

On the cover
The spread of state capitalism in the emerging world will cause increasing problems: leader, page 11.
The West's economic woes have coincided with the rise of a new breed of company in China and other rising powers: see our special report after page 46.
American fears of Asian innovators, page 60

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 8768

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

- 11 Emerging-market multinationals**
The rise of state capitalism
- 12 The euro crisis returns**
Salve Italia
- 14 Taxing the rich in America**
The politics of plutocracy
- 14 Nuclear Iran**
Not quite too late
- 15 Corporate anonymity**
Light and wrong

Letters

- 16 On the City, productivity, sin taxes, Kolkata, euphemisms**

Briefing

- 23 Booming Mongolia**
Mine, all mine

Europe

- 27 Italy's prime minister**
A good professor in Rome
- 28 The cruise-ship tragedy**
Wrecked
- 28 Russian protests**
Putin's people
- 29 French politics**
Down a notch
- 29 Riots in Romania**
Anger management
- 30 Justice in Turkey**
Not for some
- 30 Justice in Spain**
Investigating the investigator
- 31 Charlemagne**
Germany's dominance

Britain

- 33 Town-centre retailing**
Nation of shop critics
- 34 John Lewis capitalism**
The feeling is mutual
- 34 Extradition**
The ties that bind
- 35 Schools in Wales**
Down in the valleys
- 36 Bagehot**
Alex Salmond, Little Englander

Middle East and Africa

- 37 Sanctions and Iran**
Beleaguered but unbowed
- 38 Persian isolation**
A sad old city
- 39 Shia Islam**
A sense of loneliness
- 39 Israel and Palestine**
Toddling to talks
- 40 Israel and Azerbaijan**
Odd but useful friends
- 41 Education in South Africa**
Still dysfunctional
- 41 Protests in Nigeria**
Let them have fuel

Asia

- 42 Taiwan's elections**
It's alright, Ma
- 43 Satire in South Korea**
Lampooning the pols
- 43 Urbanising China**
A nation of city slickers
- 44 Parental abduction in Japan**
Child-snatchers
- 45 Reform in Myanmar**
Follow my lead
- 46 Banyan**
Pakistan's game of chicken

Special report: State capitalism

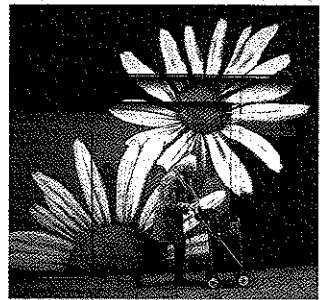
The visible hand
 After page 46

United States

- 47 Income inequality**
Who are the 1%?
- 48 Optimal tax rates**
Soak or swim
- 49 Online piracy**
Stopping SOPA
- 50 Mexico's drug war**
Not so fast
- 50 Red-light cameras**
You're on film
- 51 Bankrupt schools**
Studying on a shoestring
- 51 Executive clemency**
The pardoner's tale
- 52 Lexington**
South Carolina's primary



The euro If Germany's Angela Merkel wants to save it, she must help Italy's Mario Monti: leader, page 12. A decent prime minister has restored Italy's good name, page 27. France's downgrade, page 29. Germany now stands alone. But its power may weaken the euro zone: Charlemagne, page 31. America is recovering from the debt bust faster than Europe: Free exchange, page 71



The high street Britons don't want it to decay, but neither do they like to shop in it. Those desires are hard to reconcile, page 33. The John Lewis way, page 34



Mongolia The country that is likely to grow faster than any other in the next decade, and how it is changing, for better or worse, pages 23-25

» Contents continues overleaf

col. 107
 NT. 6/20



Israel Even in the start-up nation, it is hard to turn young companies into adults, page 57. The need for more Israelis who work, page 58. Talks with the Palestinians have begun again, page 39



Indian energy Power is essential for the country's long-term growth, and that means coal. But electricity is unlikely to flow fast enough, pages 64-66



Pity the boss Chief executives are much less powerful than they used to be: Schumpeter, page 63

The Americas

- 53 **Mexico's legislature**
The siesta congress
- 54 **Guatemala's president**
Quick march
- 54 **Oil in Canada**
What goes around

International

- 55 **Corporate anonymity**
Ultimate privilege
- 56 **Demography**
Cutting carbon emissions
- 56 **Dissent about prohibition**
In narco veritas

Business

- 57 **Israeli technology**
What next for the start-up nation?
- 58 **Demography and business in Israel**
The promised land needs people
- 60 **Confidence in America**
Glass half empty
- 60 **Asian technology**
Don't fear it
- 61 **Flat-panel screens**
Cracking up
- 61 **Aircraft leasing**
If it flies, rent it
- 62 **Opening a business in Brazil**
Why make it simple?
- 62 **Tequila in Mexico**
Storm in a shot glass
- 63 **Schumpeter**
The shackled boss

Briefing

- 64 **Energy in India**
The future is black

Finance and economics

- 67 **American banks**
Losing altitude
- 68 **Buttonwood**
Corporate irrationality
- 69 **Greece's debt-holders**
Volunteers wanted

- 69 **Austrian banks**
Vienna 2.0
- 70 **China's economy**
Two twists in the dragon's tail
- 70 **Trade statistics**
iPadded
- 71 **Free exchange**
A progress report on deleveraging

Science and technology

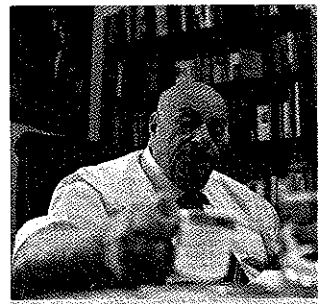
- 74 **Exercise and longevity**
Worth all the sweat
- 75 **Polio**
A Rotary engine
- 75 **Forensic science**
Ignorance is bliss
- 76 **Solar energy**
Flower power

Books and arts

- 77 **The Obamas**
Party of two
- 78 **Philip Larkin**
Poetry book
- 78 **In praise of French parents**
Non, non and non
- 79 **Alexander MacLeod's short stories**
Of moose and men
- 79 **Ralph Fiennes's "Coriolanus"**
The world at war
- 80 **"Travelling Light"**
The part of a lifetime
- 88 **Economic and financial indicators**
Statistics on 42 economies, plus a closer look at our commodity-price index

Obituary

- 90 **Rauf Denktaş**
Mr No, No and No



Mr No is no more Our obituary of Rauf Denktaş, leader of the Turkish-Cypriots, page 90

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 certified

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

