

## Borrow now, pay later

Where does the buck stop with state spending? — RAGHURAM RAJAN, PAGE 19

## Time of reckoning

Bolsonaro left vulnerable by Brazil's heavy virus toll — BIG READ, PAGE 17



## Ethiopian rift widens

Brutal attacks on women heighten separatist sentiment — ANALYSIS, PAGE 4

Covid surge  
Europe suffers  
fresh spike

A woman walks past a mural of a dove parachuting Covid vaccine vials in Rome yesterday. Italy has just entered a three-day strict nationwide lockdown to prevent new surges.

Concerns have been growing across Europe of a third wave of the virus, triggered by the spread of the now dominant B.1.1.7 variant, first reported in the UK. New cases in France, Germany and Belgium have jumped in recent days.

A slow jab rollout and a tussle for vaccines has added to tensions over allocations. Ahead of a G20 summit this week, Italy's central bank chief yesterday said that the uneven pace of the jab rollout was the single greatest threat to a global economic recovery.

News &amp; analysis page 2



Gregorio Borgia/AP

China tells banks to curb lending  
as fears rise over property boom

Loans that buoyed Covid rebound curtailed Beijing shifts focus to controlling credit risks

SUN YU — BEIJING

China's central bank has asked lenders to rein in credit supply, as the surge of lending that sustained the country's debt-fuelled coronavirus recovery renewed concerns about asset bubbles and financial stability.

After new loan growth hit 16 per cent in the first two months of the year, the People's Bank of China responded by telling domestic and foreign lenders to keep new loans in the first quarter of the year at roughly the same level as last year, if not lower, according to people with knowledge of the situation.

China's swift recovery has provided vital support for the global economy and multinational companies through the pandemic, offering a dependable

source of demand for consumer goods and raw materials.

The latest directive could translate into a considerable drop in bank lending, the largest source of financing for the world's second-largest economy.

The move underscores a change in policy focus as Beijing shifts regulatory scrutiny to controlling credit risks rather than boosting economic growth, which has already returned to pre-pandemic levels.

China's economy expanded 6.5 per cent in the final quarter of last year, making it one of the few countries to register positive full-year growth. Beijing has already set a target of at least 6 per cent growth for 2021.

"Worries about a pandemic-driven recession are gone," said Larry Hu, chief

China economist at Macquarie Group in Hong Kong. "The top priority is to lower the economy's debt burden."

The rebound has been accompanied by a boom in the property sector. Chinese new-home sales surged 133 per cent in January and February this year, while property investment rose 38 per cent, as Beijing's pandemic stimulus lifted the local housing market.

But as house prices took off across China's coastal hubs, Beijing enacted a slew of measures designed to bring the boom under control. That put property financing under pressure and has made lenders with heavy exposure to the sector a key target of the new curbs.

One Shanghai-based banker said that the PBOC's new directive had put many smaller banks, including foreign



New-home sales in China soared 133 per cent in January and February this year. Property investment rose 38 per cent.

lenders, under pressure to "radically" reduce new loans.

Previous measures have so far failed to quell credit growth. China's medium-to-long-term consumer loans, comprised mainly of mortgage lending, rose 72 per cent to hit a record Rmb1.4tn (\$213bn) in the first two months of this year. In December, the PBOC also tightened its limit on cross-border lending, which significantly constrained foreign banks' ability to expand in China even though Beijing vowed to continue liberalising capital controls and allowing foreign players into its financial market.

The restrictions were intended to slow the rise of the renminbi, which climbed close to 7 per cent against the US dollar in 2020.

Chinese techs shelve listings page 6

## Briefing

## States try to slow Biden energy drive

Republican-led states are eyeing bills that would dent President Joe Biden's green revamp of the US electricity system by promoting fossil fuels or by increasing costs on renewable energy. — PAGE 4

## Jakarta fund vows to avoid IMDB woes

The head of Indonesia's new sovereign wealth fund has pledged that the facility, which is aimed to grow to as much as \$100bn, will avoid the traps that led to the collapse of Malaysia's IMDB. — PAGE 4

## Fenway to go shopping for other teams

The owner of Liverpool football club and the Boston Red Sox will seek to buy other teams and potentially secure a stock listing after a new investment valued it at \$7.4bn. — PAGE 8



## ECB blamed for helping big polluters

Environmental campaigners have hit at the ECB's loosening of collateral rules for disproportionately benefiting companies that are heavy emitters of carbon, such as airlines and carmakers. — PAGE 2

## Archegos saga sees funds reassess banks

Hedge funds are evaluating their prime brokering relationships with banks after a fire sale of assets by family office Archegos forced billions of dollars of losses on Credit Suisse and Nomura. — PAGE 6

## Hertz appoints new financiers

The US car-rental group, which filed for Chapter 11 in May 2020, has selected a group of buyout firms to lead its exit from bankruptcy, as an expected bounce in global travel set off a bidding war for it. — PAGE 8

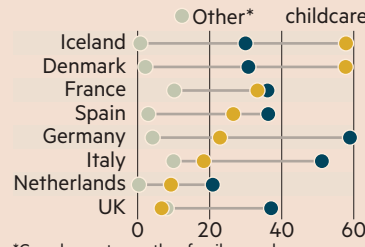
## Investors raise pressure over pandemic

US groups are facing the largest number of demands from investors to address environmental and social concerns in four years, as managers are pressed over their handling of the pandemic. — PAGE 7

## Datawatch

## It takes a village

Childcare for at least 30 hours a week (as a % of children aged under 3), 2019



\*Grandparents or other family members, or professional childminder. Source: Eurostat

Nearly half of Europe's young children are cared for only by their parents. There are variations across the continent. In Denmark, for example, one-third are cared for by their parents while most will spend their time in daycare.



## Ambani bomb scare stirs echoes of India's shady past

Report ► PAGE 3

Austria	€3.90	Malta	€3.70
Bahrain	Dh18	Morocco	Dh45
Belgium	€3.90	Netherlands	€3.90
Bulgaria	Lev750	Norway	Nkr40
Croatia	Kn29	Oman	OR160
Cyprus	€3.70	Pakistan	Rupee350
Czech Rep	Kc105	Poland	z120
Denmark	Dk138	Portugal	€3.70
Egypt	E£59	Qatar	QR15
Finland	€4.70	Romania	Ron17
France	€3.90	Russia	€5.00
Germany	€3.90	Serbia	NewD420
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Greece	€3.70	Slovenia	€3.70
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Jordan accuses demoted crown prince  
of 'foreign' plot to destabilise kingdom

ANDREW ENGLAND — CAIRO

Jordan has accused a former crown prince of plotting with "foreign entities" to destabilise the kingdom, as divisions within the ruling family burst into the open.

Ayman Safadi, Jordan's foreign minister, told reporters yesterday that the alleged plot by Prince Hamzah, a half-brother of King Abdullah and their apparent until his demotion in 2004, and others had been contained.

Safadi said that people around Prince Hamzah had communicated with parties calling themselves "external opposition" and contact had been made with "foreign entities," according to Petra, Jordan's state news agency. He said that a man linked to a foreign security service had contacted Prince Hamzah's wife to offer to fly them out of the kingdom.

"Initial investigations showed these activities and movements had reached a stage that directly affected the security and stability of the country," Safadi said.

Safadi's comments will intensify the intrigue after an extraordinary 48 hours in the normally stable Middle Eastern country that is a staunch ally of the west.

Prince Hamzah released a video on Saturday claiming that he had been placed under house arrest as part of a crackdown on government critics.

Major General Yousef Huneiti, the army chief, denied that the former crown prince had been detained, but said that he had been warned to stop "activities" that threatened the nation's security and stability. Huneiti also said that Bassem Awadallah, an ex-finance minister and chief of staff to King Abdullah, and Sharif Hassan bin Zaid, a distant member of the royal family, had

been arrested. Awadallah has in recent years been an adviser to Saudi Crown Prince Mohammed bin Salman. Safadi said that 16-18 people had been arrested in connection with the alleged plot.

The events raise concerns about the stability of Jordan, which borders Israel, Iraq and Syria. King Abdullah, who has ruled Jordan since 1999 and is feted in Washington and London, is also considered to be an important voice of moderation in the Middle East.

Some analysts believe that weekend of drama reflects divisions within the ruling family. Queen Noor, Prince Hamzah's mother, described the allegations against her son as "wicked slander".

Others suspect that the saga could be King Abdullah reacting to complaints of corruption and poor governance as social and economic pressure mounts in the resource-poor country.

## World Markets

STOCK MARKETS				CURRENCIES				INTEREST RATES			
	Apr 1	Mar 25	%Week		Apr 2	Mar 26			price	yield	chg
S&P 500	4019.87	3909.52	2.82	\$ per €	1.176	1.180	£ per \$	0.724	146.12	1.72	0.04
Nasdaq Composite	13480.11	12977.68	3.87	\$ per £	1.382	1.379	€ per £	1.175	0.80	0.00	0.00
Dow Jones Ind	33153.21	32619.48	1.64	€ per €	0.851	0.855	¥ per €	130.072	-0.33	0.00	0.00
FTSEurofirst 300	1664.02	1629.71	2.11	¥ per \$	110.600	109.555	£ index	82.108	115.95	0.11	0.00
Euro Stoxx 50	3945.96	3832.57	2.96	¥ per £	152.860	151.094	Sfr per £	1.304	105.29	2.36	0.02
FTSE 100	6737.30	6674.83	0.94	Sfr per €	1.109	1.109			106.54	-0.71	0.00
FTSE All-Share	3849.24	3804.75	1.17	€ per \$	0.850	0.848					
CAC 40	6102.96	5952.41	2.53								
Xetra Dax	15107.17	14621.36	3.32								
Nikkei	29854.00	28729.88	3.91								
Hang Seng	28938.74	27899.61	3.72								
MSCI World \$	2840.19	-			Apr 1	Mar 25	%Week				
MSCI EM \$	1335.24	-		Oil WTI \$	61.33	58.38	5.05	Fed Funds Eff	0.08	0.09	-0.01
MSCI ACWI \$	680.47	-		Oil Brent \$	64.65	61.77	4.66	US 3m Bills	0.02	0.03	-0.01
				Gold \$	1726.05	1737.30	-0.65	Euro Libor 3m	-0.55	-0.55	0.00
								UK 3m	0.09	0.09	0.00

Prices are latest for edition Data provided by Morningstar

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INTERNATIONAL

Recovery prospects

# Italy central bank warns on jab rollout

Chief says patchiness of international effort poses large economic threat

MILES JOHNSON — ROME

The uneven pace at which countries are vaccinating their populations against Covid-19 is the single greatest threat to a global economic recovery, Italy's central bank governor has said ahead of a G20 summit hosted by the country this week.

Ignazio Visco, who will co-host the virtual G20 meeting of finance minis-

ters and central bank governors on Wednesday with Daniele Franco, economy minister, warned that a patchy international vaccine rollout could result in sharply different recoveries for developed and developing nations.

"The main instrument we have at the moment is neither monetary nor fiscal, it is vaccinations," he said.

Visco praised co-operation between governments in the pandemic response thus far, but said multilateral measures would be critical to ensuring an evenly distributed global recovery.

He defended the scale of Europe's economic response to the pandemic in

comparison with the US, pointing out that significant stimulus had been provided by national governments alongside the EU's €750bn post-pandemic recovery fund, Next Generation EU.

"The Next Generation EU plan has a completely different nature [to the US stimulus] because, while smaller in size, it will be mostly made of infrastructure investments," he said.

"This choice is also due to the fact, usually neglected by many commentators, that very large relief packages have been implemented in Europe, and are still operating, at the level of national governments."

The G20 meeting this week comes as the pace of the US's vaccination push has increased compared with the EU's. Economists have forecast that the US will grow faster than European economies this year.

Visco said progress in the EU's vaccination programme meant that the bloc would not be left behind by the US. However, reducing this risk for developing economies was a priority.

"The G20 is aware of the serious difficulties facing the most vulnerable countries and is committed to offer not a sterile solidarity . . . but concrete help to ensure these countries have the nec-

essary resources to respond to the crisis and can then get back on track."

This would include discussing extending beyond June the debt service suspension initiative, which provides temporary relief from debt repayments for 73 eligible poor countries.

Visco said allocation of special drawing rights would "provide unconditional liquidity to low-income countries, helping them deal with the liquidity problems originated by the pandemic". It was "crucial to ensure that the new available resources go to those who really need them and not, for example, to repay past debts".

Collateral rules

# Greenpeace accuses ECB of helping polluters

MARTIN ARNOLD — FRANKFURT

Environmental campaigners have criticised the European Central Bank's recent loosening of collateral rules for disproportionately benefiting companies that are heavy emitters of carbon, such as airlines and carmakers.

The ECB changed its collateral rules in response to the pandemic almost a year ago to start accepting securities issued by "fallen angel" companies — those that have had their credit rating downgraded below investment grade since the coronavirus crisis started.

Greenpeace said the temporary change to the rules had mostly benefited heavy polluters, including Lufthansa, International Airlines Group and Renault, according to a report seen by the Financial Times.

The fourth company that benefited from the change was Technip, the oil services group, leaving only one beneficiary that Greenpeace did not consider to be a high carbon emitter: Adler, the German property group.

"That these assets are particularly carbon-intensive is not surprising: after all, it is precisely these business models that are coming under pressure from the transition to a net zero economy," Greenpeace said.

"The ECB's task must not be to blindly support these companies, but to find a way to correct the climate-intensive imbalance of its monetary policy instruments as soon as possible," the group added. "Only in this way can the politically agreed and socially desired path to climate neutrality succeed."

Greenpeace argued that by changing its rules to allow "fallen angel" bonds to be eligible as collateral, the ECB had shown a "significant inconsistency" in how it applies its market neutrality principle that aims to avoid distorting relative pricing of securities.

The ECB declined to comment on the report, although officials pointed to the fact that only 3 per cent of its collateral is made up of corporate bonds, meaning that the rule change had a relatively small impact.

The central bank is reluctant to paint bonds as either brown or green, because a company may use the proceeds of a bond issue to finance its transition to a less carbon-intensive business model, for instance a carmaker investing in electric battery development.

Christine Lagarde, president of the ECB, said in a recent letter to MEPs: "Other than in specific cases where the use of proceeds is specified (as for instance in the case of green bonds), eligible debt securities provide funding for general purposes and are not earmarked to finance individual assets or lines of business."

"Consequently, determining a possible environmental impact based on backward-looking and sectoral or firm-level data could be misleading," she added.

The issue of whether the ECB should use its monetary policy tools to address the mispricing of climate risk has emerged as one of the most contentious areas in the central bank's review of its own strategy, which is due to conclude in September.

Campaigners have targeted the ECB's €270bn of corporate bond purchases for reinforcing the market's bias in favour of heavy carbon emitters.

Virus crisis. Europe's third wave

# 'It's spreading fast and it's spreading everywhere'

A new strain, shortage of shots and lockdown fatigue allow cases to surge again

FT REPORTERS

More than a year after the start of the pandemic, Europe is enduring a grim spring.

Covid-19 infections, hospitalisations and deaths are rising in many countries as the continent grapples with a more infectious variant, a shortage of vaccines, and public weariness with lockdowns.

In France, "the epidemic is spreading fast, and it's spreading everywhere", Jean Castex, prime minister, told parliament on Thursday after Emmanuel Macron announced the country's third nationwide lockdown, which includes travel restrictions and school closures and extends a 7pm to 6am curfew.

In two weeks, Castex said, the number of recorded new cases in France had risen 55 per cent to about 38,000 a day. This two-week growth compares with a rise of 95 per cent in Belgium and 48 per cent in the Netherlands in a similar timeframe; in Germany, they have risen 75 per cent. Part of this increase reflects an expansion in testing.

The latest pandemic surge in Europe, triggered by the spread of the now dominant B.1.1.7 strain first noted in England, is often called a "third wave", but observed across the continent as a whole, it is more like a confused sea in which some national epidemics are worsening, some are reaching their peak, and others are declining.

In Germany, the EU's most populous nation, "since mid-March about 1,000 more ICU patients have landed in hospital", said Christian Karagiannis of the country's Interdisciplinary Association for Intensive Care and Emergency Medicine. If things continued, he said, "we will have reached the limits of our regular capacity in less than four weeks".

With older people prioritised for vaccines, it is no longer only the aged who are fighting for their lives in intensive care units across Europe.

"Now it's middle-aged and also younger patients who must be ventilated," Angela Merkel said in a podcast on Friday.

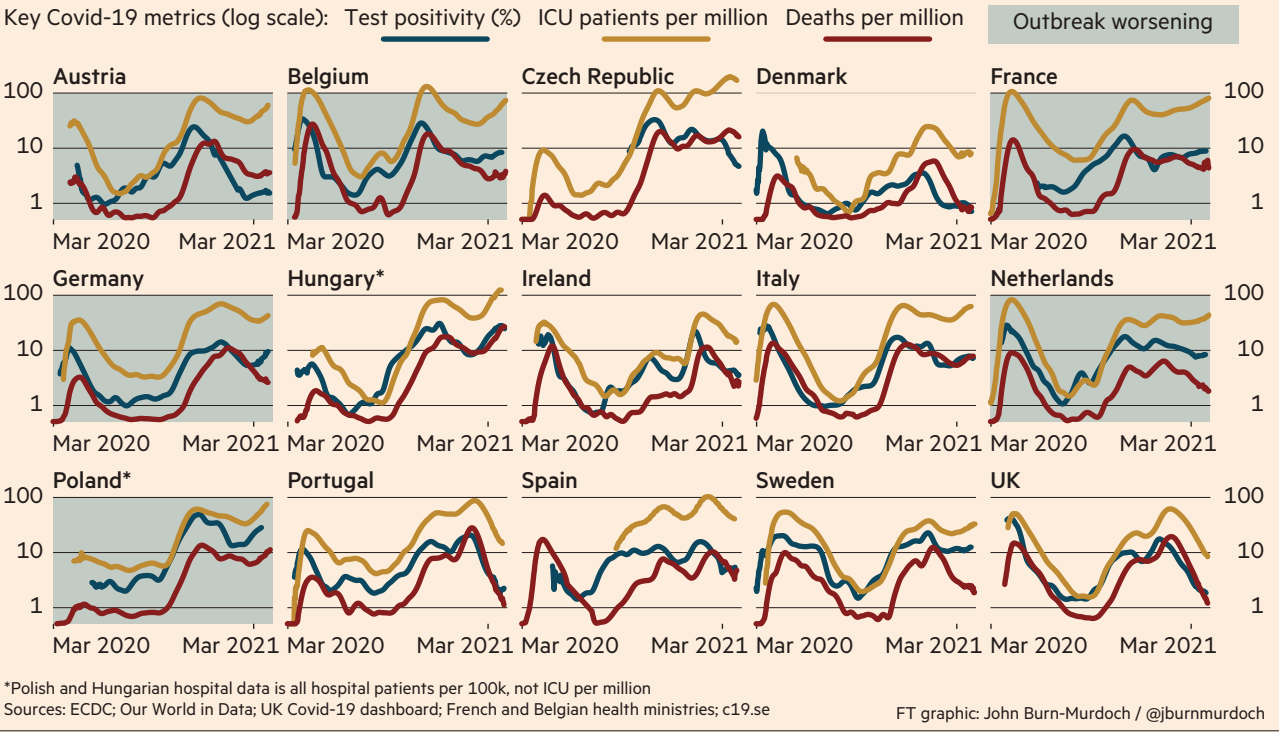
In Spain and Italy, the situation is also deteriorating.

"With the English variant, despite all the restrictions in place, we have not



A nurse tends a Covid-19 intensive care patient at Hôpital privé d'Antony in southern Paris — AFP/Getty Images

Outbreaks are growing again in much of Europe



\*Polish and Hungarian hospital data is all hospital patients per 100k, not ICU per million  
Sources: ECDC; Our World in Data; UK Covid-19 dashboard; French and Belgian health ministries; c19.se  
FT graphic: John Burn-Murdoch / @burnmurdoch

had the drop in new cases that we had hoped for," said Giovanni Leoni, vice-president of Italy's doctors' federation.

Eastern Europe is hard hit. In Poland, the third wave has been the worst so far, driving daily infections to records and putting intense strain on the health system. There are more people on ventilators and in hospital with Covid-19 in Poland than at any time since the pandemic began last year.

"These are the worst days of the pan-

demic that we are going through," Polish health minister Adam Niedzielski said last week.

In the Czech Republic, cases have started to fall after the government launched a strict lockdown after a late February surge. Cases in Slovakia have also peaked.

A slow rollout of vaccines has constrained the ability of the 27 member states — which procured the jabs jointly — to control the pandemic. This is in

contrast to the rapid rollout in Israel, the UK and the US.

Leoni said: "We have over 200,000 doctors ready to vaccinate citizens, but the lack of jabs is slowing everything down. By now we should have been way ahead, but we are still bogged down."

Supplies should improve rapidly in the weeks ahead. Vaccine deliveries are forecast to rise from 107m doses in the first quarter to 360m in the second, according to the European Commission.

Italian politics

# Five Star wrestles to reinvent itself as part of the establishment

DAVIDE GHIGLIONE — ROME

The transition from anti-establishment insurgent to member of an Italian governing coalition led by a former president of the European Central Bank has not been easy for the Five Star Movement.

Born in 2009 from a wave of discontent with the political and financial establishment, the populist party has undergone a number of changes over the years.

After exceeding expectations during its early years and emerging as the largest single party at the 2018 general election, Five Star disappointed some of its supporters by entering coalition governments with the far-right League and then with the centre-left Democratic party (PD). It also backtracked from some of its previous positions, including support for a referendum on the euro.

Five Star now faces its greatest challenge yet. The decision in February to support the new government led by former ECB chief Mario Draghi has further undermined its anti-establishment appeal. Five Star, which is currently polling at about 17 per cent, is seeking to

reinvent itself ahead of the next general election in 2022, leaving behind once and for all its previous image as a purely obstructionist force in Italian politics.

The man chosen to oversee that transformation is former prime minister Giuseppe Conte. He became de facto leader of Five Star at the beginning of March, and last week announced his intention to "refound" the movement.

"Conte has a tough nut to crack," said Antonio Padellaro, writer and former editor of the Italian daily Il Fatto Quotidiano. "The world of Five Star was born in the streets and squares on the outskirts



Giuseppe Conte last week announced his intention to 'refound' Five Star

of Italian cities, made of angry citizens that still feel left behind by the establishment and globalisation. It's a radical world used to expressing itself through a very harsh and explicit language. It is a world still in turmoil, and still very far from Conte . . . with an approach that is certainly way more Christian Democrat and moderate than the original core of the movement," Padellaro said.

According to Giuseppe Brescia, a senior Five Star lawmaker, "when the movement came to power, everything changed".

"We knew that certain policies could not be implemented by staying in opposition, but by forming a government we also exposed ourselves to a series of transitions that represented many small traumas that took us progressively away from the base," said Brescia.

After Conte's intervention, Enrico Letta, another former prime minister and the newly elected leader of the PD, said: "I bet on the [successful] evolution of the movement. I want a coalition."

A decisive shift towards a more progressive agenda and a Five Star alliance with the PD is seen as likely by many analysts. At the next election the two

parties will face a rightwing coalition comprising Matteo Salvini's League, Giorgia Meloni's Brothers of Italy and former premier Silvio Berlusconi's Forza Italia. But carving out a distinctive position for itself on the political spectrum and winning back support will be difficult for Five Star, said Giovanni Orsina, director of the LUISS school of government in Rome.

"Certainly the Draghi government forced the pace of a transformation that had been taking place for some time, both for Five Star and other parties. However . . . the difficulty of transforming protest into concrete policies is there for all to see. What comes next? It's very hard to find an answer to that now."

According to Lucia Corso, a professor at the Kore University of Enna, Five Star is confronting a challenge that every populist or protest party encounters sooner or later. "The perennial protest aimed at endless vetoes is very difficult to turn into a real project," she said. "In fact, Conte's words were very general and it is still difficult to sketch the contours of what Five Star will become. But what is clear is the strong desire to break away completely from the past."

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INTERNATIONAL

# Tycoon bomb plot sheds light on Mumbai’s dirty politics

Threat to Reliance chair highlights hub’s reputation as city of extremes

**BENJAMIN PARKIN AND JYOTSNA SINGH**  
NEW DELHI

The dusty, army-green SUV, parked on a leafy street a few hundred metres from the Mumbai skyscraper that houses India’s richest man, did not look like much.

Inside, however, police made an alarming discovery: explosives and a letter that local media said warned Mukesh Ambani, the billionaire chair of conglomerate Reliance Industries, that this was just a “trailer” for what was to come.

The twists and turns that followed the bomb scare in late February have escalated into one of India’s most dramatic scandals. The man to whom the SUV was linked was found dead, floating in a creek. A policeman said to have political ties — and an allegedly violent past — was arrested. Mumbai’s police chief was ousted and went on to accuse the state home minister of running an elaborate extortion racket in the city.

Mumbai has long held a reputation as a city of extremes, its gleaming offices and film studios built atop a notorious underbelly of brass-knuckled politics and gangsterism.

But analysts said there was little precedent for the way in which the latest controversy had brought the messy inner workings of India’s financial capital and the behind-the-scenes dealings that bind politics, police and crime across much of the country out of the shadows.

“The real takeaway is the gross decay of the institutions,” said Suhas

Palshikar, a political scientist formerly of Savitribai Phule Pune University. “It doesn’t remain merely a story of administrative decay. It also means there’s a complete failure of politics . . . The dramatic aspect is new but all the elements have always been there.”

After Mansukh Hiren, the small-time suburban businessman to whom police had linked the SUV — and who had reported the vehicle missing — was found dead, investigators arrested police official Sachin Vaze for his alleged role in the bomb plot.

Vaze said in court that he was “a scapegoat”, according to a lawyer representing him, and was not involved in the crime.

The scandal might have died down were it not for the intervention of Param Bir Singh, Mumbai’s former police commissioner, who was transferred from his post days after Vaze’s arrest.

Singh alleged in a widely circulated letter that the home minister for Maharashtra, the state that is home to Mumbai, wanted Vaze to help collect Rs1bn (\$14m) a month in payments from businesses such as restaurants and bars.

A lawyer for Singh confirmed the authenticity of the letter. A case filed by Singh, demanding a central government investigation into his allegations, is being heard in the Bombay High Court.

Anil Deshmukh, the home minister of Maharashtra, responded in a letter posted on Twitter that Singh’s allegations were “absolutely false and baseless”. He called it part of “a conspiracy” to deflect attention from the bomb case



A forensics team investigates a vehicle seized in the case of Sachin Vaze, below

Anshuman Poyrekar/  
Hindustan Times/Getty



and undermine the state government.

Among the many questions that remain unanswered is what, if anything, those behind the bomb plot wanted from Ambani. Reliance declined to comment but previously said it was confident police would “complete their thorough investigation quickly”.

The scandal could also have broader political ramifications. Maharashtra is run by a coalition led by the rightwing nationalist Shiv Sena party, which broke with Prime Minister Narendra Modi’s Bharatiya Janata party after state elections in 2019.

The bizarre events have revived memories of 1990s-era Mumbai — previously known as Bombay — when the city’s underworld was at its height. Larger-than-life police officials with a reputation for ruthless tactics, including extrajudicial killings of suspected criminals, were lauded as heroes and enjoyed political support.

Vaze, according to media reports, was reputed to be one of them. Of his alleged victims, he reportedly told the Guardian in 2011: “I don’t think about it ever.

Every one of them deserved to go and they went.”

Vaze was suspended from the force in 2004 for his alleged role in a custodial death, though he called it a “false case”, according to his lawyer. But he subsequently joined Shiv Sena and was reinstated to the police last year, according to media reports. Vaze could not be reached for comment.

“This is a quintessential Bombay story,” said a journalist in the city. “It’s a typical Bollywood *masala* thriller. There’s as much *masala* as you can put into a typical Bollywood script.”

Former police officers said the scandal underscored the need to curb the politicisation of law enforcement, which allowed politicians to decide appointments and transfers, leaving police beholden to ruling parties.

“In a way, it is good that it has brought out the alleged nexus between police and politicians [into the open], though an inquiry is required to prove the charges,” said Meeran Chadha Borwankar, who previously held high-level positions in the Maharashtra and

‘There’s as much masala as you can put into a typical Bollywood script’

national police forces. “Political parties in power generally expect police to toe their line and act for them in grey and sometimes totally illegal black areas, as alleged in the said letter of the former commissioner,” she added. “We should pursue an independent police organisation instead of the current system where we are at the mercy of politicians.”

The grim affair could have national implications if it upsets the balance of power in Maharashtra, considered one of the country’s biggest political prizes for its size and economic heft.

The BJP has maintained a fierce rivalry with the Shiv Sena-led government, and has decried its alleged conduct. Political analysts said this could ultimately give Modi’s party another shot at power in the state if the coalition was sufficiently weakened.

“For the BJP, this is a tailor-made political opportunity,” said Milan Vaishnav, a senior fellow at the Carnegie Endowment for International Peace think-tank. “Even if they don’t get back to power, they can go to the bank on this when elections come around.”

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INTERNATIONAL

Emerging economies

# Jakarta fund vows to avoid 1MDB snags

International appetite tested – with governance issues in the spotlight

STEFANIA PALMA — SINGAPORE  
SIMEON KERR — DUBAI

The head of Indonesia's new sovereign wealth fund has pledged that the multi-billion-dollar facility will avoid the traps that led to the collapse of Malaysia's 1MDB that started in 2015.

The Indonesia Investment Authority is aiming to grow to as much as

\$100bn. The UAE last week became its first external investor with a \$10bn pledge.

The fund represents a test of Jakarta's capacity for good governance after the country was ranked 102 of 180 nations last year in Transparency International's corruption index.

"The whole sovereign wealth fund world knows of what not to do because of one example," Ridha Wirakusumah, chief executive of the authority, said.

It is the first significant gauge of international appetite for sovereign wealth

funds in developing countries in south-east Asia since 1MDB.

The Malaysian fund imploded in a

'The whole SWF world knows of what not to do because of one example'

Authority head Ridha Wirakusumah

scandal after officials and their associates misappropriated \$4.5bn, according to the US Department of Justice.

Former Malaysian prime minister

Najib Razak was sentenced to 12 years in jail and faces other trials in Kuala Lumpur in relation to the affair, while Goldman Sachs — which arranged 1MDB bonds whose proceeds were largely stolen — has reached a \$3.9bn settlement with Malaysia.

While officials have regularly named potential investors, Wirakusumah declined to specify possible backers.

He was open to speaking with anyone ready to co-invest "professionally".

Indonesia is being courted by the US and China as a strategic partner. One

mooted large investor in the fund is the US International Development Finance Corporation, a federal agency that Jakarta claims has pledged \$2bn.

Critics have argued that a bill passed in 2019 weakening the country's anti-graft agency has dented Indonesia's fight against corruption.

The UAE said that it would invest in sectors including roads, ports and tourism.

This was in addition to \$5bn injected by the Indonesia government. Wirakusumah's initial goal was to draw at least \$15bn from international investors.

Armed conflict. Sexual violence

## Tigray atrocities jeopardise pan-Ethiopian drive

Brutality of attacks in country's north bolsters separatist sentiment

ANDRES SCHIPANI — MEKELLE, ETHIOPIA

When the 19-year-old student regained consciousness, she was in the forest. She remembered running there to escape fighting in her home town in the northern Ethiopian region of Tigray.

Dazed and confused, she saw blood pouring out of her nose and genitals. Surrounding her were the four Eritrean soldiers who had raped her. "They were all laughing," she sobbed. They continued to rape over the next five days.

"They were enjoying my suffering. They didn't think I was a person. Every time I tried to stop them, they told me to 'Shut up,' 'Shut up,' 'Shut up,' and beat me," she said. They accused her of being a courier for the Tigray People's Liberation Front, which is at war with Ethiopian and Eritrean forces.

Ethiopian Prime Minister Abiy Ahmed in early November began the so-called law and orders operation against the TPLF, an organisation that ran the country for 27 years, which he has labelled a "criminal clique".

While Abiy has declared the conflict over, fighting continues and has fomented a crisis in Ethiopia, an economic powerhouse in the region and Africa's second most populous country.

Since coming to power in 2018, the Nobel Peace Prize winner has said he wants to unify a country scarred by ethnic faultlines. He has blamed the TPLF for the country's divisions.

But the brutality of some of the attacks on Tigrayans has only heightened separatist sentiment. "I am only Tigrayan now, not Ethiopian. If we were Ethiopian, the government wouldn't let us be raped by soldiers," the 19-year-old, who did not want her name to be published, said.

Five months into the war and allegations of sexual violence involving forces from Ethiopia and neighbouring Eritrea — a longstanding enemy of Tigray, whose soldiers are helping Abiy fight the TPLF — are widespread, say doctors, nurses, aid workers, and even members of the interim administration, which was appointed by Addis Ababa. Tigrayan forces have also been accused of atrocities.

The UN said in late March that the sexual violence in Tigray is "high in areas affected by the conflict". It noted at least 516 cases but warned this was likely to be only "the tip of the iceberg".

At the main hospital in Mekelle, nurses and prosecutors detailed testimonies of "critical cases": a woman raped "day and night" for a week by 10 Ethiopian soldiers; another raped by a "commanding officer" who threatened to kill her two-month-old baby; another allegedly raped by 15 Eritrean soldiers; women raped in front of their husbands and children.



A 16-year-old girl at a safe house for survivors of sexual violence in Mekelle. Below, a prosecutor covers with a blanket a 45-year-old woman allegedly raped by an Ethiopian soldier in Enticho — Eduardo Soteras Jallí

"The violence against the civilian population, especially sexual violence . . . seems to be a feature of the conflict," said Dominik Stillhart, head of operations at the International Committee of the Red Cross. TPLF leader-in-hiding Debretsion Gebremichael has accused his foes of raping Tigrayans. But Eritrean officials have denied their troops committed atrocities.

The Ethiopian federal force did not reply to a request for comment but the Ethiopian army has in the past denied it committed such crimes.

Last month, UN human rights commissioner Michelle Bachelet spoke of "deeply distressing reports of sexual and gender-based violence" and other atrocities by all parties.

Her office, alongside the legally autonomous Ethiopian Human Rights

Commission, are to investigate "the human rights violations and abuses allegedly committed by all parties". Tigrayan militias are alleged to have killed hundreds in the town of Mai-Kadra. Officials in the interim administration in Tigray said the TPLF was using civilians as "human shields".

The alleged brutality could also challenge Abiy's pan-Ethiopian vision, a key part of his ambitions for a country with 80 ethnicities and nine ethnically defined states. When he became prime minister in 2018, Abiy stressed Ethiopia's national identity based on the concept of *medemer*, or coming together through diversity.

Tigrayans, who account for just 6 per cent of the Ethiopian population of 110m, had dominated the national government for 27 years but were pushed aside after Abiy, who comes from the much more populous Oromia region, took office.

Critics say Abiy's talk of pan-Ethiopianism threatens the autonomy of states in the country's federal system.

People close to the government in Addis Ababa say the war has galvanised national support for Abiy.

Girmay Berhe, leader of the Tigray Independence party, which has previously opposed the TPLF, counters that it has galvanised Tigrayans because "this is the worst time in the history of Tigray. It is not the TPLF dying, it is ordinary Tigrayans dying."

Even senior members of the interim government of Tigray admit the conflict

Critics say the prime minister's vision threatens the states' autonomy in the federal system

has heightened separatist sentiment. They say Eritreans control a strip of north-eastern Tigray and the Amhara, one of Ethiopia's largest ethnic groups, control western Tigray. This has created resentment among Tigrayans who "today don't want to be part of Ethiopia because of the crimes that happened; everything is raw, they want an independent Tigray", an official in Mekelle said.

The danger is that these latest atrocities challenge not only Abiy's pan-Ethiopianist dream but the very cohesion of the state. Radical Oromo groups have also called for an independent state.

Asked if Ethiopia can stick together, Mulu Nega, the interim president of Tigray appointed by Abiy, replied, "I hope," but warned that "in such a crisis, anything is possible".

In Mekelle's Ayder hospital, Kibrom Gebreselassie, chief clinical director, has for months been tending to those wounded in the war: children with their feet blown off by bombs, gang-raped women, men blinded by gunshots.

"The situation is highly polarised, which is a catalyst for violence," he said, describing the rape of Tigrayans "as a weapon of war".

The 19-year-old rape victim is, for now, staying in Mekelle. She feels sexual violence against Tigrayans is an effort "to damage us, this is aimed at destroying us, there is no other explanation", she said. "In all respects, they have divided us. From now on being an Ethiopian means nothing to me."

Second wave

## Vital Indian state tightens curbs amid Covid surge

BENJAMIN PARKIN — MUMBAI

The state of Maharashtra, home to India's financial capital Mumbai and more than 100m people, introduced restrictions, including a weekend lockdown, as the country's daily Covid-19 caseload approached a record.

India reported 93,000 new Covid-19 cases on Saturday, registering the highest number of daily infections globally. It is fast approaching its previous peak of nearly 100,000 daily cases in September.

The country recorded more than 500 deaths on Saturday, up from 100 or fewer at the beginning of March.

Maharashtra has led the resurgence in cases, with nearly 57,000 new infections on Saturday, and has accounted for many of the deaths.

The western state is India's economic powerhouse, accounting for 14 per cent of gross domestic product, according to research firm Capital Economics.

The restrictions in Maharashtra include extending a curfew, barring most non-essential activities in the evenings and at weekends, and requiring businesses such as cinemas and shopping centres to close.

The state stopped short of a full lockdown — which analysts fear could have ruinous economic implications — but has not ruled out further measures amid fears that health systems could be overwhelmed by the surge.

India's second wave risks setting back the recovery of what had been one of the fastest-growing large economies before the pandemic. The Reserve Bank of

Wide-ranging restrictions will 'severely dent' the recovery, according to Capital Economics

India expects India's economy to grow by 10.5 per cent in the 12 months to March 2022 after a painful contraction the previous year.

But the Covid surge is a "growing threat", according to Capital Economics. Writing before the latest announcement, the firm said wide-ranging restrictions "would severely dent the economic recovery".

Investment bank Nomura estimates that a worsening second wave will weigh on growth, although it expects the impact of localised measures to be limited, compared with last year's strict nationwide lockdown.

The second wave in India, a major vaccine exporter, has potentially global ramifications for Covid-19 vaccine supplies.

Officials in the country said last month they were "calibrating" how much supply would be available for export and were buying up the bulk of domestic production as they look to speed up inoculations at home.

India, which had been exporting more doses than it was giving domestically, this month opened vaccinations to anyone above 45 years.

A sharp nationwide drop in Covid-19 infections between September and February, when India recorded as few as 10,000 new cases a day, allowed authorities around the country to lift the bulk of remaining lockdown restrictions.

But the speed with which the new wave has arisen has alarmed health experts concerned about the presence of new strains of the virus in India. Authorities have confirmed detection of the variants "of concern" first identified in the UK, South Africa and Brazil.

Last month, health officials also announced the discovery of a new "double mutant" variant in Maharashtra, although they cautioned that it was premature to attribute the surge to the presence of new strains.

Climate change

## Republican states look for ways to undermine Biden on zero-carbon electricity

GREGORY MEYER — NEW YORK

Republican-led state capitols are considering bills that would punch holes in President Joe Biden's green revamp of the US electricity system by promoting fossil fuels or piling costs on renewable energy.

Legislators have sharpened their focus since a winter storm caused blackouts in Texas and Midwestern states in February. Despite a varied set of causes, some have invoked the crisis to propose new constraints on solar and wind power.

If enacted, the bills would cloud Biden's objective of cutting carbon emissions from the electricity sector, one he seeks to boost with a \$2tn federal infra-

structure plan announced last week.

The Texas Senate on March 29 passed a sweeping electricity reform bill that included an amendment forcing solar and wind farms to purchase "ancillary services" and "replacement power" to help manage fluctuations on the grid. Introduced by Kelly Hancock, a Republican from suburban Fort Worth, the language posed "a tremendous threat to the continued operation of renewable energy projects in Texas", the Advanced Power Alliance, an Austin-based clean-energy trade group, said on Thursday.

Biden has pledged to remove carbon from electricity production by 2035. Through federal energy policy, environmental regulations, research funding

and subsidies, the US government can prod the electricity sector towards that goal. But electric utilities are regulated mainly by states, not Washington, leaving much of the future US energy mix in the hands of state lawmakers.

Between 2017 and 2020, more than a dozen Democrat-led states, such as New York, Virginia, Washington and California, enacted aggressive zero-carbon electricity targets that bypassed the Trump administration agenda.

Timothy Fox, vice-president of Clear-View Energy Partners, a research group, has been tracking legislation that now takes an opposite tack. Indiana would bar towns and counties from making cleaner power procurements, Montana

would prohibit municipalities from taxing carbon and West Virginia would require electricity generators to file plans to ensure their fuel supply will maintain 2019 coal consumption levels, under provisions of bills introduced in these Republican-controlled coal mining states. "We saw how President Trump's deregulatory agenda would encourage subnational decarbonisation efforts, and we called that the 'rollback rebound,'" Fox said. "Now we're seeing somewhat of a flip, and we call that the 'Biden backlash'."

State representative Cody Vasut sponsored the Texas House bill that would require back-up power purchases by solar and wind farms. He acknowledged

that all types of electricity generation went offline during the winter storm, but said that while thermal plants could be fixed through stringent winterisation rules, wind and solar were uniquely subject to the weather.

Renewable energy still has momentum as its costs fall and as customers, including brand-conscious corporate buyers, seek it out. The wind power industry has also built constituencies in rural districts collecting new local tax revenues. Texas, Iowa, Oklahoma and Kansas, the top states for wind generation, have Republican legislative majorities.

Some bills have failed. Fox said Wyoming's Republican-dominated House

revenue committee this month voted against a bill that would have taxed big solar farms by \$1 a megawatt-hour, while North Dakota withdrew a bill that would have taxed wind farms.

In Kansas, Republican state senator Mike Thompson's bill to require one-mile setbacks for wind turbines stalled in the utilities committee that he chairs.

Thompson said in an interview that he planned to revive the bill in the 2022 legislative session, arguing it was important to set a uniform standard across the state. "There is zero reason to reduce CO2 emissions," he said, later adding: "What I worry about is we're making horrible energy policy based on fake science — and it is fake science."



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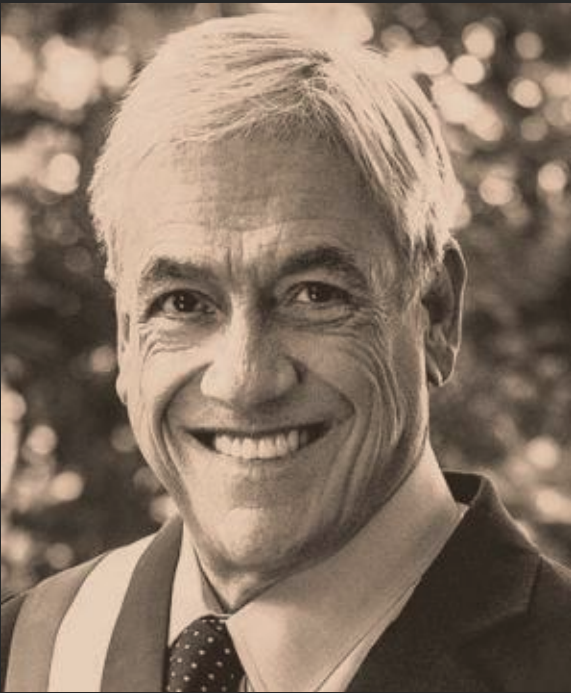
# Hear from World Leaders in Business, Policy and Finance



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London IPO blow Deliveroo’s poor market debut takes wind out of UK plans to attract technology listings ➔ FT VIEW

# Companies & Markets

## China tech in rush to shelve listings after Ant debacle

- ➔ Reaction to tighter watchdog scrutiny
- ➔ Risk of slowdown lasting until 2022

HUDSON LOCKETT — HONG KONG  
SUN YU — BEIJING

A record number of companies are abandoning attempts to list on China’s answer to the Nasdaq, as regulators increase scrutiny of technology businesses after scuppering Ant Group’s \$37bn initial public offering.

A Financial Times analysis of figures released by Shanghai’s Star Market, which was launched to fanfare in July 2019, shows that a record 76 companies suspended IPO applications in March, more than double the previous month.

The flurry of cancellations pushes the number of abortive attempts to list on Star to more than 180. In November, the month Beijing pulled Ant’s listing because of concerns over its lending

‘The Star bourse was meant as a reform step. What’s happening now is most certainly not’

business, the number of cancelled IPOs stood at 12.

The cancellations could complicate China’s efforts to develop its onshore capital markets — long a policy priority for Beijing, which has been made more urgent by a US law passed in December that could force Chinese groups to delist from Wall Street.

They point to a U-turn by Chinese authorities, which had committed to a registration-based system when Star launched with the personal backing of Xi Jinping.

Under the system, companies could list quickly on Star as long as they submitted the necessary financial statements to the China Securities Regulatory Commission. But experts say that the CSRC is retreating from that commitment.

“The Star [Market] was genuinely

meant to be a step in the direction of reform. What’s happening now is most certainly not,” said Fraser Howie, a China finance expert. “That has to be a worry in that even in China’s financial space, which was becoming more open and more market-driven, some of that is rolling back.”

Bankers say that after Ant’s failed dual IPO on Star and in Hong Kong, which would have been the largest, groups seeking to list on the former exchange are facing stricter regulatory demands.

A person familiar with the CSRC’s strategy said it was “two steps backwards after three steps forward”. They warned that Star’s IPO slowdown could last until the end of 2021.

A Shenzhen banker, whose company has had several Star IPOs suspended by the CSRC this year, said regulators peppered groups with questions about how certain metrics were calculated.

Executives must disclose all personal bank accounts and be ready to explain any transaction larger than Rmb30,000 (\$4,600).

Zhejiang Qizhi Technology, a network security solution provider, withdrew its Star market IPO application in March after receiving 28 questions from regulators on topics including its fluctuating valuation and whether it was too dependent on its top five clients.

“The regulator has got down to the nitty-gritty these days,” the banker said.

The IPO review process was so long that many companies required expanded teams of bankers.

That “has significantly boosted listing costs, prompting many firms to walk away”.

The number of companies waiting to list in China has risen to almost 2,300, according to market data provider East Money Information, a backlog that would take about four years to clear based on the pace of IPOs in 2020.

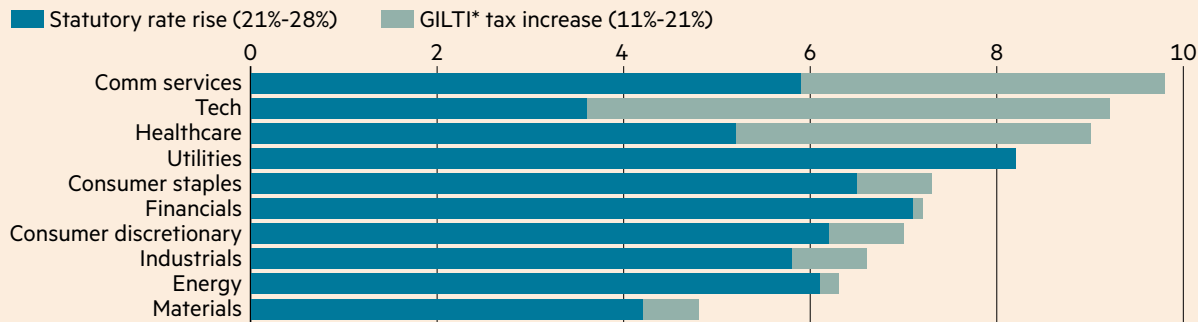
## Taxing times Biden plan set to knock 9% off earnings per share for S&P 500 businesses



Alba Vigaray/epa-EFE

### Potential US tax increases a double blow for Wall Street stocks

Expected impact on earnings per share (%)



\* Category of income that is earned abroad by US-controlled foreign corporations  
Source: Goldman Sachs

AZIZA KASUMOV — NEW YORK

No sooner has Joe Biden’s \$1.9tn stimulus package passed than attention turns to his next big spending bill for infrastructure — and the tax rises that are likely to pay for it.

For equity markets, the corporate tax increases proposed by Democrats to fund the package could get quite costly quickly, according to analysts’ projections.

Goldman Sachs calculated that Biden’s tax plan would knock 9 per cent off earnings per share for companies in the S&P 500 next year.

Under Biden’s plans, laid out last Wednesday, the US corporate tax rate would rise from 21 per cent to 28 per cent, a sharp reversal from the cuts rolled out during Donald Trump’s

presidency. The proposal would also add a global minimum tax of 21 per cent, determined on a country-by-country basis, to target tax havens.

Communication services and information technology are likely to be among the biggest losers from the tax package, given the sectors’ exposure to higher taxes on foreign dealings.

Goldman expects both to take around a 10 per cent hit on earnings next year owing to the jump in corporate and global tax rates alone. The bank’s estimates were based on a plan set forth during the presidential campaign, which included similar tax increases.

For tech groups in particular, higher taxes are another blow for a sector that, until recently, underpinned an unprecedented rally on Wall Street.

Savita Subramanian, head of US equity and quantitative strategy at Bank of America, observed that technology shares have come under pressure this year from rising borrowing costs, which decrease the value of future cash flows that are heavily baked into the valuations of the sector’s high flyers.

“That suggests to me that these are areas of the markets that are more at risk than they have been for a while,” Subramanian noted.

So far, however, markets did not seem to have pencilled in tax rises, said Mike Mullaney, director of global markets research at Boston Partners.

“Taxes are going to go up,” Mullaney said. “We just don’t know the extent of what they’re going to look like yet.”

## Hedge funds review bank ties following assets fire sale by Archegos

LAURENCE FLETCHER — LONDON

Hedge funds are evaluating their banking relationships after a fire sale of assets by family office Archegos Capital Management forced billions of dollars of losses on Credit Suisse and Nomura.

Executives are weighing whether to switch the lenders they use as their prime brokers — banks that offer a range of services including stock lending, leverage and trade execution. The head of one London-based fund said the firm had “initiated an internal process” to evaluate its prime broking relationships after the Archegos debacle.

“Anyone who lived through 2008 is going to be checking their prime brokerage exposure,” said Cutler Cook, managing partner at Clay Point Investors, the investment firm.

There are no suggestions that the Archegos fallout will cause a bank to go under. But hedge funds are nevertheless jittery about the potential danger and reputational damage of having such a close-knit relationship with a bank perceived as less competent, particularly in its risk management. Many are baffled as to how the blow-up of a little-known family office could have led to billions of dollars of losses for lenders.

Some managers also fear the losses could lead some banks to give funds less leeway in the time they allow to settle margin calls, or even lead them to scale back their prime brokerage businesses.

For the banks, Archegos raises awkward questions about how much leverage they can extend to individual funds and how they monitor that risk. It also highlights the limited visibility banks have of a fund’s overall market exposures. Archegos built similar positions with different banks, adding to pressure when lenders tried to offload assets at the same time to meet margin calls.

“Prime brokerage looks a lot riskier today than two weeks ago,” said Andrew Beer, managing member at Dynamic Beta, who also expected banks to cull riskier clients. “Every bank risk manager will be in the hot seat to prove that outstanding lines and swaps to hedge funds and family offices are prudent and sufficiently collateralised.”

Credit Suisse faces an estimated loss of between \$3bn and \$4bn, while Nomura said its estimated claim against Archegos is about \$2bn.

Additional reporting by Tabby Kinder

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NOTICE OF REQUEST FOR EXPRESSIONS OF INTEREST (“REOI”) FOR CONSULTANCY SERVICES  
Central Asia South Asia Electricity Transmission and Trade Project (“CASA-1000”) World Bank Project Number P145054

The CASA-1000 Inter-Governmental Council Secretariat (on behalf of the Governments of the Islamic Republic of Afghanistan, the Kyrgyz Republic, the Islamic Republic of Pakistan and Republic of Tajikistan) announces issuance of an REOI for:

“Consulting Services to Manage Procurement and Support Mobilization of a DC Operator to Operate & Maintain the CASA-1000 HVDC Power Transmission System”

Expression of Interest submission deadline (electronic submission via email): April 26, 2021

Parties interested in responding to this REOI may obtain further information and download the REOI and related documents to be submitted from the project website: [www.casa-1000.org](http://www.casa-1000.org)

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In the matter of Osmotica Holdings Corp Limited and In the matter of the Cyprus Companies Law Cap 113

Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 5th day of May 2021 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Constantinos Constantinos, of PricewaterhouseCoopers Limited, Julia House, 3 Th. Derris Street, CY-1066 Nicosia, P.O.Box 21612, CY-1591 Nicosia, Cyprus, the joint liquidator of the said company, and if so required by notice in writing from the said joint liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

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### Retail. Human rights

## Xinjiang backlash tests clothing sector’s moral fibre

### Beijing in sharp riposte

### to cotton boycott based

### on forced labour claims

CHRISTIAN SHEPHERD — BEIJING  
PATRICIA NILSSON — LONDON

A backlash in China against foreign clothing brands trying to distance themselves from Xinjiang cotton threatens to drag them into a diplomatic battle as Beijing demands the global industry rejects allegations of forced labour.

Online calls, fanned by state media, for boycotts of Hennes & Mauritz, Nike, Adidas, Burberry, Uniqlo and Zara, among others, have piled pressure on brands to take a side in the row between Beijing and western governments over alleged rights abuses in the region that produces more than 80 per cent of China’s raw cotton.

The campaign was launched a day after Canada, the EU, UK and US imposed co-ordinated sanctions on officials involved in the detention of more than 1m Uyghur, Kazakh and other Muslims in “re-education” camps in Xinjiang, the western region. China denies the allegations.

The multinationals appear reluctant this time to bow to Beijing’s demands for fear of drawing criticism at home from politicians and human rights groups demanding Beijing be held accountable.

Zuzanna Puszc, an analyst at UBS, said the Xinjiang boycott was more serious than past episodes because the brands have “been caught up in something that’s political”.

“If a brand makes a mistake in terms of its communications or the choice of

an influencer, it can apologise and make things right. Here, by trying to make things right, they would actually make things wrong,” she said. Many western groups had committed to guidance on sourcing from the Better Cotton Initiative, a Geneva-based ethical trade group that counts more than 2,000 brands as members, including Nike and H&M.

Yet membership is a liability in China, after state media accused the BCI of “smearing” Xinjiang and causing a widespread rejection of its cotton. The non-profit group stopped licensing cotton from Xinjiang last year citing “sustained allegations of forced labour and other human rights abuses”.

CCTV, China’s state broadcaster, last week aired an interview with the BCI’s Shanghai representatives, who accused the Geneva office of disregarding its assessments declaring that there was no evidence of forced labour in Xinjiang.

Mei Xinyu, a researcher affiliated with China’s commerce ministry, said the BCI was “one step away from Chinese government sanctions”.

The group should reform its verification work to focus on technical standards and “steer clear of politicised acts”, he said. The BCI declined to comment.

Previous boycotts in China, such as that of Dolce & Gabbana after one of its ad campaigns was branded racist, have targeted single companies, but the BCI’s withdrawal of its ethical stamp on Xinjiang cotton has meant brands that have sought to alter supply chains have been ensnared.

H&M, which has borne the brunt of the campaign, is absent from searches on Alibaba’s Tmall and JD.com, China’s largest ecommerce platforms. Local media report that some of the Swedish

group’s stores have shut, although those in big cities remain open. Dozens of brand ambassadors have dropped foreign companies caught up in the boycotts, although Nike and Adidas have so far kept their sponsorship deals with big Chinese sports teams.

Many groups had already been wary of indicating that Xinjiang cotton would no longer appear in their supply chains, partially as most lack precise oversight of the origin of components for clothes. Cotton changes hands “at least” six or seven times from harvest to being spun into textile, sometimes passing through several countries, said the BCI.

A Bangladeshi garment factory owner, who requested anonymity, said it was “incredibly difficult” to ensure that cotton was not from Xinjiang.

“Almost all brands are telling their suppliers ‘don’t buy Xinjiang cotton’ but the whole issue is traceability,” he said, explaining that most garment manufacturers had no choice but to trust suppliers’ assurances on the origin of cotton.



H&M has been hit by online calls for a boycott of its business in China

Brands have sent mixed messages about their position on Xinjiang, with what appeared to be internal disagreements leading some to release contradictory statements in Chinese and in English.

The official Hugo Boss account on Weibo, the Chinese microblog, said last week that the fashion brand would “purchase and support” Xinjiang cotton, while its website said the company “has not procured any goods originating in the Xinjiang region from direct suppliers”. The Weibo post was later deleted with the company saying the action had been “unauthorised”.

Luxury groups such as Hugo Boss and Burberry are more exposed. China is H&M’s fourth-biggest market but accounts for about 5 per cent of revenues. Chinese consumers accounted for about 40 per cent of the €281bn spent on luxury goods in the year before the pandemic, but drove 80 per cent of the growth, according to Jefferies.

Still, Greater China is Nike’s third-largest market. In the year to May 2020 it recorded its sixth consecutive year of double-digit revenue growth in the region, with \$6.7bn of sales.

More recently, economic recovery has made China a rare bright spot for western brands as demand in Europe and North America remains weak.

H&M declined to comment and Burberry did not respond to a request for comment.

There are, however, indications that brands have tried to soften the impact of their previous statements. H&M, for example, has updated its original statement, removing text in which it said that it would “reduce exposure” to Xinjiang.







COMPANIES & MARKETS

Automobiles

# Hertz puts new financiers in driving seat

Private equity firms join bidding war to steer rental group out of bankruptcy

SUJEET INDAP — NEW YORK

Hertz has selected a new group of private equity firms to lead its exit from bankruptcy, as an expected recovery in global travel set off a bidding war for the American car rental group that filed for bankruptcy in May of 2020.

Hertz said that a recent proposal led by Centerbridge Partners, Warburg Pincus, and Dundon Capital Partners in

which the group would invest as much as \$2.5bn in Hertz, “maximises the company’s opportunity to capitalise on the current market conditions for the financing of its business going forward and to exit Chapter 11 in a timely and efficient fashion”.

In March, Hertz had selected an offer from private equity firms Knighthead Capital and Certares Opportunities LLC in which the firms had agreed to lead a similar multibillion-dollar investment in the Florida-based company.

Just last week the Centerbridge-led group released the details of its rival restructuring plan. Both bidding groups

agreed to pay off secured creditors in cash, leaving unsecured bondholders holding nearly \$3bn in current debt as the critical constituency left to win over.

According to documents filed with the bankruptcy court last week, the Centerbridge plan estimated that unsecured bondholders would recover 75 cents under its terms, 5 cents lower than the Knighthead plan offered.

However, Centerbridge’s offer included giving at least 48 per cent of the equity in the new Hertz to unsecured Hertz bondholders, a higher proportion than the Knighthead offer, increasing the potential upside opportu-

nity for bondholders. According to court documents, large bondholders include Fidelity, JPMorgan, and Canada’s Canso Investment Counsel.

Hertz said on Saturday that 85 per cent of the unsecured bondholder group supported the Centerbridge plan, saying “the level of creditor support for the sponsorship group’s proposal gave it the clear advantage”.

Hertz filed for bankruptcy as plunging used car prices at the depth of the pandemic last spring forced it to make cash payments to asset-backed lenders whom it relied on to purchase vehicles. However, as travel slowly resumed and

vaccine uptake has increased, the prospects of travel and hospitality companies have rallied sharply. Hertz rival Avis has seen its shares jump from roughly \$10 a year ago to now over \$70.

Both the Centerbridge and Knighthead plans called for current equity holders to have their shares wiped out.

Knighthead declined to comment. Representatives for Hertz and Centerbridge did not immediately respond to requests for comment.

If the bankruptcy court approves the Centerbridge plan, creditors will then vote to approve it. Hertz said that it expected to exit bankruptcy in June.

Travel & leisure

# Red Sox and Liverpool FC owner set to buy more teams and list

SARA GERMANO AND JAMES FONTANELLA-KHAN — NEW YORK  
MURAD AHMED — LONDON

Fenway Sports Group, the owner of Liverpool Football Club and baseball’s Boston Red Sox, will seek to acquire more professional sports teams and potentially a stock market listing after securing new investment that values the US group at \$7.4bn.

Last week, private investment group RedBird Capital and basketball star LeBron James acquired minority stakes in FSG, in a transaction that confirms its position as one of the most valuable ownership groups in global sport.

Speaking to the Financial Times, FSG chair Tom Werner and RedBird founder Gerry Cardinale committed to using the new capital to buy teams in other leagues, such as North America’s National Basketball Association and National Hockey League, as well as elsewhere in European football.

The push for growth comes, however, after earlier talks with RedBird and its special purchase acquisition company, RedBall, about a potential reverse-merger fell apart.

That would have listed FSG publicly and given the group’s owners, led by billionaire John W Henry, a faster and potentially greater near-term financial reward following years of careful stewardship of the Red Sox and Liverpool,

## Market Questions. Week ahead

# Fed to offer insight into its debates on interest rates

How will the Fed contend with rising US borrowing costs?

Minutes from the Federal Reserve’s most recent meeting on monetary policy will be released on Wednesday, giving investors further insight into continuing debates at the central bank about the trajectory of the economic recovery and the recent rise in US borrowing costs.

The March meeting took place against a much-improved economic outlook. The \$1.9tn stimulus programme passed by the Biden administration prompted a rethink about the recovery’s pace, with economists moving their growth and inflation forecasts substantially higher.

These revisions damped investors’ appetite to hold US government bonds, sending prices lower. Yields, which rise as prices fall, have surged higher, with the benchmark 10-year note now trading about 0.1 percentage point below its 14-month high of 1.78 per cent.

As well as potentially providing greater detail about the Fed’s sensitivity to the rise in borrowing costs, the minutes could reveal some insight on plans to lift rates from their record low levels.

The central bank published its “dot plot” of interest rate projections last month, and while it signalled it would not raise rates until at least 2024, more officials have pencilled in earlier interest rate increases than at the December meeting.

The timing will depend chiefly on the path forward for growth and inflation, especially given the Fed’s newfound commitment to let inflation run above its longstanding 2 per cent target.

“The amount of fiscal stimulus absolutely increases the risk of a breakout in inflation . . . but we’ve also gone through an extremely long period where it has been very difficult for the Fed to even achieve its inflation target,” said Greg Wilensky, head of US fixed income at Janus Henderson. *Colby Smith*

How strongly will the UK economy rebound?

The UK services sector, hobbled by coronavirus lockdowns over most of the past year, is expected to show a strong uptick in activity for March, building on earlier estimates and raising hopes for an even brighter April.

IHS Markit’s final services purchasing managers’ index figures for March, released on Wednesday, arrive just days before the reopening on April 12 of non-essential stores, personal care services, indoor sports centres and outdoor areas



at hospitality venues such as bars, pubs and restaurants across England. Services account for about 80 per cent of the UK economy.

The latest figures — set to mirror upward trends across non-standard economic measures — follow a decline in January and a recovery in February during England’s third lockdown.

In March, visits to retail and recreation venues rose to half the average of February 2020 levels, from 63 per cent below average in January, according to

Google Mobility data. This is in line with upswings in credit and debit card spending published by the Office for National Statistics over the same period.

The consumer-driven economic recovery expected in the spring was being supported by unprecedented household savings accumulated during the pandemic, said Howard Archer, chief economic adviser at UK economic forecasting group EY Item Club.

He also pointed to a jump in consumer optimism from the speedy Covid-19 vaccine rollout and the government’s announcement in late February of the reopening road map.

“On top of that, the labour market is proving more resilient than had looked likely at the start of the year,” said Archer.

“We are set to appreciably raise our current GDP growth projection of 5 per cent for this year.” *Valentina Romei*

Workers pour gold at the ABC Refinery in Sydney. The gold price fell 10% this quarter as other assets became more attractive

AFP/Getty Images

yields dull gold’s appeal because the metal provides no interest payments. Treasury yields have soared this year.

At the same time, Covid-19 vaccinations are stoking hopes of a global economic recovery, which has boosted stock markets. That has dented gold’s allure as a haven asset.

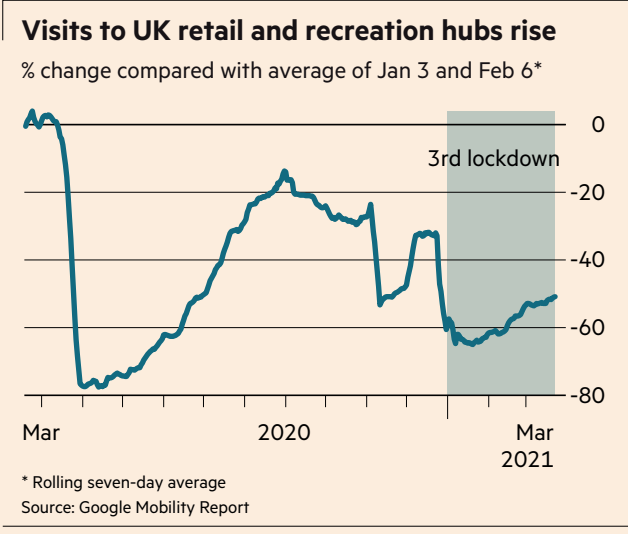
“We expect a further fading of safe-haven demand over the course of this year, which should weigh on [gold] prices,” said Carsten Menke, head of research at Julius Baer.

Gold touched \$1,678 an ounce last week, just above its low of the year of \$1,677 an ounce on March 8. It finished last week at about \$1,730.

Adrian Ash, head of research at precious metals online retailer BullionVault, warned it was natural for gold to relinquish some of its gains after a very strong year in 2020. Gold hit a record high above \$2,000 an ounce in August because of a surge in buying of gold-backed exchange traded funds.

Investors might also be too optimistic about the end of the pandemic, Ash added, which meant gold could still play a role as a form of protection for investors. “The markets are racing to say it is over — frankly, it isn’t,” he said.

*Henry Sandersen*



Can the gold price recover?

Gold has had its worst quarter since the final three months of 2016, falling 10 per cent. This year’s drop came as rising bond yields and expectations of a pick-up in US economic growth following the \$1.9tn stimulus plan made other assets more attractive. Higher bond

Financials. Latin America

# Brazil’s biggest banks strive to reinvent themselves in digital era

Lenders under pressure to step up reforms as rivals give them a run for their money

MICHAEL POOLER — SAO PAULO

Brazil’s big banks had it good for years. A small club of institutions dominates the high street in Latin America’s largest economy, long notorious for its costly banking fees and borrowing rates, with their fat margins often the source of public anger.

“Profits are enormous at the banks. They are really excessive,” was the verdict in 2019 by one politician — not a leftist firebrand but Paulo Guedes, the country’s pro-market economy minister.

But as the oligopoly faces a trifecta of low interest rates, the economic impact of Covid-19 and digital upstarts snapping at their heels, lenders are under pressure as never before to accelerate reforms and provide clients with better value for money. The chief executive of Itaú Unibanco, the country’s biggest pri-

vate sector bank, puts a positive gloss on what he describes as a “fierce scenario” when it comes to competition.

“The Brazilian banking sector has been changing rapidly and this is very good for both consumers and the so-called traditional banks,” said Milton Maluhy. But he added: “We need to be quicker and better for our products and services to outdo competition.”

Itaú, Bradesco, Santander Brasil, state-controlled Banco do Brasil and Caixa Econômica Federal, the giants that tower over the financial system, have in recent years embarked on investments in technology in their efforts to stop customers switching to challengers such as Nubank, Brazil’s internet bank.

Since the start of the coronavirus crisis, many have also deepened cost cutting measures involving branch closures and redundancies. The need for reform is more urgent than ever with the pandemic having hastened the pace of digital change.

Regulators are attempting to boost customer choice too: the central bank is rolling out an “open banking” initiative,

aimed at giving clients greater control over their data and boosting competition, and last November introduced an instant payment system which is free for individuals.

Moody’s, the rating agency, has estimated over the next year the banks could lose R\$16bn (\$2.9bn) of those fees, almost 10 per cent of the total earned, as free or cheaper alternatives become available. Fees account for about 30 per cent of bank earnings, according to the rating agency.

As with many Latin American countries, margins in Brazil’s banking sector are the envy of peers elsewhere. The average return on equity, a critical industry metric for profitability, stood at 17.2 per cent in 2019, according to S&P Global Market Intelligence. That compared with 10.6 per cent in the US, 8.8 per cent in the Asia-Pacific and 5.8 per cent in Europe.

But the big lenders are not standing still. Along with about 1,500 branches closed and 13,000 job cuts last year, according to annual reports, many are pursuing copycat strategies to emulate the fintechs’ success.

This has ranged from launching their own digital banks and investment brokerages to tap into the wave of new retail investors in Brazil, through to acquiring stakes in promising start-ups.

For consumers and businesses a shake-up is long overdue. Credit has traditionally been very expensive and often hard to access, partly a reflection of the high interest rates that were a legacy of the long-running battles with inflation.



Itaú and sector peers have started spending lavishly on technology

For a long time, the banks made easy returns by stuffing cash into high-yielding government debt. However with the central bank’s benchmark Selic rate at 2.75 per cent, recently raised from a record low of 2 per cent, that model has come under strain.

The pandemic delivered a serious dent to earnings in 2020. Although lenders remained in the black, considerable provisions to cover bad loans contributed to the biggest percentage terms drop in two decades with sector-wide profits down almost a quarter, according to data provider Economática.

But it is the confluence of competitive forces and regulatory changes that has raised questions about the longer-term trajectory.

Despite a downwards trend over the past few years, borrowing costs in Brazil still rank among the highest in the world. The average annual interest on a loan has crept up to 22 per cent for households and 11.3 per cent for businesses, according to central bank data.

A jolt to the incumbents has come from a band of homegrown fintechs with lower overheads and no branches.

Leading the pack is Nubank, which boasts almost 35m customers in Brazil out of a population of 213m.

Following a \$400m fundraising this year, it now has a valuation of about \$25bn, according to two people familiar with the situation. Other rising brands include Neon and C6.

However there is some scepticism about how much of the lending pie the fintechs can grab. “At the end of the day, the new entrants in digital credit don’t have the balance sheet to keep all of the [loan] origination on their books,” said Jorg Friedemann, an analyst at Citi.

For the time being, incumbents still have the advantage of scale, brand power and physical presence.

Already the biggest lender by customer numbers, Caixa created 35m accounts last year to pay government coronavirus benefits to people who were previously “unbanked” and is now opening new branches and promoting its digital arm. “We are going to launch microcredit for 10m-30m people through mobile phones,” said Pedro Guimarães, chief executive.

*Additional reporting by Carolina Pulice*



COMPANIES & MARKETS

How to Lead. John Rogers, founder and chief executive, Ariel Investments

# A contrarian view beats markets and prejudice

Progressive role models and contacts inspired the investor to be first in his field. By *Michael Mackenzie* and *James Fontanella-Khan*

When John Rogers launched the US’s first black-owned asset manager in 1983, even the people who most wanted him to succeed feared it would be hard for the twenty-something investor to overcome the barriers set by centuries of racism and segregation.

“I remember I had dinner with John Johnson, an iconic entrepreneur, who built the largest black-owned company in the country’s history at the time, and he told me he was fearful that there were not going to be enough white Americans who would trust me with their money,” recalls the founder and chief executive of Ariel Investments.

Rogers says that Americans in the 1980s had just become used to working with minority-owned companies in manual focused industries such as construction, catering and janitorial services. But, he adds, “they had a hard time seeing African Americans managing other people’s money”.

“There were a lot of people who just said, ‘you know, we’re not comfortable with the transition to use diversity’ when it came to managing endowments or pension plans,” says Rogers. “There was obviously a lot of, and still is in our world, implicit or unconscious bias.”

Nearly four decades since he began managing about \$500,000 from a small group of friends and family who were keen to make history by entrusting him with their savings, the contrarian value investor has built a \$15bn asset manager.

What guided him early in his career – and still does, as the US grapples with centuries of discrimination and policies that contribute to a large racial wealth gap – has been a commitment to prudence and a focus on divergent thinking.

The inspiration to be “first in something” came from Rogers’ mother, who



John Rogers began by managing about \$500,000. Over nearly four decades he has built Ariel into a \$15bn asset manager

Rob Hart/FT

was the first African-American woman to graduate from the University of Chicago Law School in 1946. Growing up around the city’s diverse Hyde Park neighbourhood, and attending University of Chicago’s high school, where the parents of his classmates were Nobel Prize winners and world-class surgeons, provided Rogers with the intellectual curiosity to challenge the status quo early on.

“It was just a wonderful, unique atmosphere,” Rogers says of his upbringing. “A real rich environment for people to learn how to think independently, to believe in rigorous inquiry and debate.”

The entrepreneurial role models who convinced him early on that he wanted to build something of his own were also Chicago locals. John Johnson, who built a publishing empire from scratch that included the *Ebony* and *Jet* magazine franchises, and George Johnson, who

created one of the US’s largest cosmetic companies, were living examples of people who beat the odds to create large scalable businesses.

“They were the first African-American companies to be listed on a major stock [exchange],” says Rogers. “I was inspired by those entrepreneurs to start the first African-American-owned money management firm and mutual fund company in the country’s history.”

The desire to pick unloved stocks was built while at Princeton University thanks to the lessons learnt in class from investor and economist Burton Malkiel, author of *A Random Walk Down Wall Street*, and on a basketball court under coach Pete Carril – a National Collegiate Basketball Hall of Famer – his “best teacher ever”.

“I was the one guy in the basketball team that had a broker right across the street from campus, and I loved trading stocks. And I thought at the time, you

can get rich quick trading fast-growing companies,” recalls Rogers.

“And once I started reading Burton Malkiel’s legendary book, I started to realise how efficient the market is and how hard it is to outperform.”

Rogers flirted a little longer with betting on growth stocks at William Blair, the investment bank and wealth manager, but he soon realised it was not the right home for him. His investing philosophy was much more attuned to that of Warren Buffett, John Templeton and Ben Graham.

“I was kind of a little bit of a fish out of water [at William Blair], because, you know, being an independent thinker,

**‘There were people willing to take a risk on us because they wanted to make a little history’**

my Hyde Park roots, I was comfortable being a contrarian,” says Rogers. “I just naturally fell in love with the value approach to investing, the contrarian approach to investing.”

Aged 24, Rogers quit William Blair, hired a friend from high school to be his deputy and embarked on a mission to set up his own shop.

Although the colour of his skin made it harder to launch a successful asset manager in 1983, Rogers recalls that there were many at the time who were keen to help him. “Because we were the first, there were people willing to take a risk on us because they wanted to make a little history themselves,” says Rogers.

Howard University, a historically black college, and Cecil Partee, a city treasurer of Chicago and the first black person to serve as president of the Illinois Senate, gave Ariel small but at the time significant amounts of money to

manage, which helped Rogers get off the ground.

“The city treasurer of Chicago was a life-long friend, I’d gone to school with his daughter, and I remember he told my father, ‘I’ve been waiting for someone like John to come in the door, you know, someone African-American, that I can be helpful to,’” recalls Rogers.

“There were many other progressive institutions like that, who were wanting to be helpful for this young African-American kid trying to make history in a field that was not traditional,” says Rogers.

Racial discrimination was not the only obstacle he faced when starting off. The lack of a track record played against him. What helped, as it often does for successful investors, was a crisis.

“The stock market crash of 1987 was a seminal moment for Ariel,” says Rogers. This was the moment when his contrarian views were put to the test. He remembers working the phones non-stop to convince clients to send him



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money to buy the stocks of companies he believed had been unfairly hit by the crash.

“This is a once in a lifetime opportunity to buy bargains,” he recalls telling clients. Bets on stocks such as Sanford Corp and Specialty Equipment paid off handsomely, helping Ariel make killer returns for its clients and proving that Rogers could manage money just like his idol Buffett.

Rogers says that despite Ariel having outlived a market crash and the 2008 financial crisis, and now navigating the pandemic from a position of strength, he still needs to prove to some white Americans that he is capable of managing their money.

“We still find some people who are not believers in working with diverse asset managers. And so we’ve got to work to change their minds,” says Rogers. “The big benefit now, of course, is we have a 38-year track record.”

## A call for universities to transform



**The New Power University: The Social Purpose of Higher Education in the 21st century**  
by Jonathan Grant,  
Pearson Publishing,  
£21.99, 256 pages

### Book review

by *Andrew Jack*

It began, literally, with the thesis of John Ralston Saul. When the Canadian philosopher realised the sources in his PhD on Algerian intelligence might be identifiable from the *roman-à-clef* he penned soon afterwards, he stole his doctorate from the library of King’s College London.

When he returned the manuscript half a century later, he met and inspired Jonathan Grant, who had been recently appointed by the university, and whose own provocative and important book *The New Power University* describes his mission.

Saul’s *The Collapse of Globalism*, published in the build-up to Brexit, argued that the world was experiencing the latest in a cyclical series of “in-between times”, when the existing system is being overturned and the value of knowledge, the role of the expert and

the purpose of learning are called into question.

Just as the disruptions of digital access would have rendered Saul’s self-censorship more difficult today, so Grant’s own journey through academia would have been less likely in the past. He came from the different worlds of funding at Wellcome and independent research at Rand Europe; joined King’s to lead a new Policy Institute focused on interdisciplinary research and impact more than publishing in obscure journals to win tenure; and helped shape its “Strategic Vision 2029”.

Grant is inspired by Henry Timms and Jeremy Heimans’ *New Power*, which describes a shift from formal, centralised, hierarchical, closed and managerial systems to ones that are participatory, transparent and governed by networks.

He describes the increasing culture of “marketisation”, “managerialism” and job insecurity in universities, and the distorting role of global rankings, with reputation based on self-referential, insular yardsticks of research read only by other academics. In the process, he argues that higher education has lost touch with its wider social responsibilities.

He is critical of the structure of university research. He cites analysis showing that more than 85 per cent of the \$120bn invested globally each year in biomedical health research is wasted, through insufficient focus on important questions as well as inappropriate, non-replicable or inaccessible outputs.

He also calls for a transformation in teaching, dismissing claims that Gen Z are “snowflakes” bent on undermining free expression. He says universities should embrace their social activism and respond to rising mental health concerns – which he attributes to a mixture of the accelerating influence of social media and the slowing transition to adulthood.

To survive, he argues that universities must shift towards blended and online learning in which students teach each other and lecturers become expert facilitators; overturn tenure; redirect research to the most pressing problems such as climate change; and develop deeper engagement and partnership

with their communities to enhance social good.

They must also overhaul their role as gatekeepers of accreditation, adapting to a world with an ever greater need for the provision and recognition of affordable life-long learning taken in bite-sized chunks from different providers.

The most important limitations of Grant’s book are those he himself concedes at the start, and yet which are closely intertwined and existential to the themes he addresses. First, his analysis is primarily based on the “anglosphere” universities of the UK, North America and Australia, which have much in common including a strong research reputation and the successful “export” of their model by attracting foreign students to their campuses.

Yet that requires comparison with other models, including the continental European state-funded university systems, which also generate important academic breakthroughs, charge lower fees and are more rooted in the local communities from which most of their student intakes are drawn.

Second, he sidesteps the issue of financing, pleading the complexities of comparing different jurisdictions and the need to focus on defining the purpose and values of universities before worrying about the funding models that will follow.

He is less strong in defining societal impact, identifying the best mix of priorities and how to achieve them.

King’s College has certainly demonstrated impressive social responsibility in empowering local communities, refugees and projects in lower-income countries, for instance. But, like other prestigious universities, it has also invested heavily in a model of debt-funded physical campus expansion. It relies ever more on foreign students who provide a source of high tuition fees but are rarely selected in ways that improve social mobility in their own societies; and at the cost of a rising carbon footprint from their travel.

As Grant points out, Covid-19 will only accelerate the pressures for disruption to this model, and force higher education to adapt more rapidly. The cases and approaches he cites are certainly powerful examples to intensify that reflection.



FINANCIAL TIMES

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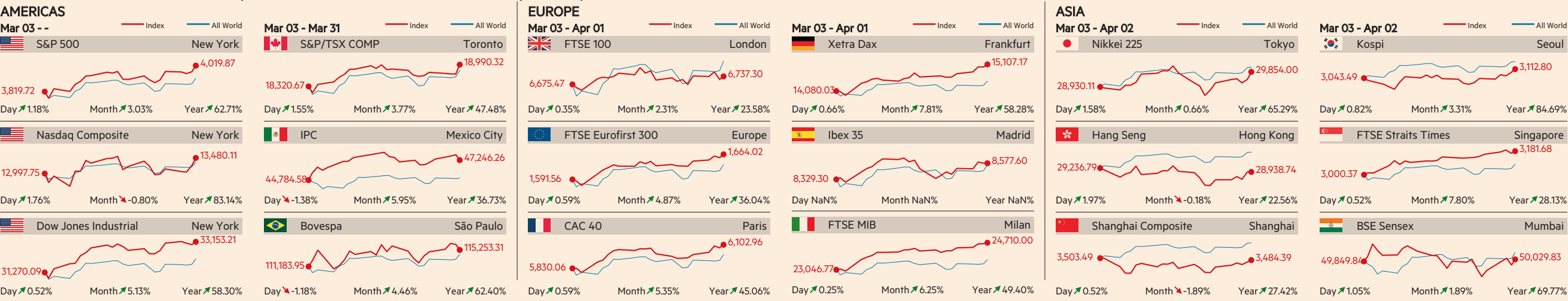
MARKET DATA

WORLD MARKETS AT A GLANCE

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



Country	Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous
Argentina	Merval	47982.39	48690.66	Cyprus	CSE M&P Gen	88.46	88.88	Philippines	Manila Comp	6443.09	6545.55
Australia	All Ordinaries	7048.20	7017.00	Czech Republic	PTX	101.97	100.50	Poland	Wig	58612.71	58681.60
	S&P/ASX 200	6828.70	6790.70	Denmark	OMXC Copenhagen 20	1471.77	1455.03	Portugal	PSI 20	4977.56	4929.60
	S&P/ASX 200 Res	5176.10	5118.70	Egypt	EGX 30	10564.88	10568.37	Romania	PSI General	3689.16	3642.74
Austria	ATX	3197.22	3159.77	Estonia	OMX Tallinn	1507.79	1513.13	Russia	BET Index	11302.27	11335.48
Belgium	BEL 20	3330.63	3389.98	Finland	OMX Helsinki General	11536.70	11519.97	Russia	MOEX Index	3559.22	3527.54
	Bel Mid	8870.70	8870.89	France	CAC 40	6102.96	6067.23	Russia	RTX	1469.71	1457.37
Brazil	Ibovespa	116533.72	116633.72	Germany	SBF 120	4809.26	4775.78	Saudi-Arabia	TADAWUL All Share Ind	9895.56	9907.82
Canada	S&P/TSX 60	1131.03	1117.15	Germany	MDAX	32289.81	31717.36	Singapore	FTSE Straits Times	3181.68	3165.34
	S&P/TSX 60 Mar & Min	18999.32	18700.67	Italy	TelcoAX	3443.66	3395.04	Slovakia	SAX	363.36	363.36
Chile	S&P/CLX IGPA Gen	2466.72	2468.27	Japan	Nikkei 225	2570.76	2570.76	Slovenia	SBI TOP	1122.70	1116.75
	FTSE A200	1386.43	13709.72	Jordan	Amman SE	1792.67	1772.26	South Africa	FTSE/JSE All Share	67236.31	66495.29
	FTSE B35	9000.71	8988.96	Kenya	NSE 20	1864.44	1846.41		FTSE/JSE Res 20	66914.69	66664.17
	Shanghai A	3522.29	3533.33	Kuwait	KSE Market Index	6633.44	6603.51		FTSE/JSE Top 40	61590.24	60881.15
	Shanghai B	246.11	245.86	Libania	OMX Riggs	15008.34	15008.34	South Korea	Kospi	3112.80	3087.40
	Shanghai Comp	3484.39	3466.33	Lithuania	OMX Vilnius	851.66	849.89		NYSE Comp	15752.24	15601.74
	Shenzhen A	2368.87	2346.03	Luxembourg	LuxX	1528.41	1523.45	Spain	IBEX 35	8577.60	8580.00
	Shenzhen B	1138.70	1137.61	Malaysia	FTSE Bursa KLCI	1585.35	1582.64	Sri Lanka	CSE All Share	7193.28	7121.28
Colombia	COLCAP	1316.81	1327.32	Mexico	IPC	47246.26	47995.00	Sweden	OMX Stockholm 30	2202.61	2192.86
	CROBEX	2013.05	2011.29	Monaco	MASI	11552.78	11462.65	Switzerland	SMI Index	11118.03	11047.37
				Netherlands	AEX	708.43	699.85				
				New Zealand	ANZX 50	1248.31	1250.70				
				Nigeria	SE All Share	38816.74	3806.13				
				Norway	Oslo All Share	1017.37	1008.89				
				Pakistan	KSE 100	44300.95	44428.10				

STOCK MARKET: BIGGEST MOVERS

AMERICA				LONDON				EURO MARKETS				TOKYO			
ACTIVE STOCKS				ACTIVE STOCKS				ACTIVE STOCKS				ACTIVE STOCKS			
stock	traded	close	Day's change	stock	traded	close	Day's change	stock	traded	close	Day's change	stock	traded	close	Day's change
Amazon	92.9	3161.00	66.92	Unilever	231.1	4022.00	-34.00	Asml Holding	707.3	529.30	12.30	Softbank	1363.5	9787.00	396.00
Apple	92.4	123.00	0.85	Barclays	178.8	184.00	-1.92	Talend	298.5	3.90	-0.68	Sony	299.5	72.00	550.00
Microsoft	73.5	242.35	6.58	Bp	141.9	289.80	-4.85	Sap Se O.n.	293.8	106.78	2.36	Tokyo Electron	604.5	50450.00	1470.00
Facebook	52.6	298.66	4.13	London Stock Exchange	130.5	7234.00	294.00	Kv Vzo O.n.	257.8	241.25	2.55	Fat Retailing Co.	585.4	90470.00	2510.00
Netflix	42.6	552.47	18.54	Astrazeneca	127.4	7172.00	75.00	Dalmeier Ag Na O.n.	24.2	75.34	-0.67	M3	42.5	8078.19	19.00
Alphabet	42.5	2129.78	67.26	Rio Tinto	119.3	5480.00	-70.00	Siemens Ag Na O.n.	208.9	140.80	0.80	Toyota Motor	367.0	8462.00	38.00
Micron Technology	36.7	92.41	4.20	Int Consolidated Airlines S.A.	113.0	209.55	-11.25	Delemon Ag Na O.n.	205.9	17.25	0.08	Mitsubishi Uf Fin.	328.5	592.50	-2.60
Alphabet	36.3	2137.75	69.12	British American Tobacco	97.0	7150.50	-58.50	Bayer Ag Na O.n.	193.9	53.23	-0.73	Advantest	233.4	10500.00	420.00
Advanced Micro Devices	32.6	81.09	2.59	Glasschemline	88.4	1277.60	-10.00	Airbus	198.1	100.42	3.88	Funai	231.5	28045.00	530.00
Beijing	27.7	252.96	-1.76	Royal Dutch Shell	82.7	1335.40	0.40	Limh	162.2	571.70	3.60	Sunshine Mitsui Fin.	231.5	3527.00	-37.00
BIGGEST MOVERS				BIGGEST MOVERS				BIGGEST MOVERS				BIGGEST MOVERS			
Close price	Day's change	Day's chng%		Close price	Day's change	Day's chng%		Close price	Day's change	Day's chng%		Close price	Day's change	Day's chng%	
Ups				Ups				Ups				Ups			
Diamondback Energy	81.22	7.73	10.52	Cmc Markets	511.00	28.00	5.80	Airbus	100.42	3.88	4.02	Sony	12200.00	550.00	4.72
Marathon Oil	11.79	1.11	10.39	Int Consolidated Airlines S.A.	299.55	11.55	5.67	Porsche Autom Hldg Vn	93.74	3.32	3.67	Nitto Denko	9840.00	430.00	4.57
Devon Energy	23.50	1.65	7.55	Network 180	22.49	5.51	Saffran	140.00	0.66	0.47	Yuhon Co.	17.00	1.00	5.00	
Lam Research	639.30	44.06	7.40	Orsted Instruments	2005.00	80.00	1.19	Thales	87.28	2.56	3.02	Softbank	9787.00	396.00	4.22
Western Digital	71.37	4.62	6.92	Provent Fin	227.80	10.80	4.98	Vp	89.92	2.56	2.93	Advantest	10500.00	420.00	4.17
Downs				Downs				Downs				Downs			
Carmax	123.31	-9.35	-7.05	Ferropac	355.60	-19.00	-5.07	Volvo Ab Ser B.	20.50	-1.03	-4.78	Cyberagent	1951.00	-69.00	-3.42
Pvh	100.88	-4.72	-4.47	Royal Mail	485.30	-19.30	-3.82	Lufthansa Ag Vna O.n.	10.97	-0.34	-2.98	Kansai Electric Power Co	1129.00	-35.00	-3.01
Nordstrom	36.76	-1.21	-2.93	Hammerson	33.82	-1.17	-3.34	Telecom	0.69	-1.10	-2.45	Munabeni	389.00	-22.30	-2.45
Wal-Mart	119.84	-3.22	-2.68	Synovis	246.50	-7.50	-2.95	Danske Bank A/s	15.96	-0.24	-1.49	Nichirei	2774.00	68.00	2.58
Kohl's	58.31	-1.30	-2.18	Phoenix Holdings	312.80	-0.41	-0.14	CaixaBank	2.60	-0.04	-1.48	Konica Minolta Holdings	595.00	-12.00	-2.01
Based on the constituents of the S&P500															

UK MARKET WINNERS AND LOSERS

FTSE 100	Apr 01 price(p)	%Chg week	%Chg ytd	FTSE 250	Apr 01 price(p)	%Chg week	%Chg ytd	FTSE SmallCap	Apr 01 price(p)	%Chg week	%Chg ytd	Industry Sectors	Apr 01 price(p)	%Chg week	%Chg ytd
<b>Winners</b>				<b>Winners</b>				<b>Winners</b>				<b>Winners</b>			
Renishaw	6470.00	22.5		Micro Focus Int	558.00	15.1	29.7	Warrant	406.00	15.7		Automotives & Parts	4789.79	6.1	3.8
Int Consolidated Airlines S.A.	190.00	8.3	25.2	Sap	359.00	12.8	12.6	Trifast	6030.24	4.0	-0.7	Industrial Metals	6030.24	4.0	21.8
Bt	156.45	7.6		Oxford Instruments	2005.00	11.9	-	Card Public	75.10	12.1	86.1	Electronic & Electrical Equip.	10371.71	3.8	4.1
Smith	1566.50	7.4		Cmc Markets	511.00	11.8	28.2	Schroder UK Factory Trust	38.10	12.1	26.6	Software & Computer Services	20038.31	3.1	4.9
Anglo American	2089.50	6.3	18.7	Just	10.8	52.3	Bmo Private Equity Trust	372.00	11.7	23.0	Aerospace & Defense	3862.47	3.0	4.9	
Gilead	295.65	6.2	20.7	Centrica	56.00	9.0	-	Photo Int	60.80	10.5	-	Food Products	73.84	2.8	8.5
Next	8114.00	6.2		Pets At Home	420.00	8.8	-3.6	Alfa Fin Software Holdings	139.50	10.2	6.5	General Industrials	6766.72	2.8	2.3
Envaz	565.00	5.8	19.0	Rank	194.00	8.5	-	Go-ahead	1398.00	9.9	-	Industrial Engineering	15502.65	2.6	3.7
Melrose Industries	173.55	5.8	-3.0	Avon Rubber	61.50	9.0	22.5	Lamprell	61.50	9.0	22.5	Industrial Transportation	3667.19	2.5	28.1
Associated British Foods	2451.00	5.1	-	Kainos	1520.00	8.1	22.5	Pharos Energy	23.00	8.0	27.8	Oil & Gas Instruments	1209.15	2.4	2.7
Aveva	3394.00	5.0	8.7	Victron	2248.00	7.4	-	Norcos	269.00	8.9	35.9	Gas Water & Municipalities	4805.15	2.4	0.7
Hikma Pharmaceuticals	2510.00	4.4	-	Greggs	2299.00	7.3	25.1	Foxtons	63.70	8.7	22.5	Support Services	10527.66	2.1	6.2
<b>Losers</b>				<b>Losers</b>				<b>Losers</b>				<b>Losers</b>			
Flutter Entertainment	15480.00	-4.7	1.2	Coats	56.00	-6.4	-17.9	Allied Minds	22.10	-18.1	-	Health Care Equip.& Services	6041.09	-2.0	-7.5
Barclay Developments	764.00	-2.0	-	Drax	417.60	-5.1	-	Premier Oil	22.20	-12.0	-	Pharmaceuticals	25679.17	-1.1	-0.3
Phoenix Holdings	14.90	-2.0	-	Synovis	246.50	-4.6	-6.2	The Gym	8.2	12.3	-	Auto Producers	4456.21	-0.9	-1.3
Dcc	196.00	-1.9	-	Chrysalis Investments	526.00	-4.4	3.5	Povair	52.00	-6.7	1.3	Pharmaceuticals & Biotech.	15239.58	-0.1	-2.6
Sainsbury (j)	238.10	-1.7	-	Bytes Technology	399.60	-3.9	18.6	Enquest	17.50	-6.6	54.0	Food & Drug Retailers	4289.44	-0.1	-0.6
British American Tobacco	2715.10	-1.4	-	Royal Mail	485.30	-3.8	42.6	Treant	920.00	-5.5	12.7	Mining	27160.94	0.1	2.2
Bo	298.90	-1.3	-	iv	121.80	-3.1	-	Macfarlane	96.00	-5.5	13.2	Electricity	6707.82	-0.2	-0.5
Auto Trader	560.00	-1.2	-	Mediclinic Int	282.60	-2.9	-0.4	Pink Hotel	1490.00	-5.4	8.9	Household Goods	18257.11	0.3	3.7
Toyota Dutch Shell	1335.40	-1.2	-	The Bank	1020.00	-2.9	-	Spire Healthcare	162.60	-5.2	3.8	General Retailers	2982.93	0.3	6.0
National Grid	863.50	-1.1	-1.0	Jxc	621.00	-2.7	8.9	Pendragon	16.55	-4.7	-	Media	8405.89	0.5	5.4
Unilever	4022.00	-0.9	-	Xp Power	4750.00	-2.7	2.8	Riverstone Energy	260.00	-4.2	-	Life Insurance	8263.85	0.7	14.9
Prudential	1551.50	-0.9	-	Cbc	278.00	-2.6	20.6	Value And Index Property one Trust	212.50	-4.1	12.0	Insurance	7294.41	0.7	4.1

CURRENCIES

DOLLAR																EURO																POUND																DOLLAR																EURO																POUND																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's		Closing		Day's	



## MARKET DATA

## FT500: THE WORLD'S LARGEST COMPANIES

52 Week										52 Week										52 Week										52 Week																											
Prices/Week										High										High										High																											
Low										Low										Low										Low																											
Yld										Yld										Yld										Yld																											
P/E										P/E										P/E										P/E																											
MCap m										MCap m										MCap m										MCap m																											
Australia (AS)																																																									
ANZ	28.24	0.34	29.55	15.07	3.75	23.11	61096.29																																																		
BHPBillitn	45.65	0.77	50.93	28.76	4.55	17.46	102243.73																																																		
WoolW&A	86.21	-0.33	89.20	57.50	2.50	4.37	126294																																																		
CSL	263.00	-6.83	332.68	242.00	1.15	32.16	91025.36																																																		
NatAus&Bk	26.10	0.13	27.10	15.00	4.36	23.46	65456.9																																																		
Telstra	3.40	0.07	3.54	2.66	0.32	22.24	30744.41																																																		
Westfarmers	53.02	0.65	56.40	34.00	2.94	31.03	45706.36																																																		
Westpac	24.54	0.42	25.30	14.53	3.29	38.23	68474.74																																																		
Woolworths	40.92	0.49	42.05	33.62	2.36	35.57	33937.37																																																		
Belgium (B)																																																									
AirBnBnHv	53.77	1.56	59.51	35.11	2.44	38.08	107074.71																																																		
KBC Grp	62.80	0.64	65.66	39.46	1.70	15.77	30735.51																																																		
Brazil (RS)																																																									
Ameibv	15.00	-0.15	16.91	10.68	3.53	24.52	41535.68																																																		
Bradesco	22.70	-0.56	25.15	15.02	1.19	6.80	17171.01																																																		
Cielo	3.62	0.01	5.93	3.15	1.98	18.15	1730.72																																																		
ItaUnifHv	24.47	-0.73	29.38	19.59	3.68	12.01	21351.39																																																		
Petrobras	23.62	0.32	32.34	14.81	2.41	-6.08	30935.45																																																		
Vale	37.99	1.86	100.00	39.46	1.86	4.36	90568.39																																																		
Canada (CS)																																																									
Agri&Cdn	57.18	-0.35	60.14	52.52	5.79	22.51	14114.18																																																		
BkMtn	113.00	0.77	113.50	61.05	3.72	13.90	58159.21																																																		
BkNv&S	79.00	3.99	80.16	49.01	4.51	14.99	76203.41																																																		
Brookfield	56.17	-1.09	57.72	38.77	1.12	1138.87	70430.82																																																		
Canad&P	483.17	37.35	484.74	292.02	0.74	28.95	51279.75																																																		
Can&N&C	123.82	-2.80	127.13	76.32	4.87	13.68	44138.39																																																		
Can&N&T	39.62	-1.17	41.05	16.55	4.19	80.36	37352.61																																																		
Can&N&T	147.79	1.13	149.11	104.41	1.55	25.62	83566.36																																																		
Enbridge	46.23	-0.25	46.96	35.80	6.69	31.31	74483.71																																																		
GNWest	33.57	0.33	33.65	19.12	5.31	10.61	24788.16																																																		
Im&I	31.98	0.97	32.67	14.84	2.78	12.51	19439.5																																																		
Manulife	27.28	0.31	27.68	15.36	4.10	9.33	42123.37																																																		
Nutrien	68.42	-1.00	74.34	41.00	3.34	66.45	31077.99																																																		
Ry&B&K	116.00	-0.29	122.90	80.72	3.69	14.49	131434.18																																																		
Suncor	27.02	0.47	29.58	14.28	4.04	-8.57	123714.35																																																		
Th&N&T	12.45	1.14	115.66	89.89	1.75	22.31	40459.22																																																		
Trio&Dom	82.46	0.34	87.65	53.90	3.80	12.63	119292.06																																																		
Tsc&Can	58.71	-0.79	61.89	50.61	5.51	12.41	45680.94																																																		
ValeantHv	30.80	0.74	36.02	14.01	-	-15.33	8156.48																																																		
China (HKS)																																																									
Ag&Cn	3.12	-0.02	3.30	2.48	-	7.12	4822.1033																																																		
Bk China	2.95	0.04	3.19	2.33	1.92	4.39	31722.85																																																		
Bk&Comm	4.95	0.34	5.09	3.66	1.78	4.61	22276.6																																																		
B&C Tech	0.75	0.10	1.00	0.48	-	-4.84	1.19																																																		
Ch & Cos Cons	3.83	0.05	4.49	3.21	7.43	3.30	2176.23																																																		
China&P	3.18	0.05	3.97	2.44	6.18	20.27	1858.17																																																		
Ch&Min&ng	4.43	-0																																																							
Ch&N	3.19	-0.01	3.97	2.40	7.68	4.79	3327.01																																																		
Ch&Rail Cons	5.35	0.12	5.95	4.07	4.93	3.22	1575.77																																																		
Ch&Rail Gov	4.20	0.19	4.85	3.33	4.01	3.35	2272.45																																																		
China&T	29.15	0.51	31.95	20.11	3.82	11.45	2715.77																																																		
China Yankn	42.59	-1.60	35.00	22.95	4.23	6.67	7098.09																																																		
China&Cn	3.97	0.14	4.05	2.93	7.40	4.02	7597.79																																																		
China&Life	16.14	0.08	21.93	13.54	5.57	7.29	14544.33																																																		
China&Bank	60.05	0.45	64.95	33.20	2.43	13.77	35629.11																																																		
China&Med	73.05	0.01	78.00	48.00	1.50	10.00	2048.92																																																		
China&Wtr	3.19	0.01	3.65	27.10	4.44	9.85	11367.07																																																		
Ch&Min&ng	4.43	-0																																																							
Ch&Min&ng	4.43	-0																																																							
Ch&Min&ng	4.43	-0																																																							
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MANAGED FUNDS SERVICE

Fund	Bid	Offer	+/-	Yield	Fund	Bid	Offer	+/-	Yield	Fund	Bid	Offer	+/-	Yield	Fund	Bid	Offer	+/-	Yield
Janus Henderson UK & Irish Smaller Companies Fund A Acc	742.50	-	-1.70	-	MFM Hathaway Inc	160.59	160.59	1.47	0.70										
Janus Henderson UK Absolute Return Fund A Acc	165.20	-	0.30	0.00	MFM Techninvest Special Situations Acc	210.31	210.31	3.98	0.00										
Janus Henderson UK Alpha Fund A Acc	158.90	-	1.10	0.28	MFM Techninvest Technology Acc	1080.34	1080.34	13.25	0.00										
Janus Henderson UK Equity Income & Growth Fund A Inc	502.20	-	-6.70	2.69	MFM UK Primary Opportunities A Inc	462.00	462.00	3.47	0.64										
Janus Henderson UK Property PAF A Inc	£ 2.33	2.45	0.00	2.71															
Janus Henderson UK Property PAF A Inc	£ 0.96	1.01	0.00	2.76															
Janus Henderson US Growth Fund A Acc	1889.00	-	22.00	-															



**Food Asset Management**  
Website: [www.foodf.com](http://www.foodf.com) - Email: [info@foodf.com](mailto:info@foodf.com)  
**FCA Recognised - Luxembourg UCITS**

Food International Fund   R	£ 47.03	-	-0.03	-
Food Global Equity Fund (Lux)   R	£ 18.37	-	0.01	-

**Regulated**

Food Global Equity Fund (Singl)   B	£ 22.56	-	0.02	0.00
Food International Trust (Gay)	£ 46.86	-	-0.03	0.00

**Franklin Templeton International Services Sarl (IRL)**  
JPMorgan House - International Financial Services Centre, Dublin 1, Ireland  
**Other International Funds**  
**Franklin Emerging Market Debt Opportunities Fund Plc**

Franklin Emg Mkts Debt Opp Chf\$H	14.77	-	0.01	8.88
Franklin Emg Mkts Debt Opp GBP	£ 9.44	-	0.00	6.01
Franklin Emg Mkts Debt Opp SGD \$S	20.82	-	0.03	4.33
Franklin Emg Mkts Debt Opp USD	£ 16.66	-	0.03	6.16

**Kleinwort Hambros Bank Limited (UK)**  
5TH Floor, 8 St. James's Square, London, SW1Y 4JU  
Dealing and enquiries: 033 0024 0785  
**Authorised Inv Funds**  
**Unit Trust Manager/ACD - Host Capital**

HC Kleinwort Hambros Growth A Acc	239.55	-	0.53	1.36
HC Kleinwort Hambros Growth A Inc	217.33	-	0.48	1.38
HC Kleinwort Hambros Equity Income A Inc	97.24	-	0.13	3.06
HC Kleinwort Hambros Equity Income A Acc	180.56	-	0.24	4.50
HC Kleinwort Hambros Multi Asset Balanced A Acc	176.49	-	0.30	0.81
HC Kleinwort Hambros Multi Asset Balanced A Inc	166.82	-	0.29	0.81
HC Kleinwort Hambros Fixed Income A Acc	137.41	-	-0.11	3.44
HC Kleinwort Hambros Fixed Income A Inc	108.31	-	-0.08	3.44



**Lazard Fund Managers Ltd (1200)F (UK)**  
P.O. Box 364, Darlington, DL1 9RD  
Dealing: 0870 6066408, Info: 0870 6066459  
**Authorised Inv Funds**  
**Lazard Investment Funds (OEIC) B Share Class**

Developing Markets Acc	151.57	-	1.35	0.00
Developing Markets Inc	149.27	-	1.32	0.00
Emerging Markets Acc	357.71	-	2.25	1.41
Emg Mkts Inc	290.17	-	1.10	1.43
European Alpha Acc	980.15	-	0.82	0.06
European Alpha Inc	856.37	-	0.72	0.11
European Smaller Cos Acc	750.21	-	5.56	0.00
Global Equity Income Acc	208.40	-	-0.31	2.77
Global Equity Income Inc	111.02	-	-0.67	2.82
Managed Bal Inc	189.97	-	-0.90	1.16
UK Income Acc	1469.42	-	-3.58	3.00
UK Income Inc	567.03	-	-6.51	3.06
UK Omega Acc	257.48	-	-0.75	1.13
UK Omega Inc	219.31	-	-2.41	1.14
UK Smaller Cos Inc	2425.00	-	16.28	0.05

**GAM**  
[funds@gam.com](http://funds@gam.com), [www.funds.gam.com](http://www.funds.gam.com)  
**Regulated**

LAPIS GBL TOP 50 DIV YLD-Na-D	£ 106.31	-	-1.17	3.01
LAPIS GBL F OWO 50 DIV YLD-Na-D	£ 104.48	-	-1.21	0.67

**Genesis Investment Management LLP**  
**Other International Funds**

Emerging Mkts NAV	£ 7.21	-	-0.16	1.36
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**HPB Assurance Ltd**  
Anglo Intl House, Bank Hill, Douglas, Isle of Man, IM1 4LN 01838 563490  
**International Insurances**

Holiday Property Bond Ser 1	£ 0.49	-	0.01	0.00
Holiday Property Bond Ser 2	£ 0.63	-	0.01	0.00

**Hermes Property Unit Trust (UK)**  
**Property & Other UK Unit Trusts**

Property	£ 6.37	6.85	0.02	-
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**Janus Henderson Investors (UK)**  
PO Box 9023, Chelmsford, CM99 2WB Enquiries: 0800 832 832  
[www.janusinvestors.com](http://www.janusinvestors.com)  
**Authorised Inv Funds**

Janus Henderson Asia-Pacific Capital Growth Fund A Acc	1470.00	-	16.00	0.00
Janus Henderson Asian Dividend Income Unit Trust Inc	95.28	-	0.37	6.65
Janus Henderson Cautious Managed Fund A Acc	284.90	-	0.00	3.13
Janus Henderson Cautious Managed Fund A Inc	148.70	-	0.00	3.18
Janus Henderson China Opportunities Fund A Acc	1632.00	-	33.00	0.13
Janus Henderson Global Equity Managed Fund A Acc	248.60	-	6.10	0.02
Janus Henderson European Growth Fund A Acc	267.80	-	-0.30	-
Janus Henderson Europe Select Opportunities Fund A Acc	2957.00	-	-2.00	0.16
Janus Henderson Fixed Interest Monthly Income Fund Inc	22.43	-	-0.03	4.24
Janus Henderson Global Equity Fund A Acc	4214.00	-	35.00	0.00
Janus Henderson Global Equity Income Fund A Inc	62.24	-	-0.11	2.99
Janus Henderson Global Sustainable Equity Fund A Inc	461.60	-	5.40	-
Janus Henderson Global Technology Fund A Acc	3070.00	-	49.00	0.00
Janus Henderson Invest UK Idx Opps A Acc	£ 1.01	-	0.00	1.95
Janus Henderson Multi-Asset Absolute Return Fund A Acc	149.90	-	0.50	1.76
Janus Henderson Multi-Manager Active Fund A Acc	255.00	-	0.40	-
Janus Henderson Multi-Manager Distributor Fund A Inc	135.20	-	0.10	2.51
Janus Henderson Multi-Manager Diversified Fund A Acc	92.52	-	0.09	2.88
Janus Henderson Multi-Manager Global Select Fund A Acc	294.50	-	0.60	0.00
Janus Henderson Multi-Manager Income & Growth Fund A Acc	192.50	-	0.10	2.17
Janus Henderson Multi-Manager Income & Growth Fund A Inc	156.80	-	0.10	2.20
Janus Henderson Multi-Manager Managed Fund A Acc	312.50	-	0.40	0.16
Janus Henderson Multi-Manager Managed Fund A Inc	302.40	-	0.30	0.01
Janus Henderson Starling Bond Unit Trust Acc	246.80	-	0.10	1.27
Janus Henderson Starling Bond Unit Trust Inc	69.24	-	0.02	1.28
Janus Henderson Strategic Bond Fund A Inc	128.20	-	-0.90	3.50

**MMIP Investment Management Limited (GSY)**  
**Regulated**  
**Multi-Manager Investment Programmes PCC Limited**

UK Equity Fd CI A Series 01	£ 2829.27	2863.47	166.38	-
Diversified Absolute Retn Fd USD CI AP2	£ 1759.19	-	88.33	0.00
Diversified Absolute Return Stq Cdl AP2	£ 1646.89	-	80.30	0.00
Global Equity Fund A Lead Series	£ 1665.94	1670.94	49.44	-

**Marlborough Fd Managers Ltd (1200)F (UK)**  
Marlborough House, 59 Dorley New Road, Botton, BL1 4QP 0889 145 2500  
[www.marlboroughfunds.com](http://www.marlboroughfunds.com)  
**Authorised Inv Funds**

Balanced	225.89	225.89	-0.43	0.18
Bond Income	51.19	51.19	0.01	3.21
Cautious Inc	89.44	89.44	-0.06	2.09
Emerging Markets	354.94	354.94	3.39	0.88
ETF Commodity A	73.07	73.07	0.00	0.00
European Multi-Cap	686.42	686.42	5.07	0.00
Extra Income	89.09	89.09	0.10	2.90
Far East Growth A Inc	271.80	271.80	2.09	0.75
Global	301.25	301.25	0.53	0.12
Global Bond Inc	152.05	152.05	0.45	2.25
High Yield Fixed Interest	72.54	72.54	-0.24	3.84
Multi Cap Income A Inc	140.63	140.63	0.99	3.60
Nano-Cap Growth A Acc	263.43	263.43	2.14	0.00
Special Situations A Acc	2234.35	2234.35	35.85	0.00
UK Multi-Cap Growth A Inc	399.98	399.98	6.32	0.00
UK Micro Cap Growth A	1034.06	1034.06	7.46	0.00
US Multi-Cap Income	652.22	652.22	0.39	1.28
<b>MFM - Third Party Funds</b>				
Junior Oils	35.61	35.61	0.21	0.00
Junior Gold C Acc	49.50	49.50	1.98	0.00
MFM Bowland	331.44	331.44	-0.49	0.61

**Marwyn Asset Management Limited (CYM)**  
**Regulated**

Marwyn Value Investors	£ 329.72	-	-6.14	0.00
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**Mclnroy & Wood Portfolios Limited (UK)**  
Easter Alderston, Haddington, EH41 3SF 01820 825867  
**Authorised Inv Funds**

Balanced Fund Personal Class Units	5964.76d	-	16.00	1.20
Income Fund Personal Class Units	2725.76d	-	0.00	2.18
Emerging Markets Fund Personal Class Units	2386.16d	-	14.60	1.38
Smaller Companies Fund Personal Class Units	7140.56d	-	45.10	0.85
The Climate Impact Asia Fund (Class A)	£ 141.00	-	2.59	0.00

**Milltrust International Managed Investments SPC (UK)**  
[em@milltrust.com](mailto:em@milltrust.com), +44(0)20 8123 8316, [www.milltrust.com](http://www.milltrust.com)  
**Regulated**

Milltrust Alaska Brazil SP A	£ 71.07	-	1.64	0.00
Milltrust Laurium Africa SP A	£ 108.43	-	0.08	0.00
Milltrust Marcellus India Fund	£ 124.63	-	1.32	-
Milltrust Singular ASEAN SP Founders	£ 167.56	-	-1.47	0.00
Milltrust SPARK Korea Equity SP A	£ 186.87	-	1.10	0.00
Milltrust VTB Russia Fund SP	£ 127.59	-	-0.53	-
Milltrust Xingtai China SP A	£ 153.60	-	-0.21	0.00

**Ministry of Justice Common Investment Funds (UK)**  
**Property & Other UK Unit Trusts**

The Equity Idx Tracker Fd Inc	1838.00	-	3.00	1.67
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Distribution Units



**Mirabaud Asset Management (LUX)**  
[www.mirabaud.com](http://www.mirabaud.com), [marketing@mirabaud-am.com](mailto:marketing@mirabaud-am.com)  
Conviction based investment vehicles details available [here](http://www.mirabaud-am.com)  
**Regulated**

Mir - Gbl Strat. Bd I USD	£ 122.27	-	0.18	0.00
Mir - DiscEur D Cap GBP	£ 191.39	-	-0.51	0.00
Mirabaud - UK Equity High Alpha	£ 155.52	-	-0.94	0.00



**New Capital UCITS Fund PLC (IRL)**  
Leconfield House, Curzon Street, London, W1J 5JB  
[www.newcapitalfunds.com](http://www.newcapitalfunds.com)  
**FCA Recognised**  
**New Capital UCITS Funds**

New Capital China Equity Fund	£ 288.22	-	-2.76	0.00
New Capital Dynamic European Equity Fund	£ 135.26	-	-0.29	0.00
New Capital Dynamic UK Equity Fund	£ 117.56	-	-0.70	0.00
New Capital Global Alpha Fund	£ 117.49	-	-0.01	0.00
New Capital Global Equity Conviction Fund	£ 213.82	-	0.43	0.00
New Capital Global Value Credit Fund	£ 180.79	-	0.10	0.00
New Capital Japan Equity Fund	£ 1773.86	-	-10.70	0.00
New Capital US Growth Fund	£ 450.57	-	7.08	0.00
New Capital US Small Cap Growth Fund	£ 242.83	-	4.48	0.00
New Capital Wealthy Nations Bond Fund	£ 151.64	-	0.06	0.00

**Oasis Crescent Management Company Ltd (UK)**  
**Other International Funds**

Oasis Crescent Equity Fund	R 11.93	-	0.02	0.19
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**OGM Oasis Crescent Global Investment Funds (UK) (ICVC) (UK)**  
**Regulated**

OGM Oasis Crescent Global Tech Income Fund (OGM Class A Shares) (Dist)	£ 0.99	-	0.00	1.70
OGM Oasis Crescent Global Equity Fund (OGM Class A Shares) (Dist)	£ 37.49	-	0.00	0.24
OGM Oasis Crescent Variable Fund (OGM Class A Shares) (Dist)	£ 9.84	-	-0.06	0.01
OGM Oasis Crescent Global Income Fund (OGM Class A Shares) (Dist)	£ 11.03	-	0.00	2.48
OGM Oasis Crescent Global Low Supply Fund (OGM Class A Shares) (Dist)	£ 13.03	-	0.00	0.66
OGM Oasis Crescent Global Medium Supply Fund (OGM Class A Shares) (Dist)	£ 14.40	-	-0.01	0.18
OGM Oasis Crescent Global Property Equity Fund (OGM Class A Shares) (Dist)	£ 8.57	-	-0.05	1.15

**Purissima Investment Fds (UK) (1200)F (UK)**  
65 Gresham Street, London, EC2V 7NQ  
Order Desk and Enquiries: 0345 922 0044  
**Authorised Inv Funds**  
**Authorised Corporate Director - Link Fund Solutions**

Global Total Fd PCG A	357.95	-	3.06	0.01
Global Total Fd PCG B	354.26	-	3.03	0.00
Global Total Fd PCG INT	349.18	-	2.98	0.00

**Oryx International Growth Fund Ltd (UK)**  
**Other International Funds**

NAV (Fully Diluted)	£ 9.10	-	-0.52	0.00
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**Orbis Investments (U.K.) Limited (GBR)**  
28 Dorset Square, London, W1T 6GG  
[www.orbis.com](http://www.orbis.com) 0800 358 2030  
**Regulated**

Orbis OEIC Global Cautious Standard	£ 10.59	-	0.03	0.02
Orbis OEIC Global Balanced Standard	£ 16.37	-	0.10	2.45
Orbis OEIC Global Equity Standard	£ 20.83	-	0.19	1.97
Orbis OEIC UK Equity Standard	£ 9.31	-	0.02	2.82



**Platinum Capital Management Ltd (UK)**  
**Other International Funds**

Platinum All Star Fund - A	£ 146.55	-	-	-
Platinum Global Growth UCITS Fund	£ 13.27	-	0.23	0.00
Platinum Essential Resources UCITS Fund (Small USD Class) £	£ 8.43	-	-0.01	0.00
Platinum Global Dividend UCITS Fund	£ 55.13	-	-0.73	0.00



**Polar Capital Funds Plc (IRL)**  
**Regulated**

Automation & Artificial Intelligence CI USD Acc	£ 17.91	17.91	0.13	0.00
Asian Financials I USD	£ 488.25	488.25	0.08	-
Biotechnology I USD	£ 39.59	39.59	0.92	0.00
Emerging Market Stars I USD Acc	£ 15.21	-	-0.04	0.00
European Ex UK Inc EUR Acc	£ 12.30	12.30	-0.09	0.00
Financial Opps I USD	£ 15.35	-	-0.15	1.52
GEM Income I USD	£ 13.89	-	-0.01	0.00
Global Convertible I USD	£ 16.88	16.88	0.08	0.00
Global Insurance I GBP	£ 7.44	-	-0.10	0.00
Global Technology I USD	£ 88.43	-	1.29	0.00
Healthcare Blue Chip Fund I USD Acc	£ 16.57	16.57	0.12	0.00
Healthcare Opps I USD	£ 64.46	-	0.80	0.00
Income Opportunities B2 I GBP Acc	£ 2.52	2.52	-0.03	0.00
Japan Value I JPY	¥ 127.73	127.73	0.06	0.00
North American I USD	£ 34.41	34.41	0.10	0.00
UK Val Opps I GBP Acc	£ 13.02	13.02	0.04	0.00

**Polar Capital LLP (CYM)**  
**Regulated**

European Forager A EUR	£ 190.85	-	0.26	0.00
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**Private Fund Mgrs (Guernsey) Ltd (GSY)**  
**Regulated**

Monument Growth 30 Q3/2021	£ 512.32	517.84	0.53	0.85
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**Prusik Investment Management LLP (IRL)**  
**Regulated**

Prusik Asian Equity Income B Dist	£ 192.28	-	1.52	4.15
Prusik Asia Emerging Opportunities Fund A Acc	£ 193.59	-	2.57	0.00
Prusik Asia Fund U Dist.	£ 236.58	-	3.90	0.00

**Purissima Investment Fds (UK) (1200)F (UK)**  
65 Gresham Street, London, EC2V 7NQ  
Order Desk and Enquiries: 0345 922 0044  
**Authorised Inv Funds**  
**Authorised Corporate Director - Link Fund Solutions**

Global Total Fd PCG A	357.95	-	3.06	0.01
Global Total Fd PCG B	354.26	-	3.03	0.00
Global Total Fd PCG INT	349.18	-	2.98	0.00

**Purissima Investment Fds (CI) Ltd (JER)**  
**Regulated**

PCG B ♦	303.57	-	-0.99	0.00
PCG C ♦	296.41	-	-0.96	0.0



WORK & CAREERS

Ways to avoid turning staff into lab rats in a hybrid test



Andrew Hill  
Management

Thomas Edison’s 14-acre industrial laboratory in New Jersey was an “invention factory”, built on a culture of rigorous experimentation. It is appropriate, then, that the great innovator was honorary chair of the US National Research Council’s unglamorous-sounding Committee on Industrial Lighting in 1924 when it collaborated in one of the most famous, and controversial, series of experiments in industrial history.

The mundane question researchers set out to answer was whether better lighting enhanced productivity at Western Electric’s Hawthorne Works in Chicago. They found that each time they changed the lighting, telephone equipment workers’ performance improved, even after the lights were dimmed back to the original setting. Similar results were noted for other changes, including variations in working hours and breaks.

The idea that merely consulting workers and adjusting their conditions might make them more efficient and productive became known as the “Hawthorne effect” and entered the lore of leadership, human relations and workplace design studies.

Unfortunately, the experiments lacked Edisonian rigour. When Steven Levitt and John List in 2009 uncovered

and reanalysed the results of those first Hawthorne experiments, they found that “existing descriptions of supposedly remarkable data patterns [proved] to be entirely fictional”.

Workplace testers are again out in force today. This time, we are all guinea pigs. I am guilty of having described the past 12 months as a great homeworking experiment. In fact it meets none of the criteria for a disciplined lab test. Companies have, though, laid the groundwork for some serious experimentation after blanket-bombing remote-working staff with questionnaires and engagement surveys asking how they feel about returning to the workplace.

Professional services firm PwC’s UK arm last week became the latest employer to lay out plans for a “blended working” model based on a more flexible “empowered day”. Workers will have more freedom to decide start and finish times, for instance.

It makes sense for employers themselves to stay flexible during this period. Even if the pandemic itself is held at bay, nobody really knows what will happen next. The latest Morgan Stanley survey suggests European office workers still want to work from home about two days a week. When McKinsey reopened its London office

during a lull between lockdowns last year, more staff returned than the consulting firm had expected. In some Australian cities, staff stayed away from reopened workplaces, even though Covid-19 case numbers were lower than in Europe.

At this point, investing colossal amounts in rebuilding offices, or committing to leaving them altogether, would be rash. As Stefan Thomke points out in his recent book *Experimentation Works*, “when management aims for big results . . . they cannot rely on lucky guesses, experience, or intuition alone”.

Mounting a small series of experiments and assessing the impact they have on staff is the best way to fumble forward through uncertainty.

Thomke says it is important to be narrow and precise about what you aim to measure. Companies may not be able to apply the gold standard of randomised, controlled, double-blind experiments used in, say, vaccine trials. But they can follow a scientific method. He provides a template used by Booking.com, the online travel site: first formulate a theory or belief, then a method of validation (“we will know this when we see these effects happen to these metrics”), and a clear objective (how this will change the business).

“If you treat your employees like experimental rodents, do not be surprised if they bite back”

The Hawthorne experiments underline some of the pitfalls of testing. In the modern workplace, there are others.

Consent is vital. If you use your staff as lab rats, you should not be surprised if they bite back. The temptation to conduct covert experimentation, monitoring workstations, keyboard strokes and even individuals’ movements, is great. Companies must resist it.

Not all business dilemmas can be resolved by experiments. Employers need to buy into the testing process, though. Simply ignoring the outcome of surveys into staff’s preferences for hybrid working would be hugely counter-productive.

Finally, be ready for unintended consequences. Some may be positive. My (untested) hunch is that a version of the Hawthorne effect partly explains the improved productivity reported by remote-working staff. Some of these workers have basked for the first time in the warm glow of attention from their bosses. If managers can work out how to carry those relationships forward into the murky future of blended working, it really will be a lightbulb moment.

andrew.hill@ft.com

The new workplace

Lockdown easing and cheaper rents will help revive big cities, but smaller, affordable towns are wooing flexible workers. By FT reporters

At Irish software company 3D Issue, employees work a four-day week. Paul McNulty, its founder, says the policy helps attract local talent. Since the pandemic began last year, the company, based in the north-west county of Donegal, about 140 miles from Dublin, is having to compete with the capital’s Big Tech groups for new hires.

Remote work has meant tech workers in regions such as Donegal have been able to apply for higher paying jobs with Twitter, Google and Microsoft – without having to relocate.

Meanwhile, they are being joined in rural Ireland by some formerly Dublin-based tech employees who are escaping the Irish capital’s rising property prices. It is a pattern Ireland’s government is keen to accelerate: it has just unveiled a plan to encourage a shift of people from major cities to the rest of the country which includes creating a network of more than 400 remote working hubs and tax breaks for individuals and companies that support homeworking.

What is happening to McNulty’s company is just one illustration of the complex interplay of post-pandemic factors that has left the world’s former office workers in a state of flux. In terms of where people may decide to end up in the long term, “we just don’t know yet”, says Lynda Gratton, a professor of management practice at London Business School. “Questions about ‘where I live’, these are big bets.”

As lockdowns ease, however, some of the landscape of the post-pandemic working world is starting to emerge – and the trends are clear. There has been no mass exodus from major hubs. Capitals such as London, Paris and Tokyo have experienced varying outflows over the past year. And often people who move opt to remain within the orbit of big cities.

Big cities are still attractive

London has always attracted Britons in their twenties and lost those in their thirties and forties. “I’m sceptical we’ll see a wholesale shift,” says Andrew Carter, chief executive of Centre for Cities, an urban policy think-tank. Many young people decamped to their parents’ homes or cheaper rentals outside the capital during lockdowns, but he says there is little data to indicate how permanent this will be.

Similarly, those selling up in 2020 and leaving London for other regions did not quite reach a 2016 peak, according to data from Hamptons, the estate agent. And of the 73,000 homes Londoners bought as new main homes outside the capital last year, 69 per cent were in the south of England – within easy commuting reach of the capital.

As the UK prepares to ease lockdown restrictions, people are returning to live in city centres to take advantage of reduced rents. According to analysis by property portal Rightmove for the BBC, renters are now searching for more in London’s central zones one and two, compared with greater demand in zone three in August.

A recent study by the London School of Economics on the pandemic and the housing market found that some of the largest price increases in 2020 compared with 2019 were for detached houses as close as possible to the



From Tokyo to Bordeaux, the future of work takes shape

Below: Junko Okuyama of Palo Alto Networks moved away from Tokyo during lockdown and now says she ‘can’t think about going back to the office again’. Bottom: remote working means Paul McNulty of 3D Issue in Donegal has to compete with Big Tech companies in Dublin for local staff — FT montage



centre of London, not remote locations.

“Cities, which were invented perhaps 12,500 years ago, have ‘survived’ countless natural catastrophes, epidemics or pandemics,” the study said. “While in the long term, say five to 10 years, some adaptations such as the use of Zoom or more working from home may stay, cities will recover from the Covid-19 pandemic – people will still want to live in cities.”

London has, though, lost a lot of foreign workers. About 700,000 foreign-born people left London last year because of the pandemic and Brexit, but Carter notes that should the UK exit the pandemic and vaccinate the population as planned, it could be perceived as a “safe haven” and attract more overseas workers. In a recent study of more than 200,000 people across 190 countries, London remained the top city respondents were most willing to move to.

Overall, he says, “the option value of wait and see is massively underpriced at the minute”. He cites companies, in the banking industry in particular, that have “gone early” on reducing their real estate footprints. “I think some of those in 12 months, 24 months’ time, they’re going to regret that.”

**Working near home (WNH) is the new WFH**

Meanwhile, the biggest trend – and one that is going to grow as lockdowns ease – is “working near home”, where hyper-local workspaces serve residents who want to get out of the house but don’t want to commute into the centre of town. Business First, a workspace provider, has nine office sites in towns around Manchester. Sarah Fretwell, its director, says during the pandemic “offices have been rented to meet this demand in the local areas where the

employees are living”, with the group’s occupancy nearing 90 per cent.

Andrew Butler, managing director of IncSpaces, a flexible workspace provider, says “near home is where we see our marketplace”.

There is evidence of this trend in other cities too, such as New York, and is something larger co-working providers can take advantage of. WeWork, for example, is offering UK tenants more flexible terms, so employees can use the spaces most convenient to them.

More broadly in the US, commercial property experts say the footprint of post-pandemic offices will shrink by about 20 to 30 per cent. But companies are struggling to develop 10-year real estate plans to accommodate the shift. Most will probably try out new arrangements in a few markets, then measure the results.

“A distributed workforce is here to stay,” says Terence Kirk, an executive vice-president at Collier, who represents office tenants in Los Angeles.

Debra Moritz, head of strategic consulting for Chicago-based Cushman & Wakefield, estimates that the number of employees working entirely off-site will double from 5 per cent, while another 10 or 20 per cent will work in the office five days a week. The rest will split their time between home and office.

**Smaller cities are attracting incomers**

Some towns and cities, such as Miami, Florida, and Austin, Texas, offer tax credits, low interest rate loans and other economic incentives to encourage businesses to relocate.

In Europe, good transport infrastructure and the appetite for working from home have led to an uptick in people heading out of central Paris and Berlin

for the long term. Some towns ramped up their marketing to attract those looking to make a permanent move.

In Germany, the pandemic has changed attitudes to homeworking. A poll of 500 companies by the Fraunhofer Institute for Industrial Engineering and the German Association for Human Resource Management found 90 per cent of them were open to offering their employees more options to work from home.

Angela Million, head of the city and regional planning department at Berlin’s Technical University, said towns such as Brandenburg on the Havel, about 70km west of Berlin, may emerge

“When you only have to go to the office twice a week, you can really expand the radius of your flat search”

as winners, as well as similar midsized towns with solid infrastructure.

Couples with families have for some time been drifting away from Berlin to these areas, drawn by the better quality of life, excellent transport links and access to nature. Similar patterns are emerging in other large German cities, such as Hamburg and Hanover.

Matthias Günther, an economist at the Pestel Institute, says: “When you only have to go to the office twice a week, then you can really expand the radius of your flat search.”

In Donegal, as well as competing for talent for 3D Issue, McNulty says the competition for available local property has increased. A colleague, who is also a landlord, told him that he had “never seen anything like it”.

But even before the pandemic, the arrival of Parisians in Bordeaux was not always entirely appreciated. In 2019, stickers appeared around the city, reading “Parisian, go home”. Further north, Fabrice Joubert of Nantes-Saint Nazaire Development, an organisation aimed at attracting companies and talent from Paris to the two cities, says local companies have worried that Parisian groups might steal local high-skilled talent, although that has not happened.

About one in 10 Parisians abandoned the capital during the first lockdown, according to the French national statistics institute Insee, and only 4,000 out of 208,000 have returned.

“There was a boom in departures,” says Kelly Simon, co-founder of Paris, je te quitte (Paris, I’m leaving you), a site launched to help people relocate. A growing number of Parisians are also moving to smaller areas such as Tours and Orléans, says Lauren Pinel at Switch Up, a service helping firms relocate.

Experts note that companies have become more flexible in answering Parisians’ growing desire to live in more remote areas, with some companies even putting their decisions to open second offices or moving their headquarters to a vote.

In Japan, relocations have also largely concentrated in areas surrounding the capital. Coronavirus has given a push to those considering moving, but “people still want to be in areas that are within commuting distance to the office”, says Hiroshi Takahashi, chair of the Furusato Kaiki Shien Center, a non-profit organisation that supports people returning to their hometowns or moving to the countryside.

**Culture**

Work culture has long proved a sticking point in the adoption of homeworking in Japan. The pandemic has exposed the inefficiencies of traditional working life centred around presenteeism and long commutes.

Teleworking and satellite offices have taken off at forward-thinking corporations such as Fujitsu, the technology company. But change has been slower at smaller businesses that lack the infrastructure and managerial mindset.

Recent surveys show more than three-quarters of employees at Japanese companies have yet to adopt homeworking. However, some are betting offices will shift to more flexible practices. Government figures show there have been more people moving out of Tokyo than moving into the capital for almost every month since May last year, a phenomenon not seen since 2013.

Junko Okuyama, a 45-year-old employee at Palo Alto Networks, a cyber security company, was instructed to work from home last spring as Covid-19 cases were rising in Tokyo, so she moved to a house she had built near Karuizawa, a mountain resort about an hour and a half from Tokyo by bullet train. For nearly a year now, Okuyama has not visited her office or clients in Tokyo. “I can’t think about going back to the office again,” she says.

Whether people decide to move away from tier one cities or remain within close orbit, one positive aspect of working from or near home is that people “get much more connected to their neighbourhoods”, says LBS’s Gratton. “I’d love to see other cities build this up.”

Janina Conboye in London, Alice Kantor in Paris, Guy Chazan in Berlin, Claire Bushey in Chicago and Kana Inagaki in Tokyo

**The new workplace**  
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WORK & CAREERS

# A scheme to help young people find better jobs

In northern England, retraining and new career ‘tryouts’ are used to tackle youth unemployment, writes Hazel Sheffield

Michaela Clayton had always dreamt of joining the navy. She was a teenage sea cadet growing up in Grimsby, on the busiest estuary in the UK, where for centuries the economy has relied on two major ports. But when she hit her twenties, Clayton did not want to be away from home without her family.

When the pandemic hit, Clayton, 21, found work dried up completely. “I was in shared accommodation and I just couldn’t get a job,” she says. “I was really struggling.” Through the jobcentre, Clayton was referred to the Ethical Recruitment Agency, or ERA, based in a community centre on Grimsby’s Nunsthorpe Estate, where nearly half of children grow up in poverty.

Unusually, rather than forcing job-seekers into available work, which might be short term and on zero-hours contracts, ERA establishes a relationship with each candidate and helps them to retrain. Its approach could provide a model for other areas to copy, amid calls for fairer opportunities and long-term help for young people whose chances have been blighted by the pandemic and its economic fallout. This area of north-east England faces particular challenges: the Trades Union Congress warned in June that the Yorkshire and the Humber region are on the brink of a surge in youth unemployment, because a high proportion of young people in the area worked in sectors that have been affected by the pandemic, including hospitality, the arts and retail.

After learning that Clayton had experience caring for her grandmother, ERA encouraged her to take a two-week course to become a professional carer, followed by work experience at a local care agency. When a contract came up at a local care company in September, she was offered part-time work.



Rachel Button of the Ethical Recruitment Agency works with people to find suitable training after the pandemic

Darren O'Brien/FT

“ERA have just been brilliant,” Clayton says. “And I enjoy the work. You get to see the same people every day and it makes them happy, because some of them are just lonely.”

The long-term impact of Covid-19 on the nature and availability of work in the UK is still unclear. While the furlough scheme has helped to protect some jobs, the number of people out of work is expected to grow to about 2.2m by the end of 2021, or 6.5 per cent of all workers, according to the Office for Budget Responsibility. The pandemic has also highlighted skills shortages in health and social care, and created temporary public sector jobs, for example in supporting businesses with Covid-19. There are also new openings being created because of the rise in paperwork for UK imports and exports since Brexit. These emerging opportunities call for a different approach to recruitment — and a lot of

retraining. ERA started before the pandemic, when Linda Dellow, chief executive for Centre4, a Grimsby community organisation, was asked to report to a local council on barriers to employment in the area. Local people told her that they were sick of getting up before dawn to travel to one of the region’s 500 food factories in hope of zero-hours work, only to be told on arrival that the jobs were already gone.

Dellow saw the need for a more personal approach with ERA. Rachel Button was hired to lead the venture in 2018 and works with people to find suitable training. When work is not available — or when someone is furloughed — ERA supports them to take up volunteer roles caring, gardening and helping older people with technology, in return for rewards through a system called Zlto that can be traded in local businesses for haircuts, groceries and bus passes. “It’s

about making them think a bit differently when the jobs they used to do aren’t there any more,” Button says. “What skills do they have that are adaptable?”

ERA used this approach for the UK government’s test, trace and isolate initiative. Joseph Raithby, 22, found himself on benefits when his job in backstage crewing for concerts disappeared. ERA recommended him to the local council where he found temporary work as a Covid-19 assistant, supporting businesses to adapt to the pandemic with masks, posters and advice.

Raithby says working with ERA is very different to his experience with other recruitment agents. He had been pushed to take zero-hours work pot-washing at a restaurant in order to meet the requirements for universal credit (a UK welfare benefit). “The universal credit system is harsh — they’re not bothered about whether you are applying for good,

‘It’s about making them think differently when the jobs they used to do aren’t there any more’

decent work that will last you, as long as you are in some kind of work,” he says. “So to have these guys interested in quality work makes all the difference. This work has more secure hours and a lot more chance of progression.”

Like Raithby, Craig Allen, 32, found temporary work through ERA in the Covid-19 support team when his job on cruise ships disappeared in May. “I was renting in Manchester, so I moved home to my dad’s and was looking for work here,” he says. He has since moved on to the council payroll as a supervisor, dealing with tougher cases of businesses not complying with Covid-19 rules.

“I thought I’d never live back home, but it’s been a blessing to be back in the countryside during Covid, and I have a completely different career opportunity that I never had before.”

Jane Leman, managing director of Lincolnshire Quality Care Services, which employs 50 carers in north-east Lincolnshire, says recruits sent from the jobcentre have often been “talked into” care jobs. “Our experience is that they’re being told that they have to look for work and they do one shift and say they don’t like it.” She says staff retention from jobcentre recruits is as low as 10 per cent, while about 90 per cent of ERA recruits stay in their roles because the training and work experience acts as a screening process.

“Even if they don’t come to work for us, they get the training and certificate that they can use,” Leman says. If they do, they can expect good career progression. “We’re upskilling a lot of our carers to become clinicians, to deliver vaccines, do diabetes management and complex care management to ease pressure on district nurses.”

Helen Isaacs, assistant chief executive at ERA’s local council, North East Lincolnshire, says not all of the Covid-19 support roles with the council will be permanent, but some new recruits will be absorbed into longer-term services. Others may go on to work in new roles that are emerging, for example at the ports, or addressing digital exclusion among adults and children. She says: “The jobs that are available to people in the future are quite different to the ones available in the past.”

FT LIVE



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ARTS

# ‘Brexit has not had any upside in the arts’

*Simon Rattle, the LSO’s music director, tells Richard Fairman how freelance musicians have been hit doubly hard by Brexit and the pandemic – and about his concert to support them*

The first thing I had to say was – yes, it is wonderful everybody is together again, but please don’t hug each other.” Simon Rattle, music director of the London Symphony Orchestra, is talking about a concert he’d conducted with the LSO a couple of days earlier.

This is no ordinary concert. Broadcast on April 9, it features an all-string orchestra made up of 36 members of the LSO and 32 freelance players. The idea came from LSO musicians who wanted to support colleagues who have found life hard during the pandemic.

“A lot of these freelance players I know well from working with them over the years and for many it was the first gig they have done this year, or for longer,” says Rattle. “We can all give examples of people we know who have had to take other work, but not everybody has found it easy to work elsewhere.”

It would be nice to think the situation will resolve itself once concert halls re-open, but a good outcome is far from clear. After a year without performances, a delicately balanced ecosystem is in danger of collapse.

“Nobody can say what the situation will be like on the other side of this,” says Rattle. “Many musicians have already left the profession because they can’t bear the uncertainty. That anxiety has been a big part of the problem and rates of depression have risen sharply. This is the same all over the arts, for theatres, for touring, and so on. We all depend on a pool of freelancers.”

As the UK’s most high-profile classical musician, Rattle has always been ready



Simon Rattle, photographed outside St Luke’s in London  
*Sarah Lee*

to speak out. It helps that he is easy to approach and his communication skills have enabled him to take a stand on many cherished political issues, including music education, increasing diversity in audiences, and getting a new concert hall for Birmingham when he was music director there at the start of his

career. A similar ambition for London unwound earlier this year, when the plan for a new concert hall to replace the unloved Barbican was abandoned. The news that Antonio Pappano will be taking over as chief conductor of the LSO in 2024 will usher in a new era there.

For Rattle, the plight of freelance musicians is the burning issue of the moment. From his dual standpoint, straddling present and future posts in London and Munich, he is able to take a wide-angle view across national boundaries. At the Bavarian Radio Symphony Orchestra, where he will take over as chief conductor in 2023, they have recently been holding auditions. A vacancy for a contrabassoon, hardly the most popular of instruments, drew 190 applicants.

“People are desperate all over the world,” he says. “It has taken the LSO an astonishing feat of entrepreneurship, and of will [to keep going forwards]. The problem is that some people have been looked after, while others have been left to sink or swim. The government’s help for freelancers missed people at both ends, older ones who may have been earning just over the limit and younger ones who were starting out. They all fell through the cracks.”

“The LSO players are better off because they have an institution looking

after them, but for freelancers each concert now is like a drop of water in the desert.”

Brexit has also hit at just the wrong time. The new agreement between the European Union and the UK has many adverse repercussions. There is no visa waiver for performers, as exists between the EU and other “third countries”, and orchestral instruments being transported by truck require “carnets” permitting temporary import. Probably most damaging is the limit of two laden journeys for UK trucks within the EU, making multiple stops on an orchestra tour difficult or impossible. Recent government pledges to rectify the situation have so far brought no comfort.

“Let’s be honest,” says Rattle, “Brexit has not had any upside in the arts. In the last season the LSO had 99 touring days planned, a number well past insanity, but it was a sign of how the orchestra was used to surviving. Of those dates, around 60 would have been in Europe. The problems of musicians working in Europe after Brexit were not thought about – how to move between countries, the regulations on transporting instruments. Many people have simply lost *all* their work in Europe.”

Does he feel angry about it? “Anger doesn’t help anybody,” he says patiently. “The frustration is that we have seen how far down the list of priorities [the arts are]. The attitude was that people in the arts will have to do the best they can. The arts have been a tremendous boost for the UK economy in recent years and we must remember that. People may well need the arts even more after this, so we need to make sure that the arts are still there for them.”

Asked about the past year, most freelancers will echo his arguments. The initial shock of an often total loss of earnings is gradually giving way to a despondency about where the profession goes from here.

Among the 32 freelance players in the LSO concert is violinist Hilary Jane Parker, who also plays with the London Sinfonietta and other groups. She has helped to fill the time during the pandemic by volunteering with refugees and playing for free in old people’s

homes, when the restrictions allowed.

“My primary reaction was the total loss of identity,” she says. “I spend all my life perfecting, so as to be as good a technician as I can, and this made me feel foolish, like when people say, ‘What kind of a career is that?’ Being a freelancer has always been a challenge financially, but there was a sort of community, even if it was nomadic. Now that community of freelancers has completely gone. This gesture of the LSO is much appreciated, as I am very grateful for anything that comes along. Ten concerts since last August do not make a living, but it matters that one is doing it.”

The LSO’s special concert has a popular programme – Vaughan Williams’s *Fantasia on a Theme by Thomas Tallis* rubs shoulders with Bernard Herrmann’s music for *Psycho*, the Hitchcock classic – and should attract a wide audience.

‘The problem is that some people have been looked after, while others have been left to sink or swim’

Alan Davey, controller of BBC Radio 3, describes it as “a symbol of solidarity with freelance musicians and a sign that we are on the way back”.

The question remains: on the way back to what? As Rattle points out, orchestral touring from country to country is just one aspect that is unlikely to return to how it was. “Popping over to Bucharest for the day does not make any sense. Greta Thunberg is not the only one who will be happy.”

He remains upbeat. “I would like to pay tribute to the positive attitude musicians in the UK have kept up throughout this. This concert is an important gesture, and incidentally how marvellous it was to have a full string section again. After so long, the sound felt as huge as that ship stuck in the Suez Canal.”

*The LSO concert is broadcast on BBC Radio 3 on April 9 at 7.30pm and available on BBC Sounds for 30 days afterwards*



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## True story of sex, lies and guns

PODCASTS

Fiona Sturges

**S**py *Affair*, a gripping new series from Wonderly, features a cast of characters you would expect to meet in a glossy Hollywood thriller – the type that is high on action but low on subtlety. There’s a flame-haired Russian woman with an interest in US presidential politics; an American millionaire who has an affair with her; a Russian oligarch with ties to the Kremlin; the FBI, who suspect foul play. It’s a story of sex, lies and guns. Were this a work of fiction, you might think it all a bit silly.

But *Spy Affair* is a documentary series about Maria Butina, a former graduate student and pro-gun activist – in Russia she founded the pressure group Right to Bear Arms – who claims she was on a PR mission to promote friendship between Russia and Washington. In 2015 Butina attended a Trump campaign event at FreedomFest in Las Vegas, where she asked the would-be president a question about American relations with Russia – Trump replied that he would “get along very nicely with Putin”.

She began an affair with Patrick Byrne, an ecommerce pioneer, while also dating the Republican campaigner Paul Erickson. Byrne says he became suspicious of Butina’s intentions as their

relationship progressed, and he began reporting her activities to the FBI. In 2018, Butina was arrested and charged with acting as a clandestine foreign agent. She had, it was alleged, plotted to build “back-channel” ties between the Russian government and the Trump campaign through conservative institutions including the National Rifle Association. She pleaded guilty to the charges, though she now maintains her innocence.

The six-part series is written and presented by Celia Aniskovich, a documentary film-maker who has previously worked on Netflix’s *Fear City: New York vs The Mafia* and *How to Fix a Drug Scandal*. It also comes from the network that gave us *Dr Death*, since made into a TV series, and *The Shrink Next Door*, a superior true-crime podcast in a wildly overcrowded genre.

As in those series, there are no corpses

in *Spy Affair*. There is also no obvious jeopardy, since many listeners will know how the story ends. The tension lies in the protagonists’ motivations as Aniskovich tries to unravel who knew what, whether key figures turned a blind eye to Butina’s activities and whether she is not, in fact, a master manipulator but a pawn in a much bigger political game.

Aniskovich’s tone veers between curiosity and incredulity, though her shouty delivery takes some getting used to. Her greatest coup here is securing interviews both with Byrne and Butina – the latter conversations were conducted in prison in Virginia and, following Butina’s release in 2019, via video calls to Moscow. At one point Aniskovich asks Butina who she really is. Her reply is suitably opaque: “I’m still the same person regardless of what happened. I just became a little bit stronger.”



Maria Butina speaking at a pro-gun rally in Moscow in 2013 – AP



FT BIG READ. LATIN AMERICA

Brazil’s president has consistently downplayed the pandemic. But with new infections soaring again, the economy struggling and re-election chances uncertain, he is struggling to keep his government together.

By Bryan Harris, Michael Pooler and Michael Stott



# ‘Bolsonaro is more isolated than ever’

The statement from Brazil’s defence ministry was a compact two sentences, but it detonated with the explosive power of a bomb.

In the tersest of prose, it announced that the heads of the army, the navy and the air force “had been substituted” on March 30. The resignations of the senior military leaders, in protest at the sacking of the defence minister the previous day, marked a dramatic break between far-right president Jair Bolsonaro and the institution he had sought to cultivate so assiduously.

The generals’ sudden exit comes amid a public health disaster, with record death tolls from coronavirus turning Brazil into the global epicentre of the pandemic. The move has deepened the political crisis over Bolsonaro’s stubborn opposition to lockdowns, and the mercurial former army captain’s threats to use the military against local officials who tried to impose them.

“In the history of the republic, there has never been a decision by the three commanders to resign at the same time, much less in protest against the president,” says Carlos Fico, professor of military studies at the Federal University of Rio de Janeiro. “There was never a crisis of these dimensions before”.

The armed forces are not the only institution losing patience with Bolsonaro. A week earlier, hundreds of business leaders signed a manifesto demanding effective government action to control the fast-worsening second wave of the pandemic, which threatens Brazil’s stuttering economic recovery.

In Congress, there are the first murmurings of a potential effort to impeach the president. And with the return of leftist former president Luiz Inácio Lula da Silva to politics after his conviction for corruption was overturned, Bolsonaro is no longer the favourite in next year’s elections.

One of the world’s leading coronavirus sceptics, Bolsonaro has for most of the past year refused to wear a mask, criticised vaccinations and dismissed the pandemic as “a little flu”. He is now struggling to keep his government together and his re-election hopes alive amid some of the world’s worst Covid-19 numbers. “Bolsonaro is now more isolated than ever,” says Mario Marconini, a managing director at the consultancy Teneo. “As the pandemic inevitably worsens, there will be another reckoning by Congress in the not so distant future to see whether he has become more disposable than he is now.”

**‘There was never social distancing’**

“Last year, they did not die the way they did this month. This year is much worse, even with the vaccine,” says Jadna Batista Pereira, a 51-year-old nurse at a public hospital in São Paulo.

Pereira is exhausted, angry and suffering symptoms of coronavirus despite having been vaccinated. “My entire hospital is dealing with Covid. We have three ICUs and they are all 100 per cent full,” she adds.

Above: an air force ceremony in January. President Jair Bolsonaro, third from right, is flanked by vice-president Hamilton Mourão, left, and Fernando Azevedo e Silva, the defence minister he sacked last month. Below: health workers prepare doses at a Covid-19 vaccination centre in Duque de Caxias, Rio de Janeiro

Eraldo Peres/AP

Brazil is regularly reporting more than 80,000 new coronavirus cases every day, the world’s highest number. More than 330,000 people have died as the country suffers a new wave of disease far worse than last year’s.

The crisis has exposed what experts say are disastrous errors by Bolsonaro in his handling of the pandemic. The consequences are being felt well beyond Brazil’s borders.

The Pan-American Health Organisation reported last week that the P.1 variant driving the second wave in Brazil had been found in 15 nations across the Americas. “Unfortunately, the dire situation in Brazil is also affecting neighbouring countries,” says Carissa Etienne, PAHO’s director.

Senior members of Congress who had supported the president are having second thoughts. Arthur Lira, the speaker of the lower house, issued a “yellow warning” to the government last week and for the first time hinted at the possibility of impeaching the president.

Always a polarising figure, Bolsonaro, 66, has made himself a particular target because of his views on coronavirus. Like the former US president and his political soulmate Donald Trump, he constantly played down the virus, telling Brazilians to “take it like a man”.

His stance appalled medical professionals. Yet, in a large emerging market economy where resources to underwrite lockdowns are limited and poverty acute, Bolsonaro’s insistence that shutting the economy would be a greater evil struck a chord with some. He greeted crowds of supporters maskless at the height of last year’s infections, buying a hot dog from a vendor to make his point about keeping the economy running. When he caught the virus last July, Bolsonaro assured supporters that, thanks to his “history as an athlete”, he would recover quickly — and he did.

Deaths hit a plateau in the middle of last year and gradually tailed off. Generous government support for the poorest third of society eased the financial pain. Helped by the handouts, Brazil’s economy contracted 4.1 per cent last year, better than economists had feared. In the fourth quarter, gross domestic product rebounded. As deaths declined and the economy grew, Bolsonaro’s poll ratings rose. For a brief period, it looked

as though his risky gamble might pay off.

But in November, infection rates started rising again. As deaths climbed steadily over the Brazilian summer, Bolsonaro stuck to virus scepticism. He repeatedly attacked a Chinese-developed jab and in December suggested the BioNTech/Pfizer shot might even turn people into crocodiles.

By mid-February, Brazil’s death rates exceeded those of the first wave. Then they more than doubled again and, by late March, Brazil hit a new record of more than 3,000 deaths in a single day.

“The root cause was that there was never social distancing like there should have been in Brazil,” says Felipe Naveca, a virologist at Fiocruz Amazônia. “And the worst consequence of all was P.1.”

Yet in early March, as deaths approached 2,000 a day, Bolsonaro told Brazilians to “stop whining” and asked: “How long are you going to keep crying about it?” Opposition to lockdowns is only part of the problem. His denialism, communicated through numerous social media groups, is also influential.

Former president Luiz Inácio Lula da Silva has the best chance of defeating Bolsonaro, opinion polls suggest

Jamal Suleiman, an expert in infections at the Emilio Ribas Institute in São Paulo, complains that acquaintances keep asking whether scenes of oxygen shortages on television are real. “This weekend I received more than half a dozen videos from friends asking whether it was true or not,” he says.

The president’s handling of the pandemic forms part of his dispute with the military leadership. Three times last month, he invoked what he called “my army” as an ally in his battle against lockdowns, alarming military leaders who did not wish to be drawn into partisan pandemic politics. “My army won’t go into the streets to force people to stay at home,” he said on March 8.

General Fernando Azevedo e Silva, the defence minister fired by Bolsonaro three weeks later, pointedly referred in his departure letter to the fact that he had “preserved the armed forces as institutions of the state”.

‘A complete mess’

Through a field of freshly dug mounds of ochre soil, men wearing protective overalls, breathing masks and gloves carry a coffin to one of dozens of empty burial plots. Row upon row of graves are slowly being filled in Latin America’s largest cemetery in the east of São Paulo, where mechanical excavators turn over earth in anticipation of new arrivals.

In normal times there would be 35 to 40 burials a day, says a gravedigger taking shelter from the tropical sun under a tree; now there are 80 to 90.

Scientists are still studying the P. 1 variant, which emerged in the Amazon last December. Most agree that it is

significantly more transmissible and can reinfect some people who already had the virus. One non-peer reviewed paper by a UK-Brazilian team of researchers found it was between 1.4 and 2.2 times more transmissible.

The contagiousness of P. 1 was shown graphically in Manaus at the start of the year, when there was an explosion of Covid-19 cases in the Amazonian city four times higher than last year’s peak.

“The majority of health professionals believe that it’s a different and more serious illness . . . with a worse prognosis in young people,” says José Eduardo Levi, a researcher at the University of São Paulo. “My opinion is that it’s more pathogenic, more fatal.”

The rapid spread of P. 1 has swamped Brazil’s health system. Domingos Alves, professor at the Health Intelligence Laboratory at the University of São Paulo, says accurate forecasting is now impossible because of the lack of hospital beds. “The possibility of reaching 5,000 deaths a day is very great,” he adds.

Faced with the unfolding health disaster, Brazil’s options are limited. Vaccinations have been slow to get under way, despite the country’s well-respected public health system. By March 27, just over 7 per cent of the population had received at least one dose of a vaccine, a higher proportion than Russia or India but well behind Turkey or Chile.

Critics blame disorganisation inside the health ministry, which is now on its fourth minister since the start of the pandemic. “There was a complete lack of planning,” says Monica de Bolle, a Brazil expert at the Peterson Institute in Washington. “In December, they started to think about a vaccination campaign but they didn’t even have enough syringes. It was a complete mess.”

The health ministry now says it has contracted 562m doses for delivery this year — more than enough to give two shots to all of Brazil’s 213m population — but this is partly dependent on fully integrated local production starting from raw materials, which has yet to start.

**‘Close to collapse’**

Brazilians remain divided over lockdowns and their effectiveness is limited by the need of poorer families to go out to earn a living. More generous welfare payments would solve that but, as Bolsonaro acknowledged at the start of the year, “Brazil is broke”. Government debt is hovering around 90 per cent of GDP, a high level for an emerging market.

Making matters worse, inflation has started to take off. Prices rose 5.2 per cent in February. Maria Izabel de Jesus, a retired 72-year-old who lives in the east zone of São Paulo, says food has become unaffordable. “It’s too much. You can’t buy anything,” she says. Graffiti have appeared on walls denouncing “*Bolsocaro*”, a play on words using the president’s name and the Portuguese word for “expensive”.

The surge in coronavirus cases is forcing economists to downgrade forecasts. Cassiana Fernández, chief Brazil

‘The next month will be especially challenging. We are close to seeing the public and private health system in major cities collapse’

‘There will be another reckoning by Congress in the not so distant future to see whether Bolsonaro has become more disposable’

economist at JPMorgan, sees a contraction of 5.5 per cent in GDP in the first quarter, followed by a weak recovery of 1.5 per cent in the second quarter. “The next month will be especially challenging,” she says. “We are very close to seeing the public and private health system in major cities collapse.”

Faced with a deteriorating economy and a health crisis of global proportions, Bolsonaro received another blow last month: Lula was free to run again for office after a supreme court judge quashed his corruption convictions.

Although unpopular with some because of corruption scandals, Lula has a better chance of defeating Bolsonaro than anyone else in next October’s presidential vote, according to opinion polls.

The country’s business elite, traditionally hostile to Lula, is starting to believe that the former trade union leader is the lesser evil. Mailson da Nóbrega, a former finance minister, says: “I see many people saying that if the situation is between Bolsonaro and Lula, that they would hold their nose and vote for Lula.”

Bolsonaro’s supporters, however, are not giving up. “The re-emergence of Lula on the scene, tragic as that is, has made this government up its game,” says one financier who is close to the president’s camp. “Bolsonaro is consistently underestimated”.

Under growing pressure, Bolonsaro has shown tentative signs of changing tack. From time to time, he now wears a mask in public. Last week he addressed the nation on television talking about vaccinations. He finally convened a national task force against coronavirus and spoke in more conciliatory tones.

“Bolsonaro absolutely mishandled the pandemic in every possible way,” says Matias Spektor, professor at the Fundação Getulio Vargas. “Now he is beginning to reverse, to use a different tune. The reason is the shocking collapse of the health system across Brazil, plus the appearance of Lula.”

Bolsonaro also needs to shore up support to stave off the risk of impeachment. The reshuffle this week handed a key cabinet post to the Centrão, a non-ideological bloc that backs the president in return for extra spending. “They don’t need him but they know he needs them,” says de Bolle.

The president’s threats of using the army in support of his policies — or even in a Trump-style effort to cling to office after a disputed election next year — now look increasingly unlikely in the wake of the generals’ public insistence on sticking to their constitutional role.

But it is not clear yet whether Bolsonaro’s belated efforts to step up vaccinations and halt the spread of the virus can contain the deaths and stop transmission of the P. 1 variant.

“The world needs to realise the risk that Brazil represents today to the global population,” says Levi at São Paulo university. “There are only two ways to combat this: social isolation and mass rapid vaccination.”

*Additional reporting by Carolina Pulice*







# China holds the key to stabilising Myanmar

The country risks a spiralling conflict or a slide into chaos

Day by day, the situation in Myanmar becomes more desperate. The military that retook power in February after 10 years of democratisation is following the same playbook that defeated pro-democracy protests twice before in the past three decades: deploying such brutality that the opposition is forced to retreat. More than 550 people have died since the coup, including at least 169 on March 27 alone. So far, however, the protesters are not backing down. The risk is mounting of all-out conflict, or a collapse into chaos.

Peaceful protests have been combined with a concerted campaign of civil disobedience that has shut down banks and distribution, and left goods piling up at the ports. Prices for staples are rising. The military met the demonstrations first with water cannon, tear gas and stun grenades, then with lethal force. Snipers have targeted protesters seen as ringleaders.

The bloodshed may subdue the unrest. But the resistance this time seems stronger. Protesters have had 10 years of political freedoms. Though the military ordered wireless broadband shut down on Friday, they have been able to use smartphones to broadcast atrocities, co-ordinate action and stay connected to a digital generation that crosses borders. While there is no sign yet that demonstrators have acquired firearms, some groups are pushing for armed resistance. Regional ethnic armed groups might also be drawn into conflict with the army.

Even if outright conflict can be avoided, the UN World Food Programme has warned that the unrest and economic malaise could push the 54m-strong country into hunger. Either way, history suggests the Tatmadaw’s instinct will be to double down. Observers such as the International Crisis Group warn of potential “state collapse”.

Sadly, some world powers are ready to co-operate with the junta. Russia, Myanmar’s second biggest weapons supplier after China, sent its deputy foreign minister to the country’s Armed Forces Day late last month. As in Syria, where its military support has helped President Bashar al-Assad’s regime to survive the civil war, Moscow appears to see Myanmar as an opportunity to defy western democracies and play a regional powerbroker role.

Other countries are still grappling for ways to press Myanmar’s military to back down. The US and UK have imposed sanctions; Myanmar’s Civil Disobedience Movement has successfully shamed governments – including officials from the Association of South-east Asian Nations – into not meeting with junta officials. While the UN Security Council has been unable to agree on an arms embargo to the Tatmadaw, countries should stop selling arms or tools of surveillance, and declare that they are doing so. They should shame Russia for supplying guns to a regime that uses them to kill its own people.

The one thing that might sway the military would be concerted pressure from Myanmar’s nearest and most powerful neighbours – India and, above all, China. Their leaders should use what communications channels they have to spell out the choice to the military: ruling over a ruined economy and an overwhelmingly resistant population, or backing down. China is Myanmar’s biggest trading partner and investor, shares a border and – while it cares little about a reversal of democracy – has a vested interest in keeping the country stable. Despite its “cold war” with the US, those factors in the-ory give Beijing reason to send a unified message with western democracies and India to the regime in Naypyidaw. If it does not, Myanmar may already be on the way to becoming a failed state.

# Deliveroo deals a blow to London’s IPO hopes

UK faces dilemma over reforms to make the market more attractive

In the manner of one of its riders turning up with a box of pizza, Deliveroo’s initial public offering came along with apparently good timing just as the London market was keen to show it can attract “hot” tech listings. Regrettably, the pizza arrived cold. The 26 per cent share price fall on Deliveroo’s opening day was a blow to City ambitions to fend off competition from the US and exchanges such as Amsterdam in attracting high-growth companies. It sharpens the government’s dilemma as it considers plans to reform listing rules to make the UK market more enticing, amid some investor unease.

The fact that Deliveroo’s offering fizzled does not, in itself, mean London cannot attract future tech listings. Tech debuts have disappointed before – think of Facebook, or Ocado. Several specific issues, moreover, lay behind Deliveroo’s failure to deliver. The offer proved poorly timed, with the market appetite for tech stocks waning as bond yields rose. Some investors were wary of its dual-class structure, and potential risks to its model after UK courts ruled Uber should treat its drivers as employees. Some saw the pricing as stretched for a company that made a £224m loss last year despite surging demand for takeaways in lockdown.

Yet the optics were poor. Other jazzy tech, green or life sciences start-ups may follow Cazoo, the used-car sales portal, in opting instead to go public in New York, perhaps by backing into a special purpose acquisition company – the big trend of the moment. Indeed, the longer London stands aside from the Spac craze, the more it risks hot growth prospects being snatched from under its nose. The more UK institutional investors remain wary of dual-class share structures, meanwhile, the more founder-chief executives – anxious to ensure they can fulfil their vision for the company they created –

will go elsewhere. Hence the proposals from Lord Jonathan Hill to ease constraints on both.

Some investors, along with the Financial Times, have warned that regulators should tread carefully in changing rules to allow a rush of Spacs to London. The Hill review proposed removing a disincentive for Spacs to list by no longer forcing their shares to be suspended when they announce a potential acquisition, which can leave investors “locked in” even if they don’t like the target. Spac shareholders would gain protections, such as a shareholder vote on the takeover, and redemption rights. But careful consideration must be given to what kind of financial projections Spacs can and are obliged to offer investors – and the post-deal “lock-ins” required for Spacs’ sponsors.

Proposals to allow companies with dual-class share structures to pursue “premium” listings, provided they have five-year time limits and a maximum weighted voting ratio of 20:1, are reasonable. Deliveroo, despite having a large enough capitalisation, was barred from inclusion into the FTSE 100 because of the outsized voting rights granted to Will Shu, its co-founder and chief executive – depriving it of tracker fund investment. Yet given some institutions steered clear of Deliveroo in part because of the share structure, it is clear changing the rules is only part of the story; culture change is needed too.

While some investors may say they could not see a clear path to sustainable profits for the food delivery company, some entrepreneurs suggest UK institutions are less willing to back loss-making tech start-ups – however strong their outlook – than their US counterparts. Investors have reason for caution. But successful tech investing often means backing a lot of risky companies on the assumption many will fail, but the winners will be worth it.

# Letters

# Co-operation is how to avert Arctic sea disaster

It is not surprising that Russia would be touting the “Northern Sea Route” through the Arctic Ocean in the wake of the recent Suez Canal blockage (“Russia seizes on Suez blockage to trumpet merits of Arctic route,” Global Insight, March 31).

However, regardless of recent events, in the coming decades global warming will dramatically increase the number of ice-free days in the Arctic with corresponding increases in commercial shipping traffic and associated maritime incidents. This will be particularly problematic in the Bering

Strait between the US and Russia which is confined, subject to severe weather and distant from any land-based recovery capability.

The prospect of a tanker leaking oil for weeks due to a grounding or ship collision or a shipboard fire requiring rescue of the crew in treacherous waters is not difficult to imagine, nor are other, equally serious, scenarios.

Preliminary studies at Rensselaer Polytechnic Institute indicate that the world is not prepared, institutionally, financially or physically to address these challenges.

Despite their differences on a host of other issues, the US and Russia need to begin discussions now on how the growth of commercial shipping traffic through the Bering Strait can be managed safely, efficiently and in an environmentally responsible manner. Waiting until another Torrey Canyon or Exxon Valdez disaster occurs will be far too late.

**William A Wallace**  
*Yamada Corporation Professor Head, Department of Industrial and Systems Engineering, Rensselaer Polytechnic Institute, Troy, NY, US*

# Shift in life expectancy puts a focus on retraining

As always, Sarah O’Connor raises important issues in her analysis of the impact of increasing life expectancy on the more deprived segments of the population (Opinion, March 30). There is, however, a potential solution that would replace today’s vicious circle with a more virtuous outcome.

The underlying issue is that we still think of life in terms of five stages – birth, education, work, retirement and death. This made sense when life expectancy was equal to pension age. But it needs to be rethought now we can all hope to live into our seventies, especially when many people are physically and mentally tired of their current roles by their fifties.

The end of the pandemic creates the opportunity to replicate the postwar transformation in education and health policy that underpinned future economic growth. Today’s paradigm shift in life expectancy requires us to be similarly bold and focus on adding a retraining stage to our lives. We have all accumulated a valuable range of life skills by our fifties, whether in parenting, caring or in more traditional vocational areas.

This initiative could be supported by refocusing health services on the goal of improving quality of life, rather than just the treatment of disease.

Such an holistic approach could potentially achieve far more than an improvement in retirees’ physical and mental health, important though this would be.

Well-considered retraining programmes, supported by health policies focused on quality of life, would go a long way towards boosting personal productivity and reducing inequality. In turn, they would create the potential for an economic and social “win-win” in today’s new normal world.

**Paul Hodges**  
*Chair, New Normal Consulting Stäfa, Switzerland*

# From Gulliver’s Travels to the Bible, nothing is new

Sarah O’Connor keeps telling us that nothing is new and even that which is newish has been predicted.

Her March 23 column “Sometimes sleeping on the job should be paid, too” recalls the biblical parable whose punchline is “they also serve who only stand and wait”.

Now her March 30 column “Living longer does not mean we should all work longer” reminds me of *Gulliver’s Travels* and the Struldbruggs. They



Swift’s Struldbruggs got ‘older and feebler’ like UK care home residents

were stripped of all their property after a certain age and were simply stacked up like cordwood as they got ever older and feebler.

Oh! Of course. We already do that with local authority-funded care home residents. Swift had such foresight!

**Milke Pugh**  
*London IGS, UK*

# Steel can have a future as a ‘green’ industry

There is no better time to bring forward the Clean Steel Fund than against the backdrop of the turmoil facing Liberty Steel (“Steelmakers’ turmoil adds pressure to fire up £250m green fund for industry”, Report, March 31).

Few industries have made as big a mark on the world as Britain’s steel. It’s an industry that occupies an emotive place in the country’s consciousness, contributing huge cultural importance to a string of towns across the UK. But today it is struggling to survive and much of UK production is at odds with our climate change targets. Despite this, emerging technologies could present huge opportunities for the industry. One of the most promising is clean steel, produced with hydrogen rather than coal. Indeed, this technology is well on the way with trials in Germany, Sweden and China.

Of course, making steel production green cannot guarantee stability for the industry. Liberty itself took huge strides to produce green steel. But combining support for the sector with action on emissions is essential to secure the long-term future of the industry.

**Roz Bulleid**  
*Deputy Policy Director, Green Alliance London SW1, UK*

# The anxious wait to get the party restarted

The chefs were world-class, the food was exquisite, the chatbox was upbeat. A live, virtual, Venetian-style cook-along, with a parcel of tender oniglet and aged shorthorn carpaccio couriered straight to my door, was a lockdown treat. But it did not deliver the thrill of a real-life celebration.

Big parties are the plexus that holds city life together and, with luck, they will be possible again in England on June 21. As restrictions lift and London’s nightlife comes alive again, we are gagging for their return – and so are the businesses that depend on them.

Charlie Grant Peterkin, director of Rocket Food, one of London’s most established catering businesses, employs 120 people (including casuals), and typically serves up bashes for City banks, law firms, fashion brands and car companies. “Dinner for 400 at the V&A, standing reception for 800 at the Natural History Museum – that sort of thing,” he says, rattling off his favourite venues in a wistful tone. Who can blame him? He has been at home for months with preschoolers.

In need of a plan under lockdown, Grant Peterkin came up with A Cook’s Tour, a mealkit-meets-live-cook-along venture. Boxes of prepared ingredients are delivered to members’ homes, who then join a live demonstration hosted by a skilled chef. Angela Hartnett and Thomasina Miers are among the big names. And the business took off: one big bank used the service for a client party;

gangs of friends used it for virtual dinner parties.

A Cook’s Tour was an imaginative response to global events, but Grant Peterkin says it was difficult. There were new costs: television studios and deliveries, and skills like film production. “Our hand has been forced. We’ll keep it going . . . but is it making money? No.”

Until 2020, corporate parties were worth £1.2bn a year in the UK, according to Statista. Events catering was worth more than £5bn. The industry provides livelihoods to more than half a million people – from the companies that lay on extravagant gatherings to the entrepreneurs who supply the props: fancy dress costumes, flowers, drinks, music.

The idea that survival depended on businesses’ ability to transform themselves into purveyors of distractions to be enjoyed at home is appealing. But “pivoting” has been far from easy for Grant Peterkin. “What you’re doing is starting up a new business and, as we all know, that involves investment. So you aren’t ‘pivoting’, actually. You are trying to protect your cash reserves. It sounds good. But it’s a financial burden.”

Illustrator Caroline Kent’s business, Scribble & Daub, made about 40 per cent of its revenues from events until 2020. She supplied whimsical, hand-drawn invitations, menus, name cards and the like. “Before last year I remember thinking it all had so much potential,” she says.

Her livelihood depends on personal

# Scots must weigh the fiscal fallout of independence

Sir John Major (“Westminster should not refuse Scotland a referendum”, Opinion, March 27) recommends that fresh studies should be commissioned to inform Scottish voters before a second independence referendum.

The facts are available already, but voters (and politicians) seem unwilling to engage with them.

Most significantly, Scotland is not currently viable as an independent state. It gets a subsidy from the rest of the UK of about £11bn a year. How could that money be replaced?

Income tax could be put up by about 80 per cent. Health expenditure could be cut by a similar percentage. If the public sector were to be reduced to England’s level, 177,000 staff would have to go.

No, these things wouldn’t happen, but changes with an equivalent cumulative effect would be inevitable.

Scotland’s deficit has monetary implications. The Scottish National party’s six tests for a separate currency are fantasy. At independence, with a giant sucking sound, money would relocate to the stronger economy south of the border. The currency union, like the Czech-Slovak one, would dissolve immediately.

This would add to the problem of Scotland’s £170bn share of the national debt. Would it issue debt in British pounds, a foreign currency? Would it try to borrow in its own untested currency? Or would it simply default, as Alex Salmond threatened in 2014, leaving the rest of the UK on the hook?

There is a straightforward resolution to these problems. Another independence referendum should only be offered if and when the Scottish government has weaned itself off the UK subsidy. The message would be simple. Get the subsidy down to a manageable £1bn to £2bn and a referendum could take place in which both “yes” and “no” would be practical, workable outcomes.

This would focus minds on the implications of independence. Scots would get a real taste of the required fiscal adjustment. It would surely have a greater impact than the “assessments” and “studies” recommended by Major.

**Ian Hirst**  
*Emeritus Professor of Finance Heriot-Watt University Edinburgh, Scotland, UK*

# Progressives may soon supplant conservatives

Robert Shrimley observes that “one of the disadvantages of being a progressive in politics is that most societies and indeed most people, regardless of their actual ideology, are innately conservative” (Opinion, March 25).

Set against this is the fact that most of the same people wouldn’t say no to a payrise, cheaper healthcare or more affordable housing. Most people also care about the future of their children.

In addition, we are now in a situation where the Conservatives are no longer conservative.

If all the Tories have to offer now is gaslighting and with debt to gross domestic product where it is, it shouldn’t be too long before the progressives take over.

**Cathal Rabbitte**  
*Villars-sur-Ollon, Switzerland*

# Notebook

by Helen Barrett



ties. She remembers names, favourite motifs, preferred styles. Now, as the world reopens, she worries her clients will have forgotten her.

Like Grant Peterkin, Kent “pivoted” to e-sales. But the word implies a degree of effortlessness that belies reality. Pivoting, says florist Kitten Grayson, is really “having to start again”. In a year, her business changed from one service – floral installations for parties thrown by big-budget clients such as L’Oréal – to flower deliveries, decorations and wreaths, with a few commissions for private homes on the side. In 2020, Christmas sales were down by more than half.

Now, she is looking to a post-pandemic future with a cutting garden for flower deliveries, classes and workshops. “We’ve not put too much risk in . . . But we have to run with it because we have to survive.”

All businesses have been affected by the pandemic but the party industry is particularly vulnerable to confidence. Perhaps it will return: one UK venue provider claimed to have received close to £2m worth of inquiries in the 24 hours after the prime minister announced the UK’s “road map” to normality.

Grayson, meanwhile, talks of sleepless nights, remote meetings and the hard slog of keeping up momentum. “We discuss what’s ahead and push forward,” she says. She marks time by the progress of the flowers she has planted for spring.

*helen.barrett@ft.com*



Opinion

A riot of US spending spells trouble for future generations

Raghuram Rajan

As inflation the chief risk arising from colossal levels of US public expenditure during the pandemic? Spending has been spurred by a belief that, as long as the federal government can borrow without a rise in low interest rates, no one really needs to pay. In case markets disagree, the rich can be taxed.

However, with populations ageing and potential growth slowing, the notion that industrial countries can allow their sovereign debt to grow indefinitely at even the more moderate pre-pandemic pace seems optimistic. Past experience suggests it will be hard to make the rich pay – they will oppose new taxes vigorously and avoid them if implemented. If the \$5tn of US spending so far enacted eventually requires ordinary taxpayers to bear some burden, its lack of targeting or restraint will have

adverse consequences. Defenders of the spending point to tepid inflation over the past decade and the Federal Reserve's inflation-fighting credibility. Worriers point to the unprecedented levels of spending relative to unused economic capacity, and the Fed's stated determination to be patient even if inflation rises. But in such unusual circumstances, no one can be confident how inflation will play out.

Clearer, though, is that all manner of spending has been justified on the grounds that the government can and should offer relief to the pandemic-affected. Undoubtedly, government should help those hit hardest in times of calamity. For example, it makes sense to extend unemployment insurance when local jobs are scarce because of Covid-related shutdowns, or to expand food or rent support to the poor.

But losses are part and parcel of business, even if they are pandemic-related or government policy-induced. Badly designed grants to small and medium-sized businesses may end up subsidising entities that do not need support. Is a rich dentist, who will surely

recoup much of her lost business when the economy reopens, as deserving of help as the community arts co-operative in a distressed neighbourhood? What if that grant goes simply to repay her banker?

Least deserving of support are large companies like airlines. Those should go through bankruptcy if they are in financial difficulty, as they have in the

If government transfers to businesses are not essential for their survival or growth, they are unfair gifts

past. That lets them write down their debts while continuing operations. Yet even these have been aided on the specious grounds that their financial distress would hold back economic recovery. Businesses have suffered in the pandemic, but so has the ordinary taxpayer. If government transfers to businesses are not essential for their survival or growth, they are unfair gifts

from the ordinary taxpayer to the (often wealthier) shareholder, and will undermine spending's political legitimacy.

In a recession, another rationale for spending is to stimulate economic growth. We are not, however, in a normal downturn. Pent-up savings will fuel demand for travel, restaurants and hotels as the economy reopens. A fair amount of these savings derives from people's inability to spend when stuck at home. Was more largesse really needed?

And could it have been better targeted? Stimulus cheques are lifesavers for poor households, and will be spent on goods and services. But the fiscal multiplier is likely to be small when a worker making \$70,000 a year uses his cheque to invest in cryptocurrencies. Retirees, who saw no abatement in their incomes, are also unlikely to spend windfall cheques.

By contrast, the US needs to spend on bridges, broadband and charging stations, on improving the capabilities of its people and even on upgrading the technology supporting state unemployment systems. By increasing the potential growth of the economy, and

reorienting it towards the future, such spending could pay for itself. Unfortunately, this is likely to be most contentious, since Congress now aims to raise revenues to pay for investment.

Why only now? In the early days of Covid-19, it was necessary to act fast to stop serious damage to the economy, given the unknown scale of the crisis. But in later spending packages, politicians arguably did not want the populist goodies they were targeting at their constituencies to be assessed in the sobering light of the need to pay for them.

The newly emerging fiscal caution of Congress comes after a riot of spending. Unfortunately, the unwillingness thus far to be fiscally responsible could constrain even essential investment. And the frequency with which we are experiencing "once-in-a-century" crises suggests the cost to future generations of our eating up their fiscal room could be substantial. Inflation is not the only risk in recent US fiscal behaviour.

The author is professor of finance at the University of Chicago's Booth School of Business

Race for Covid vaccines in Africa conceals nutrition's role

Akinwumi Adesina

In the global effort to bring the pandemic under control, attention has shifted to ensure that safe and effective vaccines are available to all, including people in poor countries. Yet while vaccines are a game-changer, they are not a quick fix.

The World Health Organization has warned of inequalities of vaccine distribution across Africa. Widespread vaccination will not be achieved until 2023 or 2024. So, inevitably, reservoirs of the virus will persist, threatening us all through the emergence of vaccine-resistant strains. Moreover, in the race to vaccinate, governments are failing to recognise the vital role that nutrition plays in fighting this pernicious disease.

Good nutrition does not prevent Covid-19 infection. Yet malnutrition can make its effects considerably worse. Undernutrition impairs immune function. Obesity that results from cheap and unhealthy diets are also linked to diabetes and cardiovascular disease – both high risk factors for severe illness and death from coronavirus. Finally, good nutrition is important to ensure the vaccine's full efficacy, and may be associated with the progression of long Covid.

The prevalence of malnutrition, despite considerable efforts, remains high in low- and middle-income countries, especially in Africa and Asia, where 250m and 381m people respectively lack access to adequate food. Covid-19 threatens to create a further 132m undernourished people due to lost jobs, disrupted incomes and ill health. The world has mobilised around

Improved food systems are key, and they can play a vital role in reducing the threat of future pandemics

vaccination; it needs to mobilise around improving nutrition too. Otherwise, Covid will widen global inequalities.

Improved food systems are key, and they can play a vital role in reducing the threat of future pandemics, too. Wherever wildlife enters the human diet, or where wildlife host and human habitats overlap, diseases can jump from animal to human populations – as with HIV/ Aids, Ebola, influenza and almost certainly Covid-19. Better-managed food systems reduce these risks.

The twin goals of faster and more equitable vaccination rollout, and addressing worsening malnutrition levels, are a big challenge for countries already severely affected by the pandemic.

Vaccine access has been greatly helped by the development of groundbreaking financing mechanisms. The Gavi Covax advance market commitment, for instance, is supporting access to vaccines in 92 low- and middle-income countries. The African Vaccine Acquisition Task Team has also been established by the African Union to acquire sufficient vaccines for the immunisation of about 60 per cent of the continent's population, which Gavi calculates will bring herd immunity.

The African Development Bank Group's investments in agriculture (both public and private) are expected to quadruple from an annual average of \$612m to about \$2.4bn by 2024 for the transformation of food systems.

In March 2020, the bank raised an exceptional \$3bn in a three-year bond to help alleviate the economic and social impact of the Covid-19 pandemic on Africa's economies. The following month, the bank's board of directors approved a \$10bn Covid-19 response facility to help countries reinforce their healthcare systems, stabilise their economies and provide the social safety nets their citizens so desperately need.

No country or region can win the battle alone. A global response is needed to fight a global threat. As part of this fight, a dedicated financing facility is needed to mobilise global and domestic resources so that everyone has access to sustainable, affordable and healthy diets. When world leaders meet at the UN Food Systems summit this year, nutrition and health need to be recognised as central to both the food transformation agenda and to managing Covid-19. Vaccines may protect but it is nutrition that sustains.

The writer is president of the African Development Bank

Trump's grip on Republicans is still growing

AMERICA  
Edward Luce

One-term US presidents almost never get another bite at the apple. That is because they acknowledge their defeat at the ballot box. Donald Trump, on the other hand, has been telling supporters that he will be tempted to beat Democrats "for a third time".

Most Republican voters still think last year's election was stolen. It is difficult to imagine Trump would face a serious conservative rival, should he run again in 2024. To some extent he should thank Joe Biden for that. Having championed popular spending bills in his first two months, Biden has deprived Republicans of a populist economic critique.

Trump showed in 2016 that embracing big government was no obstacle to becoming his party's nominee. The libertarian impulse is barely perceptible among today's Republican voters, many of whom are happy with Bidenomics. The party's energy is thus increasingly spent on cultural resentment. More than half of Republican voters support the use of force to defend the "traditional American way of life".

Elected Republicans now often refer to themselves as "the party of the

working class". In western democratic terms, Republican ideology has more in common with Marine Le Pen's Rassemblement National in France than, say, with the British Conservative party, let alone the German Christian Democrats. The party is moving closer towards white nationalism.

What does that mean for the future of US democracy? The first quarter of 2021 provided a tale of two wildly different national moods. During the first three weeks, non-Trumpian Americans were gripped by fears that Trump could somehow overturn Biden's electoral college victory before he was sworn in. The violent storming of Capitol Hill on January 6 lent credence to those anxieties.

Then night turned to day as Biden capitalised on the vaccine rollout and enthusiasm for his legislative agenda. It is all too easy to forget Trump's nightmarish closing days and proclaim America's return to democratic health. But that would be premature. One of two main parties now openly rejects the rules of the game and is making a concerted attempt to ensure any replay of the 2020 election would produce the opposite result.

Republicans across the US are moving in lockstep to enact stringent curbs on voting. Georgia, which has just passed a bill that makes it an offence to provide food or water to voters standing in queues (a burden that Georgia's Republicans ensure falls disproportionately on black-majority precincts), has led the way. Similar measures are poised to be enacted in other Republican-controlled



states. Meanwhile, Republicans in Washington are unanimously opposed to a Democratic bill – the "For the People Act" – that would make voting easier across the nation.

None of which means the party lacks an economic agenda. Republicans continue to oppose any kind of business regulation and almost all taxes. But the public mood, which has tilted towards collective action during the pandemic, has forced them to muffle these priorities. In a memo leaked to Axios last week, two leading Republicans argued that the party should pursue a pro-business, anti-globalist agenda.

The party will sound as if it reviles Wall Street even as it blocks attempts to raise the capital gains tax. It will be anti-corporate in word, but pro-billionaire in

The GOP has more in common with Le Pen's Rassemblement National than the UK Conservatives

deed; blue-collar on the airwaves, but protective of offshore tax shelters in practice; the party of law and order that insists the 2020 election was stolen.

The gap between the Republican party's working-class rhetoric and its plutocratic fiscal agenda will continue to widen. The bridge between them is culture, which is being made to bear an increasingly heavy load. Old-style panics about issues like marriage equality bring diminishing returns. There may be some gain in opposing vaccine passports and complaining about shuttered schools. Teachers' unions often provide a deserving target. Yet these are trivial compared with the existential dread of a multiracial America.

Republicans have two big pluses going for them. The first is anti-incumbency. If history is a guide, Democrats will probably lose control of both the House of Representatives and the Senate in next year's midterm elections. That would halt Biden's domestic agenda, which would make it easier to defeat him two years later. The average loss for a first-term president's party is one

Senate and 23 House seats. Biden can only afford to lose five in the House and none in the Senate.

Their second plus is what the Republican memo describes as the left's "cultural elitism". Much of this is hype that has little to do with most people's lives. Biden has been careful not to encourage the more woke elements of his party. Moreover, it is hard to paint him as unpatriotic. Biden may be the Democratic party's closest thing to Ronald Reagan, a genial old-timer with a spirit of optimism.

But the immigration crisis on the US-Mexico border is only likely to worsen. Biden has given Kamala Harris, his vice-president, the unenviable job of finding a solution. Likewise, the cultural left is unlikely to be quiescent for long. Were Biden to stand down in 2024, Republicans would find it easier to depict Harris, or almost any other candidate, as the "anti-American" Democrat they crave. Trump looks likely to hang around for just such an opening.

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COMPANIES  
John Plender

At the outset of the Covid-19 pandemic many assumed that the surge of interest in stakeholder capitalism would go into reverse. And, for pandemic-hit companies with their backs to the wall, the interests of customers, employees, suppliers and society were bound to be trampled in the *saave qui peut* bid for survival.

Yet the much-discussed call by BlackRock's Larry Fink for companies to link corporate purpose to all their stakeholders looks with hindsight to have been politically acute. While many question whether this commitment is more than rhetorical, there can be no doubt that big business and institutional investors are under increasing pressure on this issue, with US president Joe

Biden having vowed last July to "put an end to the era of shareholder capitalism". And the British institutions that shunned the Deliveroo flotation last week were clearly serious in their objections to its treatment of workers and dual-voting structure.

The pressure is not all one way – witness the ousting of the chief executive of French food group Danone. Yet Milton Friedman's doctrine that the only purpose of the corporation is to make money for its shareholders sits uneasily with current concerns not just about coronavirus but climate change, wage stagnation, inequality and diversity.

More fundamentally, the pandemic has shown that a shareholder primacy model of capitalism that emerged in the 19th century is wholly inappropriate for 21st-century conditions. That model reflected the belief that the owner, the shareholder, was the ultimate risk-taker, entitled to the residual profits of the company when all other stakeholder claims had been satisfied.

To take today's most obvious examples, workers and patients in privately owned care homes are at infinitely

greater risk than outside shareholders in those homes. Many skilled workers who have been fired during the pandemic have lost not only their jobs but human capital – skills that were specific to the firm that employed them.

At the same time corporate bankruptcy is far more dangerous for suppliers than for institutional asset owners who spread risk across large, diversified portfolios. In anglophone economies,

A short-term, narrowly financial definition of shareholder value has undermined resilience

the commitment to a short-term, narrowly financial definition of shareholder value has helped undermine corporate resilience by encouraging excessive dividends and share buybacks that weaken balance sheets.

Yet a shift to a stakeholder model raises difficult questions about how stakeholders can hold management to

account. Existing stakeholder models incorporate worker-directors. This gives priority to a single stakeholder interest that may conflict with those of other stakeholders. There is a risk that widening the board's responsibility will reduce management accountability.

The UK provides an interesting case study. Section 172 of the 2006 Companies Act requires directors to promote a company's success while having regard to the likely long-term consequences of any decision, the interests of employees, the need to foster business relationships with suppliers, customers and others, and the impact of the company's operations on the environment. (Disclosure: I was on the steering group of the UK Company Law Review which provided the blueprint for the 2006 Act.)

This has proved ineffectual. First, because long termism has been subverted by a short-termist boardroom bonus culture. Meanwhile capital market pressures and a hostile takeover discipline ensure that short-term performance trumps stakeholder responsibility, with a general stakeholder reluctance to seek remedies in court.

For stakeholder capitalism to work, efforts to extend the time horizons of incentive schemes must be supplemented by metrics relating to the environmental, social and governance agenda. Shareholders should be given greater power to restrain takeover activity, which does not always deliver value. Existing initiatives to improve reporting on human capital, employee safety and sustainability should be strengthened so that shareholders can engage more effectively with investee companies on ESG issues.

But there is a limit to what boards and shareholders alone can do. Leo Strine, former chief justice of the Delaware supreme court, supports modernising the 1930s New Deal for a 21st century economy to protect key stakeholders through measures such as curbs on the gig economy, enhanced consumer protection, stronger antitrust law and carbon taxes. With a Biden presidency and a rapidly changing political climate in the rich world, that may now be within the range of the possible.

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Stakeholder capitalism must find ways to hold management to account





### Beyond the gig

The agency funnelling young people into jobs with a future

WORK & CAREERS

## Covid has upended the out-of-office email. Hooray!



### Pilita Clark

Business Life

A couple of Friday afternoons ago, a colleague in London received an out-of-office message from a man saying he was “working winter hours today”. Anyone needing him urgently could call a mobile phone number included in the note, which ended: “I will reply to your email on Monday. Have a good weekend.”

My colleague, like me, was nonplussed. What on earth were “winter hours”?

I made inquiries. It turned out the man worked for a global company which decided that staff who had worked a week’s worth of hours by 1pm Friday, which most had, could take the rest of the day off and enjoy what was left of the winter sunlight.

The company went straight into my file of Businesses Behaving Well in the Pandemic.

Then I realised I needed a new file, because that was by no means the only unusual out-of-office message I have seen over the past 12 fraught months. Together, they tell a story of a year of working life that no one expected to start, and which sometimes seems as if it will never end.



The first lot came soon after the first lockdowns began early last year and reeked of the shock of the new. All were from young working parents who had suddenly become a teacher or childminder on top of their full-time job. “Thanks for your email,” they would start, before explaining that because of the Covid outbreak, you might have to wait for a reply.

Then there would be an explanation of a personal life almost entirely absent from the pre-Covid out-of-office message. “I am balancing work with the care of two children at home, so response to emails will be slower than usual,” read one of the first I saw. Like others that followed, it listed specific hours between 8am and 8pm when the sender would be available.

Good for you, I thought, wondering if I would have been brave enough to send something like that had I been in their position.

My own auto-replies are a case in point. I used to say I would respond on my return. This was both untrue and idiotic

It would obviously help if you worked for a place like the University of Sheffield. It advises staff to write just such a message in a special out-of-office email template it has created for employees thrust into Covid remote working. But not everyone has such a sensible employer.

As the pandemic has ground on, new out-of-office variants have emerged that say something like: “Because of home-schooling I am working flexibly and may send emails at all hours. Please don’t feel you need to reply at once.”

This is thoughtful, especially if the sender is more senior than the recipient. As it happens, Sheffield advises its staff to say the same thing.

This year however, as fresh lockdowns returned for millions in a northern hemisphere winter, a tone of OOO defiance has become more evident.

My own auto-replies are a case in point. I used to say I could be texted for urgent matters and would respond on my return. This was both untrue and idiotic. In fact I would not respond to a lot of emails on my return and pretending that I would was needlessly stressful, which was stupid. A year of

Covid has snapped me out of it. When I was last away I simply said: “I am on leave until March 8. If you have an urgent query, please text me.”

Others have taken a more emphatic approach. “I’m away and not checking my email,” announced the subject line in an email a friend received earlier this year.

Another man I know is even more forthright. “I will be out of the office and NOT checking email until I return,” says his latest out-of-office message. “Because of the volume of emails we receive, please assume that yours is likely to be unread or even deleted.”

I approve of both approaches. They are straightforward and, for those on the receiving end of vast amounts of unsolicited email, they are necessary.

I am deeply in favour of general email civility, especially at a time like this. And I am fairly sure that if I had seen any of these auto-replies before Covid, I would have found them surprising and possibly jarring.

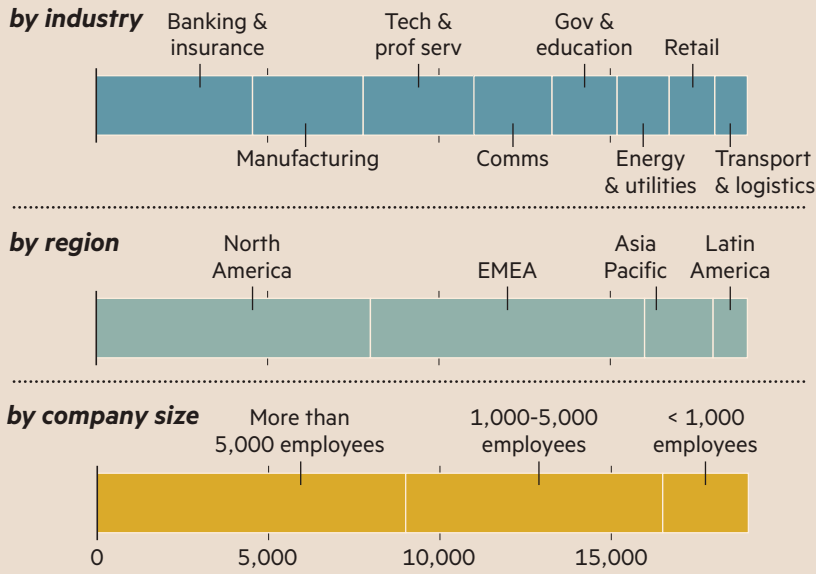
Now though, when time off has to mean real time off, I just find them refreshing.

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## Automation: robots’ middle-class march

Breakdown of the 19,000 clients of the largest robotic software vendors



Data for the 20 largest US robotic process software vendors at end 2019 Source: Gartner

Robotic process automation is a quiet riot. There are no flashing security cyborgs or towering mechanical arms. The software invisibly carries out more white-collar tasks, including administration and report writing. Robophobes may never know what hit them. Some could lose their jobs.

This week, Morningstar deployed robots to write investment reports. The machine-generated prose explains the rationale behind the data group’s fund ratings. For Lex writers and financial analyst contacts, it is all getting dangerously close to home.

RPA was already growing fast. The pandemic has amplified sales. Global revenue is likely to reach \$1.89bn this year, up nearly a fifth on 2020, says Gartner. The consultancy expects 90 per cent of large companies to use RPA in some form by next year. Insurance companies and banks are most keen.

UiPath has seen its moment to go public. One of the most valuable private tech companies in the US, last valued at \$35bn, it offers to replace admin jobs for customers such as Toyota and Uber.

Critics say plugging software into legacy systems simply puts off doing away with such tasks altogether. And profits are elusive. RPA should be a high-margin business, but marketing

costs are high. UiPath, founded in 2005, reported net losses of \$92m on revenue of \$608m last year. Smaller, listed rival Blue Prism does not expect to break even until the end of this year.

UiPath has at least set itself apart by focusing on complex tasks. The average value of contracts has tripled over the past three years. Blue Prism’s shrank.

The broader question is this: who gets to decide which jobs require automation? JPMorgan says artificial intelligence can review commercial loan agreements. Venture capital firm EQT Ventures is using AI to rank investments. In 2014, Automated Insights began writing earnings reports for the Associated Press.

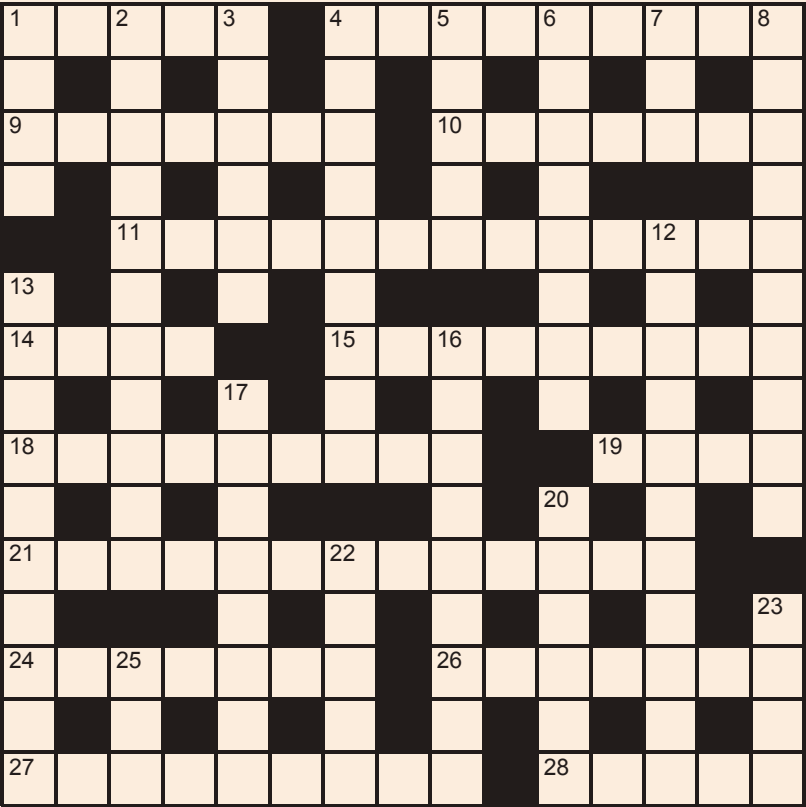
Last year, economists at MIT and Boston University attempted to calculate how many jobs had been lost to robots. Between 1993 and 2007, they found US companies added one robot per 1,000 workers in the US. The employment-to-population ratio fell 0.39 percentage points compared with areas without robots.

The utopian vision of RPA software is that it will free up workers for more valuable tasks. Less time keying data, more time dreaming up new lines of business. That might be so. But in the short term, job losses are inevitable.

### NIKKEI Asia The voice of the Asian century

#### CROSSWORD

No 16,751 Set by ZAMORCA



- ACROSS**
- 1 Second application for computer device (5)
  - 4 Working model’s almost perfect, restricted by design (2,7)
  - 9 Share costs on condition daughter moves in with child (2,5)
  - 10 Band has a couple of pints then starts off set (7)
  - 11 Behave typically and nurture stray cat with efforts heartily welcomed (3,4,2,4)
  - 14 Care about getting some land (4)
  - 15 Without money for home, therefore allowed to borrow against investing (9)
  - 18 Excellent book looks back describing family missing Italy (4,5)
  - 19 A fan of *Not Going Out* after third episode (4)
  - 21 Pay back kindness of clergyman framing fine art nouveau work (6,1,6)
  - 24 Frustrating online game cut short by wifi connection failing finally (7)
  - 26 No housing check on island shows lack of experience (7)
  - 27 Moved snake-like and cut east penetrating group of animals (9)
  - 28 Delay arising when not tellin’ the truth in hearing (3,2)
- DOWN**
- 1 High aim to surround government with wise men (4)
  - 2 During rebellion, upcoming artist and revolutionary is taken by police (5,6)
  - 3 Quantity of old camping gear (6)
  - 4 Review to now include women’s groups in a different way (9)
  - 5 Put out summit broadcast (5)
  - 6 Continue to study student’s last essay which can’t be edited (4-4)
  - 7 With zero exercise get plump (3)
  - 8 Recklessly I steam into making a guess (10)
  - 12 Directing canoe child’s play in light sea wind (5,6)
  - 13 Pork belly starter with egg on side is ultimate fast food (10)
  - 16 Took legal action over disgrace suffered (9)
  - 17 Both endlessly move round and stay away from hard battle (8)
  - 20 Happy over half caught in jail break (6)
  - 22 Series right to the end causes outrage (5)
  - 23 Queen admits yen to have new anthem (4)
  - 25 College informally has some continuing in retirement (3)

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