



**On the cover**  
**A budget deal makes sense for a re-elected president, his opponents, his country and the world: leader, page 11.** The remaking of the president, page 41. The Republicans in defeat: Lexington, page 47. Life and work are tough on America's economic margins, pages 21-23. Europe and Barack Obama's re-election: Charlemagne, page 31

**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 405 Number 8810

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 Barack Obama's second term**  
Now, hug a Republican
- 12 Greece's debt burden**  
How to end the agony
- 14 Mali**  
Terror in the Sahara
- 14 Reforming welfare in India**  
Cash, with strings
- 16 Lunacy and astronomy**  
In praise of moons

**Letters**

- 17 On assisted suicide, "theological", Greece, Afghanistan, China, pop tunes**

**Briefing**

- 21 The poor in America**  
In need of help

**Europe**

- 25 Greece and the euro**  
Toil and trouble
- 26 Russo-German relations**  
Shocking Schockenhoff
- 26 Russian defence**  
Reform and be sacked
- 28 French competitiveness**  
A rude awakening
- 30 Corruption in Italy**  
A plague on them all
- 30 Business and crime**  
Hands over the city
- 31 Charlemagne**  
Hope and no change

**Britain**

- 32 Birmingham**  
Second city, second class
- 33 Labour and Europe**  
Playing with fire
- 34 Bagehot**  
The weight of the world

**Middle East and Africa**

- 35 Syria's opposition**  
Get your act together
- 36 Israeli politics**  
The wrong American
- 36 Saudi Arabia**  
The younger generation
- 37 Mali and al-Qaeda**  
Stop the jihadists
- 38 Kenya's telephones**  
Vital for the poor

**United States**

- 41 Barack Obama**  
The remaking of the president
- 43 Congress**  
Much ado about nothing
- 44 Ballot measures**  
A liberal drift
- 44 State-level elections**  
A battle of inches
- 44 Election forecasting**  
Running numbers
- 45 The budget deficit**  
To the cliff, and beyond
- 46 After the storm**  
What Sandy did next
- 47 Lexington**  
Republicans in denial

**The Americas**

- 48 Class in Latin America**  
The expanding middle
- 49 Peru**  
Mayor and mafias

**Asia**

- 50 Welfare in India**  
Money and mouth
- 51 Maternal health in India**  
Warding off danger
- 51 Sri Lanka's judiciary**  
Courting trouble
- 52 The Golden Triangle**  
The long arm of Chinese law
- 52 Japan's nuclear future**  
Rokkasho and a hard place
- 53 Afghanistan's Iranian trade**  
Location, location



**Greece** How to restructure its debt: leader, page 12. More austerity and more misery in Athens, page 25. The French government's surprisingly bold competitiveness plan, page 28



**Indian welfare** Handing out cash, rather than fuel and food, would cut waste and help the needy: leader, page 14. A growing debate about welfare, page 50. How cash handouts change behaviour, page 51. India is an open, tolerant country. So why does liberalism not flourish there? Page 77. Britain's ambitious overseas development policy needs to be savvier if it is to survive: Bagehot, page 34



**Google v newspapers** As the papers' woes grow, some are lobbying politicians to make Google pay for the news it publishes, page 57. Doom beckons for online ads, page 58



NT. 1600 6120

col. 500101 - R



### Asia's great moderation

Many of the world's stablest economies are Asian. Time to worry? Page 67. Investors are gorging on corporate bonds, feeding fears of an asset bubble: Buttonwood, page 68



**Making work a game** Video games are behind the latest fad in management, page 64



**Moons** They're number two. They try harder: leader, page 16. With hundreds of exoplanets in the bag, astronomers are wondering whether it might be possible to find their moons too, page 74

### China

- 54 **Communist Party congress**  
Treading water
- 55 **Factional politics**  
Old brooms
- 55 **Congress watching**  
Heard in the hutong
- 56 **Banyan**  
Blunt words, keen swords

### International

- 57 **Newspapers v Google**  
Taxing times
- 58 **Piracy**  
Hung, drawn and quartered
- 58 **Online advertising**  
Clicked off

### Business

- 59 **Business continuity**  
Weathering the storm
- 60 **European railways**  
Uncoupling the trains
- 60 **Corporate Japan**  
The good, the bad and the ugly
- 61 **Investing in Myanmar**  
Burmese haze
- 62 **Translating and the law**  
Legal language
- 62 **Brazil in Africa**  
A new Atlantic alliance
- 63 **African hotels**  
No vacancy
- 64 **Schumpeter**  
Work and play

### Finance and economics

- 67 **Asian economies**  
Asia's great moderation
- 68 **Buttonwood**  
A bond bubble?
- 69 **The world in 2060**  
The OECD's forecasts
- 69 **Manipulating energy markets**  
Charged atmosphere
- 70 **Investindustrial**  
Where others fear to tread
- 70 **Ratings agencies**  
Crisis in ratings land?

- 71 **Academic papers and stockmarket returns**  
Keep digging
- 71 **The economics of voting**  
The X factor
- 72 **Germany's banking system**  
Old-fashioned but in favour
- 73 **Free exchange**  
Bank capital

### Science and technology

- 74 **Astrobiology**  
A harvest of new moons
- 75 **Palaeontology**  
Four wings, good. Two wings, better
- 76 **Human evolution**  
Time's arrows

### Books and arts

- 77 **Modern India**  
The liberal case
- 78 **Indian history**  
Macaulay's legacy
- 78 **A memoir of AIDS**  
Fathers and sons
- 79 **Musing on Europe**  
A long, long road
- 79 **New cinema**  
"Call Me Kuchu"
- 80 **Sir Stamford Raffles**  
Busy bee
- 80 **Ancient Egypt**  
Toot toot, King Tut
- 88 **Economic and financial indicators**  
Statistics on 42 economies, plus our monthly poll of forecasters
- 90 **Obituary**  
Russell Means  
The ballad of Wounded Knee



### Next week

We publish a special report on France. The country is slowly heading towards a crisis, says John Peet. Can it be reformed before it is too late?

### Principal commercial offices:

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

Rue de l'Athénée 32  
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	DKK 1,600
Hungary	HUF 58,850
Norway	NKR 1,730
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)

