



**On the cover**  
**Britain's political landscape is fracturing. The result will be instability and a crisis of legitimacy: leader, page 11.**  
**The long-standing two-party political system is under unprecedented pressure, pages 20-22. David Cameron and the Conservatives have tried to woo ethnic-minority voters, and mainly failed: Bagehot, page 31**

### The Economist online

Daily analysis and opinion to supplement the print edition, plus audio and video, and a daily chart [Economist.com](http://Economist.com)

**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 414 Number 8926

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

- 11 **British politics**  
The great fracturing
- 12 **India's economy**  
A chance to fly
- 13 **America's mayors**  
The anti-charm of Rahm
- 13 **Deflation**  
Feeling down
- 14 **Kurdistan's right to secede**  
Set the Kurds free
- 15 **Anti-Semitism**  
The return of Jew-hatred

### Letters

- 16 **On economics, Jaffa, liberalism, Singapore, Cambridge University, the Big Mac, Labour**

### Briefing

- 20 **Britain's electoral system**  
The breaking point

### Europe

- 23 **Anti-Semitism in Europe**  
Fear of a new darkness
- 24 **Ukraine's war**  
The fire that did not cease
- 25 **Italy and Libya**  
Fears over the sea
- 25 **French reforms**  
The nuclear option
- 26 **Corruption in Romania**  
Cleaning up
- 26 **German politics**  
Hamburg's election
- 28 **Charlemagne**  
Syriza's scattergun

### Britain

- 29 **Bangladeshis overtake Pakistanis**  
Breaking out
- 30 **The Royal Mint**  
Coining it
- 31 **Bagehot**  
David Cameron's race problem

### Middle East and Africa

- 32 **The spread of Islamic State**  
Libya's new agony
- 33 **Syria's civil war**  
Advancing on Aleppo
- 33 **Israel and the Jewish diaspora**  
Come home right now
- 34 **Nigeria**  
A former president speaks out
- 34 **Ebola in Guinea**  
Back to the start

### United States

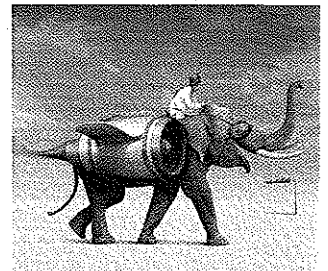
- 35 **Chicago's mayoral election**  
Rahmbo prepares for round two
- 36 **Boris Johnson and the IRS**  
An Englishman's home
- 37 **Gentrification**  
Bring on the hipsters
- 37 **Crime in Detroit**  
A scrap-metal scrap
- 38 **Oregon's governor**  
Green, but clean?
- 38 **Water wars in the south-east**  
Lawns v oysters
- 39 **Lynching in the South**  
Marking murder
- 42 **Lexington**  
Impeachment lite

### The Americas

- 43 **Argentina**  
The Nisman mystery
- 44 **Bello**  
Poverty alert

### Asia

- 45 **India's economy**  
More than a lick of paint needed
- 47 **Sri Lanka**  
Restoring balance
- 47 **Myanmar's ethnic conflicts**  
More process than peace
- 48 **Fighting in northern Myanmar**  
Phone home
- 49 **Banyan**  
The Russian bear in Asia



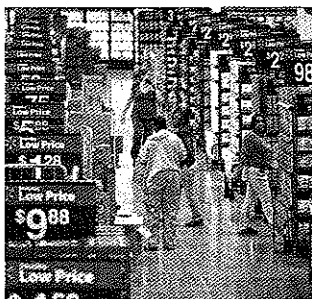
**Will India fly?** India has a rare opportunity to become the world's most dynamic big economy: leader, page 12. Next week's budget must be bold enough to turn a cyclical recovery into a sustained boom, page 45. Why China will not devalue the yuan, page 63



**Rahm Emanuel** Bystanding up to his own party's vested interests, Chicago's mayor is a model for national politics: leader, page 13. He has made big strides in getting the city back on track, but it is still broke and crime-ridden, page 35



**Anti-Semitism in Europe** Jews feel threatened and deserve protection: leader, page 15. The Copenhagen shootings, like the Paris terror attacks, are raising new fears over the safety of European Jewry, page 23



**Deflation** Falling prices can be a good thing. But the current version is pernicious: leader, page 13. Low or negative inflation is spreading around the world, page 61. The problem with negative interest rates: Free exchange, page 66



**Kurdish independence** The case for a new state in northern Iraq: leader, page 14. Iraq's Kurds are independent in all but name. They must play their cards cleverly if they are to break away completely, page 52. How the rise of Islamic State has changed history in the Middle East, page 72



**Tech talent** In the battle to employ talented software geeks, other industries can learn from Silicon Valley: Schumpeter, page 60. Tech firms eye up the car industry, page 55

**China**

- 50 **Studying abroad**  
America fever
- 51 **Transport**  
Holiday rush

**International**

- 52 **Kurdistan**  
Ever closer to independence
- 54 **Turkey's Kurdish rebels**  
A dramatic change

**Business**

- 55 **Cars and technology**  
Upsetting the Apple car
- 56 **Commercial drones**  
The tethers loosen
- 57 **Cyber-security**  
The Kaspersky equation
- 57 **Saudi Aramco**  
An overburdened champion
- 58 **Dairy farming**  
Letting the cream rise
- 58 **Swiss takeover law**  
Avalanche in the Alps
- 59 **Spanish businesses**  
Supersize me
- 60 **Schumpeter**  
A tech-talent war

**Finance and economics**

- 61 **Deflation**  
The cost of falling prices
- 62 **Buttonwood**  
Dodgy financial research
- 63 **The oil price**  
The Saudi project, part two
- 63 **China's exchange-rate policy**  
Currency peace
- 64 **Egypt's economy**  
Pyramid scheme
- 65 **Alternative property**  
Shipspace
- 65 **European capital markets**  
It takes 28 to tango
- 66 **Free exchange**  
Down with negative rates

**Science and technology**

- 68 **Vaccines**  
Onwards and upwards
- 69 **Extraterrestrial life**  
Yoo-hoo, we're over here!
- 70 **Olfaction**  
Scent off
- 70 **Treating blindness**  
Bionic eyes
- 71 **Picture perfect**  
Identifying portraits
- 71 **Cosmology**  
A galactic vampire

**Books and arts**

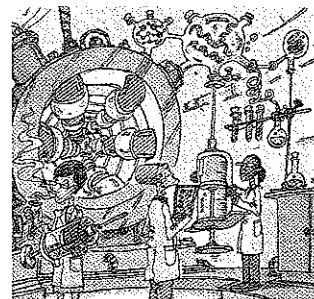
- 72 **Global jihad**  
Rolling into town
- 73 **Cyber-security**  
Good tech, bad tech
- 73 **Peter Stamm's fiction**  
Profound and mysterious
- 74 **The partition of India**  
Divide and rule
- 74 **Jean-Paul Sartre**  
Freedom fighter
- 75 **The Whitworth Art Gallery**  
Grand reopening

**80 Economic and financial indicators**

Statistics on 42 economies, plus a closer look at market performance

**Obituary**

- 82 **Michele Ferrero**  
Sweet secrets



**Science fest** An annual meeting of American scientists looked at contacting aliens, perceptions of smell, curing blindness, mysterious portraits, greedy galaxies and how vaccines can be made faster, better and cheaper, pages 68-71

**Subscription service**

For our full range of subscription offers, including digital only or print and digital combined, visit [Economist.com/offers](http://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	
Euro-zone countries	
Denmark	DKr 1,399
Hungary	HUF 58,107
Norway	NKr 1,379
Poland	PLN 809
Sweden	SKr 1,636
Switzerland	Sfr 255
Other Europe (ex UK)	€188
Middle East - GCC	US\$347, £243
South Africa	Rand 1,700, US\$175, £120
Middle East and Africa	US\$280, £196

**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](http://www.pefc.org)

