The **Economist**

MAY 19TH-25TH 2012

Economist.com

The euro: Greeks on the run

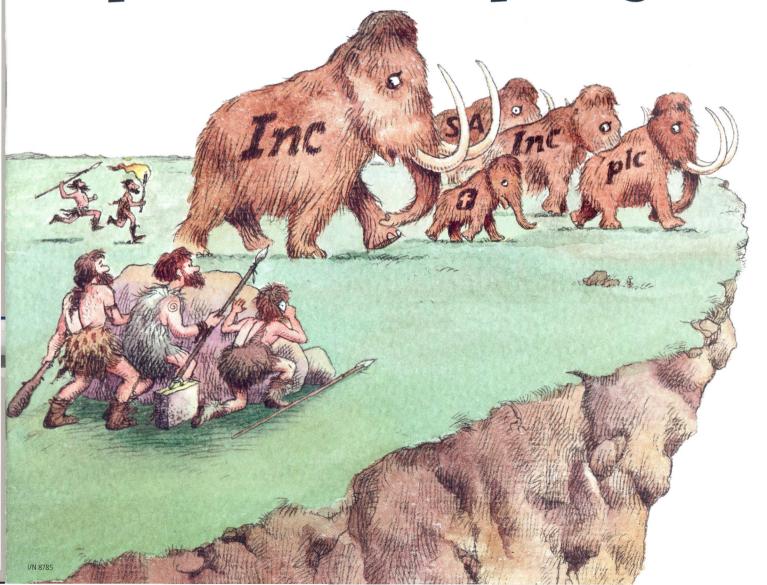
California's big prison reform

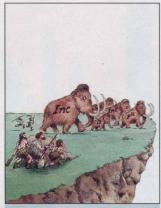
Egypt's promising election

What's going wrong with Brazil

Turkey's culture war

The endangered public company





On the cover

The rise and fall of the public company, and why it matters: leader, page 13. Public companies have had a difficult decade, battered by scandals, tied up by regulations and challenged by alternative corporate forms, pages 27-30. How American business won the second world war, page 92

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 403 Number 8785

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

- 13 The public company
 An endangered species
- 14 The euro crisis The Greek run
- 15 Russia and NATO Rethink the reset
- 15 Egypt's election Spring can come again
- 16 Consumer banking Counter revolution
- 18 The B in BRICS
 The Brazil backlash

Letters

19 On the Republicans, Mervyn King, illegal immigration, property, Coleridge, the post

Briefing

27 The public company
The big engine that
couldn't

United States

- 33 California's prisons
 The challenges of
 "realignment"
- 34 County jails
 Worst case
- 34 The Federal Election Commission Testy gridlock
- **36 Philanthropy**Spreading gospels of wealth
- 36 Sports stadiums
 Bread, circuses and leather balls
- 37 Wisconsin's recall vote Cheesed off
- 38 The Texas Senate race Another insurgency
- 38 The navy The spirit of 1812
- 40 Lexington Peter David

The Americas

- 43 Brazil's economy A bull diminished
- **44 Colombia's trade deal** Carnation revolution
- **44 Violence in Mexico**Clouds with silver linings
- 45 Foreign money in Cuba Come and see my villa

Asia

- 47 Taiwan's president Ma's second stand
- 48 The Maldives "coup"

 Between New Delhi and the deep blue sea
- **49 Australia and the Pacific** Booting out big brother
- **49 India's parliament at 60**Badly drawn
- 50 Banyan Trading strategies

China

- **51 Nationalism online** The people push back
- 52 China and Taiwan Strait talking
- 52 The economy Changing banks

Special report: International banking

Retail renaissance After page 52

Middle East and Africa

- 53 Egypt's presidency The second republic
- 55 Elections in Lesotho Keep calm and vote on
- 55 Taking on the LRA It hasn't gone away
- 56 African child mortality Development's best story



Egypt's election Who should win the presidency and what he should do: leader, page 15. The conduct of the campaign is a sign of political progress, page 53



California's prisons In the country that locks up most people, the largest state has started a huge reform programme, page 33. The story of one county jail is not encouraging, page 34. Mexico's bloody drug wars, page 44



Brazil Its strengths are real, but the government should worry more about its weaknesses: leader, page 18. Brazil's economy has slowed, but it is stronger than its critics suggest, page 43



The Greek run Greece shouldn't leave the euro, but it is time to prepare for its departure: leader, page 14. Turmoil in Athens, page 57. What a Greek exit would mean, page 77. The crisis may stymie a German-led recovery, page 60. François Hollande's dance with Germany, page 62. Ireland's vote on the European fiscal compact, page 61



International banking Fusty old retail banking faces its biggest shake-up in 200 years: leader, page 16. The internet and mobile phones are turning retail banking into an exciting industry, says our special report, after page 52



Turkey's culture war How the country is getting tough with foreign museums, page 89

Europe

- 57 Greece's political crisis Fiddling while Athens burns
- 58 German politics
 Rebuffed on the Rhine
- 58 The French president Waterproof Hollande
- 60 The euro-zone economy
 North and south
- **61 Ireland's referendum** The ayes have it?
- **61 Poland's economy** Set the eagle free
- **62 Charlemagne**Angela's new partner

Britain

- **63 Migrant children** Small packages
- 64 The economy Hard going
- 64 Royal portraiture The queen is dead
- **65 Bagehot**No waking from austerity

International

- 66 Iran and nuclear weapons Sticks now, carrots later
- 68 Iran's nuclear theology Bombs and truth

Business

- **69 The Russian internet** Europe's great exception
- **70 Online fashion in Russia** Fabric of society
- 72 Berlusconi's business
 Disempowered
- 72 Romance in South Korea
 A social network for
 couples
- 73 Commercial aircraft
 Duelling the duopolies
- 73 Airlines in ex-Yugoslavia Balkan unity?
- **74 Foreign firms in India** Travellers checked
- **76 Schumpeter**Corporate social
 responsibility grows up

Finance and economics

- 77 Greece and the euro Exodus, chapter 1
- 78 Buttonwood

 Markets and the euro
- **79 Short-selling litigation** An enlightening mistake
- 79 JPMorgan Chase Dimon in the rough
- 80 Accounting in China Internal controls
- **82 Japanese banks in Asia** Lending a hand
- 82 Philip Falcone Falling star
- 83 Free exchange Merger waves

Science and technology

- 84 Bionics (I)
 A mind to walk again
- 85 Bionics (II)
 I think I'd like some coffee
- 85 Geoengineering Implicit promises
- **86 The joys of parenthood** Father's day

Books and arts

- 89 Turkey's culture war Of marbles and men
- 91 Demography
 Population's new science
- 92 American business Democracy's arsenal
- 92 Crime by the Great Wall Midnight in Peking

100 Economic and financial indicators

Statistics on 42 economies, plus a closer look at global business confidence

Obituary

102 Carlos FuentesMexico's storyteller



Next week

We publish our special report on China's economy. It is not as precarious as it looks, says Simon Cox. But it still needs to change

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

