

**On the cover**

The ceasefire between Israel and Hamas could yet be the foundation for peace: leader, page 13. The battle of Gaza, page 38. The Israelis can fend off most of the missiles but some will still get through, page 40. Palestinians have at least three poles of power, tugging them this way and that, page 40

**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 8812

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

**9 The world this week**

**Leaders**

- 13 Israel and the Palestinians**  
Old battles, new Middle East
- 14 Mexico**  
The rise of a new power
- 16 Breaking up Spain**  
Umbrage in Catalonia
- 16 Central banking**  
Inside job
- 18 Campaign finance**  
Naming names

**Letters**

- 20 On India, Moravia, Iraq, Taiwan, voting, the finger**

**Briefing**

- 25 Spain and Catalonia**  
The trials of keeping a country together

**Europe**

- 29 Italian politics**  
So, what next?
- 30 France's opposition**  
Unbelievably Messy Process
- 30 Germany's neo-Nazis**  
How to stop more
- 31 Justice in Croatia**  
Outs and ins
- 32 Charlemagne**  
Agricultural blues

**Britain**

- 35 Welsh devolution**  
The reluctant dragon
- 36 Women bishops**  
Thou shalt not
- 37 Bagehot**  
Commonwealth dreams

**Middle East and Africa**

- 38 The Gaza crisis**  
Does the ceasefire mean peace?
- 40 Missiles v rockets**  
Dome warfare
- 40 The Palestinian leadership**  
Who represents us now?

**41 Yemen**

Trouble again in the north

**42 Congo's eastern crisis**

Fraying round the edges

**43 Abu Dhabi**

Give them a job

**The Americas**

- 44 Angry Panama**  
Growing pains
- 45 The Dominican Republic**  
A rum do
- 45 Land reform in Colombia**  
Peace, land and bread
- 46 Turks and Caicos**  
Paradise interrupted

**Special report: Mexico**

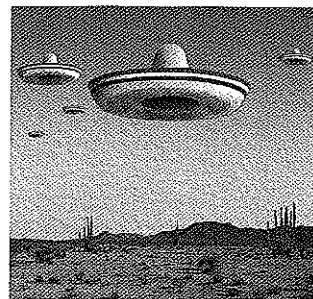
**Going up in the world**  
After page 46

**United States**

- 48 Campaign finance**  
A morning-after constitutional?
- 49 Immigration reform**  
This time, it's different
- 50 Cigarette-smuggling**  
The urge to smurf
- 50 Judicial elections**  
Judging the judges
- 51 Merit pay for teachers**  
Bonus time
- 52 The fiscal cliff**  
Down to brass tacks
- 52 Environmental policy**  
California greening
- 53 Lexington**  
It's not over for Grover

**Asia**

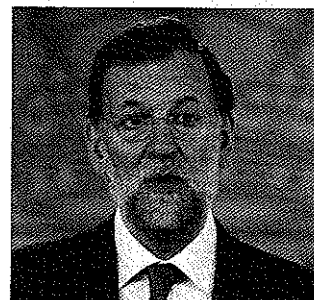
- 54 Kashmir**  
Fragile hope
- 55 America in Asia**  
On the rocks again
- 55 Japan's elections**  
Pole dancers
- 56 The death penalty in South Asia**  
Once more to the gallows
- 57 Banyan**  
China-India rivalry



**Mexico** America needs to look again at the rising power on its doorstep: leader, page 14. After years of underachievement and rising violence, Mexico is at last beginning to realise its potential, says our special report, after page 46



**China's civil service** Young graduates want to work for the government again, page 58. In North Korea, Chinese Maoists find the land of their dreams, page 59. Chinese wine-buyers switch from Bordeaux to Burgundy, page 61



**Spain** The country needs to change if it is to banish the threat of secession: leader, page 16. Mariano Rajoy's dogged efforts to stabilise his country's finances are threatened by regional tensions and social strains, pages 25-27. Wales is reluctantly becoming more independent, too, page 35



**Art market** Fear of litigation is hobbling the trade, page 62. The glories behind the façades of London's great houses, page 81



**Tech firms' economists** Meet the academics who are making markets work better, page 69. Hewlett-Packard says it was duped into buying Autonomy, page 64



**Atheists in Muslim countries** Former believers are becoming more outspoken, but tolerance is still rare, page 60

## China

- 58 **Civil-service exams**  
The golden rice-bowl
- 59 **Maoists and North Korea**  
Paradise lost

## International

- 60 **Atheists and Islam**  
No God, not even Allah
- 61 **Celebrating causes**  
Dies irae
- 61 **Chinese taste in wine**  
The east is red

## Business

- 62 **Fine art**  
Collectors, artists and lawyers
- 63 **The future of Dow Jones**  
A Wall Street brawl
- 64 **Hewlett-Packard and Autonomy**  
Fallen idols
- 64 **Bosses and fatherhood**  
Beware if your boss is a dad
- 65 **Oil and mining in Indonesia**  
Scary rules for foreigners
- 65 **Brewing in South Korea**  
Fiery food, boring beer
- 66 **Global manufacturing**  
The new rules
- 67 **Unions in America**  
Walmart and Wonderbread
- 68 **Schumpeter**  
Taking the long view

## Finance and economics

- 69 **Economics**  
Micro stars, macro effects
- 70 **Pirate economics**  
Bargain like a Somali
- 70 **Money-market funds**  
Running from the shadows
- 71 **Buttonwood**  
The lure of European stockmarkets
- 72 **Insider trading**  
Ever sharper questions

- 72 **UBS's rogue-trader trial**  
A tough education
- 73 **Asia's regional banks**  
Running fast
- 73 **German property**  
Euro angst hits home
- 74 **Free exchange**  
The impact of minimum wages

## Science and technology

- 76 **Pilotless aircraft**  
This is your ground pilot speaking
- 77 **Solar-powered aircraft**  
The Wright stuff?
- 77 **The Global Fund**  
Heal thyself
- 78 **How leopard seals lunch**  
Suck, swish, gulp

## Books and arts

- 79 **Georgia's history**  
Bad location, doing well
- 80 **Adam Gopnik's winter**  
Windows on a season
- 80 **The Olympus scandal**  
Stand and be counted
- 81 **James Stourton's London**  
House-hunting
- 81 **Ngozi Okonjo-Iweala's Nigeria**  
Reforming the unreformable
- 82 **George Bellows**  
Power in paint
- 88 **Economic and financial indicators**  
Statistics on 42 economies, plus a closer look at government bonds
- Obituary**
- 90 **Bal Thackeray**  
Godfather of Mumbai



## Next week

We publish our **Technology Quarterly**, with articles on diagnostic tools inspired by "Star Trek", detecting Arctic oil spills, the man behind the Predator drone, eye-tracking technology, agricultural robots and much more

## 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 4,600  |
| Hungary        | HUF 58,850 |
| Norway         | NOK 1,710  |
| Poland         | PLN 875    |
| Sweden         | SEK 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)

