

Contents



On the cover
 Mitt Romney looks like winning the Republican nomination. His party could do worse: leader, page 9. He is still an enigma to Republican voters—and the rest, pages 23-25. South Carolina beckons, page 39. His career says a lot about how American business has changed: Schumpeter, page 61.

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 402 Number 8767

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

6 The world this week

Leaders

- 9 **Mitt Romney**
America's next CEO?
- 10 **India's identity scheme**
The magic number
- 11 **Executive pay**
Bosses under fire
- 11 **Natural disasters**
The cost of catastrophes
- 12 **Scotland's referendum**
Clarity, please

Letters

- 13 **On oil, the Republicans, the East India Company, suicide, Belgian beer, the rich**

Briefing

- 23 **Mitt Romney**
Towards the coronation

Europe

- 26 **Europe's economies**
A false dawn?
- 27 **Germany and the euro**
Unhappy new year
- 27 **French tourism**
Boney-park
- 28 **Greek woes**
The Mediterranean blues
- 29 **Albanians in Greece**
Heading home again
- 30 **Charlemagne**
Denmark and the EU

Britain

- 31 **Scotland's referendum**
If at first you don't succeed
- 32 **Executive pay**
Money for nothing?
- 33 **Terrorists and historians**
Deathly archive
- 33 **No-frills hotels**
Room without a view
- 34 **Bagehot**
Economics



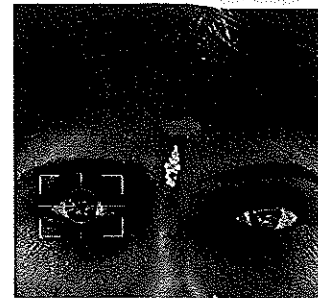
- 35 **Middle East and Africa**
Nigeria
A spreading insurgency
- 36 **South Africa**
Disappointments
- 37 **Israeli politics**
Shaking the kaleidoscope
- 37 **Egypt's religions**
Nervous Christians
- 37 **Rwandan history**
Shifting the blame
- 38 **Tunisia**
Ideology v practicality
- 38 **Syria and Russia**
Wait and sea

United States

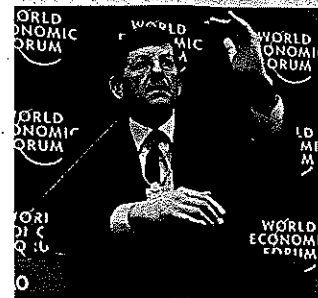
- 39 **New Hampshire's primary**
Mitt Romney marches on
- 40 **The recovery and the election**
That 2004 feeling
- 41 **Guantánamo**
No way out
- 41 **Harsh laws**
Another one in the net
- 42 **Rebalancing America's forces**
Downgrading Europe
- 43 **Lexington**
Obama and Iran

The Americas

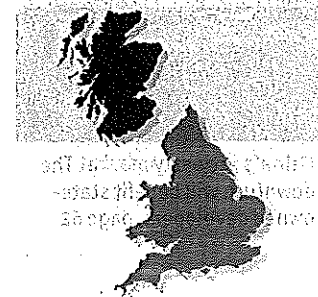
- 44 **Brazil's trade policy**
Seeking protection
- 45 **Iran and Latin America**
Brothers in arms?
- 46 **Colombia's former paramilitaries**
Criminals with attitude
- 46 **Lima's metro**
The train leaves at last



India How an ID scheme could help India's poorest people—and serve as a model for other countries' leader, page 10. Opposition to the scheme, page 47



Executive pay Britain is a case study in how politicians miss the point when they try to "fix" executive pay: leader, page 11. Bosses' pay levels are driven by globalisation. Moves to link pay and performance need to recognise this, page 32



Scotland's independence The referendum should ask one question: in or out? Leader, page 12. Wrangling over the terms of the vote, page 31

N.T. 6120
Col. 107



Kodak and Fuji Why is Kodak at death's door while Fujifilm, its old rival, is thriving?
Page 57



Natural disasters The rising cost of catastrophes, and how to limit the damage they do: leader, page 11; briefing, pages 54-56



China's property market The downturn will benefit state-owned developers, page 62

Asia

- 47 **India's UID scheme**
Reform by numbers
- 48 **Malaysian politics**
The end of Sodomy 2.0
- 49 **Chinese air pollution**
Clearing the air?
- 49 **Abductions in Sri Lanka**
Murky business
- 50 **Australia's aborigines**
Occupied land
- 51 **Banyan**
Let them eat yellowcake

International

- 52 **Video and human rights**
Visibility before all
- 53 **Baby names**
Thanks, mum

Briefing

- 54 **Natural disasters**
Counting the cost of calamities

Business

- 57 **Technological change**
The last Kodak moment?
- 59 **Carrefour**
Bread, cheese, new boss?
- 59 **Golden parachutes**
Rip-cord economics
- 60 **Brands in China**
Fakes lose favour
- 61 **Schumpeter**
Romney the revolutionary

Finance and economics

- 62 **China's property market**
Marriages and mergers
- 63 **Buttonwood**
The euro's descent
- 64 **European bank capital**
By hook or by crook
- 64 **Reviewing the crisis**
The Lo down
- 65 **After Hildebrand**
Damage control
- 65 **Taxing golf**
Putters aflutter
- 66 **Japan's trade balance**
Seeing red
- 67 **Free exchange**
The politics of economics

Science and technology

- 68 **Military technology**
Magic bullets
- 69 **Mathematical ecology**
Spot check
- 69 **Leap seconds**
Their time has come
- 70 **Bed bugs**
A new debugger

Books and arts

- 71 **The haj on show**
Journey of faith
- 72 **El sistema in Venezuela**
Music man
- 73 **Prosecuting al-Qaeda**
A tricky business

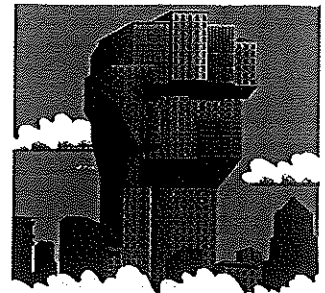
Business books quarterly

- 74 **Setting a price on the future**
The mathematics of markets
- 75 **Wall Street analysis**
Mike Mayo's memoir
- 75 **Global marketing**
Local heroes
- 76 **World changers**
Headbanging
- 76 **Job interviews**
Application

- 84 **Economic and financial indicators**
Statistics on 42 economies, plus a closer look at our Big Mac index

Obituary

- 86 **Ronald Searle**
How to be Topp in Art



Next week
We publish a special report on state capitalism. The crisis of Western liberal capitalism has coincided with the rise of a powerful new form of state capitalism in emerging markets, says Adrian Wooldridge

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

Boulevard des Tranchées 16
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 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 1,710
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
F00/30-31-033

PEFC certified

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

