

# Business

WEDNESDAY, MAY 19, 2021

## Gates comes under fresh scrutiny after Microsoft affair resurfaces

### Tech giant probes Gates' intimate relationship with a staffer

WASHINGTON: Bill Gates's tenure at Microsoft has come under fresh scrutiny amid revelations that the tech giant probed the billionaire founder's intimate relationship with a staffer before he left the board of directors. The latest news, days after Gates and his wife Melinda announced their divorce, could have major repercussions for the tech founder who has cultivated an image as one of the world's most dedicated philanthropists. Recent reports suggested a streak of questionable behavior by the 65-year-old Gates, one of the most prominent members of the US business elite who has been the target of conspiracy theorists over his funding of the development of COVID-19 vaccines. Microsoft confirmed reports over the weekend that its board began an investigation with an outside law firm of an affair with an employee.

"Microsoft received a concern in the latter half of 2019 that Bill Gates sought to initiate an intimate relationship with a company employee in the year 2000," a company spokesperson said. But Gates has denied that the relationship prompted him to leave the Microsoft board last year. A spokeswoman for Gates told the Wall Street Journal: "There was an affair almost 20 years ago which ended amicably." She added that Gates's decision to "transition off the board was in no way related to this matter."

#### Dismay

Other reports pointed to meetings between Gates and Jeffrey Epstein, a convicted sex offender who died by suicide while awaiting trial on trafficking



In this file photo, Melinda and Bill Gates attend a session at the Congress Center during the World Economic Forum (WEF) annual meeting in Davos. — AFP

charges. Gates's team assured the board the Microsoft founder had met Epstein for "philanthropic reasons" and "regretted doing so," the Journal said.

The New York Times reported that Melinda Gates expressed dismay over her husband's meetings with Epstein but that Gates continued to meet him. The Times reported Melinda Gates was also upset over a private settlement of a sexual harassment claim against her husband's financial manager, and about Gates's advancements toward other Microsoft employees. The focus on Gates comes

amid heightened scrutiny of sexual harassment and misconduct in the tech sector and the #MeToo movement which has already led to the downfall of a number of powerful men.

While none of the reports have suggested sexual misconduct by Gates himself, his actions and associations have nonetheless tarnished the image of a man long respected and admired. "On the one hand, Americans disapprove of infidelity. So, his image will take a hit," said Alicia Walker, a Missouri State University professor and author of "Chasing

Masculinity: Men, Validation, and Infidelity."

"On the other hand, folks tend to overlook men's infidelity as expected. This is especially the case for rich and powerful men."

#### Conspiracy theorists

According to the Times report, Melinda Gates hired divorce lawyers in 2019 to set in motion the breakup when revelations surfaced about her husband's relationship with Epstein, who had been awaiting trial on criminal charges when he was found dead, in what was ruled a suicide. Gates co-founded Microsoft in 1975, building it into the world's most valuable company. He stepped aside as chief executive in 2000 and as chairman in 2014. He remained a board member until last year and has continued as a technical advisor to CEO Satya Nadella. He and his wife, who co-founded the Bill & Melinda Gates Foundation two decades ago to battle global poverty and disease, announced their divorce on May 3 after 27 years of marriage.

The breakup has raised questions about the future of one of the world's richest charitable foundations with 1,600 staff members and which provides some \$5 billion each year in areas like global public health and development. Gates himself has become a leading figure speaking out against climate change and promoting science-based solutions to the coronavirus pandemic, while becoming the target of conspiracy theorists who claimed he knew in advance about COVID-19. — AFP



PARIS: African Union President Felix Tshisekedi (left), French President Emmanuel Macron (center) and International Monetary Fund (IMF) Managing Director Kristalina Georgieva (right) give a statement on the sidelines of the Summit on the Financing of African Economies at the Grand Palais Ephemere. — AFP

## Macron hosts summit on Africa finance

PARIS: French President Emmanuel Macron yesterday hosted African leaders and global financial institutions for a summit seeking to provide Africa with critical financing after the COVID-19 pandemic depleted the continent's coffers. Africa has so far been less badly hit by the pandemic than other global regions—with a total of 130,000 dead across the continent, compared with 3.4 million worldwide.

But the economic cost is only too apparent, with the International Monetary Fund warning in late 2020 that Africa faces a shortfall in the funds needed for future development—a financial gap of \$290 billion up to 2023. While richer countries are running major economic recovery programs, Africa "does not have the financial means today to relaunch its economy," Finance Minister Bruno Le Maire told RFI radio.

He warned against the risk of a "great economic divergence between Africa, which would go backwards, while the United States, Europe and Asia recover strongly". A moratorium on the service of public debt agreed in April last year by the G20 and the Paris Club, a group of creditor countries that tries to find sustainable solutions for debtor nations, was welcomed but will not be enough.

Many want a moratorium on the service of all external debt until the end of the pandemic. "We are collectively in the process of abandoning Africa by using solutions that date from the 1960s," Macron said last month, warning that failure would lead to reduced economic opportunity, sudden migration flows and

even the expansion of terrorism. International financial leaders attending include IMF chief Kristalina Georgieva and World Bank managing director of operations Axel van Trotsenburg.

The summit, which got under way at 1100 GMT, is to wind up with a 1600 GMT press conference with Macron and Democratic Republic of Congo President Felix Tshisekedi, whose country holds the rotating African Union presidency, as well as Senegal President Macky Sall and Georgieva.

#### 'New, cheaper, longer'

Serge Ekué, the president of the West African Development Bank (BOAD), told AFP that Africa needed much longer loan maturities going beyond seven years and interest rates of 3.0 percent rather than 6.0 percent. "In West Africa, the average age is 20. You walk in (Ivory Coast's economic capital) Abidjan and there is incredible energy," he said, noting that Africa had seen growth rates of five to six percent in the last years. "The issue is therefore not so much a moratorium as obtaining low rates. Because it is better to issue new, cheaper and longer debt than to obtain a suspension," he said.

Togo President Faure Gnassingbe announced that his country had secured an additional \$240 million package from the IMF. The summit comes a day after a conference on Monday attended by several heads of state that aimed to rally support for the Sudan government under Prime Minister Abdalla Hamdok in the transition after the 2019 ouster of longtime strongman Omar al-Bashir. Macron notably announced that France would cancel almost \$5 billion in debt owed by Khartoum in order to help a transition he described as an "inspiration". Both meetings, held in a temporary exhibition center under the shadow of the Eiffel Tower in Paris, are a chance for Macron to show himself as a statesman on Africa whose influence goes beyond the continent's francophone regions.—AFP

Index (CBECI), his latest missive in a salvo that's caused bitcoin's price to drop. Obtaining bitcoin is an energy intensive endeavor, and the chart showed the evolution of its power usage, rising constantly from 2016 and accelerating sharply in 2020 on an annualized basis to hit its current level of 149 terawatt-hours (TWh), an all-time high.

That's compared to Google's entire energy usage of 12.2 TWh, and the approximately 200 TWh used by all data centers in the world except those that mine bitcoin, according to George Kamiya, an analyst at the International Energy Agency (IEA). "If Bitcoin was a country, it would use around the same amount of electricity a year to mine as Switzerland does in total," Deutsche Bank analysts said in a note.

Indeed, the CBECI predicts the situation could worsen: if miners used the most energy intensive equipment, their consumption could rise to 500 TWh.

## Japan Q1 GDP shrinks 1.3%, hit by virus curbs

TOKYO: Japan's economy contracted 1.3 percent in the three months to March after the government reimposed coronavirus restrictions in major cities as infections surged, data showed yesterday. The quarter-on-quarter fall came after the world's third-largest economy grew for two quarters to December, but the expansion was stopped in its tracks by a winter increase in coronavirus cases.

The government imposed new virus states of emergency in January in response, urging people to stay at home and calling for restaurants to close earlier. The contraction was largely in line with economists' expectations. "Personal consumption has been particularly hard-hit by the COVID-19 emergency measures," Naoya Oshikubo, senior economist at SuMi TRUST, said in an analysis issued ahead of the official data.

The figures released by the cabinet office shortly before markets opened showed private consumption fell 1.4 percent, following two quarters of expansion, reflecting slower spending in the services sector. Capital expenditure, including manufacturing, was down 1.4 percent, but economists said that was only relative to a sharp increase in the previous quarter and the overall recovery trend was on track.

The drop in private consumption was not as bad as some had feared, said Marcel Thieliand, senior Japan economist at Capital Economics. The two "big disappointments", he wrote in a note, came from drops in non-residential investment and public demand.

Meanwhile, housing investment rose 1.1 percent. And while exports were up 2.3 percent, imports rose by a larger 4.0 percent, "so net trade knocked 0.2 percentage points off GDP growth," Thieliand added.

Economists warn that the slowdown is likely to continue, with the government forced to impose a third state of emergency in several parts of the country—including economic engines Tokyo and Osaka—earlier this month. The emergency measures are tougher than in the past, and have been extended to the end of May as well as expanded to several other regions in recent days.

#### Olympics impact 'limited'

"The GDP slump will continue in Q2 2021. The third state of emergency introduced in April calls for shorter working hours and longer leave periods than previous ones, and may even be extended further," wrote Oshikubo. Whatever happens with this summer's pandemic-postponed Tokyo Olympics is unlikely to affect the economy in a big way, he said.

"Even if the Games are cancelled, this won't come as a surprise and the impact on the economy and the market should be limited." Further complicating the growth picture is Japan's comparatively slow vaccine rollout. "With the medical situation still worsening and the vaccine rollout too slow, it will take until the end of the year for output to return to pre-virus levels," Thieliand said. Japan's economy registered its first annual contraction since 2009 last year, reeling from the effects of the pandemic despite experiencing a smaller outbreak than many countries.

Revised figures released yesterday showed the annual contraction was marginally better than initially estimated, at -4.7 percent, from the earlier -4.8 percent figure. Japan has registered around 11,500 coronavirus deaths and has avoided the strict lockdowns seen in some places. — AFP



TOKYO: Pedestrians cross a street in Tokyo yesterday as Japan's economy contracted 1.3 percent in the three months to March after the government reimposed coronavirus restrictions in major cities as infections surged, data showed. — AFP

## Why does bitcoin consume 'insane' energy?

NEW YORK: Cryptocurrency fans have counted Tesla boss Elon Musk as among their champions, but this week he rocked their world by questioning the future of the digital assets and singling out carbon emissions from bitcoin mining for particular criticism.

"Energy usage trend over past few months is insane," Musk tweeted on Thursday, sharing a chart from the Cambridge Bitcoin Electricity Consumption

protocol. "Proof of work" was one of the founding principles of the best-known cryptocurrency, created in 2008 by an anonymous person or group that wanted a decentralized digital currency.

The system is designed so that around every 10 minutes, the network awards some bitcoin to those who have successfully cracked the puzzle. But as the price of bitcoin has risen, interest in obtaining it has followed, along with electricity consumption.

#### Big reward

Last month, scientific journal Nature published a study saying that emissions from mining in China, which powers nearly 80 percent of the global cryptocurrency trade, could compromise the country's climate goals. That country relies on a particularly polluting type of coal, lignite, to power some of its mining.

Bloomberg predicts that it will take until 2060 before China can meet its cryptocurrency industry's needs through renewable energy.—AFP

The promise of a juicy reward has fueled the rise in giant data centers dedicated to bitcoin, which reached a \$1 trillion market capitalization earlier this year, before falling back. The cryptocurrency is earned by participants in the network called "miners," who solve deliberately complicated equations using brute force processing power under the so-called "proof of work"

protocol. "Proof of work" was one of the founding principles of the best-known cryptocurrency, created in 2008 by an anonymous person or group that wanted a decentralized digital currency.