



**On the cover**  
 Fears that innovation is slowing are overblown, but governments need to help it along, page 9. The idea that innovation and new technology have stopped driving growth is getting increasing attention, pages 19-22

**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 406 Number 8818

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**

- 9 Growth**  
The great innovation debate
- 10 The next fiscal fight**  
From cliff to ceiling
- 10 Reform in China**  
Great expectations
- 11 Venezuela**  
In limbo
- 12 Measurement**  
Is Paris worth a mass?

**Letters**

- 13 On Hell, non-bank finance, South Korea, monks, PhD students, our Christmas issue**

**Briefing**

- 19 Innovation pessimism**  
Has the ideas machine broken down?

**Europe**

- 23 Germany's Free Democrats**  
The queenmaker
- 24 Race in the Netherlands**  
A football tragedy
- 26 Hungarian politics**  
A blow for Viktor Orban
- 26 Italian politics**  
Berlusconi and the Northern League
- 27 Turkey and the PKK**  
Peace at last?
- 27 French political language**  
Lost in translation

- 28 Charlemagne**  
Ireland's metamorphosis

**Britain**

- 29 Northern Ireland**  
Wrapped in the flag
- 30 Business lending**  
Plumbing problems
- 31 Bagehot**  
Tory modernisation

**Middle East and Africa**

- 32 Syria's conflict**  
No end in sight
- 33 Israel's Arab voters**  
What's the point?
- 33 Libya's Muslim Brothers**  
The knack of organisation
- 34 Al Jazeera**  
Must do better
- 34 Aid to Rwanda**  
The pain of suspension
- 35 Johannesburg**  
Downtown less dodgy

**United States**

- 36 The next treasury secretary**  
Jack be nimble
- 37 The president's new security team**  
Obama picks his soldiers
- 37 Centenary of Nixon's birth**  
The crooked statesman
- 38 Marriage in America**  
The fraying knot
- 39 America's orchestras**  
Lamentoso
- 40 Lexington**  
Joe Biden is not the answer

**The Americas**

- 41 Venezuela's presidency**  
Brotherly love
- 42 Infrastructure in Brazil**  
Daylight piracy
- 42 Bogotá**  
A load of rubbish

**Asia**

- 43 Afghanistan's future**  
Heading for the exit
- 44 India's winter**  
Numbed bones, choked lungs
- 44 The Australian heatwave**  
Bad day at Red Rock
- 45 Politics in Australia**  
Election calculations
- 46 Sri Lankan politics**  
Fighting in court
- 47 Banyan**  
North-East Asia's hereditary grudges



**Change in China** Reform of the labour-camp system would be welcome, but more change must come soon: leader, page 10. Calls for press freedom in Guangzhou, page 48. Labour-camp reform, page 49. A climb-down on Beijing traffic rules, page 49. Inherited grudges in North-East Asia may complicate the region's brittle international relations: Banyan, page 47



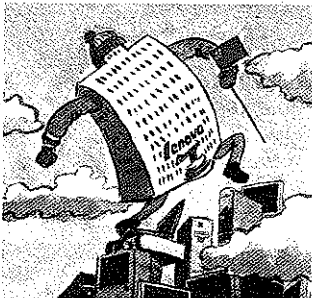
**Obama's new men** Jack Lew for the Treasury, page 36. Why both Chuck Hagel and John Brennan are controversial choices, page 37



**Microchipping children** It has never been easier. That is nice for parents, not for privacy, page 50



**The longevity gap** In the rich world, the gap between male and female life expectancy is closing, page 64



**Lenovo** How a Chinese firm became the world's biggest computer company Page 52



**Ghastly gurus** New books on personal finance suggest that the best advice is to keep your wallet closed, page 70

## China

- 48 **Press freedom**  
Battling the censors
- 49 **Labour camps**  
Long overdue reform?
- 49 **Traffic laws**  
Drivers push back

## International

- 50 **Modern families**  
Chips off the old block
- 51 **Holy architecture**  
Not a curve out of place
- 51 **Piracy**  
Privateers

## Business

- 52 **Lenovo**  
From guard shack to global giant
- 54 **France v Google**  
An ad-block shock
- 54 **Gelato University**  
Scoop!
- 55 **Tax in Brazil**  
Nothing is certain
- 55 **Mediterranean gas**  
Drill or quarrel?
- 56 **AMR and US Airways**  
The last great American airline merger
- 57 **Schumpeter**  
The risks in 2013

## Finance and economics

- 58 **Global house prices**  
Home truths
- 59 **Buttonwood**  
Fund selection
- 60 **The platinum-coin option**  
US debt-ceiling wheeze
- 60 **Bank liquidity**  
Go with the flow
- 61 **Japan's economy**  
Keynes, trains and automobiles

- 62 **Microfinance in India**  
Road to redemption
- 62 **India's lust for gold**  
Treasure chest
- 63 **Free exchange**  
Economists v Americans

## Science and technology

- 64 **Lifespan and the sexes**  
Men catching up
- 65 **The uses of stem cells**  
Potent medicine
- 66 **Measurement**  
The kilogram

## Books and arts

- 67 **20th-century music**  
The rest is noise
- 68 **The ANC's murky past**  
Not all poster boys
- 68 **Gabriele d'Annunzio**  
Aesthete and Übermensch
- 69 **John Burnside**  
The search for happiness

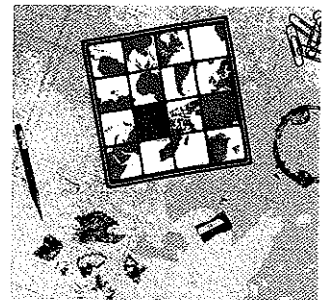
## Business books quarterly

- 70 **Personal finance**  
Ghastly gurus
- 71 **Ping Fu's memoir**  
The world is 3D
- 71 **The networked world**  
Reaching out
- 72 **Business strategy**  
A.G. Lafley and P&G

- 84 **Economic and financial indicators**  
Statistics on 42 economies, plus our poll of forecasters

## Obituary

- 82 **Beate Gordon**  
Japan's American heroine



**Next week**  
Our special report on outsourcing. After decades of sending work across the world, companies are rethinking their offshoring strategies, says Tamzin Booth

### 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	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  
PEFC/30-31-033

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)

