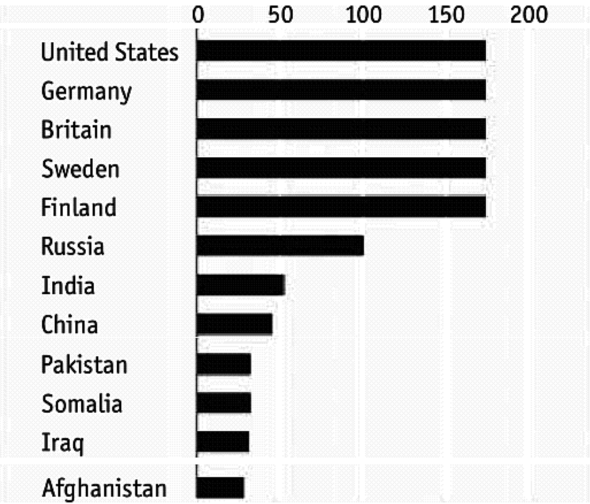
Open doors, for some

2

Number of countries that can be visited without a visa, by citizens of:
Selected countries, 2014



Source: Henley & Partners

hours in the sweltering heat outside the American consulate. After the job was handed to the contractor, the typical waiting time fell to one hour. However, applicants still have no choice but to submit to whatever petty demands contractors make—such as, say, banning them from using mobile phones while they sit waiting for their appointments. If the staff are rude, the queues are badly managed or the "extras" extravagantly priced, travellers can hardly take their business elsewhere.

The application-processing firms are profiting both from travellers' lack of choice and from governments' failure to consider the economic damage caused by their visa requirements. There is scant evidence that making all travellers submit the same documents every time they want to travel, or provide extensive financial details, protects countries from terrorists or illegal immigrants. In contrast, there is evidence of how liberal visa regimes bring in the bucks. A report in 2014 from the European Parliament, "A Smarter Visa Policy for Economic Growth", estimated that over-strict visa rules probably cost the EU economy 250,000 jobs and €12.6 billion ($13.8 billion) a year in lost output. It recommended requiring fewer documents from applicants, handing out longer visas and simplifying the whole process.

Since Britain is not part of the Schengen group, Chinese people taking a tour of Europe have to apply for a second visa to cross the Channel. Only 6% of them do so, says Euromonitor, a research firm. The British Tourist Authority has complained that the country's visa policies cost it £2.8 billion ($4.1 billion) a year in lost revenue.

However, amid worries about the wave of asylum-seekers from Syria and elsewhere, governments in Europe and beyond will face pressure to keep making life hard for tourists and business travellers—

even as other departments of those same governments spend heavily on promoting tourism and foreign investment. ■

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Activists and resources companies

Icahn, you can't

Swashbucklers of the commodities boom meet their match

"PEOPLE call us pioneers. Well...some people say pioneers end up with arrows in their back." So James "Jim Bob" Moffett, one of the great wildcatters of the past half-century, presaged his fate in 2012. On December 28th Freeport-McMoRan, the firm he founded and built into a global mining and oil giant, said he was stepping aside as executive chairman.

He seems to be the latest casualty of the "Icahn effect", the toppling of larger-than-life entrepreneurs of the commodities boom after Carl Icahn, a veteran activist investor, buys stakes in their firms and seeks to shift their focus to cost-cutting. Though Mr Moffett, a geologist, found one of the world's largest copper and gold mines, Grasberg, in the mountains of Indonesia, in 1988, his costly pursuit of the appropriately named Davy Jones gasfield in the Gulf of Mexico, as well as controversial takeovers, upset many shareholders. So did a 70% drop in Freeport's share price during 2015.

Since it invested in Freeport in August, Mr Icahn's firm has acquired two seats on the board, and the miner has halted the dividend and shrunk operations to stabilise its debt. Mr Icahn has not commented on Mr Moffett's removal, but the defenestration fits a pattern.

In mid-December Mr Icahn increased his stake in Cheniere Energy, which is preparing to export the first-ever shipment of liquefied natural gas (LNG) from America's lower-48 states. After he did so, Cheniere's board pushed out Charif Souki, its co-founder and chief executive, because it opposed his strategy of betting even bigger on LNG, despite a global glut. Acknowledging the changing times, Mr Souki displayed no hard feelings: "Am I the best person to manage a quasi-utility? I'm a builder, not a cost-cutter," he told *Forbes* magazine.

Two years earlier one of the biggest mavericks of the shale boom, Aubrey McClendon, also came a cropper after Mr Icahn invested in his firm, Chesapeake Energy. Other commodities chiefs with an overdeveloped risk appetite, such as Ivan Glasenberg of Glencore, a debt-ridden mining and trading firm, should keep looking over their shoulders.

Mr Icahn's victories can be pyrrhic, though. Almost all his energy investments were deep in the red in 2015. And Mr Moffett's arrow in the back comes with a painkiller. He will become "chairman emeritus", on $1.5m a year.

Companies' investment plans

From diggers to data centres

NEW YORK

Computers, research and software will be the big-ticket items in 2016

THERE have been three great waves of corporate investment in the past two decades. First came the dotcom splurge of 1997-2001, when cash was poured into building mobile-phone networks and the internet's backbone. Then there was the emerging-market frenzy of 2003-10. Western firms threw about $2 trillion into factories and other facilities in places like China and India. In 2005-13 there was a craze for commodities, partly driven by insatiable Chinese demand. Global energy and metals firms spent $6 trillion digging in the Australian outback and drilling for oil in North Dakota and deep beneath Brazil's coastal waters.

The dotcom boom turned to bust, emerging markets are now in poor shape and commodity prices have slumped in the past year (costing some firms' bosses their jobs—see box). So where are companies looking to invest now? A new study by Hugo Scott-Gall, of Goldman Sachs, a bank, crunches the numbers for capital investment at more than 2,500 firms worldwide, forecasting how things will look in

2017 compared with 2014. It finds a startling divergence across industries (see chart, next page).

Energy, mining and chemicals firms are expected to slash their capital-investment budgets by 20-50%. Property firms are cutting back too, in part reflecting the end of China's building boom. This has a knock-on effect on those capital-goods firms that supply equipment to these industries. For example, Caterpillar, which makes diggers used by mining and construction firms, expects its capital investment in 2016 to be half the level of 2012.

In contrast, internet, software and other tech firms are on a high, with their budgets expected to expand by a quarter or more. Though some tech firms have gone asset-light, renting their processing power and data storage in the online "cloud", others—including cloud-providers themselves—are splurging on hardware. In 2016 the combined capital spending of Google and Apple will be $24 billion, almost equal to ▸▸