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Colour me dazzled

Record auction prices for rare coloured diamonds

“If you have money to invest, there is no safer haven than something rare,” says Laurence Graff, the London-born “King of Diamonds”. If this is sales talk, he is his own best customer. In December 2008, during some of the bleakest days of the credit crisis, Mr Graff paid \$24.3m for the 35.56-carat, 17th-century Wittelsbach blue diamond at Christie’s in London. He set the auction record for any jewel. But in his opinion, “it was the bargain of the century. In my life, it is the rarest of them all; it is the supreme coloured diamond.”

Yet Mr Graff felt it could be improved. His team began work on the Wittelsbach almost immediately. It was a daring, even daredevil, move. When he bought the historic diamond it worked out at \$1.46m per carat. As a result of polishing it weighs four carats less. This could be calculated as a loss of about \$6m, but not by Mr Graff. He values the Wittelsbach-Graff, as the gem is now called, at \$100m. “We have given it life which it didn’t have before,” he explains. Many may soon judge for themselves. The Smithsonian Institution in Washington, DC, has been in discussions with Graff regarding the possibility of a public presentation of the diamond at the National Museum of Natural History. ...

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The other D-word

Is Japan back in a deflationary trap?

WHILE investors have been fretting recently about Japan's huge debt, another of the dreaded D-words has come back to haunt them. On Friday November 20th, Japan's Cabinet Office issued a monthly report that for the first time since 2006 acknowledged that the country was suffering from deflation.

Consumer prices have actually been falling for months, but the pace of decline accelerated over the summer. In September prices slumped by 2.2% compared with a year earlier. This is partly because the country is still loaded with excess capacity after the collapse in exports during the global financial crisis, and partly because oil prices were lower in September than in the same month last year. But there are more structural problems, too. As Japan's population declines, for instance, retailers are being forced to cut prices to gain market share. ...

Hey, big spender

Which firms spend most on R&D?

BIG carmakers and drug and technology firms devote the most cash to research and development, according to the European Commission's latest tally. These types of business rely on developing new products or constantly updating old ones to compete for customers. Toyota was the world's leading R&D spender in 2008. The Japanese carmaker increased its annual R&D budget by 7.6% to €7.6 billion (\$10.6 billion), knocking Microsoft off the top spot. Worldwide R&D spending increased by 6.9% in 2008, having also grown by 9% in 2007.

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Sod it

The latest plastic pitches are a goal-scorer's delight

IT'S official: the grass is greener in Europe. International football's governing body, FIFA, has ruled that the soccer pitches in South Africa where the World Cup will be played next summer are not fit enough for the month-long competition. Pitches planted with locally grown kikuyu grass will have to be dug up and replanted with lush European rye grass.

No matter that the European turf, bred for a damper and cooler climate, will require more water, fertiliser and maintenance. FIFA is adamant: the hardy local stuff is not green enough for international television. Of course, once the final whistle has blown and the television crews have dispersed, the pitches will need to be resown at great expense with grass fit for South African conditions. ...

Name a famous Belgian

Two minor but competent figures will be president and high representative of the EU

A MAN who has been Belgian prime minister for less than a year and a British technocrat who has never held elected office were chosen by European Union leaders on Thursday November 19th to represent their 27 countries around the world, and lead their policymaking at the highest level. It seems odd to appoint people as little-known as Herman Van Rompuy and Catherine Ashton to such big jobs.

For nearly a decade, EU politicians have been wrangling about a new rule book, calling for Europe to equip itself with leadership posts that would help their club to stride the world stage. Yet by the time national leaders arrived at a Brussels summit to fill the new posts of president of the European Council and EU foreign-policy chief, or high representative, their boasts and ambition were a sad memory. ...

Settling for less

The latest row over Israeli settlements in Palestinian territory

BINYAMIN NETANYAHU, Israel's prime minister, came under pressure this week when news leaked of a new plan to build 900 homes in the occupied Jerusalem suburb of Gilo. His aides say that he knew nothing about the scheme before a local planning committee considered it.

True or not, the latest settlement expansion is exasperating for those who have been involved, for several months, in negotiations between the United States and Israel. Mr Netanyahu's colleagues are bristling that previous efforts to prevent new building will now be forgotten. George Mitchell, America's special envoy to the region, has been in talks with Mr Netanyahu over settlement building and the need to find ways to assuage Palestinian resentment of it (or even to find ways to freeze or stop it). These, so far, have proved fruitless, although Mr Netanyahu did meet Barack Obama in the White House two weeks ago for what he had hoped would be a tension-easing conversation. ...

Caught early

Despite more suspected jihadist terrorist plots on western soil, there are still few attacks

THE number of jihadist terror plots in Europe, North America and Australia has risen alarmingly in 2009, according to a report from Control Risks, a security consultancy. But plots are rarely successful, probably because of improved gathering and sharing of intelligence, better security (especially at airports) and bad planning. According to newspaper reports and court records, seven planned attacks were exposed between January and October this year and only one (a small and inconsequential attack on Italian barracks) was carried out. The average age of apprehended terrorists fell between 2001 and 2009. An absence of formal training, resources and experienced leadership has led to an increase in lone plotters, who are much younger than in the past.

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The Spanish prisoners

Does failure in Barcelona augur poorly for Copenhagen?

THERE is an odd crowd on my late-afternoon flight from London to Barcelona. Peeking at the reading material of my seatmates, I notice that most of us seem to be heading for the UN climate-change talks in Barcelona—the last before a larger gathering in Copenhagen this December. For the last two years, most of the world’s nations have been negotiating a deal that is supposed to reduce carbon emissions and tackle climate change. It is somewhat ironic that the negotiation has involved so much airline travel by so many people. The gentleman next to me, while checking out women on his mobile, is definitely shuffling UN paperwork. Thousands are expected at what has been breathlessly called “humanity’s most important meeting”. ...

Looking eastwards, even further

Could China fill a power vacuum in eastern Europe?

AS THE countries of eastern Europe bump nervously between a near-neutralist Germany, a revisionist Russia and an absent-minded America, the search is on for a powerful outsider, with strong interests in the region, willing to put all kinds of clout behind the smaller countries' sovereignty and independence.

Once, Britain filled that role. The Royal Navy helped the Baltic states win their independence after the first world war. Britain also ruled the southern part of Georgia as a protectorate from 1918 to 1920 and sent a daring expedition to Baku to push back the Bolshevik presence there. But Britain's imperial star, with the shame and glory that it brought, has waned. Who can fill the gap? ...

Taming the mafia state

Anti-graft pressure mounts in Afghanistan, as Hamid Karzai is again sworn in as president

IT WAS no secret what the world wanted to hear from Hamid Karzai when Afghanistan's president was sworn in for a second term on Thursday November 19th: a commitment to get tough on corruption. Visiting Kabul for the inauguration, Hillary Clinton, America's secretary of state, said Mr Karzai had a "window of opportunity" to show tangible results. American officials say he has just six months to tackle what one calls "Afghanistan's mafia state".

In his inauguration speech, he said ministers in his administration must be "competent and just". But heeding Western concerns about their behaviour does not come naturally to Mr Karzai. He has been in a combative mood since the West's much-resented demand that he accept that his re-election was marred by massive vote-rigging. In a recent American television interview he batted back questions about corruption in his government with his oft-repeated line that foreign donors must clean their own act up and stop development funds from being wasted. Such wastage, however, is at least lawful, unlike the Afghan government's practice of selling jobs to officials who then repay themselves through extortion. Nor is it akin to the impunity the well-connected enjoy. ...

A yuan-sided argument

Why China resists foreign demands to revalue its currency

PRESIDENT Barack Obama, on his first visit to China this week, urged the government to allow its currency to rise. President Hu Jintao politely chose to ignore him. In recent weeks Jean-Claude Trichet, the president of the European Central Bank, and Dominique Strauss-Kahn, the managing director of the International Monetary Fund, have also called for a stronger yuan. But China will adjust its currency only when it sees fit, not in response to foreign pressure.

China allowed the yuan to rise by 21% against the dollar in the three years to July 2008, but since then it has more or less kept the rate fixed. As a result, the yuan's trade-weighted value has been dragged down this year by the sickly dollar, while many other currencies have soared. Since March the Brazilian real and the South Korean won have gained 42% and 36% respectively against the yuan, seriously eroding those countries' competitiveness. ...

Not-so-wonderful Copenhagen

A forthcoming climate-change summit will not produce a binding deal on emissions

EXPECTATIONS for the Copenhagen climate conference, held next month in Denmark, have been steadily dwindling. On Sunday November 15th, as Barack Obama toured Asia, he and the Danish prime minister, Lars Lokke Rasmussen, quietly agreed what many had anticipated—that no binding agreement would be reached at the conference. There is now no hope of new legal targets for emissions-reductions to replace those set out in the Kyoto Protocol and which will lapse in 2012. Instead the pair suggested that the best to be expected is a political deal on cutting emissions.

Some of the blame for this must be directed at Capitol Hill. Not only will Mr Obama now not sign a cap-and-trade bill before Copenhagen; the Senate is not even expected to pass one. The House of Representatives passed in June its version of cap-and-trade but the Senate, preoccupied by a debate over the reform of health care, has left climate talks to inch along slowly behind. John Kerry, one of the Senate's cap-and-trade champions, now says he hopes for a vote on the bill only in the spring. ...

Hitting the jackpot

Global revenues from gambling are rising

IN A recent draw for EuroMillions, an association of nine European lotteries, two sets of entrants from Britain shared winnings of over €102m (\$152m). The odds of scooping that jackpot were one in 76m, but for those who run lotteries lucrative returns are almost guaranteed. Lotteries in Europe, which are mainly state-run, generate more revenues than other sorts of gambling. Americans and Asians are fonder of casinos. Gambling as an industry is growing: global revenues increased by 24% in the four years from 2004, totalling some \$358 billion in 2008. Revenues from online betting are a small share of the total, at \$20.2 billion, but are increasing fast. However the recession has hit the industry in the past year or so. Casino revenues in Nevada, for example, fell by 8.9% in September compared with a year ago.

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Well connected

Which countries have most WiFi hotspots?

WIRELESS internet is spreading extremely fast. Today business travellers have over 286,000 hotspots around the world at their disposal, compared with 53,700 five years ago, according to JiWire, a mobile audience media company. Reflecting its early adoption of WiFi, America has most hotspots, although China is adding networks particularly rapidly. Rich countries with the most tech-friendly cultures (such as South Korea) figure prominently. Measured per person, Sweden and Britain offer the best hotspot penetration rates.

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The rise of slime

Warmer water is exacerbating problems in the oceans

THE fishermen of Kokongri, Japan, have seen record hauls this year. They are not, however, very happy. Their nets are trapping jellyfish: giant, gelatinous, wobbly and worthless. Jellyfish were once rare along these shores, but are now an almost annual occurrence.

It is the same story in many other parts of the world. Jellyfish are blamed for damaging fishing, shutting down power and desalination plants, and upsetting swimmers. ...

Start-up nations

A drive to turn the whole world into entrepreneurs

AN OPPOSITION is supposed to oppose, of course—but Britain's Conservative Party, poised on the brink of power, is sending an odd message by pledging to scrap the country's annual Enterprise Week, which began this year on November 16th. Apparently, this is because Gordon Brown, the prime minister, is a well-known supporter of the week, and the Conservatives believe that every week should be Enterprise Week. "We need a focus on enterprise and entrepreneurship 52 weeks of the year," according to Mark Prisk, a party spokesman.

Well, certainly, you can have too many days, weeks or years dedicated to some cause or other. But Enterprise Week has proved such a success since its launch in 2004 that 86 other countries have adopted it, and it has been transformed into Global Entrepreneurship Week. It is prompting a global debate about how to increase the spread and impact of entrepreneurship that, given the lacklustre state of many economies—not least Britain's—could scarcely be more timely. ...

She'll be back

Sarah Palin and the state of the Republican Party

EVER since Abraham Lincoln made a virtue of log cabins, crafting the right autobiography has been an essential task for anyone seeking high office in America. On Monday November 16th Sarah Palin, ex-governor of Alaska and failed vice-presidential candidate in 2008, made an eagerly awaited appearance on the Oprah Winfrey show, as part of the launch of her biography. That book, "Going Rogue", is already topping the bestseller charts, as readers rush to read about gossip and infighting during last year's presidential campaign and to size up Mrs Palin herself.

On television on Monday Mrs Palin talked about her time as John McCain's running mate. She recalled an awkward series of unflattering television interviews with Katie Couric, in which Mrs Palin struggled to answer simple questions about international affairs, calling the occasion a "gotcha" moment. She added that the media had no understanding of ordinary people like her and her family. Mrs Palin has also given an acerbic narrative of how she was "mishandled" by Mr McCain's advisers, whom she says tried to hide her away from the spotlight. Mr McCain has diplomatically called the book "a good account" of the campaign, but he has not responded to Mrs Palin's claim that she was not repaid a \$50,000 fee for vetting her background. ...

Pleased to meet you

Barack Obama's trip to China may encourage a warming of relations

MUTUAL suspicion and mutual attraction are powerful and competing forces in the relationship between China and America. President Barack Obama hopes his first visit to China, which began on Sunday November 15th, will enable the two countries to work more closely on global problems, from climate change to the economy. His hosts appear to agree, but misgivings are still abundant.

Mr Obama began his trip in Shanghai, China's financial capital. Part of his mission was to reassure city leaders that America would be an enthusiastic participant in the World Expo which is due to be held there next year. The American government—as is its custom for such events—will not pay for a pavilion. Corporate sponsorship has been proving hard to drum up in these troubled economic times. To help the effort, America's secretary of state, Hillary Clinton, who is travelling with Mr Obama, paid a visit to the half-built pavilion. The leader of America's pavilion committee, Jose Villarreal, introduced her by saying she would “personally build the pavilion brick by brick if she had to”. ...

The week ahead

Finding a president and a foreign-policy chief for Europe, at last

- THE European Union at last holds a special summit on Thursday November 19th to select a president and foreign-policy supremo. The block's first big decision resulting from the long-delayed adoption of the Lisbon treaty, which is supposed to make the EU more open and accountable, will be taken in secret by the leaders of 27 member states over dinner in Brussels. No consensus has emerged. Tony Blair, once a firm favourite for the president's job, has drifted in the betting. Scandinavian and Eastern European countries may oppose a Franco-German stitch-up. Massimo D'Alema, one of Italy's legion of former prime ministers, is the current favourite for the foreign-policy post. See article

- BARACK OBAMA'S trip around Asia takes him to China for a meeting with the country's president, Hu Jintao, on Tuesday November 17th. Mr Obama holds talks with Wen Jiabao, China's prime minister, the day after. He has described China's role as a "strategic partner" in efforts to tackle global problems, such as the economic crisis, climate change and nuclear proliferation. Mr Obama is then set to visit South Korea on Wednesday November 18th for a meeting with the president, Lee Myung-bak, where discussions are likely to touch on North Korea's nuclear ambitions. See article ...

Dollars, cents and sensibility

Warhol and Doig do it again

This week in New York, the post-war and contemporary art market had its bi-annual check up. Christie's went first, selling 39 of 46 lots for a total of \$74.1m on November 10th. It was less than a quarter of their \$325m total exactly two years ago, but still a respectable outcome given the difficulty of obtaining consignments. No one wants to sell their art during a recession unless they have to. Remarkably, few collectors seem to be in that position and, if they are, they feel safer off-loading behind the scenes than at public auction.

Sotheby's evening sale was much more robust, selling 53 of 55 lots for a total of \$134.4m. That sell-through rate—96% by lot, 98% by value—hadn't been seen since 2004. An astounding result given the times. The estate of Mary and Louis Myers, Ohio arts patrons, provided the first 20 lots of the evening, but the chief earner was Andy Warhol. ...

Imposing limits

A bizarre attempt by Silvio Berlusconi's government to constrain Italy's courts

IF YOU live in Italy and are planning to commit a moderately severe crime—perhaps beating your children, or a white-collar offence such as cooking the books, or even stabbing your neighbour—the law might soon be of little hindrance to you. If a bill tabled in parliament this week were to become law, it would mean you could commit any of the above offences and could expect a reasonable chance of avoiding paying a penalty.

The proposed law, which is backed by Silvio Berlusconi's conservative government, suggests that the charges against defendants would have to be dropped two years after they were laid unless, by then, the trial has been completed. The same two-year limit would be applied to both of the appeals to which defendants (and prosecutors) are subsequently entitled under Italian law, meaning that the complete legal process would have to be complete within six years. ...

Any drop to drink?

There is water—or, at least ice—on the moon

THE moon is covered with seas, oceans and bays, the result of astronomers from past centuries whose imaginations out-ran the capabilities of their instruments, and who assumed that the Earth's nearest neighbour was not that dissimilar to its mother planet. Modern astronomers know different. The moon is airless, waterless, weatherless and lifeless. Or so it would appear. But some have clung to the hope that the waterless bit applies only to liquid water, and that there might be places on the moon which harbour ice.

The places in question would be deep in craters at the moon's poles—places, in other words, where the sun don't shine. The ice, the hope went, would have arrived on board comets that crash at random on to the moon's surface. Calculations suggest that enough of these would have fallen into the perpetual darkness of some of the polar craters, over the billions of years those craters have existed, to build up a reasonable supply of frozen water. And that, inevitably, has got the space cadets who wish to build permanently crewed bases on the moon in a tizzy. Any base would need a water supply. If that water did not have to be shipped from Earth, then the cost of establishing one might be brought down from the totally ridiculous to the merely absurd. ...

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A job to do

As countries climb out of recession, employers begin to recruit again

RECRUITMENT in both Europe and America rose in October, according to the Monster Employment Index, which measures the strength of companies' hiring intentions by counting online advertisements. In Europe this was the first increase since February. In America there were more openings in health care and public administration in October, but fewer retail jobs on offer. Steep declines in most of the second half of 2008 mean that the American index is still more than 20% lower than a year earlier. The picture is worse in Europe, where recruitment was more than a third lower than 12 months earlier. Recruitment continued to fall in Germany in October, but it rose substantially in Britain.

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