

# FINANCIAL TIMES

'Without fear and without favour'

WEDNESDAY 23 MARCH 2022

# The Kremlin's assault on Navalny and the truth

New sentence suggests Moscow's inner circle fears its support is brittle

Russia has versions of various western TV shows, but the courtroom genre would be particularly tricky to adapt to a country where big trials are always a foregone conclusion. There was never any doubt Alexei Navalny would be found guilty of new charges of stealing Rbs356mn (\$4.7mn) of donations to his own anti-corruption foundation even while he was already in prison for alleged parole violations. Only the length of his sentence was in question. Nine years was less than the 13 that prosecutors sought, but no less disgraceful for that. It threatens to silence one of the most vocal critics of Vladimir Putin and his war against Ukraine amid an intensifying crackdown on dissent.

Navalny has demonstrated extraordinary courage. The activist survived an attempted assassination with a highly toxic nerve agent that left him in a coma and having to be airlifted to Germany. He then helped to investigate his own poisoning and duped the secret service agent allegedly responsible into describing the hit in a phone call that Navalny then published. He returned to Russia despite facing likely arrest for missing parole hearings while convalescing in Germany linked to earlier bogus corruption charges. In adding new accusations to extend his existing two and a half year prison term, the authorities followed the model used with Mikhail Khodorkovsky, the oligarch who clashed with Putin in the 2000s. Just as Khodorkovsky's oil company was destroyed, Moscow has banned Navalny's foundation for "extremism", prompting dozens of his supporters to flee Russia.

The determined efforts to muzzle Navalny demonstrate just what an irritant to the Kremlin his exposés of the lavish wealth of Russia's ruling circle had become. His video of a billiondollar Black Sea palace allegedly built for Putin, complete with casino, skating rink and vineyard, has notched up almost 123mn views (Russia's president has denied any connection to the building). Within weeks of its release, the independent pollster Levada reckoned a quarter of Russians had watched it.

Hours before Navalny's sentencing, his team tweeted photographs of a luxury yacht they admitted was only "rumoured" to be Putin's, but whose crew list allegedly consists almost entirely of Russians from the Federal Protection Service that guards the president and top officials. Work by Navalny's team has provided a trove of data being used to help target western sanctions on Moscow's inner circle.

Navalny has continued to post messages on social media via his lawyers even from a penal colony. But associates worry the new sentence, in a maximum-security prison, will isolate him from the outside world as Moscow bolsters its information monopoly. For all the impact of Navalny's probes, the state-owned pollster VTsIOM said this month that 71 per cent of Russians supported the Kremlin's "special military operation" in Ukraine. Though results in such a repressive climate probably overstate the reality, they still demonstrate the power of Moscow's propaganda and nationalist narrative.

Yet the energy with which Moscow has pursued its critic suggests it worries its support is brittle and could crack. Navalny may now be less able to continue his campaigning and faces a new battle to preserve his health and safety in the ruthless surroundings of a high-security facility. But he announced yesterday his foundation would become an international organisation that would "fight until we win". Inspired by his example, others will continue the work of holding an ever more dangerous Kremlin to account.

# Russia's war threatens millions with hunger

The poorest must be protected against the impact of rising food costs

Russia's army is attempting to starve the people of Mariupol into submission in an act of barbarity that almost certainly constitutes a war crime. But the knock-on effects of Vladimir Putin's invasion of Ukraine threaten hunger, even starvation, for millions of people beyond the immediate theatre of war.

Russia and Ukraine are major food producers, accounting for roughly 30 per cent of global exports of wheat and barley. Russia alone exports 15 per cent of global fertiliser, while Belarus, also under sanctions, is an important producer of potash, crucial for growing soyabeans that in turn go into animal feed. If farmers around the world use less fertiliser, next year's harvests in Brazil, Argentina and other agricultural powerhouses could collapse.

Ukraine's wheat exports are being blockaded by Russian ships. Ukrainian farmers don't have seeds or fuel for their tractors. Grain prices are a third higher than when the war began and two-thirds above where they were a year ago.

For people in the rich world, the coming food shock will put further upward pressure on grocery bills already affected by the highest inflation in decades. For poorer countries, engulfed by the economic consequences of Covid, higher food prices may spell catastrophe.

Millions of people in countries affected by conflict – including Yemen, Ethiopia and South Sudan - are teetering on the brink of famine. Food importers from India to Indonesia face higher bills. Egypt subsidises bread, a staple, for 70mn people, a huge drain on the exchequer. Leaders of other countries in a similar fix will remember the kind of social unrest, including the Arab uprising, that can follow rising food prices.

Given how badly the world has done in distributing vaccines equitably, the omens for how it will deal with a food crisis are not good. The chronically underfunded World Food Programme says rising costs mean it will have to cut rations for millions of people, reallocating food from the merely hungry to the outright starving.

The quickest remedy would, of course, be to end the war in Ukraine. In the longer term, the world should reduce its reliance on Russian food and fertiliser. It should invest more in raising agricultural yields in Africa, which still has plenty of underutilised arable land, and cut down on scandalous food waste in the developed world.

In the short term, there is a clear case for richer countries to increase funding. Sanctions against Russia are entirely justified but richer countries must cushion the blow for poorer ones caught in the crossfire.

One possibility is to look again at the reallocation of Special Drawing Rights, effectively free money, \$650bn of which was created within the IMF last year as part of the global pandemic response. Most of it went to rich countries while plans to on-lend a portion to poorer nations have got bogged down.

Individual countries remain free to donate allocations. They should consider doing so. Some mechanism could surely be found to use SDRs more generally to help countries with their balance of payments problems. If that proves impossible, the IMF will need to find emergency resources to help the most vulnerable nations meet their rising food bill.

In the modern era, famines are almost always man-made. Amartya Sen, the Nobel economist, said they could not happen in a democracy because of the free flow of information and the consequent public outrage. But democracy is ever more under attack. Putin is the latest aggressor. Unless he is stopped, hunger will follow.

# Letters

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# UK regulator should be more welcoming to crypto groups

Regarding your story "UK watchdog leaves groups in limbo as key deadline looms" (Report, March 18) my firm has been advising fintechs on these (and other) applications for a long

The applications from crypto groups are to be registered by the Financial Conduct Authority for anti-money laundering purposes only. Registered firms aren't FCA supervised or regulated as such. But this is often misunderstood, with consumers and some applicants seeing registration as much more than it really is. This is a shame because it creates a false impression. There are things that

applicants can do to help themselves get through this regulation roadblock and the better advised firms do.

But too many are desperate to get their applications in and the quality of application suffers as a result. Poor quality applications almost always generate unnecessary delays - and, sometimes, avoidable withdrawal and rejections too.

The FCA does invite firms to withdraw applications it is unwilling to grant. It has always done this, and applicants usually comply. This is because it's seen as better to withdraw an application than to have it rejected because of the potential prejudice that

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a rejection can create, including with the FCA and other regulators, customers, banking partners and others. Withdrawals also occur because of the risk of adverse public relations.

Many will therefore be surprised to see the denials in the article that these things happen — when they obviously do. It is also true that while many applicants start with a desire to be in the UK and FCA-registered — because they want to do, and to be seen to be doing, the right thing from a legal and regulatory perspective – a material proportion of actual and potential applicants go to other jurisdictions. This is at least in part because the FCA

makes things unnecessarily difficult. For example, the FCA asks for a lot of information, using forms and systems that are anything but intuitive or user friendly; and despite the comments in the article it often asks for things that have already been supplied and are accepted when resubmitted.

This isn't good for the UK either, because the same firms do business with UK customers from outside the UK, but with little or no UK regulatory oversight. Something else the FCA will come to regret in time. **Chris Finney** 

Partner, Fox Williams Solicitors London EC2, UK

### Fed's postwar yield curve controls may need reviving

In an excellent article highlighting the analogue between the current US economic situation and the 1940s (Markets Insight, March 22), it seems a bit odd that Scott Minerd describes the Federal Reserve's actions in that earlier period as one of policy "orthodoxy".

From the point at which the US entered the second world war until 1951, the Fed pinned the yield curve in an upward-sloping shape through open-market purchases.

During the inflationary postwar period, real yields fell into deeply negative territory, and the real value of the US national debt fell considerably. The Fed finally wriggled out of yield curve control in 1951.

One wonders, particularly with a large fiscal deficit, a high national debt and a rapidly-flattening yield curve alongside an overall rise in nominal bond yields, whether we may at some point see a return to this old wartime measure if the fiscal position of the US federal government comes under pressure. Perhaps doing something for a second time qualifies it as orthodoxy. **Charles Crowson** London W9, UK

### Lancashire cotton workers saw value in globalisation

May I answer the two questions posed by Professor Paul Hallwood (Letters, March 19)? First, did wars outside the British empire disrupt the UK economy in earlier centuries? Oh yes, they did! One example is the Lancashire Cotton Famine that resulted from the American Civil War of 1861 to 1865. Hundreds of thousands of British cotton workers were reduced to penury and starvation but came out firmly in support of the war against slavery.

Second, is a loss of economic stability (in terms of supply chain exposure) worth the benefit of foreign imports? Again the answer is yes. Adolf Hitler enthusiastically prioritised stability (in this sense) over trade. The experiment was not successful.

Globalisation is a good thing. It brings prosperity and promotes peace. However, if there is a choice between trade and slavery we must follow the example of the "Working-men of Manchester" in their address to President Abraham Lincoln on December 31, 1862 and "reject that foul blot on civilisation and Christianity". That is why we must support the valiant people of Ukraine.

Jan Karpinski Shepton Mallet, Somerset, UK

### Surprising position to take for an economics professor

Professor Paul Hallwood ("Nexus of globalisation and war is subject for a thesis", Letters, FT Weekend, March 19) casts doubt on "the benefit of accessing cheap foreign goods" if this comes at the cost of domestic economic insecurity. He points out the vulnerability of cross-border supply chains to war and "other types of global disruption".

While it clearly makes sense to increase resilience, his more radical conclusion is that countries should rely less on foreign trade and become more self-sufficient.

This is a surprising position for an economics professor to adopt, since buoyant world trade has long been associated with growing international prosperity, in accordance with the laws of comparative and absolute advantage.

Rather than having less trade, my preference would be fewer wars.

As to his disdain for "cheap foreign goods", this patrician outlook seems unlikely to be shared by compatriots of more modest means.

John Boothman St Lawrence, Jersey

### China's communist cadres miss the obvious lesson

China's communist party cadres are no doubt learning lessons from Russia's disastrous foray into Ukraine, but they seem blind to the most obvious lesson of all: do not surrender all power to a single individual ("Xi warns Biden against sanctions", Report, March 19). **Edmond McGovern** Wezembeek-Oppem, Belgium

### at inevitability of conflict The recent article by Maria Stepanova

A defence attaché despairs

"The war of Putin's imagination" (Life & Arts, FT Weekend, March 19) was exemplary. However, one jarring note was the unfounded notion that no one expected this aggression from the Kremlin.

I served as the UK's defence attaché in Moscow for five years, 2011-2016, during which time this long, dark march to war was obvious, the path to conflict lit by the many pronouncements emanating from the dark red walls of Vladimir Putin's palace.

We reported the inevitability of conflict in detail, regularly and with the despair of Cassandra. One of the earliest reports opened with a line from Sherlock Holmes, whose statue stands outside the British Embassy wall: "There's an east wind coming all the same, such a wind as never blew on England yet. It will be cold and bitter, Watson, and a good many of us may wither before its blast."

The evidence of Putin's chosen path was never concealed. His many declarations were meant to be heard and understood: the colossal rearmament programme, the demand for more complex, more lethal weaponry; the militarisation of society; the distortion and seizure of the popular narrative; domination of education, the media and the courts to exclude contrasting views and, ultimately, the alienation and destruction of those among the Russian people who understood the folly of his declared ambition.

The list is remorseless, the consequences could not be ignored. But they were.

It was not until I returned to the UK on the eve of our withdrawal from the EU, a manoeuvre which greatly emboldened those in Moscow, that I understood how our society had changed in the years I was serving overseas.

All was subjugated to the City, all served the interests of our lucrative status as a safe haven for corrupt, and corrupting, wealth. The values we were demanding of other nations had long since faded from our own actions.

I despair at the decisions Putin has taken, but even more at the prospect of finding credible leadership at home in the UK among those who have compromised so long with his regime and the wealth it offered.

Carl Scott Air Commodore (Retired) Oakham, Rutland, UK

### Funding Venezuela regime is foolish and avoidable

Gideon Long (Report, March 9) discusses the renewal of talks between the US and the Venezuelan regime, and provides a reminder of the dangers involved. Any conversation with Caracas risks strengthening Nicolás Maduro and sidelines Juan Guaidó and his claims to be president of Venezuela.

Funding Venezuela through purchasing oil is a "buy now, pay worse later" tactic. Doing business with an autocratic regime with close ties to Russia will only bolster the regime.

History must not be repeated by mistakenly investing in a US adversary. The most egregious example is when the US financed the mujahideen during its fight against the Soviet occupation of Afghanistan. This created conditions for the Taliban and al-Qaeda to emerge.

While Venezuela has the world's largest oil reserves, it would require billions of dollars of investment to increase production after the output collapse in recent years.

Funding a regime whose ideologies are the ones we are fighting against is the equivalent of shooting oneself in the foot – foolish and avoidable. **Martina Castellanos** New York, NY, US

### Salutation is one thing, but don't forget the valediction

Pilita Clark was right to notice the decline of the salutation in current forms of communication (Business Life, March 21). However, she failed to mention an equally vexing problem: how to sign off. Despite this oversight, it is with the greatest respect, Madam, that I remain your humble, sincere and obedient servant.

**Paul Drexler** Seattle, WA, US

## Landing at Heathrow gives lie to Global Britain claims

I landed from New York this morning at Heathrow Terminal 5 to find an hour-long immigration queue for UK and EU citizens despite the end of Covid restrictions. For all others the queue was far worse.

At peak arrival time I counted 15 unmanned desks. The officer in charge said the Home Office would not provide enough staff and handed me a complaint form. So this is Global Britain ("Global Britain' sets its sights on military heft", Report, January 26). Sir David Bell London N1, UK

# Leftist Mélenchon France's apple cart

# **Paris** Notebook

by Victor Mallet



It was vintage Jean-Luc Mélenchon. When the French far-left presidential candidate started to leave the stage by the wrong exit after a live television interview to make way for his farright rival Eric Zemmour, he quickly turned round and said, "There's Zemmour that way, he's going to bite me" as he disappeared from view.

As well as provoking laughs from an audience weary of nearly three hours of political grandstanding, the quip underlined Mélenchon's transgressive appeal. He might yet surprise the pollsters and win enough votes in the election's first round on April 10 to face President Emmanuel Macron in the second two weeks later.

He has political form. In the 2017 election, he won nearly 20 per cent of the first-round ballots, compared with 24 per cent for Macron, 21 per cent for the far-right leader Marine Le Pen and just over 20 per cent for the conservative François Fillon.

This time, he has risen steadily in the polls for the past month, eclipsing the provocative rightist Zemmour and the conservative Valérie Pécresse to reach third place with about 13 per cent of first-round voting intentions four or five points behind Le Pen, but far below Macron on 30 per cent.

France, where the 1789 revolution is bloodily remembered in the national anthem "La Marseillaise", is one of the few big western democracies where a politician can emerge as a mainstream candidate for high office with such radical leftwing views.

And unashamedly radical they are.

Mélenchon's manifesto includes plans to guarantee jobs for all, cancel public sector debt, cut the retirement age from 62 to 60, reverse the privatisation of infrastructure, sharply increase taxes on the rich and seize inheritances of more than €12mn, ban factory farming, pull out of Nato, liberalise immigration and legalise cannabis under a state monopoly.

Investors, French and foreign, are appalled by ideas they see as unworkable and likely to trigger capital flight, but many voters like them and their promise of rupture, a complete break with the established system.

Yet the Russian invasion of Ukraine has exposed some of the flaws in Mélenchon's world view. His decision to dedicate his big election rally in Paris on Sunday to "the resistance of the Ukrainian people" could not erase memories of his many previous expressions of support for Vladimir Putin's Russia, including assertions that Moscow was no threat to peace, was a reliable partner unlike the US, and would not invade Ukraine.

Mélenchon, who abandoned the Socialist party in 2008 because he saw it as too tame, and went on to found La France Insoumise (France Unbowed), is also notoriously thinskinned. He was mocked for his pomposity after the last election when he reacted to police raids on his home and the party's offices over allegations about campaign finance and misuse of European Parliament funds by declaring "My person is sacred, I'm a

member of parliament" and "You're police officers of the republic, but I am the republic". He has gradually recovered from that incident to mount what is expected to be his last presidential campaign. Aged 70 -Macron is 44 — the far-left candidate has nevertheless managed to attract younger voters with his mix of radical policies and innovative methods. Like Narendra Modi in India, he pioneered the use of holograms of himself in his campaigning. In January he held an "immersive" and "olfactory" rally in Nantes complete with 360-degree video images and scents injected into the auditorium.

If Mélenchon qualifies for the second round - excluding Le Pen and preventing a repeat of the Macron-Le Pen contest of five years ago - it will be thanks to his sustained run since last year as the most popular candidate on the left. That gives him status as "the useful vote" for leftwing voters who want to unite behind their best prospect, given that the others -Yannick Jadot of the Greens, Fabien Roussel of the Communist party and Anne Hidalgo for the Socialists — are languishing in the polls with 5 per cent or less of first-round voting intentions.

The recent polls, Mélenchon told a news conference this month, showed the chance of a "more honourable, more classical" clash between left and right than another Macron-Le Pen contest. "It holds out the possibility of a huge event," he said.

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# aims to upset