

# The Economist

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Get ready for Trump's trade war

Chinese airlines take on the world

Tesla's pile-up of woes

Japan's sex trade: more kinky, less carnal

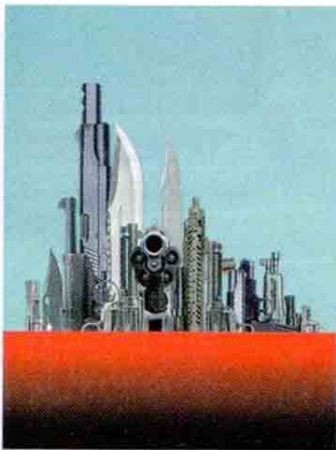
# Solving murder



## How to curb killing in the emerging world's cities



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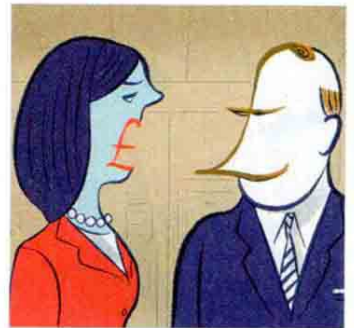
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## Politics



France's four main railway unions went on strike in protest against reforms planned by President Emmanuel Macron. He proposes to end railway workers' special employment status, which includes employment for life. Energy workers, rubbish collectors and Air France employees are also on strike. The stoppages are the most serious threat yet to Mr Macron's agenda of reforms.

Italy's president, Sergio Mattarella, launched formal coalition talks between the parties, a month after a legislative election produced a fragmented parliament. The populist Five Star Movement emerged as the largest party. But to reach a majority, a pact would be needed with other groups. Five Star has already ruled out a coalition with Forza Italia, the centre-right party of Silvio Berlusconi, a former prime minister and billionaire.

Russian police arrested Ziyavudin Magomedov, a Dagestani billionaire, on charges of racketeering. Mr Magomedov, who owns grain and construction businesses, is associated with Dmitry Medvedev, Russia's prime minister, and the arrest is seen as part of a power struggle within the elite. Mr Magomedov has come under fire over alleged irregularities in the construction of a football stadium in Kaliningrad for the World Cup this year.

**Banged up**

Brazil's supreme court ruled by six votes to five that Luiz Inácio Lula da Silva, a former president, can be jailed while he appeals against a 12-year

sentence for accepting a bribe from a construction firm. He is currently leading in polls for October's presidential election but the conviction could make it impossible for him to run.

Carlos Alvarado won Costa Rica's presidential election. A former labour minister for the governing centre-left Citizens' Action Party, he beat Fabricio Alvarado (no relation), a conservative evangelical pastor, with 60.8% of the vote.

The former Guatemalan dictator, Efraín Ríos Montt, died while awaiting a second trial on charges that he committed crimes against humanity during the country's civil war. In 2013 he became the first former head of state found guilty of genocide by his own country's courts. The conviction was later overturned on a legal technicality.

A fire in a Venezuelan jail killed 68 people but elicited silence from the socialist president, Nicolás Maduro. Police sprayed tear-gas at family members who flocked to the prison for news.

**On second thoughts**

Israel cancelled a deal with the UN to relocate African migrants who entered the country illegally, many seeking asylum. The deal would have resettled some in the West, with others granted temporary residence in Israel. Binyamin Netanyahu, the prime minister, said he still wants "to remove the infiltrators".

Speaking to an American magazine, Muhammad bin Salman, the crown prince of Saudi Arabia, said "the Israelis have the right to have their own land". It was a rare recognition of Israel's right to exist by an Arab leader.

Abiy Ahmed, Ethiopia's new prime minister, was sworn in. He immediately offered a hand of friendship to Eritrea. The recently-warring countries have been locked in a bitter border dispute. In stark contrast to his predecessor, Hailemariam Desalegn, who

accused Eritrea of supporting anti-government protests, Mr Abiy called for an end to "years of misunderstandings".

It was announced that Egypt's president, Abdel-Fattah al-Sisi, was re-elected with 97% of the vote. Some voters said they were paid to cast a ballot, yet turnout, at 41%, was six percentage points lower than in 2014, when the last election was held.



Winnie Madikizela-Mandela, the veteran anti-apartheid activist and ex-wife of Nelson Mandela, a former president, died at the age of 81. Many South Africans hailed her as a "mother of the nation", but others saw her as an angry and flawed individual.

Ian Khama, a retired army general, stepped down as president of Botswana. He handed the thinly populated but diamond-rich country to his deputy, Mokgweetsi Masisi, after a decade at the helm. The new president inherits a country that has long been heralded as a beacon of African democracy and sound economic management.

**Trumped**

President Donald Trump ordered the National Guard to America's southern border upon hearing that a caravan of roughly 1,000 Central American migrants was travelling north through Mexico. Many of the migrants were fleeing poverty and violence in Honduras, a country wracked by protests after a contested presidential election.

The headquarters of YouTube, a video-sharing website, in California was stormed by Nasim Aghdam, a user of the

platform, who wounded three workers with a gun before killing herself. It is suspected that she held a grudge against the tech giant for filtering some of her videos.

**I'm spinning around**

China's first space station, Tiangong-1, crashed into the Pacific. It was launched in 2011 and received two visits by Chinese astronauts. Scientists on the ground lost control of it in 2016.

The South China Morning Post says that 500 test burners have been built in order to send silver iodide particles into the atmosphere over Tibet. When the water-laden air of the monsoon hits the particles, ice crystals should form and boost precipitation. If the full project involving tens of thousands of burners is completed, it would be the world's largest cloud-seeding operation.

The lower house of Malaysia's parliament passed a bill that would impose prison sentences and fines on those who spread "fake news". India's government, however, retracted new rules that would have rescinded the credentials of journalists found to have published falsehoods.



Rodrigo Duterte, the president of the Philippines, acted on his threat to close the island of Boracay, a beach resort that is one of the country's most popular tourist attractions. From April 26th, he said, tourists will be turned away for six months while the authorities extend and repair the inadequate sewage system. Infrastructure problems have left the tropical paradise more of a "cesspool", as he tactfully described the island.

## Business

A trade war seemed ever more likely. The Trump administration identified over 1,300 Chinese products, including car parts and television sets, that it would whack with tariffs of 25%. It plans to implement these after a period of consultation. In response China threatened to slap duties on 106 American goods. Donald Trump's demands to cut its trade surplus with America by \$100bn were, it said, "impossible".



Tough talk on tariffs spooked American investors. The **Dow Jones Industrial Average** fell by 2%, before recovering. Firms with the most to lose were the worst hit: the share price for Boeing, an aeroplane-maker and a big exporter to China, fell by nearly 5% on the news before regaining ground. The price of **soybeans**, which account for a large share of American agricultural exports to China, tumbled.

### Going postal

Mr Trump took several shots at **Amazon**. He accused the e-commerce giant of enjoying unfair advantages over conventional retailers, alleging that it underpays the US Postal Service for delivery and that it does not pay all its sales taxes. The company's share price fell by around 5% when the president first aimed fire. Amazon made no comment.

Another privacy scandal hit the tech world. Researchers discovered that **Grindr**, a dating app aimed at gay people, had been sharing its users' HIV status with two third-party firms. Facing a backlash, the firm agreed to stop. **Face-**

**book** raised its estimate of the number of people affected by the Cambridge Analytica data breach, from 50m to 87m.

Shares in **Tesla** fell after news emerged that one of its cars had crashed in semi-autonomous mode. Regulators rebuked it for publishing details of the incident while an investigation was going on. The firm also reported its production figures for the Model 3, its mass-market electric car, which remain well below target. In an effort to calm concerns about its finances, Tesla insisted it would not need to raise funds this year.

**Spotify**, a music-streaming service with over 70m paying users, listed its shares in New York. The Swedish firm opted for an unconventional direct listing, allowing existing investors to trade shares freely instead of issuing new stock. The share price ended the first day of trading at \$149, above levels at which it had traded in the private market. That valued the company at \$26.5bn, making it the largest listing since Snap, the parent of Snapchat, floated last year.

**Alibaba**, a Chinese e-commerce firm, gobbled up Ele.me, China's biggest food-delivery

company, in a deal valuing it at \$9.5bn. The purchase reflects a battle between Alibaba and **Tencent** for the "online-to-offline" market.

**Disney** stepped into a standoff between **Rupert Murdoch** and British regulators. The authorities had held up Mr Murdoch's acquisition of Sky, a television network, on the ground that it would give him too much power over the media. Disney, which is also in talks to buy parts of Mr Murdoch's firm, 21st Century Fox, offered to buy Sky's news channel whether its purchase of Fox goes ahead or not.

**CBS**, an American broadcaster, made a bid for a struggling sibling, **Viacom**. The offer was rejected as too low. Viacom had originally acquired CBS in 2000 before spinning it off in 2006, but the fates of the two networks have since diverged.

### Carmakers rejoice

America's Environmental Protection Agency said that **emissions standards** for cars and light trucks planned by the Obama administration were unrealistically high and would be revised. Scott Pruitt, the EPA's chief, also backed a single national standard for emissions, which could spark

a confrontation with the state of California, where rules are stricter than in the rest of the country.

### Marketing misery

**WPP**, an advertising group, announced it was investigating whether its chief executive, Sir Martin Sorrell, misused company assets. (He rejected the allegations.) The probe adds to the company's woes: it is under pressure from clients to cut costs and is fighting off competition from digital rivals.

More than 10,000 British employers complied with a deadline to report their **gender pay gaps**. The declarations put the average median differential between male and female earnings at 12%. Gaps were widest in the construction and finance sectors, and narrowest in food and accommodation services.

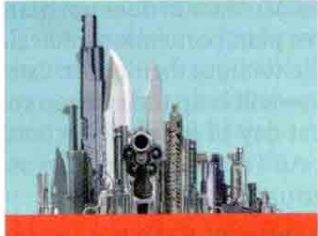
John Williams was appointed the president of the **New York Federal Reserve**, a role that comes with a standing vote on America's monetary-policy body. Those hoping for a fresh face were disappointed: Mr Williams was previously the chief of the San Francisco Fed.

For other economic data and news see **Indicators** section



# Solving murder

Violent death is set to soar in some cities of the developing world. How to curb the killing



THE planet has rarely been so peaceful. Even with terrible fighting in such places as Congo, Syria and Yemen, wars between and within countries are becoming less common and less deadly. But a dark menace looms. Some of the developing

world's cities threaten to be engulfed by murder.

Of the 560,000 violent deaths around the world in 2016, 68% were murders; wars caused just 18%. Murder has been falling in rich countries (though London is suffering an outbreak), but it has long plagued Latin America and is starting to climb in parts of southern Africa, the Middle East and Asia. The world often goes to great lengths to stop wars. Just imagine if it put as much effort into stopping murders.

Latin America shows what is at stake. It has 8% of the world's people but 38% of its recorded murders (see Briefing). Counting the costs of police, hospitals, victims' lost incomes and so on, the bill for violent crime comes to 3.5% of GDP. The greater toll is human: mothers and fathers burying children, children brought up without a parent and societies deprived of tens of thousands of citizens in the prime of their lives.

There is no excuse for this suffering. Many of the emerging world's problems are intractable. Murder is not one of them.

## Dusty death

High murder rates have lots of causes: fragile government; guns and fighters left over from wars; families broken up and forced into the city by rural violence and poverty; drugs and organised crime that police cannot or will not confront; and large numbers of unemployed young men.

The mix of causes in each country is unique but in every case rapid, chaotic urbanisation makes the problem worse. Urbanisation itself is welcome, because it boosts incomes and growth. It need not lead to violence—look at India and China, which have relatively low crime rates. But it can feed a vicious cycle, as the proliferation of murder destroys trust between the police and the people they are meant to protect. Residents keep off the streets. They no longer support the authorities. Impunity grows and the level of violence climbs further.

That is what faces some of the world's poor cities. Many already have the ingredients of a murder culture. Over the next decades these cities are set to grow rapidly. As much as 90% of urban growth will take place in the poor world. By 2030, according to HSBC, a bank, 42 of the 50 most-populous cities will be in emerging markets. Dhaka, Karachi and Lagos, each crammed with roughly 25m people, will join the ten largest.

To understand where this can lead, consider Latin America, where seven countries account for a quarter of the world's murders. Killings often started rising in its cities because of drugs and gangs. Since Latin America urbanised a generation before other developing countries, it has had time to find out which policies help stop the killing—and which fuel it.

El Salvador, though off the main drug-trafficking corridor, has struggled to establish peace since the end of civil war in

1992. A weak state failed to cater for hundreds of thousands of new city dwellers, driven into slums by fighting in the hills. The police were unable to cope with violent new residents who arrived in the slums: street gangs like MS-13 and Barrio 18. In 2015 El Salvador became the world's most deadly country bar Syria. The police still do not know who is killing whom or why. Ninety-five percent of murders go unsolved.

Yet the continent also has some of the biggest improvers. In many Colombian cities murder used to be the leading cause of death. The rate in Cali in 1994 was 124 per 100,000, four times worse than New York at its most lethal. The mayor was a surgeon who realised that murder was like a disease. Following an approach pioneered in New York and copied across the rich world, he set up "violence observatories" to study precisely how people, places and behaviour led to killings. They found that, even amid a raging drugs war, most murders resulted from drunken brawls. Restrictions on alcohol and guns helped cut murders by 35%. Other Colombian cities tweaked Cali's evidence-based policing to suit their own needs—Medellín, for example, targeted drug cartels. Police and judicial reform, and aid from the United States, were crucial, too. In 2017 Colombia's murder rate was 24 per 100,000, the lowest for 42 years.

The killing in Latin America has been shaped by local factors—political violence, crowded prisons, North America's appetite for drugs. In Colombia an offensive against guerrillas helped cut murders. Yet the continent holds broad lessons.

Because impunity encourages murder, you might think that the secret is tough policing. The Salvadorean government sent soldiers into the streets and threw petty criminals in prison. But both the criminals and the population were brutalised and the murder rate rocketed. Or you could buy peace with truces and special deals between rival gangs. El Salvador tried that, too, but the truce fell apart and the slaughter resumed. Although murders there have fallen slightly in the past two years, killing has become a way of life.

Instead, toughness needs to be targeted. Murder is extraordinarily concentrated—80% of violent killings in Latin American cities occur on just 2% of streets. Detailed crime statistics enable the police to get to grips with the local factors behind the killing. If they know exactly how and where to apply their efforts, they can make arrests and prevent violence.

## Learning from murder

The good news is that you do not have to solve all the complex social causes of murder to begin to cut the murder rate. Colombia's innovative mayors helped create a virtuous cycle in which the police caught and punished murderers, and citizens concluded that the police were there to help them and that the streets were safer. Busier streets discouraged murder and other violent crime. Once the virtuous cycle starts to turn, the entire criminal-justice ecosystem can grow stronger.

If all countries cut murder rates to match the best in their region, 1.35m lives will be saved by 2030, says the Small Arms Survey. If they fall back to the worst, an extra 1.25m lives will be lost. Trusted police forces armed with good statistics could spare millions of lives, and an ocean of human suffering. ■

## French strikes

## How to stay on track

If Emmanuel Macron is defeated by railway unions, his reform programme will be derailed



**M**AYHEM at railway stations. Gridlock on the roads. The scenes of strife in France this week were as familiar as they were symbolic. On April 3rd train drivers and other rail staff began a rolling strike, planned for two out of every

five days, that may last for months. It could be a re-run of the strikes that paralysed the country in 1995, forcing Alain Juppé, Jacques Chirac's prime minister, to back down in the face of chaos. How President Emmanuel Macron handles the confrontation with unions will determine whether he lives up to his electoral promise to "unblock" France, or joins the long list of French leaders defeated by the revolt of the street.

## A grève problem

Strikes are part of France's culture of protest. They are seldom just a demand for better wages or working conditions. Rather, they are a political show of force. Having failed to mobilise workers against Mr Macron's labour reform last September, hardline unions now sense a chance to test his resolve. They know how the French romanticise their railways as a jewel of state planning, and disdain British-style privatisation.

The French high-speed train network is indeed a marvel. But SNCF, the state railway company, is laden with debts and ill prepared for upcoming competition under European Union rules. Staff of the French railway enjoy extraordinary privilege, dating from the days when shovelling coal into steam engines was punishing work. In a country with a life expectancy of 82 years, train drivers can retire at 50 (rising to just 52 by 2024) rather than at 62, the national retirement age. Unlike most public workers, they enjoy free train tickets, they receive free health care and, in some cases, subsidised housing.

Despite the unions' scare stories, Mr Macron does not plan to privatise SNCF. Nor is his reform plan particularly radical. Only new rail employees would be without their perks. Current staff—including those on strike—will keep theirs. Even so, 77% of train drivers joined the first day of industrial action. Equally worrying for Mr Macron, Air France staff are also on strike. And discontent has spread to university campuses.

It goes without saying that Mr Macron needs to keep his nerve. A government defeated once by the street will suffer irrevocable damage to its reformist credentials. Mr Macron's reform of SNCF is only part of a bigger effort to reshape the welfare state in a country where the public sector consumes 56% of GDP, the highest in the EU. Mr Macron rightly wants to trim the civil service. That will be difficult unless he can end the jobs-for-life culture.

Fortunately, there are reasons to think that France is not the country of 23 years ago. For a start, Mr Macron was elected on a promise to liberalise the economy and harmonise France's myriad pension regimes so that the same rules apply to all. In contrast, after Mr Chirac came in vowing to heal the "social fracture", his hard line was seen as a broken promise. In 1995 public opinion backed the *grévistes*, and support grew even as the strikes dragged on. Today commuter lines are creaking, and more of the French accept the need for change. At the age of 50, most French people have many years of toil ahead of them. Why should train drivers be different?

This is thus a contest that Mr Macron can win. But he needs to sound the right note—of determination but not arrogance. He should control his tendency to Jupiter-like haughtiness. His fight is not only to defeat unreasonable unions, but to win the allegiance of everyone else. The French often fear change as an assault on their way of life. Mr Macron needs to persuade the silent majority that, far from destroying public services, his growth-boosting reforms are the best way to save them. ■

## Data privacy

## Copy that

America needs a data protection law. Take Europe's and improve on it



**A**MERICA rarely looks to the bureaucrats of Brussels for guidance. Commercial freedom appeals more than *dirigisme*. But when it comes to data privacy, the case for copying the best bits of the European Union's approach is compelling.

The General Data Protection Regulation (GDPR) is due to come into force next month. It is rules-heavy and has its flaws, but its premise that consumers should be in charge of their personal data is the right one. The law lets users gain access to, and to correct, information that firms hold on them. It gives con-

sumers the right to transfer their data to another organisation. It requires companies to define how they keep data secure. And it lets regulators levy big fines if firms break the rules.

America has enacted privacy rules in areas such as health care. But it has never passed an overarching data-protection law. The latest attempt, the Consumer Privacy Bill of Rights, introduced in 2012 by the Obama administration, died a slow death in Congress. The GDPR should inspire another try.

The failings of America's self-regulatory approach are becoming clearer by the week. Large parts of the online economy are fuelled by data that consumers spray around without thought. Companies' arcane privacy policies obfuscate what they do with their users' information, which often amounts to ▶▶

pretty much anything they please. Facebook is embroiled in crisis after news that data on 87m users had been passed to a political-campaign firm. Identity-theft is widespread; the annual cost to American consumers exceeds \$16bn, according to some estimates. On March 29th Under Armour, a clothing brand, said that hackers had gained access to information about 150m users of its MyFitnessPal app.

These scandals are changing the calculus about the benefits of self-regulation. Opponents of privacy legislation have long argued that the imposition of rules would keep technology companies from innovating. Yet as trust leeches out of the system, innovation is likely to suffer. If consumers fret about what smartphone apps may do with their data, fewer new offerings will take off—especially in artificial intelligence. It emerged this week that Grindr, a dating app aimed at gay people, had been sharing details of users' HIV status with other firms. Tim Cook, the chief executive of Apple (which, admittedly, has sold itself on the idea that its customers' data should not be a source of profit), has called privacy a "human right". Even Mark Zuckerberg, Facebook's boss, has signalled an openness to regulation. It is striking that many of the firms preparing for the GDPR's arrival in Europe enthuse that the law has forced them to put their data house in order (see Business section).

The need to minimise legal fragmentation only adds to the case for America to adopt bits of the GDPR. One reason behind the new rules in the EU was to harmonise data-protection laws so that firms can do business across Europe more easily. Amer-

ica is moving in the opposite direction. States that have detected a need for greater privacy are drafting their own laws. California, for instance, has pending legislation that would establish a data-protection authority to regulate how the state's big tech firms use Californians' personal data.

Internationally, too, America is increasingly an outlier. Any American firm that serves European customers will soon have no choice but to comply with the GDPR; some firms plan to employ the rules worldwide. Other countries are adopting GDPR-style laws. A similar regime on both sides of the Atlantic would help keep data flowing across borders. The alternative, of a regulatory patchwork, would make it harder for the West to amass a shared stock of AI training data to rival China's.

### Putting the personal into data

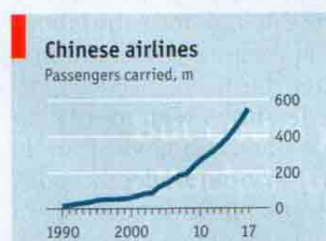
America need not adopt the GDPR wholesale. The legislation is far from perfect. At nearly 100 articles long, it is too complex and tries to achieve too many things. The compliance costs for smaller firms, in particular, look burdensome. In addition, parts of the GDPR are out of step with America's constitutional guarantee of free speech: a "right to be forgotten" of the kind that the new law enshrines will not fly.

But these are arguments for using the GDPR as a template, not for ignoring the issue of data protection. If America continues on today's path, it will fail to protect the privacy of its citizens and long-term health of its firms. America's data economy has thrived so far with hardly any rules. That era is over. ■

## Airlines

# Dragons fly

The take-off of Chinese aviation could be good for passengers everywhere



OVER the past few decades, established airlines in Europe and America have been hit by one thing after another. First came low-cost carriers, chipping away at their short-haul routes. Lately, a new crop of super-connecting airlines in the Gulf,

Emirates, Etihad and Qatar Airways, has lured away their long-haul passengers with superior service and lower fares. Now looms the biggest threat of all—the rise of several promising Chinese airlines (see Business section). Unfortunately, the response of the incumbents risks depriving passengers of the benefits from this latest wave of competition.

China's airlines are rising up the world rankings at a breathtaking pace. In 2007 passengers in China made 184m journeys by air; last year around 550m did. The International Air Transport Association, a trade group, predicts that China will leapfrog America as the world's biggest market in the coming five years. During the next two decades Airbus and Boeing, the world's two big manufacturers of passenger aircraft, forecast that Chinese carriers will buy more jets than American ones.

Passengers who had a choice used to avoid Chinese airlines. Delays were common, accidents frequent and the food inedible. However, after a concerted effort to improve standards, they are winning flyers over. OAG, a data firm, reckons that in 2011-17 the proportion of passenger seats between China

and America on Chinese airlines rose from 37% to 61%.

Losing the battle to fly people in and out of China is one thing. But the menace to the world's established carriers goes deeper. Just as the Gulf airlines expanded by offering connecting flights to international passengers through their Middle Eastern hubs so, too, are Chinese airlines turning themselves into connectors. The cheapest way to get from London to Australia, for instance, is no longer via Dubai or Abu Dhabi but through Guangzhou, Shanghai or Wuhan. The Chinese authorities have loosened visa requirements to encourage this kind of transfer traffic.

China's arrival as an aviation superpower has prompted two responses from big Western carriers—both predictable, neither good. The Europeans are crying foul about government aid, just as they did when the Gulf airlines became a threat. The bosses of Air France-KLM and Lufthansa wail that they are the victims of "unfair trade". They are lobbying for rules that would let the European Union place unilateral sanctions on subsidised foreign rivals, Chinese carriers among them, even before any investigation has been concluded.

The fact that Chinese airlines benefit from support from the state is not in question. But the outrage of rivals is shamelessly confected. Around the world, the aviation industry has been built on government support. CE Delft, a research firm, reckons that French airlines get €1bn (\$1.2bn) in energy subsidies alone each year. Unilateral sanctions might benefit incumbents, but would restrict choice and harm passengers. A tit-for-tat battle ▶▶



▶ over flying rights would hit Europe harder than China, which is fast becoming a sizeable net exporter of tourists.

The big three American carriers have taken a different tack. They are also happy to play the protectionist card when it suits them. American, Delta and United have all been lobbying hard against the Gulf carriers, for instance. But with China they sniff an opportunity as well as a threat. They want an open-skies treaty, which would allow airlines to fly between any airport in the two countries.

### Fare trade

In theory, passengers have much to gain from a deal of this sort. In practice, open-skies deals open the door to joint ventures (jvs), which are granted immunity from antitrust rules and so can potentially lead to higher prices. In 2006-16 the share of long-haul passenger traffic controlled by such jvs

leapt from 5% to 25%. Three jvs account for almost 80% of the transatlantic market. The established American airlines would love to team up with Chinese rivals in order to dominate the Pacific, too.

Neither shutout nor carve-up is good for passengers. In an ideal world, Europe and America would seek open-skies deals with China but design them to nurture competition rather than mute it. Airline jvs would be barred from gaining anti-trust immunity. Airport slots would be allocated more fairly, so that the best landing and take-off times were not hoarded. State handouts would be transparent.

Alas, the chances of reaching such a sensible accommodation with China's airlines are low. Rising trade tensions between America and China are only part of the explanation (see Finance section). The real problem is that big Western carriers would not much like such policies either. ■

## Britain's gender pay gap

# How to narrow it

### To make pay fairer, make it more transparent



**P**ITY Britain's press officers. April 4th was the deadline for employers in Britain with 250 workers or more to publish details of the difference between the average pay of their male and female employees, under a new annual reporting

requirement (The Economist Group recorded a median gap of 29.5%). The overall figures are eye-opening: eight out of ten employers pay men more than women. Theresa May, the prime minister, has promised to tackle this "burning injustice".

Some take the numbers to mean that women are paid less than men for the same job. In fact the exercise bluntly compares employees' pay without accounting for their differing roles—so Premier League football clubs have vast but meaningless pay gaps, as the men on the pitch are compared with the women on the turnstiles. This may even create perverse incentives, as firms could appear better by outsourcing low-paid jobs done by women. Yet the exercise could also lead to deeper questioning of what causes differences in pay (see Britain section). To that extent, the mad scramble among firms—not just for data, but also for justifications—is encouraging.

### Even Stevens, and Stephanies

Two problems stand out. First, the data confirm that too few women hold senior positions. Firms have got better at attracting female entrants, but they leak talent, so women become rarer higher up the ranks. Remedies to fix that are well known: generous parental leave (for men and women alike), affordable child care and flexible working hours all help ensure that motherhood need not mark the end of a woman's career.

Second, women still face being paid less than men for doing jobs that are fundamentally similar. Many suspect that clear-cut sexism has given way to more subtle discrimination. Birmingham council was successfully sued for rewarding male-dominated work like street-sweeping more generously than female-dominated work like cleaning. However, quantifying

bias with rigorous statistics is tricky, and made more so by the growth of the knowledge economy—it is harder to compare the jobs of two consultants than two factory hands. Politicians, courts and bureaucrats are ill-placed to compare jobs from afar, let alone to set pay. Better for firms to be open about their pay and aware of biases, which may be unconscious.

At the heart of unequal pay is the asymmetry between employers, who know everyone's salary, and employees, who are entitled to know no one's but their own. As collective wage-bargaining has been replaced by salaries that are negotiated individually, firms have had more scope to pay unequally. Transparency would help overcome this and make the labour market more efficient, as workers and employers could find the jobs or employees that suited them best.

How far should this go? In Sweden firms with more than ten employees fall under a public ombudsman, who can inspect their mandatory pay survey, carry out in-depth audits and ask for changes. In America several big firms have begun voluntary pay surveys, often under shareholder pressure.

More radically, in Finland, Norway and Sweden anyone can look up what their colleagues and neighbours earn. For many, this economists' ideal is a step too far. But discretion could be preserved by borrowing from a new German policy that lets workers in firms with at least 200 employees ask about average pay within a peer group. This gives workers the tools to bargain with, without sacrificing anyone's privacy.

Such measures could help iron out other discrimination. The first pay survey of Salesforce, a cloud-computing firm, in 2016 led to \$3m in salary corrections that benefited men as well as women. Its next survey dealt with discrimination based on ethnicity, leading to a further \$3m in corrections.

Britain's exercise has stimulated reflection in firms that had given barriers to, and biases in, pay and promotion little thought. The goal should not be to eliminate gaps but to get firms to think about which differences in seniority and pay are justified and which are not. The fact that most have accompanied their data with analysis and explanations, and that some have set targets, is at least a start. ■

### The beautiful briny sea

"Race to the bottom" discussed the new technologies behind the push to mine the ocean floor (Technology Quarterly, March 10th). The article was aptly titled, as there is no such thing as an "environmentally sensitive way" to mine the deep seabed. The deep sea is the largest source of species and ecosystem diversity on Earth. Mining is likely to cause irrevocable loss of biodiversity, the world's natural inheritance. In the area where the dredging company you mentioned plans to work, a typical 30-year operation would cover about 10,000 square kilometres of ocean bottom. And sediment plumes will extend the damage over many thousands of square kilometres beyond the mining area.

At last month's session of the International Seabed Authority, an MIT researcher tasked with creating a financial model for seabed mining acknowledged that he had omitted any cost estimates of environmental damages and the loss of ecosystem services.

The ISA must fill that gap, and do so transparently: many of its most important findings are now hidden under a cloak of confidentiality. The world needs an open debate on the exploitation of the deep seabed.

MATTHEW GIANNI  
On behalf of the Deep Sea Conservation Coalition  
Amsterdam

### Freedom for airlines

Correctly noting that airline joint ventures (JVs) are a way for carriers to overcome government restrictions on cross-border investment is only a small part of the story ("Come fly with me", March 17th). Airlines are hamstrung everywhere by anachronistic restrictions on their ability to do business. They are prohibited from operating domestic "feeder" services in any country but their own; not allowed to exercise corporate control over airlines in any country but their own; and even forbidden from operating international

flights that don't begin or end in their own country (or, in the case of European Union airlines, in EU territory). As long as this crabbed framework reigns, there will be no Marriotts of the sky. Only through JVs and code-sharing are airlines able to replicate some of what might be possible in a more conventional regulatory setting.

JVs receive immunity only in liberalised open-skies markets in which governments have given up the power to regulate entry, routes, capacity and price. Because liberalisation is a prerequisite to immunity, it is no exaggeration to say that airlines' desire to serve their customers better through immunised JVs has cracked open the global aviation marketplace in ways unimaginable even 20 years ago. Not surprisingly, it is around 64% cheaper to fly today than in 1996.

IATA's members, not just legacy airlines but a growing number of new-model airlines, have long supported the quest for more open and competitive markets.

BRIAN PEARCE  
Chief economist  
International Air Transport Association  
Geneva

### Peruvian politics

Your article concerning my resignation contains a number of outrageous inaccuracies ("Odebrecht claims its biggest scalp", March 24th). From day one of our government, the super-majority of the opposition in Congress tried to bring down my administration, claiming the scalps of five of my cabinet ministers, including the transport minister, now Peru's new president. Despite the opposition's fierce efforts, our administration kept Peru growing without inflation or bloated public debt and worked successfully to improve the environment and public health while expanding major infrastructure and clean mining investment.

As for the alleged illegal link between me and Odebrecht, I refer you to the statements of my former colleagues

to the prosecutor, along with the evidence I and others have presented. Odebrecht officials have said that the fees paid to a former business partner's firm were entirely legal and not part of any bribery scheme. All I can make clear is that the supposed link is a politically motivated construct with no credible evidence. Most chilling was the swift pace of proceedings which allowed no time for the role of due process so fundamental to the functioning of a transparent democracy.

I have welcomed a full investigation of my finances and, as a private citizen, will continue to work to assure that Peruvian citizens enjoy health and safety along with their human and civil rights.

PEDRO PABLO KUCZYNSKI  
Lima

### The road to somewhere



Talk of a "freedom to go anywhere" that autonomous vehicles will somehow force us to give up is silly ("Who is behind the wheel?", March 3rd). I cannot "go anywhere" in my mid-size sedan. I can only go to destinations that can be reached by road. And that road needs to be passable. A checkpoint with armed guards, a barricade, a pothole or even a traffic jam will take away my freedom as much as any fiddling with software settings in an autonomous vehicle. A government bent on restricting the mobility of its people already has plenty of options for doing so by regulating access to roads.

Autonomous vehicles will change our cities and present trade-offs, but those who think that cars do not limit our mobility are kidding themselves. For disabled people, who

cannot drive the cars of today, autonomous vehicles hold the promise of freedom to go anywhere for the first time.

ALISA MOSKALEVA  
San Francisco

### Fisherman's friend

It is true that Britain's fishing industry is too small to jeopardise a future Brexit deal on trade ("A fishy transition", March 24th). Fishing contributes just 0.07% to British GDP, almost nothing. The industry employs only 12,000 people out of a total labour force of 33.6m, or a mere 0.04%.

However, this does not mean that the industry should be left to fend for itself or to meet its demise, especially since for certain communities it is a matter of life and death. Rather, it should be guaranteed support by the British government if Brexit becomes a reality—support that would not bear heavily on the Treasury.

ALI EL-AGRAA  
London

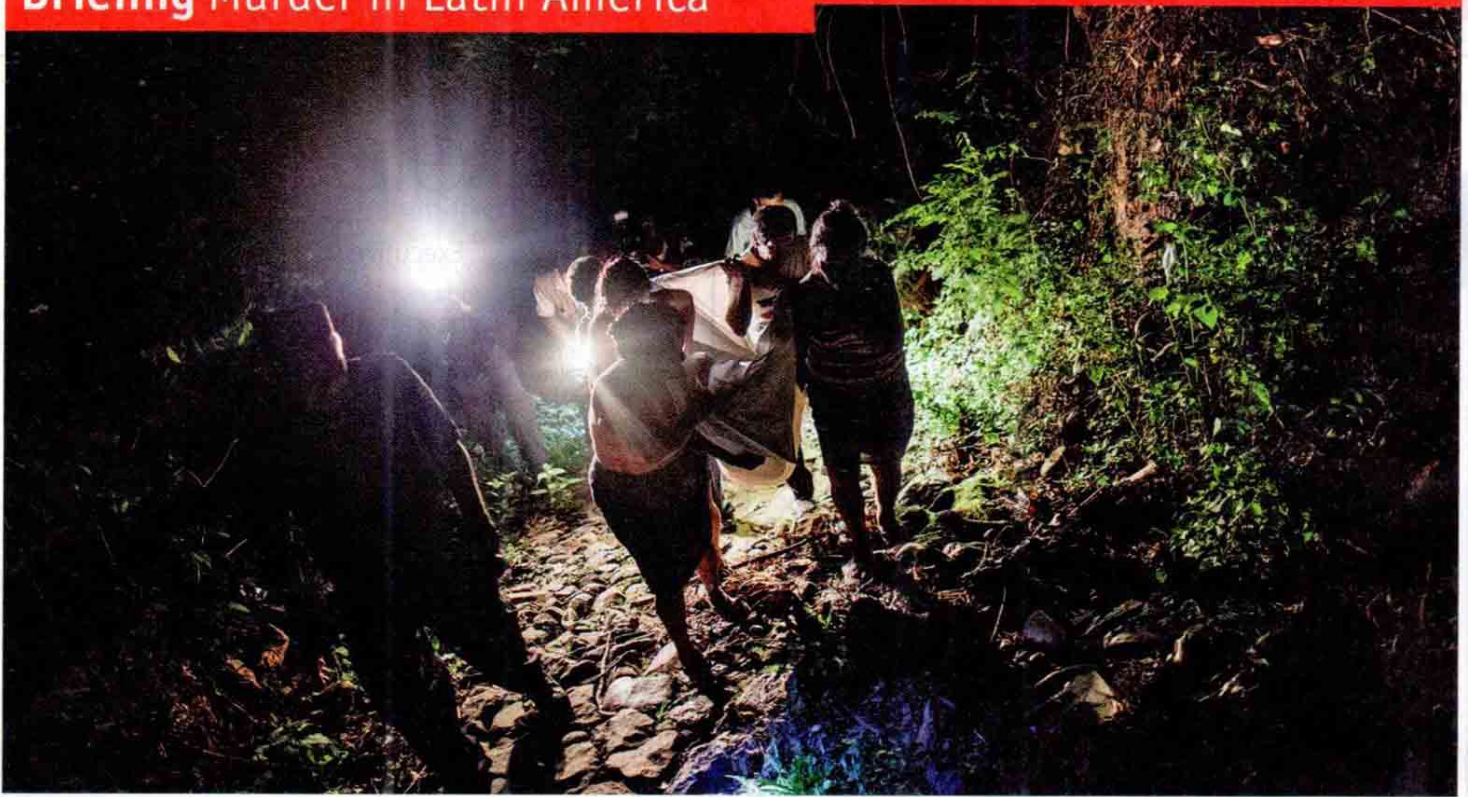
### On the bench

Charlemagne referred to Jaroslaw Kaczynski as a "back-bench MP" holding no constitutional position (March 3rd). I agree with the latter, but Mr Kaczynski, the leader of Poland's ruling Law and Justice party, defiantly sits on the centre of the front bench in parliament. Defiantly, because his officially allocated seat is to the side of the bench. According to the rules, all MPs must vote from their designated seats. But neither these rules, nor any others, seem to apply to Mr Kaczynski.

As you pointed out, everyone should know who is really in the driver's seat. But in Poland we let the driver sit where he wants.

KAROL KRAS  
London ■

Letters are welcome and should be addressed to the Editor at The Economist, The Adelphi Building, 1-11 John Adam Street, London WC2N 6HT  
E-mail: letters@economist.com  
More letters are available at: [Economist.com/letters](http://Economist.com/letters)



## Shining some light

BOGOTÁ AND SAN SALVADOR

### Latin America's homicide problem is a harbinger for the developing world

ON JANUARY 11th 2017 no one was murdered in El Salvador—a fact that was reported as far away as New Zealand, Thailand and Russia. At the time, the Central American country had the highest murder rate in the world: 81 per 100,000, more than ten times the global average (see chart 1). On most days more than a dozen Salvadoreans lost their lives to gang warfare, police shootings and domestic disputes. On bad days, the number could be three times higher. Murder dominated newspaper headlines, campaign speeches and dinner-table discussions. A day without it was something to celebrate—and reflect on.

Latin America, which boasts just 8% of the world's population, accounts for 38% of its criminal killing. The butcher's bill in the region came to around 140,000 people last year, more than have been lost in wars around the world in almost all of the years this century. And the crime is becoming ever more common.

Latin America is also the most urbanised part of the developing world, and that is not a coincidence. Its urban population grew in the second half of the 20th century much faster than those of other regions. By 2000 over three-quarters of the population lived in towns and cities—roughly twice the proportion in Asia and Africa. That move from the countryside concen-

trated risk factors for lethal violence—inequality, unemployed young men, dislocated families, poor government services, easily available firearms—even as it also brought together the factors needed for economic growth. As other developing economies catch up with Latin America's level of urbanisation, understanding the process's links to criminality, and which forms of policing best sever them, is of international concern.

In this regard, it is worth noting that the region's countries vary a lot. Some countries in the south of the region have urbanised as fast as those in its north, but murder rates in the south remain comparable to that of the United States. The drug trade in the northern part of the region undoubtedly makes a big difference. And some countries where murder rose have since seen it decline.

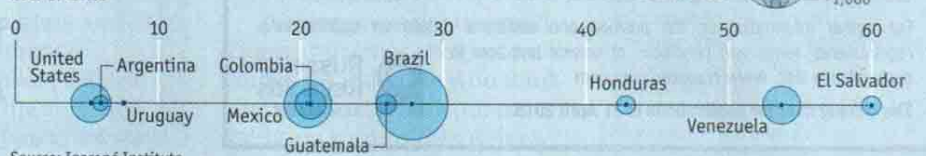
If lessons from those countries that have turned the tide were promulgated a lot of good could be done. The Small Arms Survey, a research group, has three scenarios for the world up to 2030: one in which murder trends continue; one in which the trends seen in the countries that are doing best with murder in their region are exported to their neighbours; and one in which trends start to match those in some of the worst-performing countries. The difference between the best case and the worst adds up to 2.6m lives.

Latin America's crisis has been mounting at a time when, in the developed world, murder has been becoming rarer. As Patrick Sharkey, a sociologist at New York University, shows in "Uneasy Peace", a recent book, the causes of the "great crime decline" America has seen since 1990 are complex and controversial: mass incarceration almost certainly reduced violence, though its impact diminished as a greater share of the population got locked up, leaving broken families on the outside.

Other factors mattered more in other countries. But most of the rich world saw a new stress on the use of data, especially geospatial data, in policing and crime-prevention efforts. That definitely played a

#### A sad distinction

Homicide rate per 100,000 population 2017 or latest



Source: Igarapé Institute