to comment specifically on the Philips case. According to Chinese media reports, the Chinese tech giant Huawei launched legal action against Transsion in China in 2019, also alleging IP violations.

Additional reporting by Eleanor Olcott

Market questions. Week ahead

ECB set to hold rates as it keeps options open

When will the ECB next cut rates?

The European Central Bank is widely expected to keep interest rates on hold at its meeting in Frankfurt on Thursday, when investors will watch closely for signals about the likely timing and scale of future moves.

Markets are betting on a rate cut in September, pricing in a roughly 85 per cent chance of the ECB reducing its benchmark deposit rate by 0.25 percentage points to 3.5 per cent. But policymakers seem determined to keep their options open, unlike earlier this year when they clearly signalled rate cuts would start in June.

The more hawkish rate-setters point out that annual wage growth of about 5 per cent and services inflation above 4 per cent are reasons to be cautious. They also say unemployment at a record low of 6.4 per cent means there is no need to rush further cuts.

"The ECB wants to retain full optionality on when and how much to cut," said Mark Wall, chief European economist at Deutsche Bank. "The hawks need more convincing that wage inflation is turning and services inflation is slowing before cutting rates again."

But doves say the latest data shows the recent pick-up in Eurozone growth is already losing steam. They also point to profit margins starting to shrink as a sign that companies are absorbing higher labour costs rather than passing them on to customers.

ECB president Christine Lagarde summed up its cautious approach this month by saying: "The strong labour market means that we can take time to gather new information, but we also need to be mindful of the fact that the growth outlook remains uncertain." *Martin Arnold*

How quickly are UK inflationary pressures easing?

Investors will be closely watching upcoming UK inflation and wage data for indications of whether the Bank of England will start cutting interest rates from their 16-year high of 5.25 per cent in August or September.

Markets are almost equally split over whether the first rate cut will come on August 1. Signs that underlying price pressures are still strong could support the case for keeping rates on hold for longer, particularly as the economy is recovering faster than expected from the stagnation of the last two years.

Economists polled by Reuters fore-



Flying the flag: ECB rate-setters in Frankfurt, who meet on Thursday, seem set on keeping their options open on when and how much they will next reduce rates

Kirill Kudryavtsev/AFP/Getty Images

cast that annual headline and core inflation, which strips out food and energy, will be unchanged from the previous month at 2 per cent and 3.5 per cent, respectively.

They also forecast earnings growth will slow to an annual rate of 5.7 per cent in the three months to May, down from 5.9 per cent in the previous period. However, a key measure of underlying price pressures is the path of services inflation, which remained particularly sticky at 5.7 per cent in May.

Rob Wood, an economist at consultancy Pantheon Macroeconomics, forecast that services inflation would slow only slightly to 5.6 per cent, well above the Monetary Policy Committee's forecast of 5.1 per cent.

He argued that services inflation reflected still-elevated wage growth, particularly April's 9.8 per cent minimum wage increase feeding through to prices.

"Accordingly, we expect prices in

accommodation, housing, recreation and culture to rise more than during a typical June," said Wood.

However, higher than forecast services inflation in May "did not alter significantly the disinflationary trajectory that the economy was on", according to the latest BoE minutes.

The start of the Euro 2024 football tournament and Taylor Swift's concert tour could also have resulted in a temporary boost in prices, said economists. *Valentina Romei*

What will retail sales reveal about the health of the US consumer?

US retail sales data is set to offer insight into the health of the consumer at a time when the highest interest rates in decades are putting pressure on the weakest parts of the economy.

Tomorrow the US Census Bureau is expected to report no increase in overall retail sales in June from the prior month after an increase in May. Excluding the

'The hawks need more convincing that wage inflation is turning and services inflation is slowing before cutting rates again'

Mark Wall, Deutsche Bank

car sector, which tends to be more volatile, retail sales are expected to have risen 0.1 per cent.

If retail sales come in below expectations, the data, in combination with recent evidence of a slowdown in the labour market and weaker inflation, could help persuade the Federal Reserve to begin cutting interest rates in September.

"We look for retail sales to notably retreat in June on the back of large declines in auto and gas sales," wrote analysts at TD Securities.

"Separately, tame June inflation and a softening labour market are opening the door for a September rate cut. Fed-speak, led by [chair Jay] Powell [today], could offer indication that Fed officials are also reaching that conclusion."

Expectations of a rate cut rose this week in the wake of weaker than forecast inflation data. Futures markets are now fully pricing in a reduction in September. *Kate Duguid*

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MARKET DATA

WORLD MARKET DATA

FT.COM/MARKETSDATA

Change during previous day's trading (%)



Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison

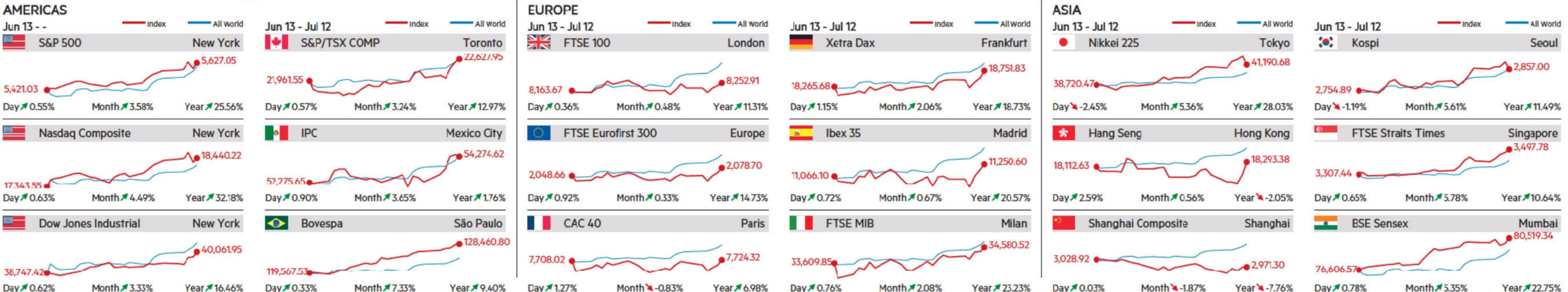


Table listing various stock indices and their latest values and percentage changes, including Country, Index, Latest, and Previous columns.

STOCK MARKET: BIGGEST MOVERS

Table listing the biggest movers in the stock market, categorized by region (Americas, Europe, Asia) and listing stock names, prices, and changes.

CURRENCIES

Table showing currency exchange rates for Dollar, Euro, and Pound against various international currencies.

FTSE ACTUARIES SHARE INDICES

Table listing FTSE Actuaries Share Indices with columns for index name, closing price, and daily change.

FT 30 INDEX

Table showing the FT 30 Index performance, including closing price, daily change, and year-to-date performance.

UK SECTORS: LEADERS & LAGGARDS

Table listing UK sectors and their performance, categorized into leaders and laggards.

FTSE 100 SUMMARY

Table providing a summary of the FTSE 100 index, including closing price, weekly change, and sector breakdown.

FTSE GLOBAL EQUITY INDEX SERIES

Table listing FTSE Global Equity Index Series with columns for index name, closing price, and daily change.

UK RIGHTS OFFERS

Table listing UK rights offers with columns for company name, amount, and offer date.

UK COMPANY RESULTS

Table listing UK company results with columns for company name, turnover, and profit.

UK RECENT EQUITY ISSUES

Table listing UK recent equity issues with columns for issue name, amount, and issue date.

UK STOCK MARKET TRADING DATA

Table listing UK stock market trading data with columns for order book turnover, order book gains, and total equity turnover.

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Disclaimer and additional information regarding the data provided, including copyright notices and contact information.

FT500: THE WORLD'S LARGEST COMPANIES

Table of FT500 companies with columns for Country, Company Name, Price/Week, High, Low, Yld, P/E, MCap m. Includes sections for FT500: TOP 20 and FT500: BOTTOM 20.

MARKET DATA

Table of Market Data with columns for Index, Price/Week, High, Low, Yld, P/E, MCap m. Includes sections for FT500: TOP 20 and FT500: BOTTOM 20.

Table of Interest Rates: Official and Market. Columns include Rate, Current, and Last.

Table of Bond Indices: Index-Linked and Ten Year Govt Spreads. Columns include Index, Day's change, and Return.

Table of Bonds: High Yield & Emerging Market. Columns include Index, Red date, Coupon, Ratings, Bid price, Bid yield, Mtn's spread, and US vs.

Table of Bonds: Global Investment Grade. Columns include Index, Red date, Coupon, Ratings, Bid price, Bid yield, Mtn's spread, and US vs.

Table of Interest Rates: Market. Columns include Over night, Change, and One, Three, Six, One year.

Table of Bond Indices: Bond Indices. Columns include Index, Day's change, and Return.

Table of Volatility Indices. Columns include Index, Day's change, and Return.

Table of GLTs: UK Cash Market. Columns include Index, Price/E, Red date, Coupon, Ratings, Bid price, Bid yield, Mtn's spread, and US vs.

Table of Commodities. Columns include Energy, Price, Change, and High/Low.

Table of Bonds: Index-Linked. Columns include Price, Yield, and Return.

Table of Volatility Indices. Columns include Index, Day's change, and Return.

Table of GLTs: UK Cash Market. Columns include Index, Price/E, Red date, Coupon, Ratings, Bid price, Bid yield, Mtn's spread, and US vs.

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WORK & CAREERS

What's the point of war if you can't make money from it?

Messages from the archive of Rutherford Hall, critical communications strategist

WhatsApp to Stephen: Happy days. New Labour, new opportunities. Clients are looking for a guide through the thickets. Also Labour lost a couple of good people on election night so we should try to snap them up. We need to be quick. Strand Partners has already snaffled that bloke who wrote the Starmer biography.

WhatsApp to Stephen: That's very interesting. One of the things I like about defence firms is they aren't penny-pinching, though I think that's one of the issues the government has with them. Let's organise a sit down with Clive ASAP. Labour's new defence review is a big opportunity but also a worry for that sector.

Mind you, when it comes to lobbying, there's few better. The defence industrial lobby, the armed forces lobby; these people are my heroes. They have ex-generals on tap and every editor on speed dial. And they are just as good at working up the unions to lobby Labour on their behalf. Have you seen that giant BAE advert that seems to be permanently above the escalators at Westminster tube station? Those guys don't miss a trick.

WhatsApp to Stephen: What time is Clive coming in tomorrow? I've got a couple of morning meetings with clients who fancy board roles on Labour's new quangos.

From: Rutherford@Monkwellstrategy.com
To: Clive@SummaBellisystems.com
The public pressure for more defence spending is a real opportunity. As I always say, if you can't make money from war, what's the point of it?

We just need to stop this becoming a demand for something you don't make, like more soldiers. The army boys are already talking about troop numbers so we need to ensure this review is more forward looking and focuses on advanced systems. Drones, anti-missile systems, generative AI and so on. We are working to get independent experts and outside organisations who share our vision feeding into the review. If we can help shape the threat it will be far easier to shape the solution.

Also we don't want this to become a long look at all the money wasted on defence projects. It is vital to national security that we go on wasting money on defence projects because every now and then one works out and it's hard to know in advance which it will be.

One thing that does concern me is

that I'm hearing the new defence secretary, John Healey, is planning a major shake-up of MoD bureaucracy and procurement so we need to make sure we aren't wasting time on the wrong people and help shore up our people in the MoD.

Best, Rutherford. *Find me on Strava, KoM Sydenham Hill, PR Al Jubailah/Bawdah Loop — 42 mins*

WhatsApp to Jim Greene: Hi Jim, I haven't heard a name to chair GB Energy so it might still be in play. But I'd worry that for something as central as that to their plans they'd have someone in mind. And yes, that was Clive you saw me with. I agree he's first rank, best of the new breed. I'd be happy to arrange lunch. I know he's an admirer of yours.

WhatsApp to Stephen: We'll do our best for Jim and he's a very big name but truthfully he's left it far too late. Other candidates will have been manoeuvring for months now.

WhatsApp to Jim Greene: Hi Jim, With your background in the sector you've got high credibility. What we need to do is put you out there, get you into some minds. How about trying to write an opinion piece for the FT on the

It is vital to national security that we go on wasting money on defence projects because every now and then one works out

clean energy strategy Britain needs or how you'd run GB Energy?

WhatsApp to Jim Greene: Don't worry, I don't think anyone knows how it is going to work so you aren't likely to make the wrong suggestions. I don't want to get your hopes up. You need to campaign early for these plum roles. Unless you're a human rights lawyer.

WhatsApp to Stephen: I've had a brainwave.

WhatsApp to John Healey: John, many congratulations. I know you'll be brilliant. On which subject I wanted to mention a conversation I had with Jim Greene, whose time at Big Energy made him just about our most respected business leader. He's got some v interesting views on defence procurement, bags of experience running long-term projects and I'm sure would be worth involving in some way in your review. He has no defence interests of his own and I know he's keen to help the government.

WhatsApp to Clive: Glad you and Jim hit it off. He's great. But maybe hold off putting him on your board just yet.

Messages recovered by Robert Shrimsley



Rutherford Hall
Critical Comms

Education

Degrees for free: the employers funding tuition for staff

Companies offering courses to employees hope to boost recruitment and retention, writes Andrew Jack

Maniala Lucien, an immigrant from Haiti who built a new life in Florida, always wanted a college degree. But between raising three children and working as a housekeeper at Disney resorts, it seemed impossible.

Then she received a postcard from her employer with an offer: study for a part-time degree online, with tuition fully paid. "I didn't believe it at first, but I thought I had nothing to lose," she recalls. "In a few minutes I'd signed up, and within five weeks I was enrolled . . . I still can't believe I have a bachelors degree, and now almost a masters, and I haven't paid anything for books or tuition."

Disney's Aspire programme, launched in 2018, has paid for 4,800 staff to graduate from courses at 14 colleges. The media and entertainment group is one of a growing number of US companies funding employees to study for degrees and other courses in their spare time. Some companies focus on improving skills that are relevant to employees' existing work – such as training in human resources, for example – while others are using the perk as a way to attract or retain staff by offering a range of new subjects.

"It's not only about helping frontline talent put their careers and dreams within reach," says Tonya Cornileus, Disney's senior vice-president for learning. "It does wonders to help us attract a diverse talent pool."

Advocates say so-called employer-funded training is a powerful social and economic good, opening up the US's expensive higher education system to people who might otherwise be sidelined, and helping employers to attract, retain and train workers with the skills they need. But critics regard it as an unsatisfactory result of America's tough-to-access college system, warning that courses are often poor quality and limited in choice.

The boom began nearly a decade ago, when Michael Crow, president of Arizona State University, met Howard Schultz, then chair and chief executive of Starbucks. The pair were sitting on a task force for Rework America, a network focused on improving the labour market through training. But the group's progress felt slow. "We thought this will take forever, and what could we do with Starbucks now?" recalls Crow.

Schultz was thinking about how to help some of the 75 per cent of his staff who had college credits but had failed to complete their degree. "We were trying to remedy these casualties of American higher education, and we thought why not create a Starbucks college achievement programme?" Crow says.

His vision was to make ASU accessible



Maniala Lucien: 'I still can't believe I have a bachelors degree, and now almost a masters, and I haven't paid anything for books or tuition'

to more people by putting lectures online – a radical proposition before the pandemic prompted a widespread shift to remote work and study. The institution invested in an online platform and enrolled lecturers from the college to teach on it. Since 2014, ASU has taught 25,000 Starbucks staff of whom nearly half have graduated.

Other large employers have launched similar programmes with ASU, including Uber, which since 2018 has funded 1,000 drivers through courses ranging from nursing to political science. Liza Winship, director of US and Canada driver operations, says the programme is meant to "reward drivers for their engagement . . . We really think of it as an investment to make us the best choice for flexible employment. We don't necessarily see Uber as the final destination."

However, there are questions as to what extent employer-funded training makes a difference to the quality of the labour force or the opportunities available to individual workers.

Two decades ago, Wharton business school professor Peter Cappelli concluded that workers who received support with college costs from their employer were more productive and loyal than those who did not, at least while they were studying.

Starbucks says staff who go through its college programme are promoted at nearly three times the rate of its other US employees and typically stay with it 50 per cent longer.

But Cappelli is less convinced by the current round of programmes, which he says "may be a cheap way to generate better PR". "Employers are only willing to support really cut-rate online education programmes," he notes, which may not give students the same social mobility boost as in-person degrees.

The corporate programmes certainly include an element of economic self-

interest. Employers receive tax relief on tuition spending of up to \$5,250 a year per employee. Universities also gain, since online training allows them to increase student numbers and fees with minimal additional costs.

The recent interest has also created an ancillary industry of small companies that match employees to courses. One such company, Guild Education, says demand has grown from clients including retailers Walmart and Target, and restaurant chain, Chipotle as "we have started to see the pressure of the talent shortage for business".

"It's become strategic to find ways into close the skills gap, think about the future of the workforce and retain

'We really think of it as an investment to make us the best choice for flexible employment'

talent," says Guild Education's chief executive, Bijal Shah.

At its rival InStride, chief university officer Michelle Westfort says a tight US labour market means employer needs have evolved. "Retention was a primary driver historically. It's grown into diversity, developing specific skills and career mobility."

One of the companies that InStride is assisting is Utah-based Intermountain Healthcare. "My biggest concern right now is less about filling open positions," says Intermountain's vice-president and chief learning officer, Marguerite Samms. "Things are changing so fast and the challenge is the skills gap. We could have every position filled and not be able to upskill our workforce quickly enough."

The online courses Intermountain funds, mainly at Colorado Technical

University, particularly benefit indigenous employees and those in remote rural areas. "There are a lot of social obstacles to getting an education, especially for new Americans, those on lower incomes and who are racially marginalised," Samms says.

There are limitations to the tuition programmes. Balancing work, family and study means many participants do not complete their courses. The conditions companies impose vary widely, with some only willing to reimburse a limited choice of courses.

Eligibility criteria also differ, although staff often have to work a minimum number of hours to qualify. Uber, for example, only allows its most active drivers to take part, and they must continue to work a certain number of hours to benefit.

Starbucks has taken action to allay such concerns: it allows employees' family members to join, and now pays tuition fees upfront, rather than reimbursing participants. It has also worked with ASU to offer support such as language tuition and mentoring.

Grace Alhadjaboodi, a shift supervisor and bargaining delegate for the Starbucks Workers United union in the Texas region, is studying for a degree in biology at ASU as part of the programme. She says the benefit should be improved by enshrining it in employee contracts, so it is no longer discretionary; and that staff should be guaranteed the 20 hours of work a week required to get tuition. "It's a good benefit, but we want to make sure people can access it."

After completing her bachelors in hospitality management, Lucien is now studying for a masters in human resources. She hopes to move into that business area at Disney.

"My son in high school is ready to join me" in the tuition programme, she says. "His [college] will be paid just like for me. It opened so many doors."

Work watch

The 'smoke alarm' to detect microaggressions at work



Emma Jacobs

Law firm Hogan Lovells has launched a new way to improve relations in the workplace. If staff experience unacceptable behaviour like someone taking credit for their work, or "microaggressions" such as bias related to age, gender or race, they can now log it online, discreetly flagging the problem to management.

The firm introduced the tool after noticing employee "reluctance to call out seemingly 'minor incidents', which may nonetheless contribute to someone feeling excluded or marginalised," Penny Angell, UK managing partner, says.

Critics accused the firm of policing staff and stoking a culture of fear.

Rosie Turner, co-founder of InChorus, the platform used by Hogan Lovells and other employers, describes the tool as a "smoke alarm" that can expose problems before they become severe. "If you look back at Uber, BrewDog, Ted Baker," she says, "what you always see is that those big behaviours don't happen in a vacuum." All three companies were publicly accused by workers of perpetuating toxic cultures.

Turner makes the case for a mechanism allowing employees to flag problems that is more proactive than annual engagement surveys and less drastic than formally reporting grievances.

"There's little between these two extremes. It's not about policing behaviours, it's about detecting friction points."

Reporting is anonymous, and InChorus and similar providers do not allow staff to blame or identify individuals, which Turner says would make the system "vulnerable to misuse". The types of behaviour staff might report include assuming an older colleague is technologically challenged, or bullying or belittling.

After the murder of George Floyd in 2020, employers stepped up diversity initiatives to advance staff from under-represented backgrounds. But after the US Supreme Court ruled last June against race-conscious university admissions, corporate programmes have come under attack, including by prominent figures such as Elon Musk and hedge fund billionaire

Bill Ackman. In the UK, stronger worker protections due to come into force in October will place a duty on employers to take reasonable steps to prevent misconduct. Law firm Travers Smith, for example, has updated its policy on staff reporting concerns about conduct and launched a training programme for managers. Turner says ideally organisations would want people to speak up in-person when they experience problems. But "that overlooks power dynamics. You can't demand psychological safety."

Employers should use reporting tools to collect data and understand friction between co-workers. They might help identify training gaps, or encourage those with differences of opinion, say between generations, to understand each other's perspectives.

Tech platforms that collect complaints can improve understanding, says David D'Souza, director of profession at the CIPD, the human resources body. However, they risk creating a "culture of reporting rather than direct dialogue. Organisations need to clearly define what should be reported through these channels, while promoting direct and timely conversations between colleagues."

Ethan Burris, professor of management at the McCombs School of Business at the University of Texas at Austin, says that if leadership is funnelling staff to anonymous online channels, that can "send signals that it is not safe to speak up face to face".

"While anonymous hotlines are important for HR to capture instances of discrimination, harassment and unethical behaviour, if that is the primary or only mechanism to hear from employees, it is a strong signal that employees should be cautious telling the truth about any issue," he notes.

Another problem can be that such systems rob leadership of the ability to follow up. "Anonymity, while important for protecting the identity of the employee, greatly hinders leaders' ability to . . . find out what is really going on," says Burris.

It would be too extreme, he says, to claim such systems are harmful for employees.

"They absolutely have their place . . . but they need to be complemented with other avenues for employees to relay their feedback and ideas."

FEATURES

The
Henry Mance
Interview

'In time, drug legalisation is inevitable'

FEMKE HALSEMA

As countries and states around the world experiment with liberalisation, the mayor of Amsterdam wants international agreement



Charlie Bibby/FT

There is always a well-known solution to every human problem — neat, plausible and wrong," quipped the American writer HL Mencken. Is drug liberalisation proving his point?

It promised to solve the failed war on drugs — by putting illegal gangs out of business, freeing up police time, and allowing medical help for users. But practice is messier than theory.

New York has made such a hash of legalising cannabis that illegal vendors far exceed legal ones. In April, Oregon reversed the decriminalisation of hard drugs after overdoses spiralled (although the causal link is debated). British Columbia has faced similar issues.

Amsterdam has been grappling with the unwanted results of permissiveness for much longer. The world's most liberal city has become one of the most visited: nearly 10mn tourists stayed there last year, above the pre-Covid peak. It is the city where everything goes and everyone goes. Many foreigners are drawn by cannabis and sex shows; some locals despair at the tawdriness.

The city's mayor, Femke Halsema, is trying to clean up the excesses. In her office overlooking the Amstel river, she calls for more visitors "who love the canals", rather than "urinate in them".

But she says the deeper problem is less visible: the illegal market for cocaine is booming across Europe. In 2023 Dutch police intercepted record quantities but on the street cocaine prices remain low. "The only thing you can conclude [is] that there is more and more coming in and more and more money is made," says Halsema, who begins her second, six-year term as mayor this week.

Amsterdam's real problem is prohibi-

'A city is an organism that changes slowly. It would be naive [to think] you can change it in five years'

tion, she argues, and the answer is not less liberalisation but more. She wants to end the Netherlands' halfway policy on cannabis: coffee shops can sell it, but cannot buy it legally, meaning they have to buy from criminals. Other European countries have recently liberalised further.

The cocaine trade fuels problems, particularly in Amsterdam's poor outskirts, where "we see many, many youngsters getting seduced into organised crime." High-profile murders have been linked to the drugs trade. In the south of the country, police discovered a gang's "torture chambers".

Halsema is also worried that Amsterdam's financial centre, including estate agents and lawyers, is being "knowingly infected" by criminal money. In January she warned, perhaps too bombastically, that the country risked becoming a "narco-state".

"Everything starts with the legalisation of cannabis, and maybe the legalisation of MDMA," she says. For cocaine, she doesn't want "complete legalisation" — given the health risks of crack — but "a medical model", where the drug is perhaps available only at pharmacies.

So it wouldn't be easy to buy cocaine?

"Well, it is very easy to buy cocaine. You can call someone and they deliver it to your home — not only in Amsterdam, everywhere." Regulating drug supply is "the only way that you can do something about the health problems".

Amsterdam has stood apart from the national political shift to the right, which led to a new government being sworn in this month. Geert Wilders's anti-Islamic party, the PVV, finished first nationally but only fourth in the capital.

Still, legalisation is bold. Does Halsema think it will happen? "In time, drug legalisation is inevitable." She does not accept that, if drugs are legalised, the illegal market will endure, or consumption will necessarily rise. Legalisation can, however, only happen with international agreement.

The point is to end the "hypocrisy" between alcohol and other drugs. At clubs in Amsterdam, "many youngsters use three, four, five, six shots of alcohol, and they end up in the hospital. It's very dangerous — and everybody accepts it. You also have a lot of youngsters, who go to the clubs, use one pill of MDMA, and drink water for the rest of the night. I think they go home a little bit healthier than the ones who drank alcohol all night. This is a choice between bad and worse, but we all know how young people are."

But hasn't Amsterdam's experience put off some would-be supporters of liberalisation, who don't want their cities to end up overcrowded and tourist-infested?

The capital, she insists, is "one of the safest cities in Europe". Last year it recorded just 11 murders. It is home to the European headquarters of Uber and Netflix. "It's not so bad becoming Amsterdam," Halsema insists. But her own wrestles with tourism and nightlife show the difficulty of finding the right model of tolerance.

A criminologist by training, Halsema was leader of the Dutch Greens and then a writer before being appointed the city's first female mayor in 2018. She has governed as a centrist. "I think she's more popular than when she started," because she has proved less radical than some people feared, says Tim Wagemakers, a reporter at the newspaper Het Parool. Tim Verlaan, a historian at the University of Amsterdam, says: "She has been very much a law-and-order mayor."

The city's problems with tourism resemble those of Barcelona and Venice. Halsema has promised to rescue the centre for locals. Amsterdam has capped cruise ships and new hotels. "But still the amounts [of tourists] are rising. And I think it will continue as long as you can fly for €50 from Glasgow to Amsterdam."

The solution can only come through EU policy on cheap flights and on internet platforms, she argues.

Amsterdam has strict limits on Airbnb and the city council, which the mayor chairs but does not control, has tried to change the mix of tourists: deterring stag parties and guided tours of sex worker windows, and reducing the opening hours in the red-light district. An online quiz tells would-be visitors: "It is forbidden to organise and participate in pub crawls."

But Halsema is not optimistic. Banning stag parties is "very difficult." Signs tell tourists they could be fined €100

for smoking marijuana in the street: in practice, the community police "warn people."

Her own proposals included banning tourists from coffee shops to shrink the cannabis market and make it easier to regulate. But the council stopped her, saying it would push visitors to the illegal market. Such are the complexities.

The mayor's most eye-catching plan is to move part of the red light district to a new, nondescript "erotic centre", in the south of the city. This is an attempt to make legalised prostitution safer and work better: today Halsema finds visiting the red light district "very difficult", because of the way tourists "humiliate" sex workers standing in windows. She recalls a family taking a selfie in front of a woman in her underwear. "You're not treating her as a human being. It makes me very angry."

The erotic centre will be for those who want to pay sex workers; 100 of the red light district's 247 windows are due to move there. "We are going to build it," she says, tapping the wooden table in front of her as a precaution.

But the plan faces possible legal challenges from residents, who don't want to

'If you studied crime, you know that making something illegal doesn't mean it stops existing'

live next door to "the biggest brothel in Europe", and from sex workers, who don't want to leave the red light district. It won't open until 2031 at the earliest — after Halsema's second term ends.

"A city is an organism that changes slowly. The red light district has been there for centuries, it would be naive [to think] you can change it in five years. But I think the public debate on tourism has changed, the public debate on what is acceptable is changing."

The Netherlands' drug policy may be changing, too. A trial scheme will allow some cities to produce cannabis legally, although the national government blocked Amsterdam from taking part.

Halsema's pro-legalisation stance is unusual for an incumbent politician. "I know the debate is dominated by former heads of states, former governors, former police officers. Everybody who leaves office changes their mind. And I thought I'm not going to wait until I leave office." In fact, her mind has long been made up: she has backed regulation of drugs since the 1990s.

October 7 changed Halsema's priorities. Suddenly, she had to keep the peace amid rising antisemitism and Islamophobia.

Amsterdam, the city where Anne Frank hid, had more than 70,000 Jews before the second world war. Its complicity with Nazi crimes has not been acknowledged, says Halsema. "We treated ourselves as being heroes — as if we were all in the resistance, when we weren't."

In recent conversations, she has been shocked by how much inherited trauma even young Jews have. Last week, the word "Gaza" was sprayed on a statue of Frank: a "really painful" incident.

Meanwhile, the city's large Muslim population is "traumatised" by the treatment of Palestinians and the rise of the PVV.

Halsema has tried "to strengthen the local identity, next to the national identity". Many young Muslims feel "more like an Amsterdammer than a Dutch person. They do feel that, although they are not welcome in the Netherlands, they still have a place in Amsterdam."

The right's success in the Netherlands is a sign of how much of the public remains hostile to socially liberal

policies, and a warning that it will not be easy to legalise drugs.

"Most people in the Netherlands are afraid of drugs," admits Halsema. "So they say: we make it criminal. If you studied crime, you know that making something illegal doesn't mean it stops existing."

The experience of the US states shows that, even when opinion favours tolerance, it can quickly flip back. "I'm not

naive. There will be a backlash. It will take you years and years to create a legal market that's also well organised. If you look at Thailand, where they legalised cannabis but they didn't create any regulation — they just threw it on the market and said everyone can produce and traffic cannabis — it became chaos!" The country is now planning to recriminalise it. "If you want to regulate drugs, you have to do it slowly."

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ARTS

'If you make a show for everyone, you make it for no one'

Bela Bajaria, Netflix's chief content officer, presides over a \$17bn budget and is looking for local hits with global potential. By Daniel Thomas

Bela Bajaria, Netflix's chief hit-maker, rolls her eyes when I suggest that she should have ordered the cheeseburger for the sake of our conversation. A cheeseburger – or at least a gourmet version – was a colleague's description she once endorsed as the ideal Netflix output: tasty to most, not cheap but not too exclusive. And she sticks to the description, despite a slight grimace.

"That's a great goal, to make something both premium and very commercial," she tells the FT over some equally pricey fries in London. "We've done it over and over again. They're not mutually exclusive."

As chief content officer since 2023 for the streamer, which has almost 270mn subscribers, Bajaria can claim to have more of a say in what people watch every day than most in Hollywood, working with creative teams around the world on commissioning the next blockbuster movies or binge-worthy series.

Bajaria has her own origin story worthy of a Netflix pilot (the sort labelled Heartfelt – Witty – Inspiring). Born in the UK to Indian parents in 1970, and living for a time above a corner shop run by her family in Highgate, north London, she moved to the US as a child. Family TV-time watching glossy soaps *Dallas* and *Dynasty* helped instil her love of the commercially successful, moreish shows that are now her calling card.

TV also offered a chance to fit in. "I would go home every day and watch films and TV because I wanted to quickly get rid of my accent. I wanted to learn American culture."

She worked in her parents' car washes, learning the strong work ethic that helped her push through the ranks as an outsider in Hollywood, where older, whiter and male voices held court. She picked up a Miss India



Universe title after college, got her break at the lowest rungs of the TV world as an assistant in the movies and miniseries department at CBS in 1996, but was quickly picked as an executive and became a fixture in Hollywood's "most influential" lists. Including stints at network broadcasters CBS and NBCUniversal, she has marshalled shows such as *Brooklyn Nine-Nine*, *Unbreakable Kimmy Schmidt* and *Master of None*. And her LA accent has long lost any vestige of her north London start.

Bajaria's background has served her well given the globetrotting nature of

her role: more than two-thirds of Netflix's audience is outside the US, meaning that local-language content is more important now than a "one size fits all" approach. Bajaria points to recent successes such as *Squid Game* from Korea, *Heeramandi* from India and *The Gentlemen* from the UK – programmes made with a domestic audience in mind that became worldwide hits.

But there is "no rule book" about what works globally and she believes that shows first need to work well locally: "Television, film starts with being very culturally specific and very



Clockwise from main: Bela Bajaria shot for the FT by Suzannah Pettigrew; Iñaki Godoy in 'One Piece'; Gabriel Leone in 'Senna'; Casey Crawford/Alan Rosklyn/Netflix

authentic. If you try to make a show for everyone, you make a show for no one." The dark UK production *Baby Reindeer* was an especially unexpected success, for example. Low-budget and with an unusual tone and topic, the controversial TV show about a man and his stalker briefly made it into Netflix's top 10 most watched shows in English ever.

Bajaria joined Netflix to oversee unscripted programming (such as makeover show *Queer Eye*) in 2016 and took over as global head of television in 2020. Netflix soon faced one of its largest crises after an unexpected drop in subscribers in 2022 blamed on password-sharing, sparking an almost \$60bn plunge in its stock market value and analyst talk about the end of streaming. Suddenly, executives had a new mantra of profitability and a focus on programmes that could attract advertisers to new, lower-priced tiers.

Netflix has a content budget of \$17bn this year (the same as 2023), making it one of the largest producers of TV and film in the world. This budget has never shrunk, although even the lack of growth is a marked contrast to the years of expansion. Bajaria says that expensive does not necessarily mean good, though, with smaller or cheaper shows able to resonate with audiences.

She believes "people have different tastes" and Netflix needs to meet them all – from unscripted dating and reality TV shows to big-budget films and more esoteric series. Repetitive content would mean a lack of authenticity and

ultimately fewer viewers, she says: "We're not going to get scared and not do something because it didn't work before." She points to one recent live-action anime adaptation – *Cowboy Bebop* – that did not prove a success. But this did not stop her commissioning the similar *One Piece*, which went on to find greater audiences.

"We have to make film and TV that members love, and if they love it, the more they watch, the more they stick with Netflix, the more they recommend to their friends. I don't want to be reactive... 'If this thing works let's do that again'... you can't do that."

Even so, she admits that one of the metrics on which she will be judged – and in turn will be judging shows – is

the cost of production against size of audience. "Ultimately, streaming is about engagement."

Part of her budget is now being spent on streaming live sports and events. Netflix has struck a deal to broadcast two NFL American football games at Christmas, has shown boxing matches and will show WWE wrestling next year. Bajaria is also excited about "bringing these to life": *Drive to Survive*, a programme that follows the Formula One teams, played a major part in boosting the races' popularity in the US.

Despite these "appointment to view" live events on Netflix and shows with weekly episodes on rival streamers such as Disney, Bajaria says Netflix will continue to be an on-demand service that allows people to watch as much as they want when they want. "We don't have only five shows that we need to spread out throughout the year."

The next year has a number of binge-worthy series, she says. Netflix has a deal with the Duke and Duchess of Sussex that has scripted and nonfiction programmes in development. *The Leopard*, a series based on the novel by Giuseppe Tomasi di Lampedusa, is being produced in Italy. Another literary adaptation, *One Hundred Years of Solitude* from

'We're not going to get scared and not do something because it didn't work before'

Colombia based on Gabriel García Márquez's novel, she describes as "stunning". *Senna* – a drama based on the racing driver's life – is coming from Brazil, while *Frankenstein* is being produced by Guillermo del Toro and a TV version of Richard Osman's *Thursday Murder Club* feels like a guaranteed hit.

She is excited about shows being developed by directors Kathryn Bigelow, Greta Gerwig and Noah Baumbach. But Bajaria says that Netflix should be equally proud of its unscripted output such as reality TV and dating shows. "We want to super-serve all of that. It's a creative industry. It takes 150 people and some alchemy and a little fairy dust and lots of things to make something great."



Sonakshi Sinha in 'Heeramandi' – Shamim Ansari/Netflix

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Hard facts about the Olympics

PODCASTS

Fiona Sturges



Looking forward to the Paris Olympics this month? Well, get ready for a new podcast to rain on your parade. The Olympics is traditionally about celebrating winners but *State of Play*, hosted by Canadian journalist Andie Crossan, tells of the many losers, and not just the athletes who don't make it to the podium.

This illuminating and alarming six-parter opens in April of this year, 100 days before the opening ceremony, with a dozen police vans pulling up outside an abandoned office building-turned-squat in Vitry-sur-Seine in Paris. Out pour officers carrying riot shields, ready to empty the premises. For three years, the building has been home to up to 450 people, many of them documented refugees unable to find regular housing.

Among them is 18-year-old Nada, who is in high school, hopes to train as a nurse and fled with her parents from Sudan where war destroyed their home. They moved into the Vitry-sur-Seine building in January. Now the police want to move her family, along with the other residents, on to buses to take them to temporary shelters hundreds of miles outside the city.

All this is despite them having jobs, schools and support networks in Paris.

Critics of this policy have accused the authorities of social cleansing in preparation for the Olympics, a charge that France's minister for sport, Amélie Oudéa-Castéra, has denied.

After this unsettling scene, *State of Play* goes on to show how the Olympics can harm major cities by displacing citizens, flattening neighbourhoods and cause spiralling debt.

Olympic planners often talk up the benefits of new infrastructure and accommodation and the boost to the local economy, but one of Crossan's guests, Christopher Gaffney, an expert in tourism at NYU, is having none of it. Asked to list the major issues with hosting, he says: "Corruption, geopolitics, urbanisation, gentrification, displacement, militarisation, surveillance, inequality, climate change – all that is wrapped in the Olympic Games." More than 77,000 people are alleged to have been displaced by the Rio Olympics in 2016.



French police with a bus to transport people evicted from a site in Paris ahead of the Olympic Games – Luc Auffret/Anadolu/Getty Images

FT BIG READ. CHINESE SOCIETY

The authorities are increasingly concerned about rises in unemployment, mental illness and crime connected to a slowdown in the construction and infrastructure industries.

By Joseph Leahy, Kai Waluszewski and Sun Yu

Can Xi contain China's social strains?

In the predawn darkness, the Houba labour market in Guiyang is a sea of construction helmets as day workers seek jobs in the south-western Chinese city.

But many of these so-called migrant workers, labourers who have left their homes in mostly rural areas to find jobs in the city, will leave disappointed.

China's property slowdown, coupled with a crunch in local government finances – Guizhou is among several provinces forced to curb spending after splurging on trophy infrastructure projects – has hit jobs.

“Those who can't find work just go home and sleep or do whatever they can to pass the time, like playing cards or drinking,” says one labourer. He estimates about 70 per cent of the throng will be left empty-handed that day.

Across China, multiple indicators of social stress are flashing red. Official and unofficial data show rises in everything from labour market stress and housing foreclosures to labour protests, suicides, crime and random violence.

China's surveillance state, nurtured since the 1989 Tiananmen Square massacre and strengthened under President Xi Jinping, has suppressed most unrest in recent decades while rapid economic growth has given the party what analysts call “performance legitimacy”.

But as the leadership tries to pivot from its old economic model of borrowing to finance heavy investment in real estate and infrastructure, the party is facing new challenges in maintaining what it values most – social stability.

As the leadership meets this week for the third plenum, an important quinquennial meeting that in the past has produced far-reaching policies, pressure is mounting to strengthen welfare provision. Some in the party are also calling for stronger social controls.

“The [social control] system has worked so far but in a relatively tranquil environment,” says Minxin Pei, professor of governance at Claremont McKenna College in California and author of *The Sentinel State: Surveillance and the Survival of Dictatorship in China*.

“It's actually pretty hard to scale up the surveillance apparatus,” he says, predicting that amid growing social stress, there will be “a lot more incidents of instability or unrest”.

Officially, China's economy is doing well. Gross domestic product grew 5.3 per cent year on year in the first quarter, a solid rate that Beijing says validates its strategy of redirecting resources away from property and local government infrastructure projects, which once drove nearly a third of the economy, and into advanced industry instead.

Proof of the success of the new model is China's emerging dominance of green energy transition industries such as electric vehicles, officials say.

But behind the scenes, Chinese officials recognise the growing risks from a transition that does little to address unemployment or flagging domestic demand. Battered by strict zero-Covid policies during the pandemic as well as falling property prices and reduced employment opportunities, ordinary Chinese are curbing their spending.

One of the biggest sources of this stress is the property market. Three years on from a crackdown on excess leverage in the industry, the official measure of new home prices is falling at its fastest pace in almost a decade while the number of foreclosed houses listed for auction in the first quarter increased 35 per cent from a year ago, according to the China Index Research Institute.

Official figures show about 10mn of China's 300mn migrant workers left the construction industry in 2022 and 2023. At the Houba market, a labourer named Wang says many nearby construction sites have shut down. “When the bosses invest money and can't get it back, [we] don't get paid,” he complains. With three children in school and a daughter at university, he says his earnings of around Rmb2,000-Rmb3,000 (about \$300-\$400) a month are “useless”.

Others are nearly homeless. Zeng, a woman in her sixties who carries most of her life with her in a bag, says her family abandoned her after her husband passed away. “I feel like I'm going to die here,” she adds.

At a seminar in an eastern Chinese city last year, dozens of municipal and provincial level officials gathered to discuss social risks and possible solutions.

Although they claimed street protests were lower last year than before the



next four years. The researchers said adolescents suffered from intense competition at school; half of all people suffering from a depressive disorder are students, according to a 2022 survey.

There are indications that crime is also rising. Last year China's courts accepted nearly 16 per cent more cases than the previous year, though this might have been partly due to the end of Covid lockdowns. The top five crimes by case numbers included dangerous driving, up by 15 per cent; theft, up by 18 per cent; and fraud, which rose 33 per cent.

China has also suffered a spate of apparently random multiple killings this year. In March a man, reportedly a failed student, ran a car into a group of students in Taizhou, eastern Zhejiang province, killing three and injuring 16.

A survey in *China Quarterly*, titled “Getting Ahead in Today's China: From Optimism to Pessimism”, captures how attitudes in China have changed to inequality and economic opportunities, particularly among low-income groups.

Previous similar surveys in 2004, 2009 and 2014 showed most ordinary people were not overly concerned about growing income gaps and were optimistic that their families would improve their living standards in the future. Many indicated a belief that upward mobility depended on individual merit.

The 2023 survey showed a marked change: respondents now saw “non-merit-based features of the social order, such as unequal opportunities, discrimination, and relying on connections, as relatively more important determinants of whether one is poor or rich” compared with the past.

The authors, Scott Rozelle of Stanford University and Martin King Whyte of Harvard University, noted that the results “do not suggest that popular anger . . . is likely to explode in a social volcano of protest activity” but added that “the performance legitimacy accumulated by the leadership through decades of sustained economic growth and improved living standards appears to be beginning to be undermined”.

The question for Xi and the top leadership gathered for the third plenum is whether these problems are urgent enough for them to divert more scarce resources into welfare programmes.

China has already broadened its pension and health systems but the payouts, especially for rural residents, are small and families are often still threatened with bankruptcy by the medical costs arising from severe illness.

One man, a subcontractor who led the renovation of a hotel near the Houba market, says he was left with Rmb100,000 of debt after developers failed to pay him and borrowed another Rmb200,000 when his father fell terminally ill. Now the family struggles to pay the interest but cannot default for fear of compromising their sons' education.

“Life has been tough since the pandemic,” the man says at his village house surrounded by Guizhou's picturesque mountains. “Everyone is just scraping by . . . People earn little but at least they don't starve.”

Many believe the answer is to reinvigorate China's private sector, which has lost confidence after regulatory crackdowns on high-profile tycoons.

“The biggest social challenge for Xi is youth unemployment,” says a Chinese history professor at a Beijing university. “To fix this problem, you need the private sector, basically a lot of new private companies to hire over 10mn Chinese graduates, but Xi's policies have stifled this part of the economy.”

But he too says the pressing social problems are unlikely to threaten Xi's rule because he has total control over the senior leadership of the party and “technological surveillance” means he can control society. “He is unlikely to face serious challenges before he dies,” the professor concludes.

But Pei, at Claremont McKenna College, points out that the system can currently monitor about 1 per cent of the population directly. If social stress lifted that number to 2 per cent, this would hit cash-strapped local governments, which bear most of the cost of Xi's surveillance state.

“Xi will hold up,” Pei says. But if a prolonged slowdown in economic growth undermined social cohesion, the party will be entering uncharted waters.

“We don't know how this will play out because we don't have a lot of parallels in the post-Mao period,” he concludes.

China has long sought to extinguish dissent, from the 1989 violent crackdown in Tiananmen Square to recent protests against zero-Covid policies, but signs of discontent are increasing

FT montage; AFP/Getty Images

pandemic, they said online protests were proliferating. These were mostly “apolitical” and uncoordinated but were driven by the “social mood”.

Protests centred on unpaid wages in the property and construction sectors, lay-offs in service sectors and lower earnings in the gig economy. Worryingly for the party, perceptions about inequality “between rich and poor, cadres and the masses, have become general beliefs”, delegates heard.

Although China does not publicise reliable official figures on protests – and none were provided at the seminar – US-based think-tank Freedom House said that during the first quarter of this year, it logged 655 “dissent events”, up 21 per cent from a year earlier.

Separately, China Labour Bulletin, a worker advocacy group, noted almost 1,800 incidents across China last year, more than double that of 2022 and above pre-pandemic levels. The construction industry accounted for the majority, followed by manufacturing.

At the seminar, cadres acknowledged public sentiment was very fragile and that conflicts between officials and ordinary people had become widespread. “Rioting is the language of people not listened to,” said one slide, echoing a famous Martin Luther King quote.

Issues of particular concern at the seminar included the plight of young people, who attendees said were feeling “deprived”, and unemployment.

This year nearly 12mn Chinese students are expected to graduate from university but many complain they cannot find jobs commensurate with their qualifications. “Lots of young people have lost hope,” said one

government adviser at the seminar.

China's official data on unemployment put the jobless rate at a relatively low 5 per cent in May. But unofficial measures tell a different story.

Kanzhun, a listed company that owns Boss Zhipin, China's largest online recruitment platform, said in its annual report that average monthly users on the Boss platform rose more than 47 per cent last year. Another talent-recruitment site, Liepin, has reported that the numbers of jobseekers applying for positions overseas jumped by 92.9 per cent in the first half of last year.

Academics say the methodology used in China's official data does not pick up the large number of unemployed who return to their villages in rural areas.

“The unemployment situation is very serious compared to the [official] survey,” says one academic at a think-tank in Beijing, who asked not to be identified. “It's more serious than in 2019 [prior to the pandemic].”

After July 2023, the National Bureau of Statistics temporarily stopped reporting youth unemployment data for 16-24 year olds when it jumped to a record 21.3 per cent. A few months later, it resumed publication with a new methodology that omits students. Under this measure, youth unemployment was 14.2 per cent year on year in May.

A 27-year-old former analyst at a software development company in Beijing quit in October 2023 after bosses began raising performance targets and cutting salaries to force them out. “Plenty of young Chinese people are now having psychological problems due to the bad economy, but many don't show it outwardly,” she says. Mei, a young former

investment banker from mainland China in Hong Kong, was fired in January as the Chinese market soured. She lost her voice completely for more than a week because of the stress, and did not want her full name used.

“I think many young Chinese people are now becoming disillusioned – they are not getting what they were promised by the country in their youth,” she says.

At the seminar in eastern China, officials also expressed concern at the state of general public mental health. “The public has growing psychological problems,” said an official from Shandong province. Extreme cases of violence involving random killings were becoming “increasingly frequent”, he added.

Unofficial data supports the official's thesis. Internet searches on Chinese search engine Baidu related to mental health rose 35 per cent on average in each year between 2018 and 2023.

In 2023, viewership of mental health-related videos jumped 83 per cent against a year earlier while searches for solutions to anxiety, depression and stress grew by up to 224 per cent on Bilibili, China's equivalent of YouTube.

While China's headline suicide rate declined an average 5.3 per cent annually between 2010 and 2021, according to a recent study from the Chinese Centers for Disease Control and Prevention, the number of children aged 5 to 14 who died by suicide jumped nearly 10 per cent each year during the same period.

For people aged 15 to 24, the suicide rate fell 7 per cent annually until 2017 but then rose nearly 20 per cent over the

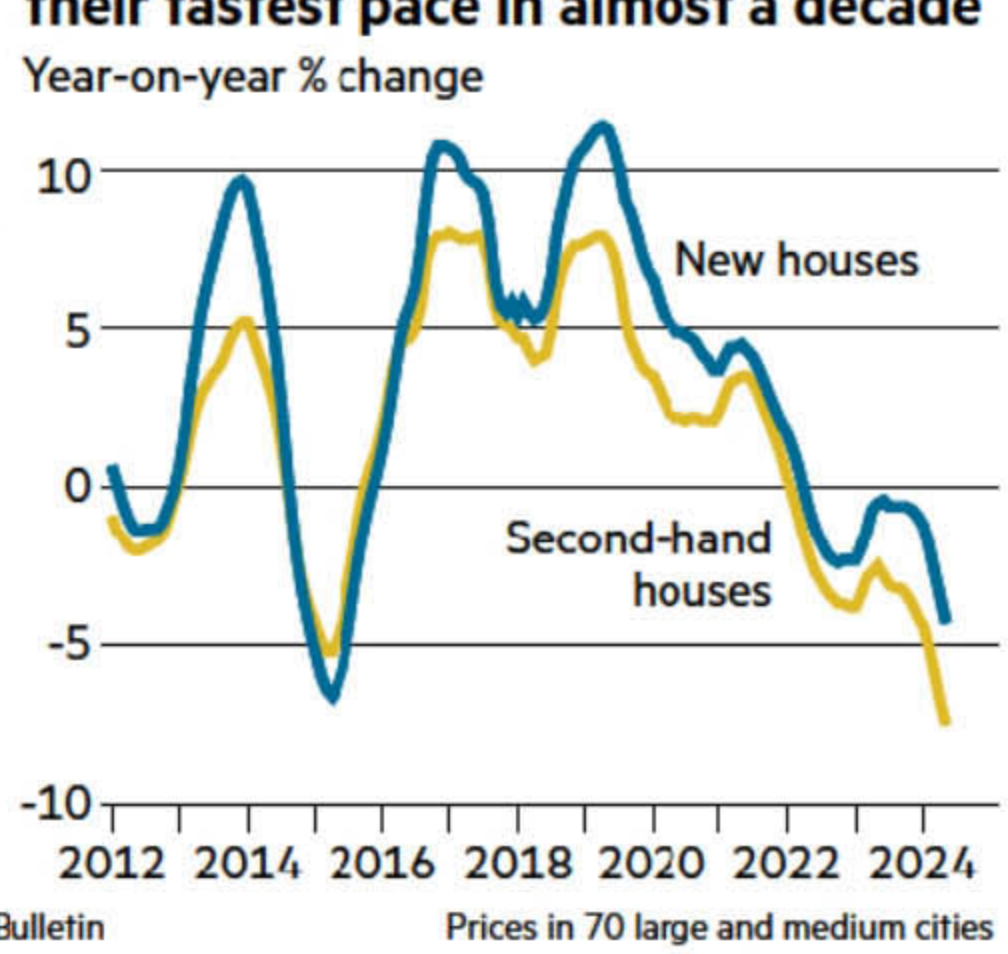
“The jobless situation is very serious compared to the [official] survey. It's more serious than in 2019”

“Many young Chinese . . . are not getting what they were promised by the country in their youth”

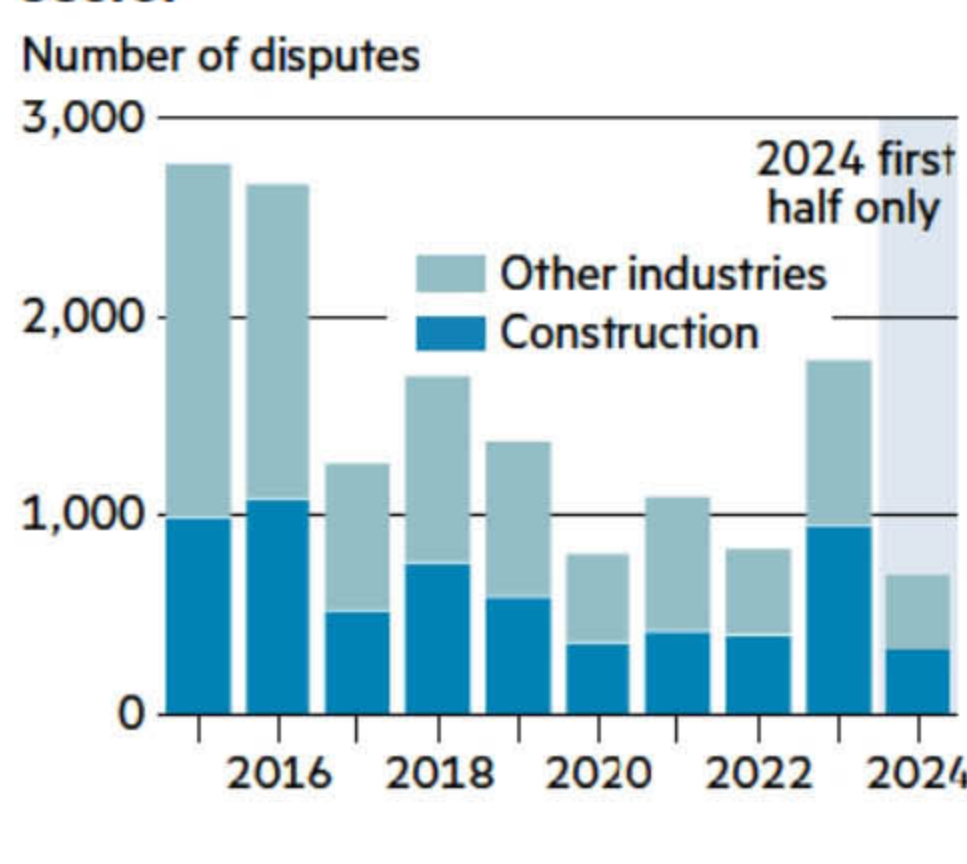
Slowing growth underpins China's social stress



Chinese house prices are falling at their fastest pace in almost a decade



Labour disputes more than doubled last year, mostly in the construction sector



The FT View



FINANCIAL TIMES

"Without fear and without favour"

ft.com/opinion

A dark day of violence in America

After Trump's shooting, politicians should call for calm and unity

On Saturday, America marked another low point in the nation's long history of political violence. Minutes into his rally in Pennsylvania, Donald Trump was shot at, multiple times, in an apparent attempt on his life. The former US president escaped narrowly. He was bloodied and shaken, yet seen defiantly pumping his fists as he was escorted from his podium. One spectator is confirmed dead, others are critically wounded, while the suspected assassin was shot and killed by the Secret Service.

The event risks taking a country, that in recent years has grown more bitter, polarised, and prone to violence, in an even darker direction. The responsibility of America's political class to reassert the importance of political calm has never been more important.

Violence has no place in democracy. The undermining of free speech and political tolerance, and the rampant rise of social media disinformation, has been a feature of American politics over the past decade. The partisan divide between Democrats and Republicans has only grown wider and more toxic. This has come alongside a greater willingness to use physical force. Sporadic eruptions of violence over the past four years include the January 6 2021 attack on the US Capitol by Trump supporters.

But, sadly, Saturday's events are not an anomaly in the country's long experiment with democratic governance. Assassination attempts or plots against presidents, presidential candidates, and other political leaders have been all too common.

How democracies respond to moments like this are the real test of their mettle. The fear is that Saturday's events will only dial up the bitter rhetoric between politicians further. Some Republicans, including JD Vance, the

Ohio senator – a contender to be Trump's running mate – were quick to attribute blame for the incident on Joe Biden's campaign. "The central premise of the Biden campaign is that... Trump is an authoritarian fascist who must be stopped at all costs," he claimed on X.

Trump has himself resorted to inflammatory language in his speeches, including during the 2024 election campaign. He was alleged to have incited the Capitol riot, after denying the November 2020 election result. His attempted assassination now risks riling his most ardent supporters. It could deepen divisions or, even worse, be used as justification for more violence. That must be avoided.

In the past, assassinations or attempted assassinations have provided a wake-up call for the American political system, allowing voices of reason to reassert themselves. That is needed today more than ever. Politicians on all sides have a great responsibility to urge calm and stop the vitriol. Any public

The clear message that needs to emerge from this sorry episode is that violence is unacceptable

statements must be worded carefully. Republicans need to speak up, and avoid the temptation to use the event as a rallying cry. The ex-president was heard chanting "fight" as he was ushered to safety. The initial moderate tone struck by him in posts to his Truth Social platform is, however, welcome.

The clear message that needs to emerge from this sorry episode is that violence is unacceptable, and that a divided country that resorts to physical force to resolve its issues is undoubtedly a weaker one.

If America can steady its chaotic public discourse, it must then reflect on how it has got here. It is shocking that close to 60 per cent of American adults in a recent survey agreed that elections would not solve the country's most fundamental political and social problems. Saturday's sordid events are yet another reminder that there is a wider rot in America that needs fixing, and that democracy should never be taken for granted.

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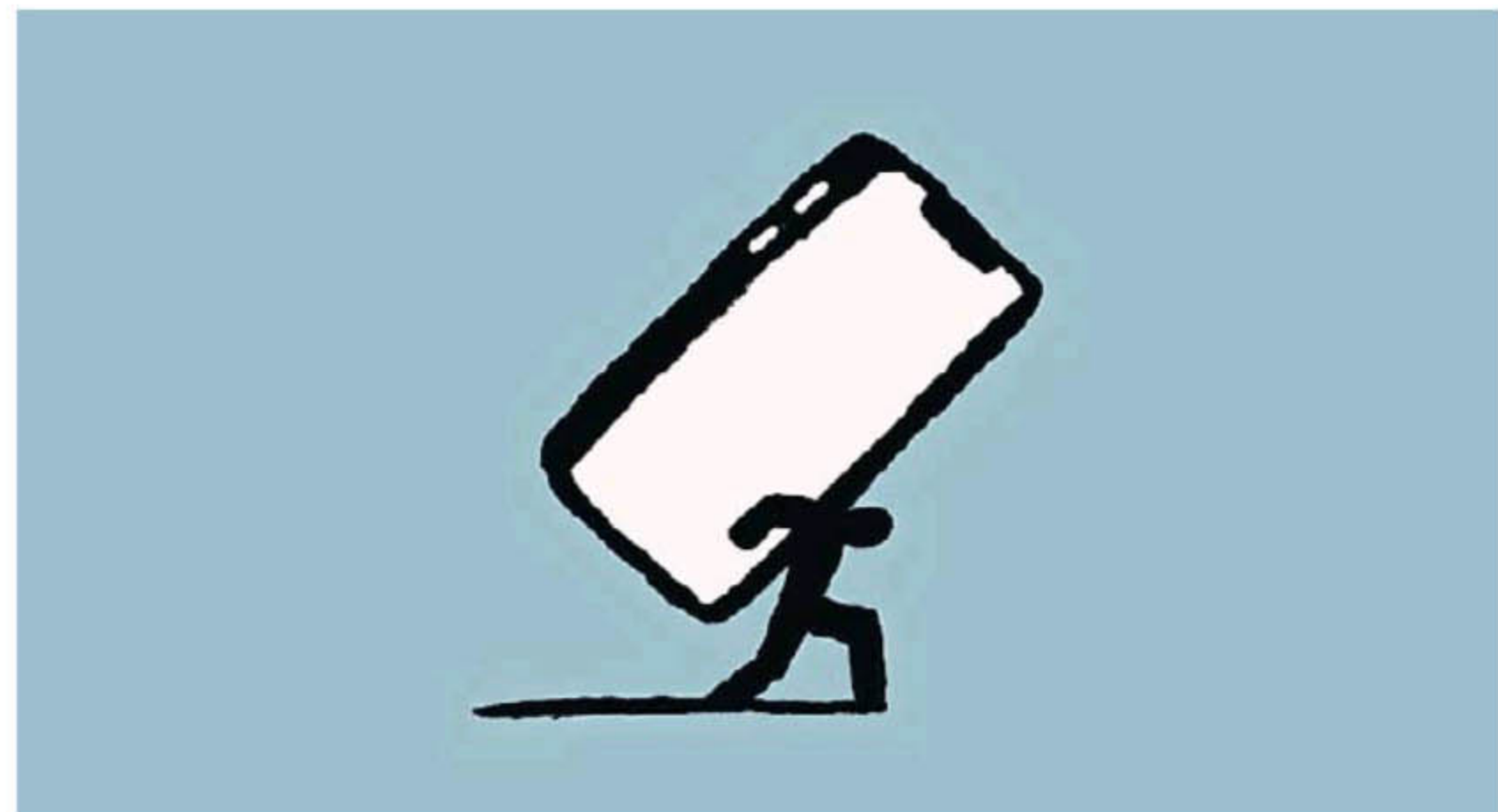
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Opinion Society

If you really want to relax, put that phone down

Ben Hickey



Jemima Kelly

The smartphone, once hailed as a tool of great progress and prosperity, has been getting a bad rap of late. It emerged this

week that when new students at Eton start the school year in September, their devices must not come with them. Instead, they will each be given a "dumb" Nokia phone that is unable to access the internet and only allows calls and texts.

Deprived teens might feel the psychologist Jonathan Haidt, who popularised the idea that we should blame smartphones for rising rates of mental health problems among young people, has a lot to answer for. Teachers at nearly two-thirds of secondary schools now say they have rules that prevent students from using their phones during the day.

But once you're a consenting adult, is there really anything wrong with spending a bit of hard-earned

By never giving ourselves a break from endless stimulation, we cannot engage in deep reflection

downtime watching videos of golden retrievers being adorable on social media? Or taking your phone out while you're in the supermarket queue to see which world leader's name President Joe Biden has got wrong this time? Or, er, allowing the marvellous algorithms of social media to guide you into the kitchen and personal life of some woman in Leeds who wants to show you what she's cooking her husband for dinner when you can't sleep at two in the morning?

We might need meaning and purpose and psychological richness in our lives, but surely we need a bit of pleasure and hedonism too? Don't we deserve an escape from the relentless daily grind and doom and gloom of the news?

Relaxation is necessary for a variety of reasons. It keeps our hearts and bodies healthy as well as our minds, helping to alleviate depression and anxiety and all sorts of other psychological ills. If you are still hesitating about booking that holiday, bear in mind a longitudinal study published in 2018 by the European Society of Cardiology of over 600 male executives, which found that those who took three weeks or less of annual leave had a 37 per cent greater chance of dying over a 30-year period (between middle age and old age) than those

who took more than three weeks.

What we get wrong is thinking that just because scrolling mindlessly through social media is unproductive and feels like "time out" we are therefore properly relaxing when we engage in it. There is a qualitative difference between doing things like being with our loved ones, spending time in nature, or reading a great book – and emotional numbing. We shouldn't conflate them.

Social media is not the only way that we numb our negative feelings and try to flee discomfort. There are all sorts of other vices – like excessive alcohol use, drugs, porn, gambling – that are far more destructive than spending a bit too much time on your smartphone. But while we tend to know for sure that these are bad for us, we think we are giving ourselves a break when we lie on the sofa looking online.

Sometimes we are – a study published in April in PLoS One found that, despite the bad press, spending 20 minutes on social media or watching videos on YouTube not only led to no negative physiological stress response, but was associated with a decrease in heart rate and cortisol. But not all social media platforms are equal. A recent survey by Verily, a digital reputation management company, found that Elon Musk's X was – rather unsurprisingly – the platform that triggered the most rage among users: just over a quarter of those surveyed said they experienced feelings of anger while using the platform. LinkedIn, meanwhile, was the platform that triggered the most stress – also understandable given that it is used primarily for work (and that it's just so ghouly).

For Instagram, almost 60 per cent of those surveyed said they had feelings of happiness or joy when they were using the platform. What's wrong with that? Well, for a start, as the psychiatrist Anna Lembke argues in her book *Dopamine Nation*, by endlessly seeking pleasure and stimulation from our smartphone – which she describes as the "modern-day hypodermic needle" – we become addicted to such stimulation, and find it harder to find joy in other less immediate things.

But, by never putting our phones down and never giving ourselves a break from endless stimulation, we are not able to go into the kind of quiet brain state that allows mind-wandering, creativity and deep reflection.

As we all know, if you are not paying for it then you are the product, and merchants in the marketplace of attention are constantly fine-tuning the ways in which they capture our brain space. We must learn to get more creative and intentional about the ways we choose to relax and perhaps, even, to lean into some good-old fashioned boredom.

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Letters

Ceding land to secure peace won't deter Putin

The insouciance with which luminaries of the diplomatic and academic world advocate the dismemberment of Ukraine ("Seize peace in Ukraine before it's too late", Letters, July 10) is astonishing. What is particularly disturbing is the assumption that Vladimir Putin's aims are limited to the territory currently under occupation.

There is no recognition of the extent of Russia's imperial ambitions in regard to Ukraine or even that Russia is an imperial power at all.

Putin's own words, and those of the proxies he uses to express his aims more crudely, are ample evidence that

it is the existence of Ukraine itself that he rejects. Putin's war to destroy Ukraine is not an aberration, but is the latest iteration of a long-standing policy of denying Ukraine's existence.

Catherine the Great's destruction of the Cossack Hetmanate (the first Ukrainian state of the modern era) in the 18th century, the imperial regime's repression of the Ukrainian language, literature and national movement in the 19th century, and Stalin's genocidal policy towards Ukraine in the 1930s provide a genealogy for Putin's war.

These attitudes to Ukraine continued in post-Soviet Russia.

The ink was barely dry on the Belovezh Accords of 1991 (which established Ukraine, Russia and Belarus as independent countries) before Boris Yeltsin started to raise the issue of Ukraine's borders.

There is no evidence to suggest that a peace based on the surrender of territory would change Putin and Russia's fundamental goals in Ukraine or in Europe for that matter.

Ignoring Russia's imperial ambitions does not mean they do not exist.

Shane O'Rourke
Senior Lecturer in Modern History,
University of York, North Yorkshire, UK

Singapore state investor's long-term strategy

The Financial Times article "Singapore state investor Temasek backs wave of global dealmaking in drive to bolster returns" (Report, July 5) contains several misperceptions about Temasek.

As reiterated in our annual reviews, and the latest Temasek Review 2024 published on July 9, our mandate to deliver sustainable returns over the long-term guides our strategy and shapes our portfolio. We do not manage our portfolio based on short-term considerations, let alone election cycles.

As part of the national budget, the government spends every year up to 50 per cent of the long-term expected real returns on its accumulated net assets. There is an independent process to determine the expected long-term rate of return, which is not linked to Temasek's annual profits.

We are mindful of our responsibility to deliver sustainable returns over the long term. To achieve this, we actively manage our portfolio for performance. But we do not direct the strategies or day-to-day operations of our portfolio companies. Rather, we hold them accountable for achieving sustainable returns and shareholder value over the long term. Similarly, our shareholder, the government, holds Temasek accountable.

The Singapore companies we own today have been stalwarts of Temasek for many years – some since 1974 when Temasek was set up. They collectively comprise 40 per cent of our overall portfolio today.

In recent years, given the rapidly changing global business environment, some have had to re-evaluate their strategies. As an active shareholder, we engage with these companies on their strategies and support initiatives that lead to long-term shareholder value.

Lena Goh
Managing Director, Public Affairs,
Temasek, Singapore

Blair, identity cards and the Windrush affair

Robert Shrimley mentions in his column "The very restorable rise of Farage" (Opinion, July 11) that Sir Tony Blair called for all citizens to have a unique digital identity card.

That attempt failed as the rules and criteria for who has the right for such a card were not agreed by the then Home Office.

The "Windrush" affair is a very sorry symptom of this lack of definition.

A workaround in some US states is for a driver's licence to be a proxy for an identity card; Massachusetts provides non-driving driver's licences to blind individuals.

Until the nettle is grasped on the definition of who does, and who does not have citizenship and/or right of



To operate cruise ships requires greenhouse gas-emitting fuel oil

abode, no identity card scheme will be implementable, especially if it is used as an "access requirement" to public or health services.

Hugh Rees
Wantage, Oxfordshire, UK

Empower county councils to make devolution work

Jennifer Williams ("England's mayors seek leading role in push for growth", Report, July 10) asks how the many areas without mayors will be integrated into central decision making. The answer, surely, lies in giving greater voice to our existing county councils. Unlike the urban-centric metro mayoralities, our counties speak for both the urban and rural communities that lie within their borders. Just as importantly, their roots lie deep, embedded within the DNA of their inhabitants, even those who now find themselves within current metro-regions. If you doubt that, try suggesting to someone from Bolton that they have a Yorkshire accent.

Paul Howick
London E14, UK

Giving cruise ship sector the cold water treatment

Seen through the prism of good news for investors, the ongoing fortune of the cruise ship industry is indeed encouraging (Lex, July 5). Even better though is that "fuel prices... have continued to fall."

It should be noted, though, that to operate many of these multi-storied vessels, the highest greenhouse gas-emitting oil (fuel oil) is required. Add this to the verifiable fact that cruise ships remain vulnerable as disease vectors, so anyone contemplating a cruise may want to factor one or both into their decision.

Richard Freeman
Kensington, CA, US

A return to the gilded age?

The ruling that Donald Trump is immune from prosecution related to January 6 is no surprise (Report, June 29). The alliance of business, evangelicals, and white supremacists has been working to return the country to the late 19th century since the death of Franklin D Roosevelt, even as Lyndon Johnson's Great Society initiatives seemed to take up where FDR's New Deal left off. The new twist is that the court appears to sanction dictatorship to achieve that goal.

The court hollowed out the Voting Rights Act of 1965 around a decade ago. More recently it ruled against diversity-based college admissions. Its ruling that corporate political donations are protected by freedom of speech gives business disproportionate influence in shaping government. Its opposition to sane gun-control laws caters to right-wing extremists intent on preventing America from becoming a majority-minority nation. Last month the court opened the door for dismantling regulatory authority over a range of issues from financial markets to environmental and labour protections to public health standards. And, let's not forget overturning Roe vs Wade, something that conservatives had vowed to accomplish but that liberals thought was impossible. With the court handpicked by those seeking to dismantle progressive government, is it unimaginable that the Civil Rights Act of 1964 will be gutted, Medicare, Medicaid and Social Security defunded, the Environmental Protection Agency closed and the foundational labour legislation, the Wagner Act, chopped?

Neoliberalism encouraged unregulated business as existed during the so-called Gilded Age. Now, it's not just deregulation at play, but also a re-sanctioning of the racial, gender, sexual and class oppression that marked that earlier period. Since a regulatory state promoting social justice, equal opportunity and public wellbeing has shown its value, people might militantly resist turning the clock back. Thus, the need for another ingredient: a dictatorship or authoritarian government that suppresses all who oppose a return to 1900.

John J Crocitti
Professor of History, San Diego Mesa College, San Diego, CA, US

Great column about a great baseball player

This native San Franciscan, old enough to remember when the Giants moved to San Francisco in the late 1950s, was delighted to read your obituary of the legendary Willie Mays. A bonus, it was written by Jurek Martin, former foreign editor of the FT. Great column, by a great writer, about a great ballplayer!

Ray Arnaudo
Mountain View, CA, US

Financial firms who adopt AI will be the real threat

As a leader in the legal industry, which is regularly told artificial intelligence is coming for our jobs, I can understand why some in the financial services sector might be hesitant to adopt the technology ("Financial services slow to adopt AI despite benefits", Report, July 1)

It is certainly wise not to rely too heavily on certain AI products and early-stage providers, given that it may be necessary to move away from them in future due to market and regulatory changes or court rulings. However, I doubt my colleagues in financial services are truly resistant to AI's capabilities – and, if they are, their clients will soon force a change of heart.

Our clients, who include many financial services providers, are open to the opportunities AI presents. While we see some variation in appetite, I have never had a conversation with a client who said they didn't want any work done using AI.

As a lawyer, I can attest that banks' concerns about AI's accuracy, and liability for errors, are real and need to be addressed by AI providers and regulators, and the sooner the better.

AI is undoubtedly creating some uncertainty, which in turn causes instability – a challenging climate for global and highly regulated sectors in which strategic decision-making becomes more difficult. Yet we should remember that we in professional services are in a fortunate position to be able to make choices about how AI will affect us and the wider society.

To take advantage of this, we must ask ourselves what it means to do our jobs today, versus what it might mean in just a few years from now.

As contributors to the article indicate, it is important to focus on where we as professionals can add value, and where we can reduce costs and improve service. I firmly believe our clients see AI as an opportunity to enhance productivity. AI on its own won't take our place, or that of my financial services peers, any time soon – but those using it may well do.

Paul Jarvis
Chief Executive, UKIME, Dentons,
Abu Dhabi, UAE

Russia dealmaking is best left to N Korea not Nato

The argument put forward by Lord Skidelsky et al ("Seize peace in Ukraine before it's too late", July 10) seems at first sight to be a reasonable one: appease Russia to save Ukrainian lives.

But at the heart of their proposal is a "new security pact" between the US and Russia, designed to safeguard the security interests of both sides. This is naive. The Russian government in its current state under Vladimir Putin would not honour any such pact (unless it were backed up by a supreme western threat).

There is already an agreement in place safeguarding Ukrainian territorial integrity: the Budapest Memorandum of 1994, which Russia signed with the US and UK, and which Putin has ignored.

I do not understand how the west can now sign any new deal with Putin. Leave that to Kim Jong Un and his like.

Richard Bridge
London SE19, UK

Correction

Child benefit for poor families in Scotland is worth £26.70 a week per child, not a month as wrongly stated in an article on June 28.

Opinion

Private equity has become hazardous terrain for investors

FINANCE

John Plender



The rise and rise of private markets has a feeling of inexorability about it. Despite increased financing costs and an uncertain growth outlook, private market assets under management totalled \$13.1tn on June 30 last year, having grown at nearly 20 per cent a year since 2018, according to consultants McKinsey.

While fundraising has declined from its 2021 peak, a recent survey by State Street found that a majority of institutional investors intended to increase their exposure to almost all private markets, including infrastructure, private debt, private equity and real estate.

Yet the boom in private markets since the 2007-2009 financial crisis, especially in the big buyout category, was

built on ultra-loose monetary policy. Most returns came not from enhancing the efficiency of portfolio companies, but from selling assets at ever-increasing market multiples and through leverage, which increases the return on equity relative to the return on assets.

Today multiples are down, financing costs are up and balance sheets are weaker thanks to that leverage. Payouts to investors are low as managers are reluctant to sell assets and crystallise returns while multiples are depressed. As for private debt, its growth has been substantially driven by regulatory arbitrage, with banks facing tougher regulation since the financial crisis.

Governance shortcomings in private equity, overlooked in the cheap money bonanza, now look pressing as institutional investors query the values private equity managers put on portfolio companies. The valuation issue has been acute since the return of more normal interest rates. Private equity managers have tended to write down their assets' value by far less than the falls in public markets. This is a nonsense given the higher leverage and illiquidity of the

asset category. The writedowns should be far greater than for public equity.

Also of concern is last month's decision of the US Fifth Circuit Court of Appeals to throw out the SEC's new rules imposing greater transparency on performance and fees in private equity. There is no uniformity in disclosure, which is based on individual agreements between managers and their

Managers have tended to write down their assets' value by far less than the falls in public markets

investors. Much controversy surrounds the calculation of internal rates of return and opaque backdoor fees that investors often unwittingly pay.

The SEC had also been worried about a lack of clearly defined valuation procedures and protocols for mitigating the industry's innumerable conflicts of interest. These include a rash of continuation funds whereby managers

sell portfolio companies to a new fund. This shelters them from valuations in the public markets. Such deals entail big increases in the buyout group's fees.

Exposure to illiquid assets is leading to growing problems of portfolio balance for pension funds approaching the so-called endgame, where they transfer pension obligations and matching assets to insurers via buyouts or buy-ins. Insurers do not like taking on illiquid assets, and if they do accept them, they impose tough haircuts.

That said, the rise of private markets has been good for investors. They offer diversification benefits, subject to the caveat above. There are opportunities in infrastructure arising from decarbonisation and digitisation. And venture capital provides an entrée into new technologies.

Less clear, given the huge sums pouring into private capital, is how much of an illiquidity premium remains to be harvested. Dry powder reserves, the amounts committed by investors but not yet deployed, stand at \$3.7tn, a ninth consecutive year of growth.

Assessing the performance of private

equity relative to public markets is difficult. Real returns can only be known when investments are finally realised. In the interim, everything rests on the managers' valuations. Jeffrey Hooke of Johns Hopkins Carey Business School argues private equity managers have cloaked middling investment returns in confidentiality and misinformation. He says they have taken a simple concept – borrowing money to lift equity returns – and shaped it into a massive commercial empire with little accountability.

The biggest question relates to costs. Private equity typically charges a 2 per cent annual management fee based on investors' money committed to the fund, along with a 20 per cent share of the profits over a pre-agreed returns threshold of, typically, 8 per cent. This is a huge drag on performance relative to the fractional percentage costs of investing in passively managed quoted equity.

The days of easy windfalls from freakishly loose monetary policy are gone. Now, private capital is much more hazardous terrain for investors.

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Labour must be an insurgent government to beat Reform

Josh Simons

On the face of it, Britain has bucked a global trend. A moderate, centre-left party has roundly beaten a chaotic party of the right.

In a single term, Labour has gone from its worst defeat in nearly a century to one of its most commanding majorities. The Conservatives have fewer seats than at any point in their history.

Dig deeper, and Britain is less of an outlier. Big victories often do not last in modern politics; majorities which should be secure are often not. Voters are more volatile and less attached to a political party than ever before. Swings from one election to the next can be dramatic, unpredictable, and uneven. And perhaps most importantly, Britain's new populist right party, Reform UK, performed especially well in white, working-class constituencies.

This month, I was elected as the MP for Makerfield, which has always had a Labour MP. Yet for decades, Labour's majority has gradually declined here as the party has lost support among the white working class. This time, the Conservative vote collapsed in my constituency and Reform secured the second-highest vote share in any Labour-held seat.

Locally, there have been ugly scenes. At the start of the month, a church was firebombed and its doors set ablaze. Those stirring hate jumped on plans to use the church as a food bank and a Muslim prayer room. Misinformation was spread on social media claiming it would be turned into a Mosque, stoking racist comments in community groups.

We must never shift our gaze from the disillusioned voters who think politicians are all the same

Yet most support for the populist right is borne of disillusionment, not hate. During the campaign, I spoke to many people who had voted Labour for most of their lives, but felt let down by both main parties. They felt Labour had taken them for granted and failed to ensure they benefited from growth before 2008. But they also felt betrayed by Boris Johnson's failures on levelling up. They did not trust politicians to tackle antisocial behaviour, control our borders or improve their living standards.

Instead of registering a protest, some chose to bet on Labour and on the possibility of change. Often, that bet was cautious, tentative, even sceptical. These people are central to our chance to govern in a way that will beat the populist right – a theme that Labour Together will examine in its election review, laying the foundations for the party's re-election strategy next time.

It is lazy to accept that any voter is beyond reach – or worse, not worth reaching. I spoke to people who had Reform UK billboards at the front of their houses, but, in the end, voted Labour. Many began by saying "I am not racist . . ." expecting to be judged for asking about how their community is changing and how the government would restore control over UK borders. When they felt they were not being judged, conversation could begin.

The immense responsibility of delivering for people who have lost trust in politics will drive me as an MP. The British people have given us a simple mandate: fix things. If we fail to fix things in ways people can feel, they may never trust Labour again.

That is an awesome responsibility. We must never shift our gaze from the disillusioned, economically insecure voters who think politicians are all the same – and not allow ourselves to be distracted by internal party squabbles or priorities that are not shared by most voters. We must have the courage to shake up government on the public's behalf, changing what doesn't work.

In short, we must run an insurgent government. We politicians have been put on notice. If this government can move one metric over the next five years, it must be one that is not partisan: that the British people should trust their government a little bit more. If so, Labour may yet play its role in developing a global playbook for beating the populist right.

The writer is a Labour MP and former director of Labour Together, a think-tank

America is staring into the abyss

POLITICS

Edward Luce



It is not just Donald Trump who dodged a bullet. Half an inch to the left and the cartridge that grazed Trump's ear would have turned him into a martyr. There is no telling what his death would have unleashed.

As it is, the reprehensible attempted assassination of Trump will have profound reverberations for US democracy. Within seconds of being blanketed by secret service agents, Trump was yelling "fight, fight, fight" to the crowd. The instantly ubiquitous photo of him pumping his fist against the backdrop of the stars and stripes will become the emblem of his campaign.

A high-trust society would have awaited the facts of the shooting before leaping to conclusions. By that yardstick, America is close to the edge. Two of the Republicans auditioning to be Trump's vice-presidential running mate blamed Democrats for inciting hatred of Trump. The favourite, Ohio senator JD Vance, said the Biden campaign's rhetoric "led directly to President Trump's attempted assassination". Tim Scott, the South Carolina senator, said Democrats' "inflammatory rhetoric puts lives at risk". Elon Musk, owner

of the site, X, on which these statements were posted, was quick to weigh in on a conspiracy about how the shooter could have got so close: "Either extreme incompetence or it was deliberate," Musk wrote.

Many on the left were equally quick to claim that the shooting was a staged or false flag operation to boost Trump's election prospects. It is notable, however, that no senior Democratic official has yet fanned those rumours. The identity of the suspected shooter, a 20-year-old man called Thomas Matthew Crooks, offered little help. Though he was a registered Republican and an enthusiastic gun owner, he had made a small donation to a pro-Democratic group. It is plausible that like most US assassins, Crooks was acting alone and delusional. That will not stop political entrepreneurs from blaming the shooting on their ideological enemies.

The biggest question is what Trump will do with it. No honest accounting of America's fetid climate can ignore the fact that the former president himself is the country's most influential exponent of political violence. He described those who stormed Capitol Hill with knives and nooses on January 6 2021 as "unbelievable patriots". He mocked an attack on Paul Pelosi, husband of former Democratic speaker, Nancy Pelosi, after one of his own supporters smashed his head with a hammer. And he encouraged extremist militias to "stand by" shortly before the 2020 election. In calmer democracies, an incident as lethal as the near murder of a party



leader with an AR-15-type semi-automatic rifle would lead to bipartisan calls for gun control. There is no chance Trump's party will change its mind on that subject. The number of AR-15s in America has been estimated to be as high as 44mn, which puts comparisons with earlier periods of US political violence into perspective.

Whether Trump gets a lasting sympathy boost remains to be seen. But three conclusions can already be drawn. The first is that the Republican national convention in Milwaukee this week will be dominated by his near miss. Trump's campaign is enormously skilled at choreographing optics to enhance his message. The iconic fist-pumping imagery of the candidate rising courageously from his near death will suffuse the con-

An already existential election is now considerably more fraught than before

vention stage. Trump is expected to name his running mate in the next two days – probably today. Expect the nation to be riveted by admiration or dread at the use to which Republicans put Trump's near martyrdom. At Trump's first presidential convention in Cleveland in 2016, the streets around the main hall teemed with private militias brandishing arms. Policing the streets of Milwaukee this week will be an unusually fraught challenge, even by America's standards.

Second, Joe Biden is likely to get at least a temporary reprieve from the internal Democratic debate about whether he should step down as his party's nominee. Though it seems far longer, the 18 days since Biden flubbed his CNN debate with Trump have been consumed by an increasingly bitter shouting match between Democrats. The passions behind that dispute – who would be best placed to defeat Trump in November – remain just as relevant. But the focus will now swing back to Trump. Biden's campaign said it was suspending its anti-Trump attack ads

yesterday. It will be surprising if that lasts more than a couple of days. There are still five weeks to go before the Democratic convention in Chicago. It would also be a surprise if calls for Biden to quit did not revive.

It is far too soon to speculate – as some were quick to do – that Trump's already-good election prospects are not now inevitable. In 1981, Ronald Reagan got a huge ratings surge after he was shot by a lone gunman. That boost evaporated within a few weeks. But it is fair to say that an already existential election is now considerably more fraught than before. Violence was already implicit in much of the rhetoric. Now it is explicit. It is always tempting to point out that guns and political murder are a staple of the US republic. That is true compared with other democracies. But the conditions in 2024 are unique. A bullet almost killed the man who is vowing retribution if he is returned to the White House. A spirit of vengeance is haunting America.

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Europe's battery problems show the governments need to up their game

ECONOMICS

Martin Sandbu



The chill that has suddenly fallen over Europe's battery industry captures the essential shortcoming of EU green industrial policy.

Even as leaders are clear-eyed about the central importance of domestic economic strength to their geostrategic independence, they still do not seem to will the means to their stated ends.

In the tangle of policies making up the EU's industrial strategy, batteries actually stand out as a relative success. The European Commission includes them in "important projects of common European interest", making it easier to kick-start manufacturing with public subsidies. A flurry of factories, both indigenous and offshoots of Chinese and Korean battery makers, have opened

across the region. Capacity was until recently forecast to grow robustly.

So news that European battery projects are being scrapped or seriously scaled down is an important sign of things going wrong, especially as the disappointments do not appear to be due to Europe's well-known but slow-to-fix handicaps on technology, raw materials and energy costs. The issue is, rather, that slowing electric vehicle sales have undermined expectations of market demand for the battery capacity that was to come on stream.

This exemplifies a broader problem: a private sector deeply lacking in faith that its political leaders can move from words to action. Those leaders have committed to phasing out new internal combustion engines over the next decade, while vowing not to let Chinese imports wipe out domestic carmakers. If both were credible, EU car manufacturers would be investing hand over fist to meet imminent EU demand for some 10mn EVs a year. That they are not – with the fallout for batteries and other parts of the supply chain – proves they do not believe the political goals will be

met. None of the many things Europe does get right is enough to turn this around. Setting targets (even legally binding ones), regulating away polluting activities or subsidising production: these are necessary, but evidently do not produce confidence that the market for green tech will be there. Nor, much, do protectionist tariffs in isolation.

This lack of faith holds back everything from renewable generation (will

News that projects are being scrapped is an important sign of things going wrong

the grids be there to offload peak power?) to electrolyser (will there be enough buyers of green hydrogen?). Fundamentally, policy needs to make the private sector trust demand at scale will be there. That is what China has long been adept at ensuring, and is the true cause of the US Inflation Reduction Act's huge effect on factory building.

The EU needs to do the same, in its own way. This is not primarily about joining a subsidy race. But it does require enlisting fiscal policy, tax design and credit policy so as to forge new or fledgling markets into solid existence.

On fiscal policy, at least do no harm. A return to the demand-sapping budget consolidation of the last decade is sure to damp private investment plans. Why expand if no one will buy your extra production? The quid pro quo for any budget cuts prompted by the new fiscal rules, then, must be more EU-level funding to sustain long-term demand for green tech: EV leasing schemes, green infrastructure, grid construction, household electricity storage and so on.

Then twist taxes more to favour the new markets you aim to create, and commit to keeping them that way. Norway's extraordinary adoption of EVs was achieved by granting them exemptions from onerous taxes on conventional cars, plus traffic privileges (access to bus lanes and cheap parking). The EU can follow suit in areas such as the tax treatment for corporate cars.

Renewable energy projects are being

cancelled because once-attractive financing profiles look unviable with today's interest rates. But central bankers have the tools to prevent inflation-fighting from setting back the transition. The European Central Bank could surgically loosen financial conditions for green investment by adapting its "targeted long-term repurchasing operations". These offered banks loans at terms below the policy rate to the extent they expanded lending to the economy. A green TLTRO could reward banks for lending growth to projects within the EU's green taxonomy.

This would fulfil, not violate, the ECB's mandate, which requires it to support the EU's general economic policies so long as it safeguards price stability – it would do this by keeping its main policy rate where it needs to be. There is no reason for green investments to fall victim to the economic cycle. There is no reason, in truth, why Europe shouldn't see a green investment boom. But the private sector needs to know that governments, too, mean business.

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Rutherford Hall
‘What’s the point of war if you can’t make money from it?’
WORK & CAREERS

The odd and embarrassing causes of leisure sickness



Pilita Clark
Business Life

Pack bags. Go to beach. Get sick. For as long as I can remember, this has been the pattern of too many of my summer holidays.

It does not even need to be summer. One Friday afternoon late last year, just as I wrote the final paragraph of a story I had frantically typed out on the plane home after a busy work trip abroad, I began to snifle. By 10pm, all hope of a cheering weekend off had been killed by a sore throat, temperature and cough. I was in bed until Monday.

The other week, as summer holidays loomed, I told a couple of work colleagues I might look into whether there was any scientific basis for this holiday illness thing. “Do it!” they said, adding it happened to them all the time.

Word spread. Less than an hour later, another colleague from the other side of the building approached me in the office kitchen and said he was thrilled to hear I was investigating a condition he regularly suffered from himself.

Considering all this, imagine my surprise when I tracked down the Dutch research psychologist credited with coining the term “leisure sickness”, more than 20 years ago, and discovered that the



Kenneth Andersson

condition might not, as it were, exist. “Some people don’t agree it is a real disorder,” Professor Ad Vingerhoets told me in what turned out to be the first of two striking revelations.

Before I get to the second one, it is worth saying that Vingerhoets’ research suggests leisure illness is a real condition that should be taken seriously, but also a confusing one because symptoms vary considerably.

When he and colleagues surveyed more than 1,800 people about the problem, they found around 3 per cent had experienced it. Some fell ill just before the weekend, others at the start of a vacation. Common symptoms included headaches, fatigue, muscular pains and nausea. Colds and flu-like bugs often afflicted people on holiday. A more recent study by academics in Austria uncovered ear problems.

Vingerhoets started studying the phenomenon after realising that when

“There are good reasons to think that the people who are especially at risk are workaholics – and those who masturbate”

he got ill himself, it was often over the Christmas and New Year break. At other times, ailments began on a Friday afternoon and vanished by Monday.

He realised the problem was more widespread when he ran into a relative at a family gathering who reliably felt ill at the start of summer holidays.

The research suggests a range of causes. The body can have greater resistance to disease when under acute stress in some cases, so perhaps we get ill once work stress subsides.

Maybe we notice aches and pains once we start relaxing that made less impact when we were working. Or perhaps the stress of work raises adrenaline levels that upset the immune system or spark leisure sickness symptoms.

Vingerhoets recommends a workout on Friday afternoons, or just before heading on vacation, on the grounds it could lower adrenaline levels.

But he told me the data suggested another important cause that all sufferers should consider, which is where our conversation took an unexpected turn.

“There are good reasons to think that the people who are especially at risk are workaholics,” he told me. This

included perfectionists who are married to their work, he added, “and people who masturbate”.

“Who what?” I said. “Masturbate,” he repeated, explaining this was a term from psychology that referred to people who felt they must be the best at work, or must be the most loved, or must be generally excellent.

I was sure he was joking about this but it turns out he was not. The idea of masturbation is attributed to a late US psychotherapist named Albert Ellis. It’s defined in the American Psychology Association’s online Dictionary of Psychology as: “The belief by some individuals that they must absolutely meet often perfectionist goals in order to achieve success, approval, or comfort.”

Vingerhoets thinks that being aware of such unhelpful tendencies is a crucial first step in overcoming leisure sickness.

I am not entirely sure this ranks as news I can use, but nor am I ruling it out. Either way, I will be giving it deep thought as I prepare to head to the beach this year, after a very long session in the gym.

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Lex.

Does Big Tech face a one-two antitrust punch from Europe?



Mass lawsuits over antitrust breaches are a novelty in the UK. But cases are proliferating. In June, a University of East Anglia law professor secured funding to take Amazon to court over claims the US tech giant exploited sellers that used its platform.

That claim, estimated to be worth more than £2.5bn, is one of many. Google is also in lawyers’ sights. In June, a court gave a green light to a £13.6bn lawsuit alleging anti-competitive behaviour in online advertising.

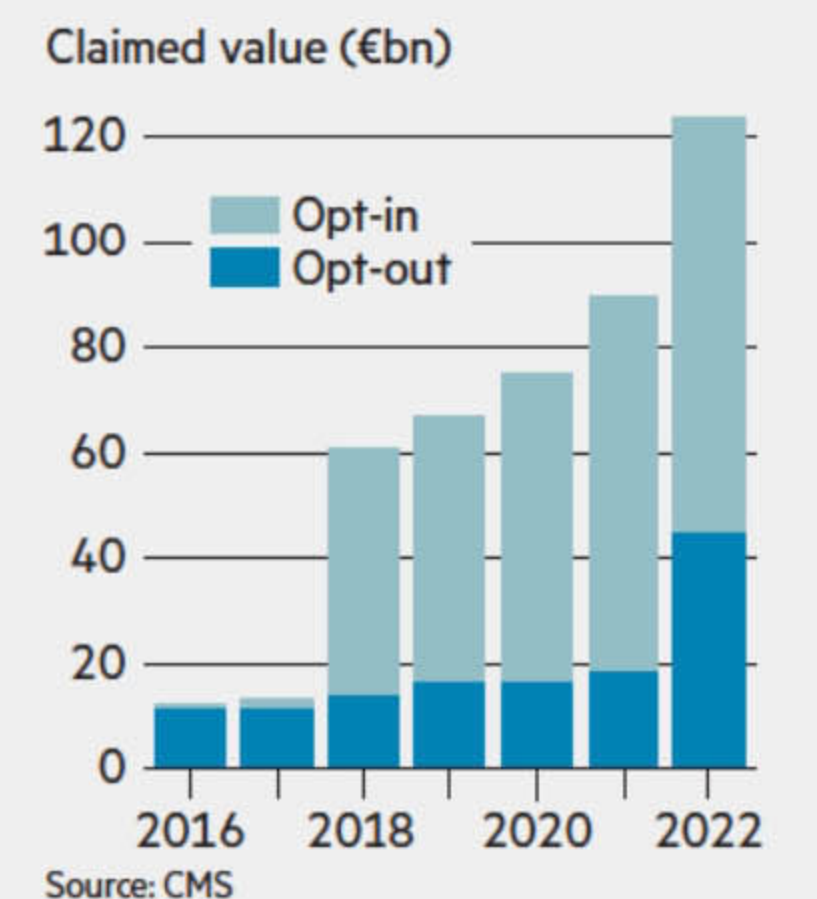
The case, dubbed opportunistic by Google, was brought by Ad Tech Collective Action, representing website publishers.

Not that they necessarily know about it. The UK has adopted an “opt-out” regime. That allows potential recipients of damages to be automatically included unless they choose not to be. It also explains why England accounts for nearly half of the class actions filed in Europe over the past five years.

Tech is not the biggest target. Half of the £120bn of class action claims lodged in the UK in the six years to 2022 concern the mining, energy and transport sectors. This is largely down to action over the 2015 Mariana dam collapse in Brazil, according to international law firm CMS.

But tech claims are growing fast.

UK class actions are on the rise



Over the six years to 2022, €12.4bn in class action lawsuits against tech companies were lodged in the claimant-friendly Netherlands, only €4.9bn less than in the UK.

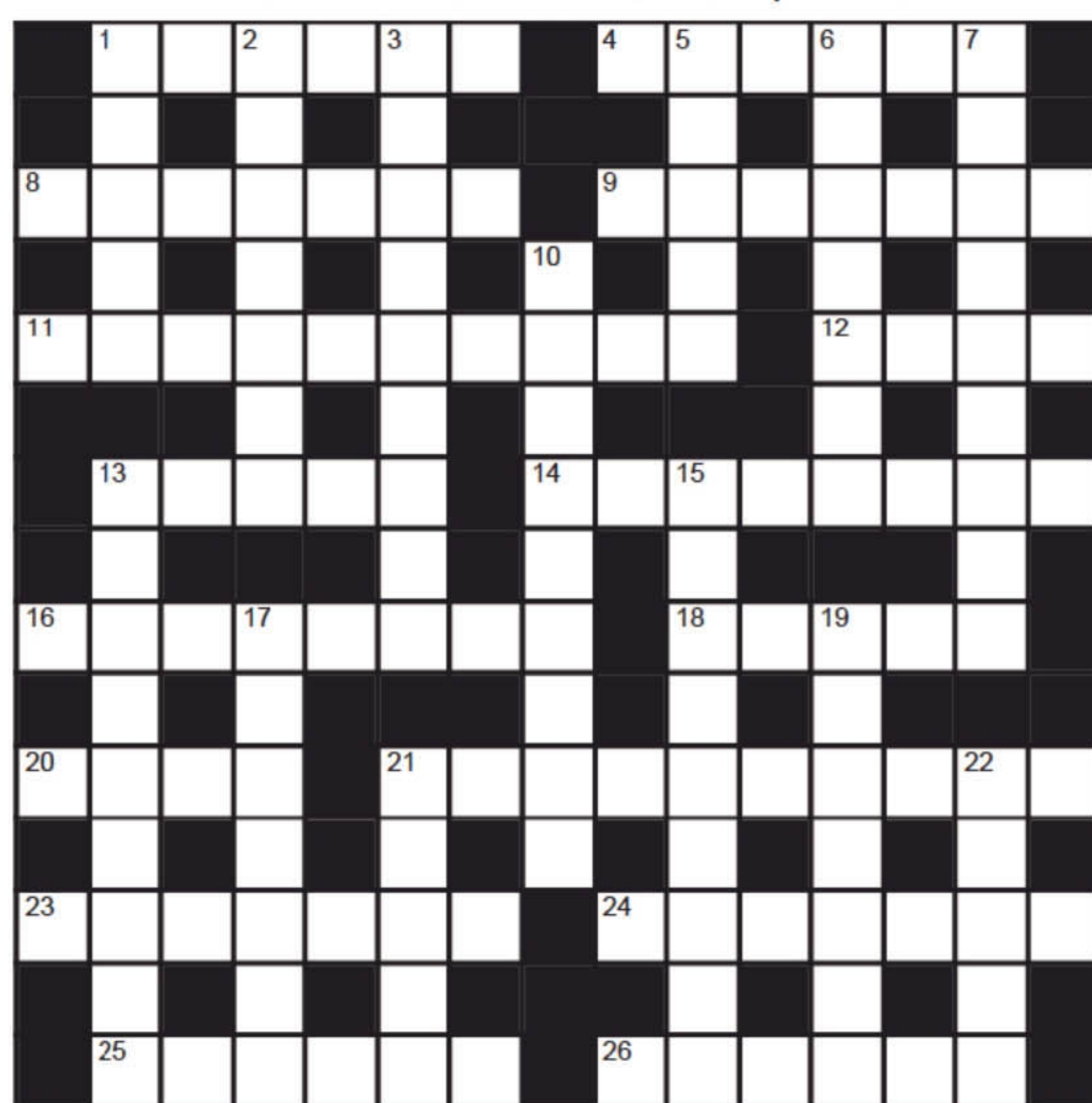
Several factors explain the surge in UK litigation. Allowing opt-out claims is one, though the Mariana lawsuit shows that opt-in cases can also be costly. Another is the acceptability of third-party funding. Litigation funders’ assets increased more than 10-fold to £2.2bn in the decade to 2022, according to law firm RPC.

But tough public enforcement of antitrust is also important as private lawsuits generally piggyback on regulators’ rulings. Brussels and the UK have taken a feisty approach to reining in Big Tech. Investors in deep-pocketed tech groups tend to brush off antitrust assaults. Even so, the companies privately deplore the spread of class action cases to Europe from the US. They argue it inflicts economic damage on business, clogs up courts and primarily rewards lawyers and funders.

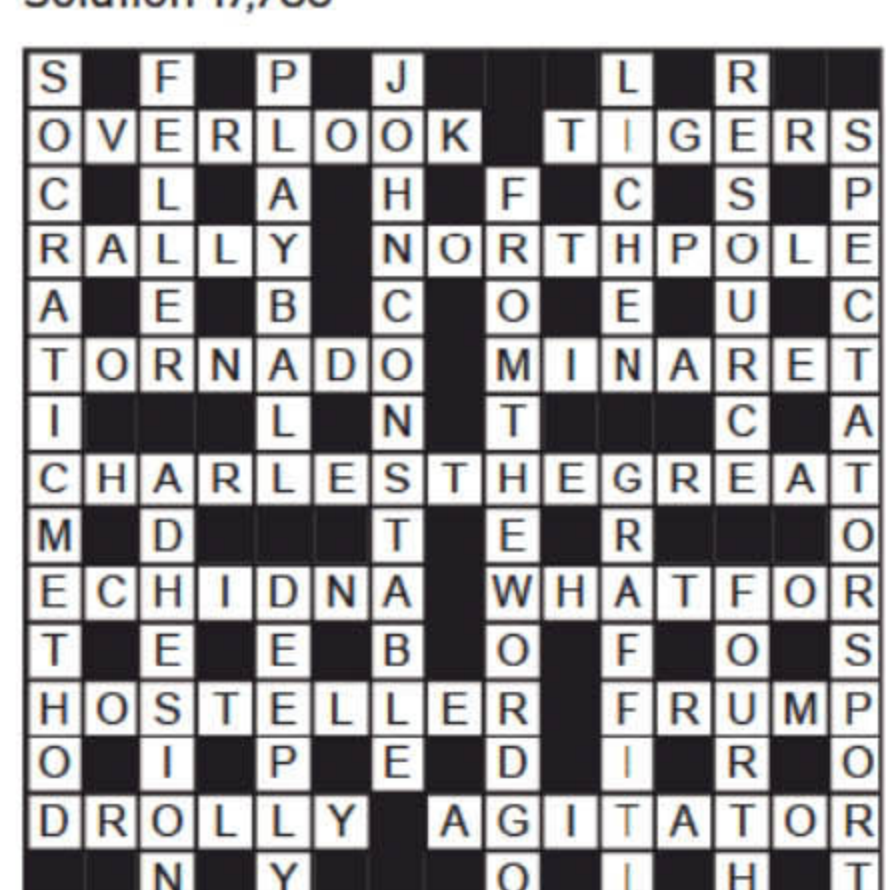
But private enforcement has a purpose. Class actions allow victims to obtain redress while reinforcing deterrence. They increase the incentive to bring anti-competitive behaviour to light and complement the work of regulators. That makes them a feature, not a bug, of the competition regime.

NIKKEI Asia The voice of the Asian century

CROSSWORD No 17,788 by MOO



Solution 17,786



JOTTER PAD

ACROSS

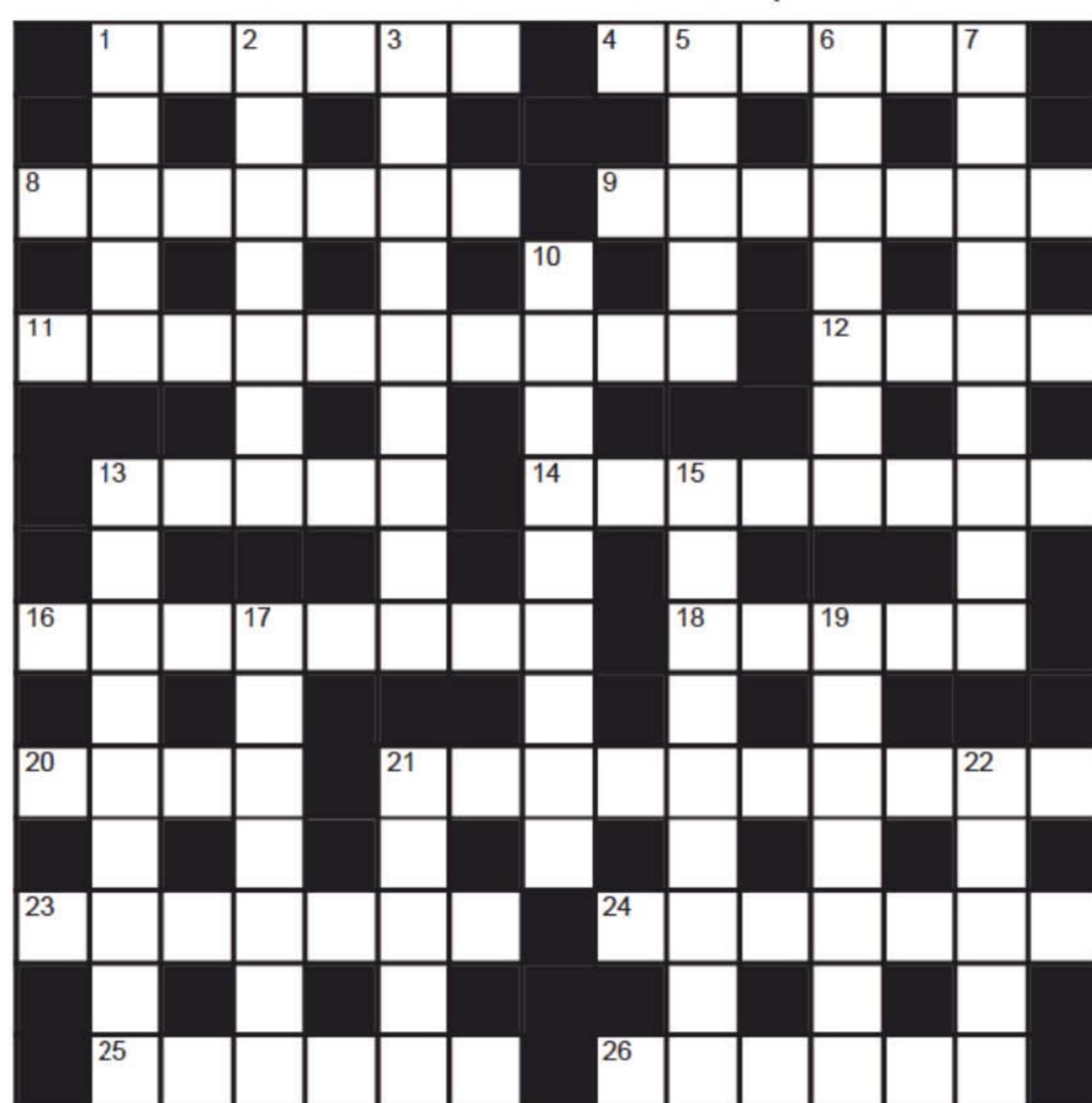
- Tennis player in need of absolution? (6)
- A kid in command? (2,4)
- Deeply embarrassed Tory biting lip, close to tears (7)
- Passable route? Driver hopes to find one (7)
- Spiteful chap getting aggressive, kicking one out (10)
- God, that’s flipping painful! (4)
- Retired teacher greeting PM once (5)
- Supporter of the sculptural arts? (8)
- Initially much pressure on one’s lover (8)
- At which one may burn a piece of meat, they say (5)
- Affected to be a Frenchman in Communist Party (4)
- Sly observer going round quietly with prostitute (7,3)
- Progressive artist caught in slur (7)
- Caffan I designed for an enthusiast (7)
- Blake ruefully looking back, stifling triumphant cry (6)
- Gentleman in river getting the hot (6)

DOWN

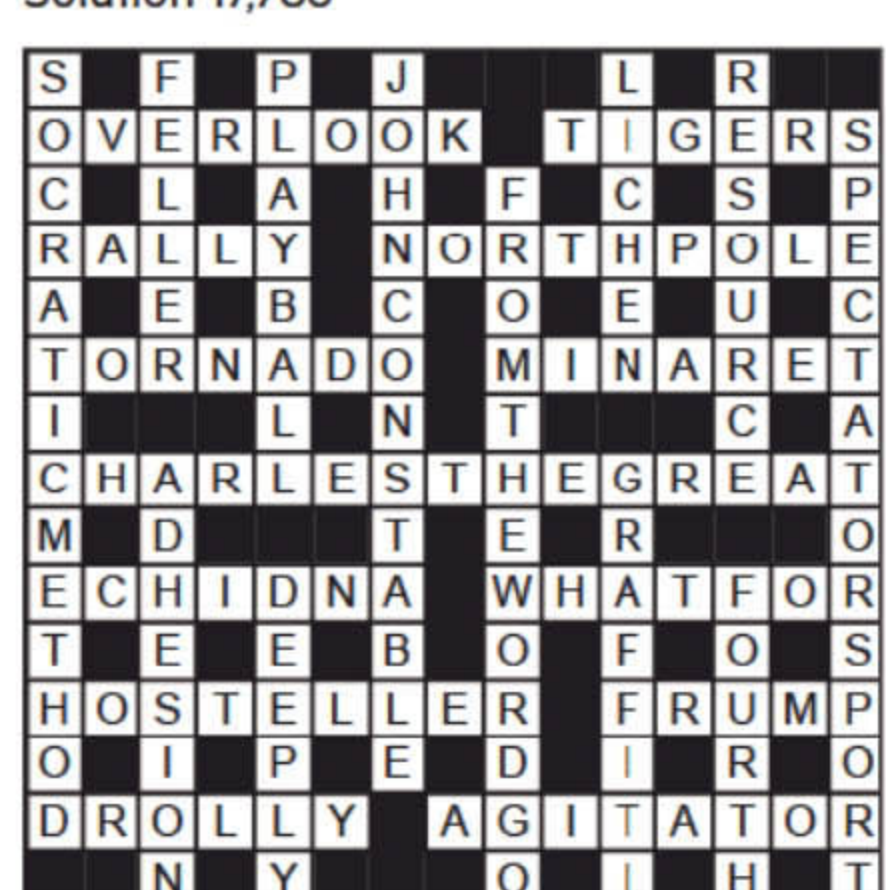
- Uplifting songs about young country (5)
- Tracks that might relieve one’s pain? (7)
- Save befuddled Moo’s niece! (9)
- Disquisition the listener’s followed (5)
- Bald Cockney is so stuffy! (7)
- Complicated tale a Boer concocted (9)
- Jail drug dealer, a clerk (9)
- Think differently about John Lennon song (9)
- Throw away pasties daughter and I cooked (9)
- Really good drugs programme on TV (3,4)
- Ready for a trip to Kabul? (7)
- Dimwit changing sides for a joke (5)
- This woman’s in love, as it happens (5)

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- Deeply embarrassed Tory biting lip, close to tears (7)
- Passable route? Driver hopes to find one (7)
- Spiteful chap getting aggressive, kicking one out (10)
- God, that’s flipping painful! (4)
- Retired teacher greeting PM once (5)
- Supporter of the sculptural arts? (8)
- Initially much pressure on one’s lover (8)
- At which one may burn a piece of meat, they say (5)
- Affected to be a Frenchman in Communist Party (4)
- Sly observer going round quietly with prostitute (7,3)
- Progressive artist caught in slur (7)
- Caffan I designed for an enthusiast (7)
- Blake ruefully looking back, stifling triumphant cry (6)
- Gentleman in river getting the hot (6)

DOWN

- Uplifting songs about young country (5)
- Tracks that might relieve one’s pain? (7)
- Save befuddled Moo’s niece! (9)
- Disquisition the listener’s followed (5)
- Bald Cockney is so stuffy! (7)
- Complicated tale a Boer concocted (9)
- Jail drug dealer, a clerk (9)
- Think differently about John Lennon song (9)
- Throw away pasties daughter and I cooked (9)
- Really good drugs programme on TV (3,4)
- Ready for a trip to Kabul? (7)
- Dimwit changing sides for a joke (5)
- This woman’s in love, as it happens (5)

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