When Covid infection rates dip, inflation rates may well rise

Consumer spending may boom once the crisis fades but that could power up prices, interest rates and a severe bear market

https://www.theguardian.com/business/2021/feb/21/when-covid-infection-rates-dip-inflation-rates-may-well-rise

The MPC's growth projections assume that only 5% of the extra savings built up over the last year will be spent. Photograph: Dominic Lipinski/PA

Andy Haldane caused quite a stir this month when he suggested the economy was like a coiled spring waiting to go off. As the Bank of England's chief economist has discovered, it's harder to be a Tigger than an Eeyore. Predictions of impending disaster tend to be forgotten even when they don't come true. Much less slack is given to those predicting that things will turn out well.

Haldane could well be proved right. Consumer and business confidence is on the rise and if – a big if, admittedly – the government continues to support the hardest-hit sectors appropriately as the economy is unshackled, it is quite possible there will be an explosion of pent-up demand.

But even if Haldane is wrong, it's important to have people making the upbeat case. It would be a much greater cause for concern if all nine members of the Bank's monetary policy committee (MPC) thought the same way.

The dangers of groupthink were well illustrated by the financial crisis of 2008-09. Central bankers, investment bankers, the International Monetary Fund and most of the media believed that liberalisation of the financial system had made it safer, when the opposite was the case.

Warning signs from the US housing market were ignored. Dangerous levels of risk-taking was permitted. All sorts of nonsense was peddled about how sophisticated financial instruments that few actually understood would make everybody better off. There was a collective failure to recognise that something could go seriously wrong with a supposedly foolproof model. Eventually it was recognised that herd mentality had led to the near-implosion of the banking system, but only after the event.

The MPC's maverick voice back then was David Blanchflower, who called for much tougher action to deal with the looming crisis. He got it right.

Currently, there is quite a lively debate among MPC members about what is likely to happen to the economy. Jan Vlieghe, for example, published a speech last Friday in which he envisaged the possibility of negative interest rates should growth fail to meet the Bank's expectations.

Vlieghe has doubts about whether the economy is going to have a light-switch moment. He is worried that the pandemic will continue to affect activity, either directly through restrictions affecting specific sectors or indirectly by making consumers more cautious. "It is perfectly possible that we have a short period of pent-up demand, after which demand eases back again," he said.

Haldane takes a different view, pointing to a pot of excess savings accumulated over the past year. This stands at an estimated £125bn, and according to the Bank's chief economist it could double by the end of June. The MPC's growth projections assume that only 5% of these extra savings will be spent.

"I think there is the potential for much more, perhaps even most, of this savings pool to leak into the economy, fuelling a faster recovery," Haldane said, in his article for the Daily Mail. "Why? Because people are not just desperate to get their social lives back, but also to catch up on the social lives they have lost over the past 12 months. That might mean two pub, cinema or restaurant visits a week rather than one. It might mean an expensive TV or car or house."

If Haldane is right, inflation is going to resurface as a headache for central banks much sooner than they – or the financial markets – envisage. Vlieghe said in his speech that he would prefer to keep the current monetary stimulus – 0.1% interest rates and bond buying through the Bank's quantitative easing programme_– in place until 2023-24. Even if the economy performs more strongly than the MPC collectively expects, he would not support tightening policy until well into 2022.

Financial markets have got the message. Inflation is not an imminent threat and stimulus will not be withdrawn by central banks until they are sure their economies are well clear of recession.

The IMF agrees with that approach. Its chief economic counsellor, Gita Gopinath, said in a blog last week: "The evidence from the last four decades makes it unlikely, even with the proposed fiscal package, that the United States will experience a surge in price pressures that persistently pushes inflation well above the Federal Reserve's 2% target."

Now, it is possible that the bullishness of stock markets is justified. Headline inflation rates are low and there is enough slack in labour markets caused by higher unemployment to reduce the chances of a wage-price spiral. As far as central banks and finance ministries are concerned, the risks of doing too little outweigh the risks of doing too much, which is why Rishi Sunak will be pumping more money into the UK economy a week on Wednesday, in the budget.

Yet global share prices are already at record levels after a decade-long run only briefly interrupted by the shock delivered when the pandemic arrived early last year. Much of the money created by central banks over the past 12 months has found its way into asset markets, driving up share and property valuations. Joe Biden's $1.9tn stimulus package, mentioned by Gopinath, is viewed by the financial markets as another reason to buy shares.

Now imagine that the global economy starts to motor as a result of tumbling infection rates and policy support. Central banks are supposed to remove the punch bowl before the party really starts to swing, but delay doing so. Inflation takes hold and the central banks are forced to respond anyway.

This would be the trigger for a bear market, perhaps quite a severe one. The idea that financial markets are a one-way bet because central banks can always be relied on to bail them out is groupthink pure and simple. A gentle warning, that's all.

Glossary

asset markets: the entire set of markets in which people buy and sell real and financial assets

bear market: a market in which securities or commodities are persistently declining in value.

bullishness: an inclination to believe in the most favorable outcome

coiled spring: 

dip: to plunge or immerse momentarily or partially under the surface (as of a liquid) so as to moisten, cool, or coat.

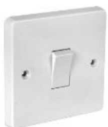
foolproof: so simple, plain, or reliable as to leave no opportunity for error, misuse, or failure

give slack: to treat (someone) in a less harsh or critical way

groupthink: a pattern of thought characterized by self-deception, forced manufacture of consent, and conformity to group values and ethics

headline inflation: a measure of inflation that is based on an unadjusted price index

herd: the undistinguished masses

light-switch: 

maverick: an independent individual who does not go along with a group or party

peddled: offered or promoted as valuable

pent-up: held or kept inside - not released

pool: a readily available supply

pot: a large amount

stimulus package: a package of economic measures a government invokes to stimulate a floundering economy

stir: a state of disturbance, agitation, or brisk activity

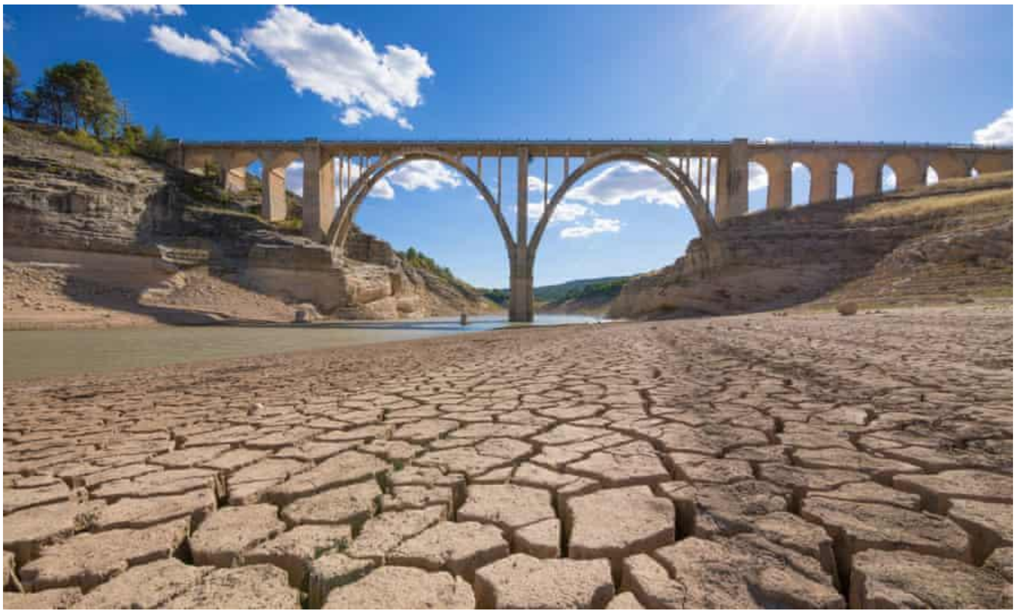
unshackled: being freed from restrictions or handicaps

wage-price spiral: the strong mutual link between wage growth and inflation

Finance ministers have to be green in today's world, says OECD head

Ángel Gurría reflects on time at helm as new generation leads institutions with power to influence governments

https://www.theguardian.com/business/2021/feb/17/finance-ministers-have-to-be-green-in-todays-world-says-oecd-head



A drought-hit Entrepenas reservoir in Guadalajara, Spain. Photograph: agefotostock/Alamy

"Finance ministers have not always been green," said Ángel Gurría, the outgoing secretary general of the Organisation for Economic Co-operation and Development, reflecting on his 15 years in charge of the club of wealthier nations. "But today, if you are not green, it probably means you died and no one told you."

The OECD occupies a powerful position, advising countries on economic policy and judging them on their performance, judgments that can sway investors and affect a country's economy. Gurría said when he took office in 2006 that environment ministers tended to be left out of important decision-making by their governments, while the finance ministers who ruled the roost spurned green concerns. "Fifteen years ago, any meeting of environment ministers was like group therapy. They used to feel so lonely, they would tell each other stories so they would not feel so much alone."

Today, international institutions that have the power to influence finance ministers are increasingly talking about climate change and other environmental crises – hence the need for them to change tack. "Finance ministers are saying the right things now, and most are putting their money where their mouth is," said Gurría. "[The climate] is no longer just a question for environment ministers – the leaders of the world have taken this up now."

As Gurría prepares to depart, a new generation of green-tinged and environmentally committed leaders – many of them women – are taking the helm at key institutions and playing a central role in ensuring governments stick to their green promises in future. They will play an important role as the world prepares for crunch climate talks at the Cop26 summit in Glasgow this November, where governments will be expected to come forward with pledges to reach net zero emissions by 2050 and plans to curb their country's greenhouse gas emissions substantially in the next 10 years.

Kristalina Georgieva took charge of the International Monetary Fund in October 2019 after a long career at the World Bank and then the European commission. She has made the climate a key priority for more than 20 years, saying last month that cutting emissions could be a source of growth for poor countries. "Building resilience can be good for nature and ecoystems; it can be good for economic growth; at a time when economies have lost low-skilled jobs, it boosts job creation; and it can bring health benefits [such as reduced air pollution]," Georgieva said.

Her immediate predecessor at the IMF, Christine Lagarde, is now president of the European Central Bank. Shortly before the UK's first lockdown took effect last spring, Lagarde came to London to help launch the Cop26 finance initiative. "Central banks need to devote greater attention to understanding the impact of climate change, including its implications for inflation dynamics," she said at the time.

Ngozi Okonjo-Iweala, a former Nigerian economy minister poised to become the next director general of the World Trade Organization, has co-chaired the Global Commission on Economy and Climate since 2014. In 2018, she said adopting low-carbon aims would put developing countries on course towards a brighter future. "Now is the time to do this, before we lock in high-carbon infrastructure. Now is the opportunity for real sustainable growth." Okonjo-Iweala is likely to prioritise climate issues in her new post at the WTO.

Odile Renaud-Basso is the first woman to head a multilateral development bank, taking over last October as president of the European Bank for Reconstruction and Development, a major investor in eastern Europe, the southern Mediterranean and central Asia. She has vowed to make climate issues and investments to reduce greenhouse gas emissions a priority.

Fatih Birol, the executive director of the International Energy Agency, has taken a key role in reshaping his institution to focus on the climate issue for more than two decades. He recently said countries must start to green their recovery from the Covid crisis as a matter of urgency: "Some countries did listen [to warnings]. They have done a good job and have followed a more sustainable path. But the majority of countries did not."

Whoever succeeds Gurría will also play a vital role in Cop26. The top four to succeed him are Mathias Cormann, a former Australian finance minister; Philipp Hildebrand, the vice-chair of the investment firm BlackRock; Anna Diamantopoulou, a former EU commissioner for employment and social affairs; and Cecilia Malmström, a former EU trade commissioner.

Gurría's advice to his successor is simple: "I am not pessimistic or optimistic – I am activistic. Pessimism leads to paralysis, optimism can lead to complacency. So just stay the course, stay with it. Let's just heed the advice of science. Science will get us there."

Glossary

be poised to: ready for

co-chair: to lead jointly

crunch: decisive

former: ex

green: make less harmful to the environment

heed: pay attention to

high-carbon: producing a lot of carbon emissions

lock in: to prevent from leaving

multilateral development bank: an international financial institution chartered by two or more countries for the purpose of encouraging economic development in poorer nations.

rule the roost: to be in charge of a household

spurn: to reject

stay the course: pursue a difficult task to the end

tack: approach

take over: to begin to do something that someone else was doing

take the helm: to take charge

tinged: coloured

vice-chair: a person who acts for and assists a chairman

Bitcoin surges through key $50,000 level in European trading

Cryptocurrency value up 75% since start of year spurred by prominent business people

https://www.theguardian.com/technology/2021/feb/16/bitcoin-surges-through-key-50000-level-in-european-trading

Bitcoin hit $50,547 on Tuesday but there are still many sceptics. Photograph: Chesnot/Getty

Bitcoin soared through the key $50,000 level on Tuesday for the first time as the growing acceptance of the world's biggest cryptocurrency among large banks and investment funds continued to draw in mainstream investors.

After a meteoric rise in which its value increased by 75% since the start of the year, the currency hit $50,547.70 (£36,320) per coin in European trading at around 12.35 GMT.

The price surge means Elon Musk's electric carmaker Tesla has piled up a virtual profit of $420m in the week since the entrepreneur said the business had bought bitcoins then worth $1.5bn. At the time of the announcement, on 8 February, bitcoin was trading at $39,406.

Only last March, bitcoin was trading at below $6,000 and in 2016 a single coin was worth less than $400.

Analysts said the increase was a combination of endorsements from prominent business people, including Musk, and several investment banks that have said they would buy the currency.

Russ Mould, investment director at AJ Bell, said bitcoin's longer-term prospects depended on whether more people embraced the cryptocurrency. "The more people that adapt it and use it as money, the greater the chances of it perhaps being taken on board as a mainstream currency," he said.

Fawad Razaqzada, market analyst with ThinkMarkets, reckons some investors will be taking profits, as the $50k milestone had been seen as a key target. Once the profit taking is over, it could soar towards $55,000.

“Bitcoin remains fundamentally supported because of growing demand as major companies warm towards cryptocurrencies. So, we may not see the repeat of the late 2017-style sell-off,” he added.

PayPal users in the US can buy and sell a selection of cryptocurrencies, while Jack Dorsey, Twitter’s co-founder and chief executive, recently said he and the rapper Jay-Z would buy 500 bitcoin – now worth £25m – to start an endowment fund for Africa and India.

Morgan Stanley has said its $150bn investment fund is looking closely at a large purchase of bitcoins, while it is understood that Goldman Sachs and JP Morgan, which have been wary of cryptocurrencies, are soon to announce investments.

As the price of bitcoin rocketed in late 2017, JP Morgan’s chief executive, Jamie Dimon, called the currency a fraud that would not end well, saying he would “fire in a second” any JP Morgan staff member trading bitcoin, because it was against the bank’s rules and was “stupid”.

More recently, however, Dimon’s views have changed, and he conceded at the end of last year that a number of “very smart people” were buying the cryptocurrency, although he said it was “not my cup of tea”.

Critics have accused bitcoin miners who search for “hidden” coins of burning through terawatts of energy on their computers and of creating an unregulated market vulnerable to sophisticated fraudsters.

There are also many sceptics who say the price boom cannot last. Last month the Bank of America Securities’ chief investment strategist, Michael Hartnett, said the recent surge in price may be “the mother of all bubbles”.

European Central Bank governing council member Gabriel Makhlouf said he would not buy bitcoin. He also compared investment in the cryptocurrency to the 17th-century Netherlands tulip craze, which ended in collapse and widespread personal bankruptcies.

Bitcoin investors should be prepared to “lose all their money”, he said, repeating a warning from last month, though he added that he is not advising people whether or not to invest in the digital currency.

“Personally, I wouldn’t put my money into it, but clearly, some people think it’s a good bet,” said Makhlouf, who is also governor of Ireland’s central bank. “Three hundred years ago, people put money into tulips because they thought it was an investment.”

Bitcoin fell back below $50,000 at the start of the Asian trading session on Wednesday and was fetching $49,322 at 5am GMT.

Glossary

bn: billion

bubble: a booming economy that could end in a sudden collapse

chief executive: is the highest-ranking executive in a company

endowment fund: a financial asset, typically held by a non-profit organization, which contains the capital investments and related earnings leveraged by the non-profit organization to fund the overall mission

fetch: to be sold for a particular amount of money

fire: dismiss (an employee) from a job

GMT: Greenwich Mean Time

milestone: a significant stage or event in the development of something

sell-off: sale of assets, typically at a low price, carried out in order to dispose of them

soar: increase rapidly above the usual level

trade: buy and sell goods and services

wary of: feeling or showing caution about possible dangers or problems

No more fomo: top firms turn to VR to liven up meetings

Companies splash out on new tech and office design to cut commuting and usher in the new dawn of post-lockdown hybrid working

https://www.theguardian.com/business/2021/feb/20/no-more-fomo-top-firms-turn-to-vr-to-liven-up-meetings

PwC staff have been using VR headsets to spice up meetings since 2017. They have just ordered a further 400 to cater for a post-pandemic hybrid working pattern. Photograph: PwC

Staff at accounting giant Pricewaterhouse Coopers have been holding meetings in odd places: the top of skyscrapers, inside swanky penthouse apartments and even luxury ski chalets. All without leaving the comfort of their own homes.

That is the new normal for a growing number of workers at PwC, which is buying thousands of virtual reality headsets to help battle Zoom fatigue and level the playing field for employees barred from entering the same room during the Covid outbreak.

It is latest example of how firms are adapting to remote working, after the Covid-19 epidemic cancelled international client meetings and consigned white-collar workers to their kitchen tables. A recent poll by recruiter Robert Half found that 89% of businesses expect hybrid working – split between home and office – to become permanent after the pandemic, prompting investment in new technology, and offices that can offer more to staff than a desk and a wifi signal.

“What’s interesting is you’ve had a bunch of technologies around to enable remote working for quite a while,” Nick South, a partner and expert in the future of work at Boston Consulting Group (BCG), said. “It took this mass shift to remote work in general for firms to say ‘Oh, actually, let’s try and apply it at scale’.”

PwC first piloted the use of VR headsets in the UK in 2017, but after the pandemic forced its 22,000 staff to work from home, it accelerated hybrid working plans. Its UK operation is already running two to three team meetings via VR each week. Over the next 18 months, it is spending

£75m to redesign offices with cafe-style meeting areas and equip staff with new tech. That will include higher grade microphones, video meeting screens, and doubling its own cache of VR headsets to 400 by the end of the year, to help remove the disadvantage of logging in from home.

“If you’re the only person on [Google] Hangouts, you’re guaranteed new elements of a ‘fear of missing out’,” PwC UK’s chief executive, Kevin Ellis, said. “Therefore, it’s really important that our meeting rooms are able to level the playing field.”

One PwC staffer recalled leading a presentation for a furniture company through its VR headsets. Held in the grand hall of a virtual conference centre, participants were able to conjure furniture designs out of thin air and allow clients to view them in real time.

“It’s really quite strange but very interesting,” Ellis said, adding that he hopes new tech will help cut down on international travel post-pandemic, and improve work-life balance by reducing commuting.

BCG’s own research found that 86% of UK workers claimed to have benefited from remote working, saying they were less distracted and had a better work-life balance.

However, 79% also experienced negative impacts, including anxiety, loneliness and increasingly blurred boundaries between home and work. There is also a risk that staff – especially those under 35 – feel less visible to bosses, and miss out on informal training by being around their peers and seniors along the way. “The thing that people have really struggled with is on-the-job learning and apprenticeship, which you do get by being side-by-side and face-to-face with colleagues,” South said.

Nicholas Bloom, British economist at Stanford University, has been researching the effects of home working for years before the pandemic hit. He strongly advises that companies offer remote working at least one or two days a week. His own surveys found that staff preferred the arrangement, and would probably demand 8% higher pay if refused. They were also more productive, which was good for the corporate bottom line.

However, Bloom advises against letting staff ditch the office entirely.

Working from home is like beer or wine – it is great in moderation but is not so great in excess. One to three days a week seems to be the sweet spot. A few firms are planning five days a week post-pandemic but I think that is risky and problematic. It is hard to innovate remotely, it is hard to maintain company culture and it can make employees feel lonely and isolated.”

Some firms such as digital bank Revolut are now overhauling offices to push more of its staff together after the Covid pandemic recedes.

The fintech firm is redesigning all 23 of its global sites – including its headquarters in London’s Canary Wharf – by halving the number of individual desks from about 2,800 to roughly 1,400 over the next few years. It will instead dedicate 70% of office space for meeting rooms and group seating, while reserving some “quiet zones” for staff.

While this will help reduce square footage in some offices, Revolut said it was not a cost-cutting exercise and would only represent “marginal savings”.

“In most cases, people are not primarily looking at [hybrid working arrangements] from a cost point of view. They’re fundamentally thinking, ‘How do we as an organisation want to work in the future’?” South said.

Earlier this month, the 335-year-old insurance market Lloyd’s of London launched a consultation into how its iconic Grade I-listed building at 1 Lime Street will be used after the pandemic.

The market – which hosted 6,000 of its 45,000 workers, brokers and underwriters on any given day before Covid – is asking how members plan to use spaces that are usually booked for meetings, training and events, as well as its cafe and wellness centre (reserved for yoga, meditation and simple medical issues) given hybrid-working plans and the “career aspirations” of their members.

Lloyd’s is also reviewing the “future purpose and role” of its physical underwriting room, which has been off limits for most of the pandemic and temporarily replaced with a digital version that helped shift more of its complex insurance negotiations online last year.

Firms that fail to consider hybrid working models not only risk losing talented workers to more progressive employers, but are also cutting themselves off from a more diverse pool of staff, who might – for example – live outside London but would consider commuting twice a week.

“The expectations are shifting quite fast, and the examples of people doing things differently are appearing all the time. So actually, [businesses] need to start doing their thinking now,” South said.

Glossary

accounting giant: a company that specializes in accounting services for clients

apprenticeship: system for training a new generation of practitioners of a trade or profession with on-the-job training

at scale: up to the size of the task

bottom line: the line at the bottom of a financial report that shows the net profit or loss

broker: a person who buys and sells foreign money, shares in companies, etc., for other people

cache: store

conjure: cause (a spirit or ghost) to appear by means of a magic ritual

fintech: computer programs and other technology used to support or enable banking and financial services

fomo: fear of missing out

footage: size or length measured in feet.

headquarter: the administrative center of an enterprise

headset: 

I-listed: If a building is listed as Grade I, this is because the site is of exceptional national, architectural or historical importance

insurance: financial hedge

off-limits: If an area of land is off-limits, you are not allowed to enter it

overhaul: a thorough examination of machinery or a system, with repairs or changes made if necessary

penthouse: an expensive apartment or set of rooms at the top of a hotel or tall building

recruiter: a person whose job is to enlist or enrol people as employees

splash out: to spend money freely

staffer: a member of the staff

swanky: very expensive and fashionable

sweet spot: Any set of conditions that is optimal for obtaining a certain desirable effect or result

underwriter: a person or company that underwrites an insurance risk.

usher: to show someone where to go or where to sit

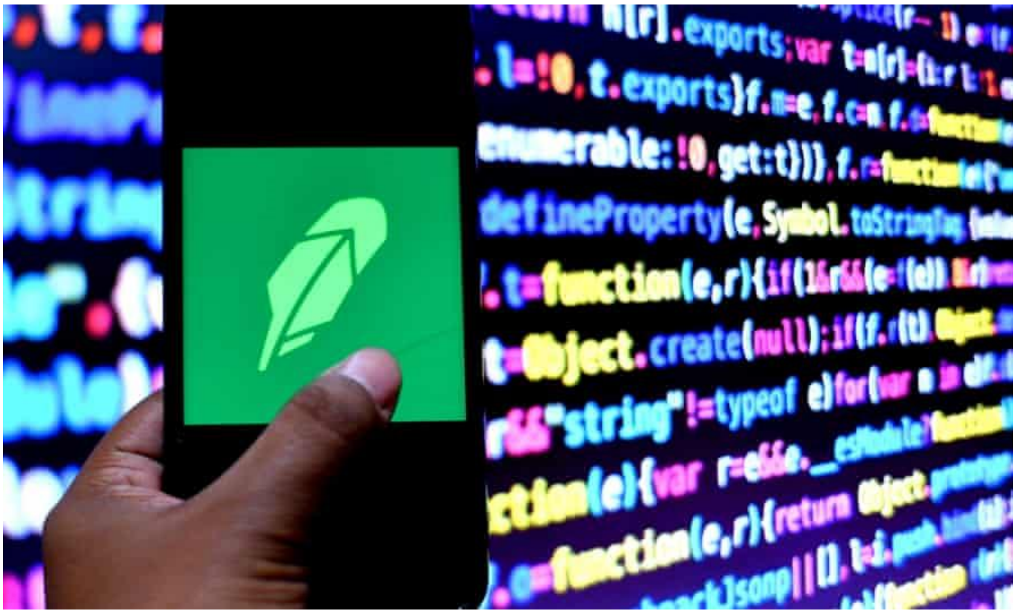
VR: virtual reality

white-collar workers: worker belongs to a class of employees known for earning higher average salaries doing highly skilled work, but not by performing manual labor at their jobs

Why the GameStop affair is a perfect example of 'platform populism'

Like Uber, Airbnb or WeWork, the Robinhood brokerage app offers only an illusion of democracy

https://www.theguardian.com/commentisfree/2021/feb/03/gamestop-platform-populism-uber-airbnb-wework-robinhood-democracy



'Robinhood doesn't fashion itself as just another boring and utterly forgettable brokerage firm from Wall Street.' Photograph: Avishek Das/SOPA Images/Rex/Shutterstock

The GameStop saga, for all the havoc it has caused to the global markets, is not just a tale of idealistic individual investors humiliating a bunch of arrogant hedge funds – even if the tides turned on Tuesday, with a plunge in GameStop's shares. For one, it feels like an unannounced sequel to the 6 January riots on Capitol Hill: both have featured a horde of angry, foul-mouthed social media addicts laying siege to the most sacred institutions of the deeply despised establishment.

However, while the Washington rioters were universally condemned, those leading the virtual crusade on Wall Street have fared much better. Having defended the stocks of musty, struggling companies against greedy hedge funds, they have garnered some sympathy across the political aisle.

The main lesson of the two riots, for the digital counterculture at least, seems clear. Today, the true shamans of the anti-establishment rebellion ought to master the arts of trading stock options and derivatives, not those of climbing walls and waving Confederate flags. The revolution may be livestreamed, tweeted and televised – but it's probably still a good idea to back up that Excel spreadsheet.

That the GameStop crusade seems dignified is partly a function of the hedge fund industry's rather controversial – to put it mildly – reputation. There is, however, another, less obvious reason for its acclaim in the public sphere: many of us are enchanted by the rhetoric of "democratisation" that has accompanied the rise of cheap online brokerage platforms.

One such platform – Robinhood – has provided the crucial digital infrastructure behind the GameStop rebellion, allowing ordinary people to buy shares in companies for small amounts of cash on their phones. Its own mission, repeated by its founders almost ad nauseam over the past few years, has been to "democratise finance."

At first, it may seem just a natural outgrowth of the lofty mission embraced by index funds like Vanguard in the early 1970s. Back then, the idea was to create safe financial instruments that would make it trivially easy – and cheap – for ordinary people to invest into the stock market without having to accumulate much insider knowledge or expertise.

Robinhood, however, doesn't fashion itself as just another boring and utterly forgettable brokerage firm from Wall Street. Rather, it wants to be seen as a revolutionary, disruptive force out of Silicon Valley. Being seen as just such a digital platform does wonders to one's valuation: the benchmark being Amazon, not some unknown mutual fund.

Robinhood's rhetoric of democratisation is thus to be seen in a somewhat different light. Its heritage points towards the likes of Uber, Airbnb, and WeWork rather than Vanguard or BlackRock. All these digital firms promised to "democratise" one thing or another – transportation, accommodation, office space – and to do it fast.

Soon, this nascent industry, with its sweet promise of democracy as a service, couldn't quite contain itself: the global quest for democratising dog walking, babysitting, juice making and laundry-folding was on. This was pursued with the help of venture capitalists and various institutional investors who, squeezed by the low-interest rate legacy of the global financial crisis, were increasingly out of ideas on where to park their money.

This, however, wasn't the whole story: the drive to democratise everything was also fuelled by such unflinching beacons of liberal democracy as the government of Saudi Arabia. By partnering with Japan's SoftBank, it bankrolled this myth, pouring billions into the likes of Uber and WeWork.

This huge influx of money, combined with genuinely new business models that rendered certain previously chargeable services nominally free, created an illusion of progress and social mobility. Many digital platforms were either heavily subsidised by their deep-pocketed backers or charged nothing at all; the lost revenue was to be made up by monetising more advanced related services and user data.

The inevitable process of "democratisation" touted by all the platforms as evidence of their own socially progressive nature, was often the result of simple arithmetic. In cases like WeWork, the maths did not even add up. Whether Robinhood, which has now raised an extra $3.4bn, will be luckier remains to be seen.

For most of these companies, the sweet promises of "democratisation" have made such maths irrelevant, at least in the short term. This explains how the tech industry has emerged as the leading purveyor of populism around the globe.

This may seem an overstatement. While we tend to reserve the dreaded P word for the Bannons, the Orbáns and the Erdoğans of this world, can we think of Bezos or Zuckerberg – and the stock-trading Robinhood army – in those terms?

We can and we should. With everyone's eyes fixed on Trump-style populism – primitive, toxic, nativist – we have completely missed the platforms' role in the emergence of another, rather distinct type of populism: sophisticated, cosmopolitan, urbane. Originating in Silicon Valley, this "platform populism" has advanced by disrupting hidden, reactionary forces that stand in the way of progress and "democratisation" – all by unleashing the powers of digital technologies.

Platform populism is propelled by the almost conspiratorial insistence that the world isn't what it seems. The incumbent firms – taxis, hotels, hedge funds – have changed the rules of the game in such a way as to favour their own interests. Only by disrupting them can one hope to harvest all the benefits made possible by digital technologies. To that end, the platforms promise to unleash the forces of capitalism in order to civilise these savage remnants of the earlier, pre-digital civilisation.

Much of the rigidity of the pre-digital incumbents is a result of the regulations imposed by democratic (even if capitalist) states. However, in the topsy-turvy universe of platform populism, resisting democratic regulations by subjecting them to the sustained economic pressure of capitalist competition is incontrovertible evidence of "democratisation". Hence the resistance from some of them to legislation designed to get them to treat their gig economy workers as actual employees.

That much in the rhetoric of platform populism is fake and that its ultimate winners will be the likes of SoftBank and Saudi Arabia doesn't matter either. Platform populism, featuring no coherent political ideology of its own, is all about process, not outcomes. The goal is to prove that, for all the machinations of government bureaucrats with their pesky regulations, our individual agency is still alive and kicking. It's definitely not to deploy that agency to accomplish any particular long-term political agenda.

Thus, many of the angry crusaders taking on the hedge fund industry are certainly aware that their own gains are temporary and fleeting. But who could deny them the pleasure of reaffirming their own agency by "sticking it to the man", all while knowing that the only long-term gains of this process would accrue to other hedge funds and asset managers, such as BlackRock, which is estimated to have made billions on the GamesStop rush? Far from deepening democracy, platform populism turns into a farcical – yet highly profitable – theatre performance.

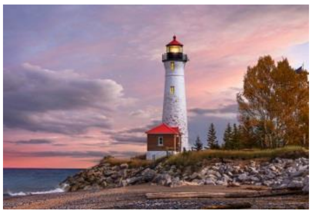
Glossary

accrue: to increase in number or amount over a period of time

alive and kicking: healthy and active

anti-establishment: a view or belief that stands in opposition to the conventional social, political, and economic principles of a society

back up: to store information separately from the computer

bankroll: to support a person or activity financially beacon: 

benchmark: standard

brokerage: the activity of buying and selling foreign money, shares in companies, etc. for other people, or the money that is charged for doing this

chargeable: to be paid for

crusade: a remedial enterprise undertaken with zeal and enthusiasm

derivatives: derivatives are securities that derive their value from an underlying asset or benchmark. Common derivatives include futures contracts, forwards, options, and swaps

fare: to progress or to be in a particular condition

foul-mouthed: using offensive language

garner: to collect something

gig economy: a way of working that is based on people having temporary jobs or doing separate pieces of work, each paid separately, rather than working for an employer

havoc: widespread destruction

hedge funds: Hedge funds are financial partnerships that use pooled funds and employ different strategies to earn active returns for their investors. These funds may be managed aggressively or make use of derivatives and leverage to generate higher returns

incumbent: the person who has or had a particular official position

index funds: An index fund is an investment that tracks a market index, typically made up of stocks or bonds

lofty: endowed with high moral value

musty: smelling unpleasantly old and slightly wet

options: A stock option gives an investor the right, but not the obligation, to buy or sell a stock at an agreed upon price and date

outgrowth: a result or development

overstatement: the act of describing or explaining something in a way that makes it seem more important or more serious than it really is

P word: populist

pesky: annoying or causing trouble

plunge: fall

purveyor: a business that provides goods or services

revenue: the income that a business or government receives regularly

siege: a persistent or serious attack

spreadsheet: a computer program, used especially in business, that allows you to do financial calculations and plans

stock market: The stock market refers to the collection of markets and exchanges where regular activities of buying, selling, and issuance of shares of publicly-held companies take place

stock: the amount of money that a company has through selling shares to people:

subsidised: partly paid for by the government or an organisation

the tides turned: used to say that someone's luck is changed

topsy-turvy: confused, not well organized, or giving importance to unexpected things

tout: praise

urbane: (especially of a man) confident, comfortable, and polite in social situations

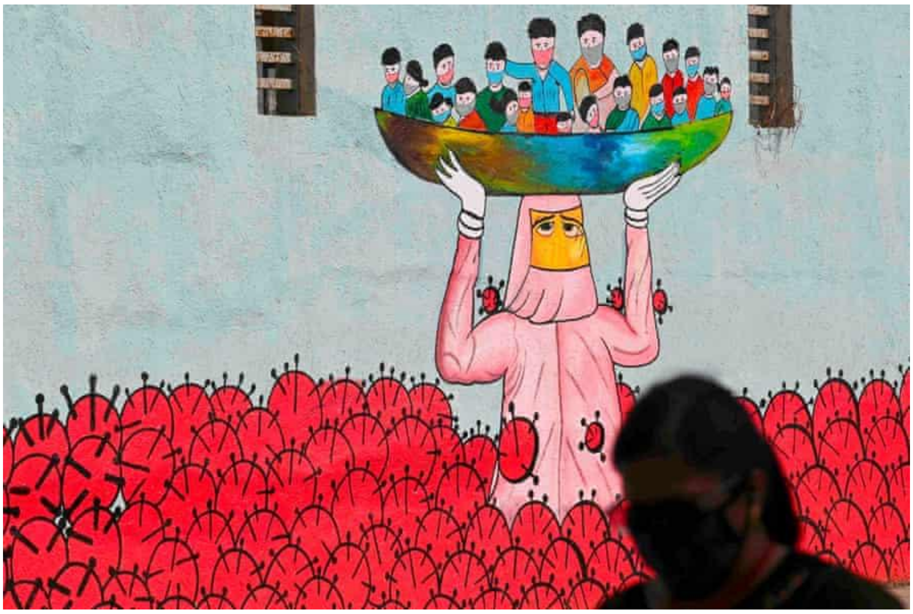
utterly: completely

venture capitalists: A venture capitalist (VC) is a private equity investor that provides capital to companies exhibiting high growth potential in exchange for an equity stake

The world faces a pandemic of human rights abuses in the wake of Covid-19

The virus has been used as a pretext in many countries to crush dissent, criminalise freedoms and silence reporting

https://www.theguardian.com/global-development/2021/feb/22/world-faces-pandemic-human-rights-abuses-covid-19-antonio-guterres



A pedestrian walks past a wall mural depicting a mother saving children from a sea of coronavirus, in Mumbai, India. Photograph: Indranil Mukherjee/AFP/Getty Images

From the onset of the Covid-19 pandemic almost one year ago, it was clear that our world faced far more than a public health emergency. The biggest international crisis in generations quickly morphed into an economic and social crisis. One year on, another stark fact is tragically evident: our world is facing a pandemic of human rights abuses.

Covid-19 has deepened preexisting divides, vulnerabilities and inequalities, and opened up new fractures, including faultlines in human rights. The pandemic has revealed the interconnectedness of our human family – and of the full spectrum of human rights: civil, cultural, economic, political and social. When any one of these rights is under attack, others are at risk.

The virus has thrived because poverty, discrimination, the destruction of our natural environment and other human rights failures have created enormous fragilities in our societies. The lives of hundreds of millions of families have been turned upside down – with lost jobs, crushing debt and steep falls in income.

Frontline workers, people with disabilities, older people, women, girls and minorities have been especially hard hit. In a matter of months, progress on gender equality has been set back decades. Most essential frontline workers are women, and in many countries are often from racially and ethnically marginalised groups.

Most of the increased burden of care in the home is taken on by women. Violence against women and girls in all forms has rocketed, from online abuse to domestic violence, trafficking, sexual exploitation and child marriage.

Extreme poverty is rising for the first time in decades. Young people are struggling, out of school and often with limited access to technology.

The latest moral outrage is the failure to ensure equity in vaccination efforts. Just 10 countries have administered more than 75% of all Covid-19 vaccines. Meanwhile, more than 130 countries have not received a single dose.

If the virus is allowed to spread like wildfire in parts of the global south, it will mutate again and again. New variants could become more transmissible, more deadly and potentially threaten the effectiveness of current vaccines and diagnostics. This could prolong the pandemic significantly, enabling the virus to come back to plague the global north – and delay the world's economic recovery.

The virus is also infecting political and civil rights, and further shrinking civic space. Using the pandemic as a pretext, authorities in some countries have deployed heavy-handed security responses and emergency measures to crush dissent, criminalise basic freedoms, silence independent reporting and restrict the activities of nongovernmental organisations.

Human rights defenders, journalists, lawyers, political activists – even medical professionals – have been detained, prosecuted and subjected to intimidation and surveillance for criticising government responses to the pandemic. Pandemic-related restrictions have been used to subvert electoral processes and weaken opposition voices.

At times, access to life-saving Covid-19 information has been concealed while deadly misinformation has been amplified – even by those in power.

Extremists – including white supremacists and neo-Nazis – have exploited the pandemic to boost their ranks through social polarisation and political and cultural manipulation.

The pandemic has also made peace efforts more difficult, constraining the ability to conduct negotiations, exacerbating humanitarian needs and undermining progress on other conflict-related human rights challenges.

Covid-19 has reinforced two fundamental truths about human rights. First, human rights violations harm us all. Second, human rights are universal and protect us all.

An effective response to the pandemic must be based on solidarity and cooperation. Divisive approaches, authoritarianism and nationalism make no sense against a global threat. With the pandemic shining a spotlight on human rights, recovery provides an opportunity to generate <u>momentum</u> for transformation. To succeed, our approaches must have a human rights lens.

The sustainable development goals – which are underpinned by human rights – provide the framework for more inclusive and sustainable economies and societies, including the imperative of healthcare for everyone.

The recovery must also respect the rights of future generations, enhancing climate action to achieve carbon neutrality by 2050 and protecting biodiversity. My Call to Action for Human Rights spells out the central role of human rights in crisis response, gender equality, public participation, climate justice and sustainable development.

This is not a time to neglect human rights; it is a time when, more than ever, human rights are needed to navigate this crisis in a way that will allow us to zero in on achieving inclusive and sustainable development and lasting peace.

We are all in this together. The virus threatens everyone. Human rights uplift everyone. By respecting human rights in this time of crisis, we will build more effective and equitable solutions for the emergency of today and the recovery for tomorrow.

I am convinced it is possible – if we are determined and work together.

Glossary

morph: turn

faultline: a divisive issue or difference of opinion that is likely to have serious consequences

income: money received, especially on a regular basis, for work or through investments.

momentum: impetus

carbon neutrality: carbon neutrality means having a balance between emitting carbon and absorbing carbon from the atmosphere

spell out: say or explain something very clearly and simply

zero in on: focus one's attention

equitable: fair and impartial

Online Resources:

www.investopedia.com

https://dictionary.cambridge.org/

https://www.merriam-webster.com/

https://www.wordreference.com/