INSIDE THIS WEEK: A 14-PAGE SPECIAL REPORT ON ITALY

The Economist

JUNE 11TH-17TH 2011

Economist.com

Ben Bernanke and the bears

IBM at 100

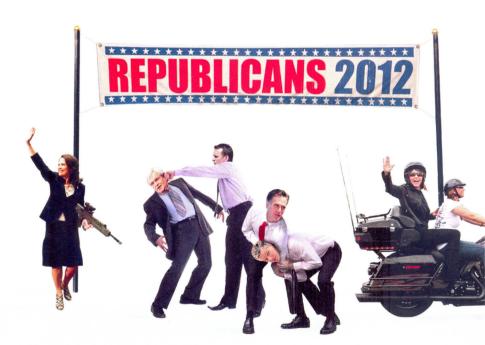
Rebuilding Japan

A rotten plan for Greece

Dr Death dies









On the cover

Barack Obama is beatable-but only if a Republican starts laying out a sensible plan for America's economy: leader, page 15. The Republican horse-race, page 31. This time, will Romney be Romney? Lexington, page 38. A new book about the politics of conservatism, page 85

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

The Economist

Volume 399 Number 8737

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

9 The world this week

Leaders

- 15 Barack Obama and the Republicans And yet he could still lose
- 16 Silvio Berlusconi's record The man who screwed an entire country
- 17 Yemen's leader falls Who's next?
- 17 Greece's debt crisis Bail-out 2.0
- 18 Japanese politics A grand stitch-up
- 20 IBM's centenary The test of time

Letters

22 On the Anthropocene, North Sea oil, Australia, food safety

Briefing

27 Japan's recovery Who needs leaders?

United States

- 31 The Republicans It's showtime
- 32 The Fed, the budget and the economy Policy fatique
- 35 Austan Goolsbee And another one gone
- 35 The war in Afghanistan Home run?
- 36 Film-industry subsidies Unilateral disarmament
- 37 Drug testing in Florida Their tea-cup runneth over
- 37 Sexting and politics The Weiner war
- 38 Lexington Mitt, take two

The Americas

- 39 Peru's presidency Victory for Humala
- 40 Murder in Brazil Always with us
- 40 Brazil's government Exit Palocci
- 42 Canada's cities Poor relations

Asia

- 43 China's dams Choking on Three Gorges
- 44 South Korea Bulldozer shoved aside
- 44 Indian politics The swami's curse
- 46 Myanmar Chinese takeaway kitchen
- 48 Cambodia Courting the Khmer
- 50 Banyan The politics of the South China Sea

Special report: Italy

Oh for a new risorgimento After page 50

Middle East and Africa

- 52 Yemen Into the unknown
- 53 The Syrian uprising Power shifts
- 53 Israel and diplomacy Ignore September
- 54 Palestinian reconciliation A long way to go
- 55 Botswana Not so perfect after all

Europe

- 56 Portugal's election A grim inheritance
- 57 French public life Après DSK
- 57 Germany's media Nostalgie de la boue
- 58 The Swedish economy North star
- 58 Russia-EU relations From cukes to nukes
- 59 Turkey's bitter election The last lap
- 60 Charlemagne It's all Greek to them



Italy The Berlusconi era will haunt the country for years to come: leader, page 16. Our special report on Italy begins after page 50. The Venice Biennale, page 84. Sex and politics in France, pages 57 and 87



Rebuilding Japan The prime minister's opponents want a grand coalition. That's a terrible idea: leader, page 18. The aftermath of the March 11th disasters show that Japan's strengths lie outside Tokyo, in its regions: pages 27-30



Yemen and beyond A third Arab dictator has gone. Two more look shakier than ever: leader, page 17. The forced departure of Ali Abdullah Saleh will not bring peace to Yemen in a hurry, page 52. Syria wobbles, page 53



IBM at 100 Which of today's technology giants might still be standing tall a century after their founding? Leader, page 20. How Big Blue did it, pages 67-69. Comparing IBM with the Carnegie Corporation: which has done more for society? Page 64



The euro crisis continued

The plan for Greece: new, but not much improved: leader, page 17. The next Portuguese prime minister promises much, but promises are cheap, page 56. An ugly mood on the streets of Athens: Charlemagne, page 60. How much financial risk has the ECB taken on? Economics focus, page 80



Bernanke's QE3 call The equity markets are struggling in the face of slower growth and central-bank inaction:
Buttonwood, page 76.
Washington in a funk, page 32

Britain

- 61 Counter-terrorism and multiculturalism

 Dealing with extremists
- **62 Piccadilly Circus**Bright lights, world city
- 63 Bagehot
 A very political chancellor

International

64 IBM v Carnegie Corporation

The centenarians square up

Briefing

- 67 IBM 1100100 and counting
- 68 Microsoft
 Middle-aged blues

Business

- **70 Internet companies** Welcome to IPOville
- 71 Chinese manufacturers
 The end of cheap goods?
- 72 Music and technology Digitally remastered
- 73 The business of golf Beyond Tiger
- 74 Schumpeter Tutors to the world

Finance and economics

- 75 Indian banks
 The pendulum swings
 again
- **76 Buttonwood**Queasy markets
- 77 America's bail-out maths
 Hard-nosed socialists
- 77 The OPEC meeting
 Drill will
- **78 BP's energy review** A record year

- 78 Listed Chinese companies
 Red alert
- **79 Honduras's economy** The cost of a coup
- 80 Economics focus
 The ECB

Science and technology

- 81 Cancer therapy Taking aim sooner
- 82 The Neolithic Boom-time machine
- 82 Fundamental physics Antimatter of fact
- 83 Military camouflage That old razzle dazzle

Books and arts

- 84 The Venice Biennale
 Politics and the national
 pavilions
- 85 Indian foreign policy Tough questions
- 85 The politics of Conservatism King of the c's
- 86 George Best Achilles heel
- 86 Mary Delany's botany Paper petals
- **87 The French and seduction** Smouldering

Obituary

- 88 Jack Kevorkian Death's doctor
- 97 Economic and financial indicators

Statistics on 42 economies, plus world GDP and closer looks at football revenue and oil reserves



Dr Death Our obituary of Jack Kevorkian, champion of voluntary euthanasia, page 88

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
For subscription service, please contact by telephone, fax, web or mail at the details provided below:

Telephone: 1800 456 6086 (from outside the US and Canada, 1314 447 8091)
Facsimile: 1866 856 8075 (from outside the US and Canada, 1314 447 8065)

Subscription for 1 year (51 issues)

 United States
 US\$138

 Canada
 CN\$189

 Latin America
 US\$270

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

