



On the cover
Amazon has changed the way the world shops, but it should beware of abusing its power: leader, page 9. As it reaches its 20th birthday the e-commerce giant is bulking up. It is not—yet—slowing down, pages 20-22

The Economist online

Daily analysis and opinion from our 19 blogs, plus audio and video content, debates and a daily chart Economist.com/blogs

E-mail: newsletters and mobile edition
Economist.com/email

Print edition: available online by 7pm London time each Thursday
Economist.com/print

Audio edition: available online to download each Friday
Economist.com/audioedition



Volume 411 Number 8892

Published since 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, Lima, 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 **Technology**
How far can Amazon go?
- 10 **The Sunni rebellion in Iraq**
Desperate odds
- 12 **Hong Kong and China**
A showdown looms
- 12 **Central banks**
Higher rates can wait
- 14 **Russia and Ukraine**
Unblinking Putin

Letters

- 16 **On Ukraine, employment, housing, the John Birch Society, football**

Briefing

- 20 **Amazon**
Relentless.com

Europe

- 23 **Russia and Ukraine**
Ratchet up, ratchet down
- 24 **Eastern Ukraine**
Living among the rebels
- 24 **Bulgaria's government**
Screams and streams
- 25 **French rail strikes**
Unhappiness is the truth
- 25 **Germany's media**
An unwholesome nexus
- 26 **Polish politics**
Vistulagate
- 28 **Charlemagne**
The Nordics and NATO

Britain

- 32 **Britain's global banks**
Now you see them
- 33 **House prices**
Taking the heat out
- 34 **Bagehot**
A feeble foreign policy

Middle East and Africa

- 35 **Iraq's Sunni rebellion**
How did it come to this?
- 37 **The forces in Iraq**
Why Iraq's army crumbled
- 38 **The Kurds and Iraq**
A winning hand

- 39 **The view from Iran**
Both smug and fearful
- 39 **Terrorism in Kenya**
Frightening tourists away
- 40 **Israel and Palestine**
Stirring bad blood

United States

- 41 **Foreign policy**
"Iraq is not going to be a perfect place"
- 42 **The Republicans**
The gallop to replace Cantor
- 43 **Ahmed Abu Khattala**
The firebrand of Benghazi arrested
- 43 **The IRS scandal**
A dog ate my e-mails
- 44 **Drone pilots**
Dilbert at war
- 44 **Place names**
Odd and True
- 45 **Child-free businesses**
Nippers not wanted
- 45 **Home delivered**
Dope to your door
- 46 **Lexington**
Charlie Rangel's fight

The Americas

- 47 **Argentina's debt**
A good week for vultures
- 48 **Bello**
Venezuela's economy
- 49 **Canada's pipelines**
A go or a no
- 49 **Colombia's election**
Four more years

Asia

- 51 **Afghanistan votes**
Stuffed again
- 52 **Indonesia's election**
Paint it black
- 52 **Migrant workers in Thailand**
The exodus
- 53 **Kazakhstan**
The bear on the doorstep
- 53 **Sri Lanka's Muslims**
Buddhist power
- 54 **Banyan**
India's Congress regroups



Iraq Titanic forces are pulling the country apart. The best way to avoid years of bloodshed is to hold it together: leader, page 10. The roots of today's disaster, page 35. The politicisation of Iraq's security forces, page 37. The Kurds are benefiting, page 38. Iran may share an interest with America, but still not befriend it, page 39. Barack Obama's reluctance to use force reflects how far America's view of its role in the world has shifted, page 41



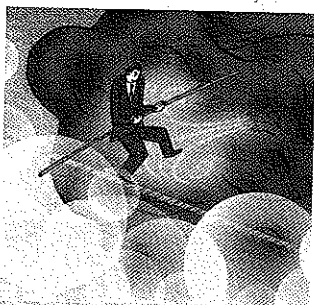
The Gandhi dynasty Long the natural party of government in India, Congress can now barely function as the opposition: Banyan, page 54



Pot as the new pizza The economics of home-delivered marijuana, page 45



Fosun China's would-be Berkshire Hathaway has been a skilful surfer of changing business trends, page 59. Meanwhile, state capitalism continues to defy expectations of its demise: Schumpeter, page 64



Monetary policy In both Britain and America financial excesses are best countered with rules, not with interest rates: leader, page 12. Central banks around the world are struggling to promote growth without fomenting worrisome risk-taking, page 65. Britain's global banks: now you see them, soon you won't, page 32. A new paper shows the financial industry's take has been rising: Buttonwood, page 66



Evolution Another piece in the frustrating jigsaw that is humanity's fossil history, page 72

China

- 55 **Tibet**
Taming the west
- 56 **Foreign NGOs**
Doing good

International

- 57 **The growth of cities**
Roads of redemption
- 58 **A surge in refugees**
Flight of the dispossessed

Business

- 59 **Fosun**
Riding the rich, grey Chinese wave
- 60 **Tax-driven mergers**
Inverse logic
- 61 **Medical devices**
Heart to heart
- 61 **Educating employees**
From baristas to BA-ristas
- 62 **Shipping lines**
Scattering the fleet
- 63 **Online travel agents**
Sun, sea and surfing
- 64 **Schumpeter**
The state as capitalist

Finance and economics

- 65 **Monetary policy and asset prices**
A narrow path
- 66 **Buttonwood**
Counting the cost of finance
- 67 **Trading China's currency**
Yuawn
- 67 **Japan's regional banks**
Game of gnomes
- 68 **Bailing in banks' bondholders**
Hungry Hypo

- 69 **Oil and Iraq**
Burning at both ends
- 69 **Euronext**
Independent at last
- 70 **Free exchange**
Manipulating patents

Science and technology

- 72 **Early man**
Probing the chamber of secrets
- 73 **Autism**
Rain mouse
- 73 **Treating diabetes**
There's an app for that
- 74 **Nitrogen-fixing ferns**
Aquatic alfalfa

Books and arts

- 75 **Indonesia**
Improbable nation
- 76 **Saving America**
From broken government
- 76 **Britain's SOE in Italy**
Secret struggle
- 77 **Sir Isaac Newton**
Magician's brain
- 78 **Montreal's big party**
All that jazz

- 84 **Economic and financial indicators**
Statistics on 42 economies, plus a closer look at oil production

Obituary

- 86 **Chester Nez**
The last of America's Navajo code-talkers



Next week
We publish a special report on Poland. For the first time in half a millennium, Poland is thriving, says Vendeline von Bredow. Can it last?

Subscription service

For our full range of subscription offers, including digital only or print and digital combined, visit Economist.com/offers or call the telephone number provided below. Telephone: +44 (0) 845 120 0983 or +44 (0) 207 576 8448

Subscription for 1 year (51 issues)	
Print only	€188
Euro-zone countries	
Denmark	DKK 1,399
Hungary	HUF 58,107
Norway	NOK 1,379
Poland	PLN 809
Sweden	SEK 1,636
Switzerland	CHF 255
Other Europe (ex UK)	€188
Middle East - GCC	US\$347
South Africa	Rand 1,700
Middle East and Africa	US\$280

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



PEFC certified

This copy of *The Economist* is printed on paper sourced from sustainably managed forests certified by PEFC
www.pefc.org

