

**On the cover**

In praise of the world's most international city. If only the rest of Britain properly appreciated it: leader, page 11. London is thriving, but there are threats to its future, says our special report after page 46. The architecture, public space, music and literature of London in our books and arts section, pages 79-82

**The Economist online**

Daily analysis and opinion from our 19 blogs, plus audio and video content, debates and a daily chart [Economist.com/blogs](http://Economist.com/blogs)

E-mail: newsletters and mobile edition [Economist.com/email](http://Economist.com/email)

Print edition: available online by 7pm London time each Thursday [Economist.com/print](http://Economist.com/print)

Audio edition: available online to download each Friday [Economist.com/audioedition](http://Economist.com/audioedition)



Volume 403 Number 8791

First published in September 1843 to take part in "a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress."

Editorial offices in London and also: Atlanta, Beijing, Berlin, Brussels, Cairo, Chicago, Hong Kong, Johannesburg, Los Angeles, Mexico City, Moscow, New Delhi, New York, Paris, San Francisco, São Paulo, Singapore, Tokyo, Washington DC

**7 The world this week**

**Leaders**

- 11 **London**  
A precarious brilliance
- 12 **Online prices**  
Caveat emptor.com
- 12 **Central banks**  
Don't give up
- 13 **Trade**  
Protectionism alert
- 16 **Latin America**  
Impeachment in Paraguay

**Letters**

- 17 **On charitable donations, China, Honduras, Nepal, quotations, St Sebastian**

**Briefing**

- 25 **The bond market**  
To strive, to seek, to find, and not to yield

**Europe**

- 27 **Italian politics**  
Monti's battle for survival
- 28 **Population and recession**  
Europe's other crisis
- 29 **Germany and the euro**  
Babies and bathwater
- 29 **Germans and the flag**  
Black, red and gold
- 30 **The right in France**  
Deeply divided
- 30 **Greek politics**  
Not an easy start
- 32 **Charlemagne**  
Europe on the rack

**Britain**

- 33 **The troubled coalition**  
Cold war
- 34 **Northern Ireland**  
All shook up
- 35 **Bagehot**  
Britain's cheering gloom

**Middle East and Africa**

- 36 **Palestine**  
A fragile calm
- 37 **Libya's election**  
The right direction
- 38 **Egypt's president**  
For most, a sigh of relief
- 38 **Muhammad Morsi**  
An ordinary man

- 39 **Trouble in Kuwait**  
A parliament that matters
- 39 **Angola**  
Boom boom
- 40 **Unrest in Sudan**  
A bad presidential patch

**United States**

- 41 **Obamacare on trial**  
A clean bill of health
- 42 **Stockton's bankruptcy**  
The biggest, so far
- 42 **Supreme Court politics**  
Finely balanced
- 43 **Petrol prices**  
Every which way you lose
- 44 **International tourism**  
Brand of dreams
- 44 **Bioscience in Texas**  
Building up the arsenal
- 45 **Upstate New York cities**  
Back in business
- 46 **Lexington**  
Harry Reid and Mitch McConnell arm-wrestle

**Special report: London**

**On a high**  
After page 46

**The Americas**

- 48 **Paraguay**  
Lugo out in the cold
- 49 **Colombia**  
Parliamentary immunity
- 49 **Uruguay**  
A radical drugs plan
- 50 **Brazil**  
Amazons at work

**Asia**

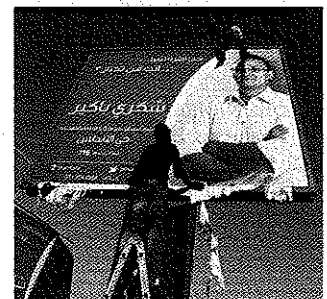
- 51 **India and China**  
Friend, rival, investor
- 52 **Japan's Ichiro Ozawa**  
A shadow of a shogun
- 53 **Australia's media**  
Black knight
- 53 **Peace in the Philippines**  
Shaking it all up
- 54 **Timor-Leste's vote**  
No clean sweep
- 55 **Banyan**  
Papua: the last frontier



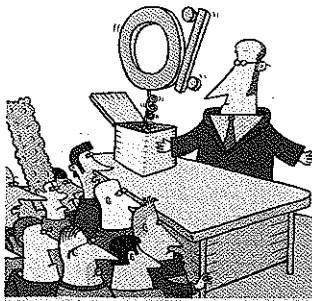
**Europe's fertility collapse**  
Recession is bringing Europe's brief fertility rally to a shuddering halt, page 28



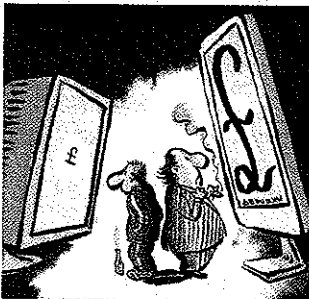
**China's security state**  
The party makes sure that the people who guarantee its rule are themselves under tight control, page 56



**Libya**  
Amid uncertainty and occasional violence, a hopeful election beckons, page 37



**Banks and bonds** Central banks should do more to support weak economies: leader, page 12. The remarkable demand for low-yielding government bonds, pages 25-26. Why a banking union is more problematic than many assume, page 72. The side-effects of low rates: Buttonwood, page 70



**Online pricing** Internet retailers are getting better at calculating how much they can sting you for. Here's how to pay less: leader, page 12. New software spots which customers will pay more, page 67



**The real wealth of nations**  
A new report comes up with a better way to measure it: Free exchange, page 75

- China**
- 56 **China's security state**  
Guarding the guardians
  - 57 **Hong Kong's democrats**  
Radio rebels

- International**
- 58 **Regulating arms sales**  
A dirty business
  - 59 **Online fraud**  
Blatancy and latency
  - 59 **Whistleblowers in the UN**  
United notions

- Business**
- 61 **Consumer goods**  
Fighting for the next billion shoppers
  - 63 **Businesses and cyber-security**  
A spook speaks
  - 63 **Googles goggles**  
Wearable computing
  - 66 **Breaking up News Corp**  
Murdoch does the splits
  - 67 **Personalising prices**  
Smart selling online
  - 67 **The psychology of discounting**  
Something doesn't add up
  - 68 **Schumpeter**  
Does Russia like business?

**Finance and economics**

- 69 **Jefferies**  
From Boyd to men
- 70 **Buttonwood**  
Low interest rates
- 71 **The Cypriot bail-out**  
A fifth bitter lemon
- 72 **The euro crisis**  
Bankers unite!
- 72 **India's economy**  
The fightback
- 73 **Libor**  
Barclays embarrassed

- 74 **Canada's housing market**  
Time for a bigger needle
- 74 **Choosing co-investors**  
Friends without benefits
- 75 **Free exchange**  
The real wealth of nations

**Science and technology**

- 76 **Medical implants**  
A sweet idea
- 77 **Space tourism**  
Fly me to the moon
- 78 **Quieter traffic**  
When the rubber hits the road
- 78 **Animal cognition**  
Man's best friend

**Books and arts**

- 79 **London's skyline**  
Tower power
- 80 **Urban design**  
Between the buildings
- 80 **A unique guidebook**  
The city beckons
- 81 **London fiction**  
The best of cities, the worst of cities
- 81 **Martin Amis's new novel**  
Jackpot jailbird
- 82 **The poetry of London**  
Cruel and beguiling muse
- 82 **Damon Albarn's opera**  
Star light, star bright

- 88 **Economic and financial indicators**  
Statistics on 42 economies, plus a closer look at health-care spending

**Obituary**

- 90 **Elinor Ostrom**  
Defender of the commons



**Cyber-attacks on companies**  
Its costs may be hard to count, but cybercrime has companies worried, page 63

**Principal commercial offices:**  
25 St James's Street, London SW1A 1HG  
Tel: 020 7830 7000

Boulevard des Tranchées 16  
1206 Geneva, Switzerland  
Tel: 41 22 566 2470

750 3rd Avenue, 5th Floor, New York, NY 10017  
Tel: 1 212 541 0500

60/F Central Plaza  
18 Harbour Road, Wanchai, Hong Kong  
Tel: 852 2585 3888

**Other commercial offices:**  
Chicago, Dubai, Frankfurt, Los Angeles, Paris, San Francisco and Singapore

**Subscription service**

For our latest subscription offers, visit [economist.com/offers](http://economist.com/offers) or call the telephone number provided below. Telephone: +44 (0) 1444 475 647

When you subscribe, a tree will be planted for you in The Economist forest.

**Subscription for 1 year (51 issues)**

Euro-zone countries €185	
Czech Republic	CZK 5,365
Denmark	DKr 1,600
Hungary	HUF 58,850
Norway	Nkr 1,710
Poland	PLN 875
Sweden	SKr 1,780
Switzerland	Sfr 298
Other Europe (ex UK) €185	
Middle East - GCC	US\$349
South Africa	Rand 2,040
Middle East + Africa	US\$285

**An Economist Group business**



PEFC certified  
This copy of *The Economist* is printed on paper sourced from sustainably managed forests certified by PEFC  
[www.pefc.org](http://www.pefc.org)

