

INSIDE: A 14-PAGE SPECIAL REPORT ON OBESITY AND ITS COSTS

# The Economist

DECEMBER 15TH-21ST 2012

Economist.com

Kim Jong Un's provocative rocket

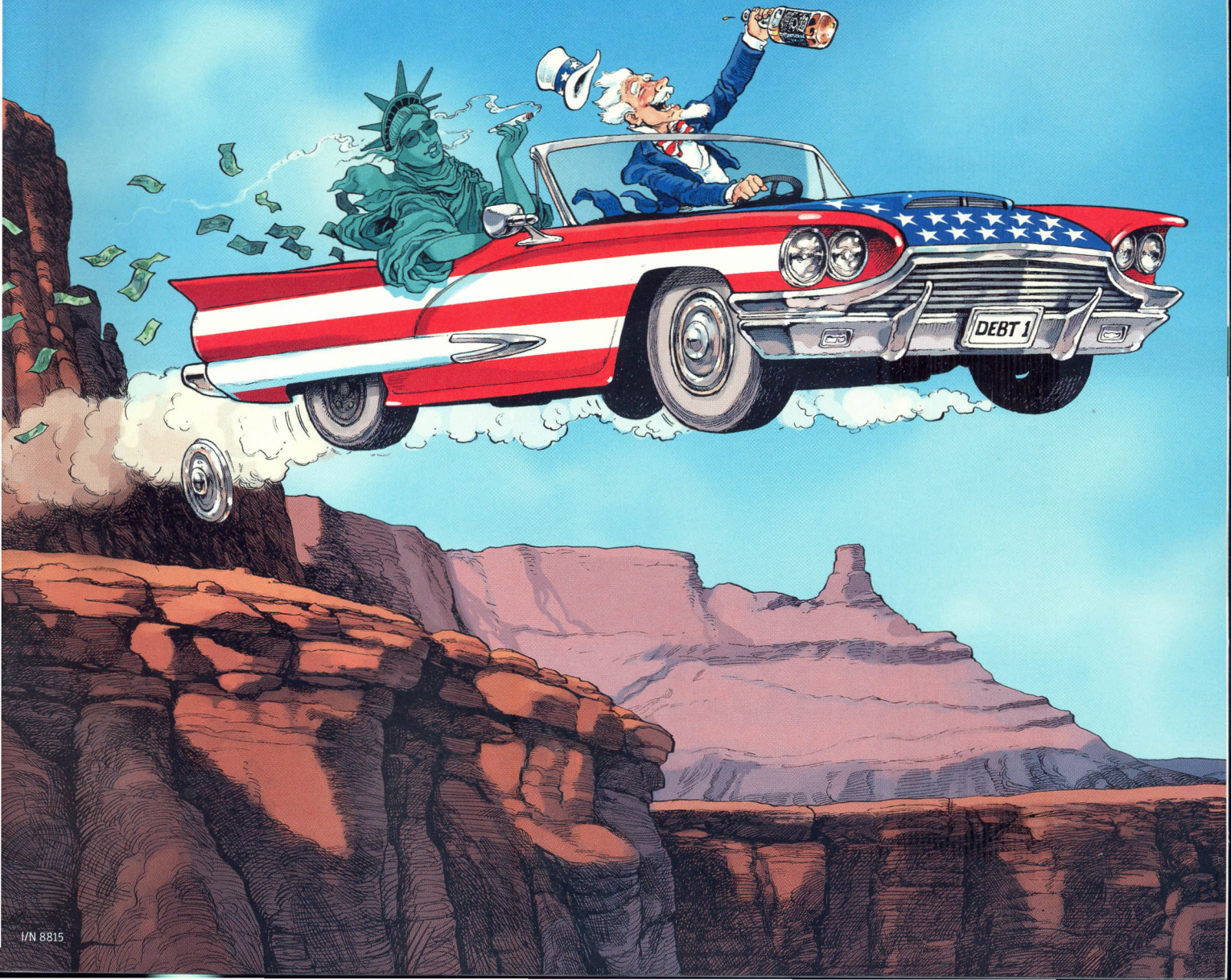
Foxconn's ambitions

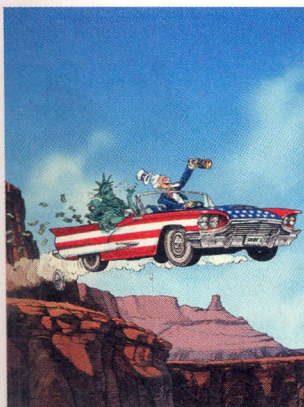
Injustice in Bangladesh

The lenders replacing the banks

Surely not Silvio again...

## Over the cliff?





**On the cover**

Barack Obama must do more than avoid an economic abyss. He must fix America's finances: leader, page 13. How America got to the edge, page 29. Mr Obama is pushing Republicans hard on tax rises for the rich. Possibly too hard: Lexington, page 36. A falling birth rate and much slower immigration presage more trouble ahead, page 31

**The Economist online**

Daily analysis and opinion from our 19 blogs, plus audio and video content, debates and a daily chart [Economist.com/blogs](http://Economist.com/blogs)

**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)

**The Economist**

Volume 405 Number 8815

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 **America's economy**  
Over the cliff?
- 14 **Italian politics in turmoil**  
Run, Mario, run
- 14 **North Korea**  
Space cadet
- 15 **Obesity**  
Fat chance
- 16 **Non-bank finance in Europe**  
Embracing the alternatives

**Letters**

- 18 **On Tata Sons, Egypt, pilotless planes, college life, muscle**

**Briefing**

- 25 **Non-bank finance**  
Filling the bank-shaped hole

**United States**

- 29 **The fiscal cliff**  
On the edge
- 31 **Demography**  
Double bind
- 32 **Right-to-work laws**  
Now Michigan
- 32 **Food stamps**  
Counting pennies
- 34 **Racial classification**  
All together now
- 34 **Season's greetings**  
Merry Chrismukkah
- 36 **Lexington**  
The Republicans' terms of surrender

**The Americas**

- 37 **Venezuela**  
Chávez passes the torch
- 38 **Foreign investment in Canada**  
Thus far but no further
- 38 **Justice in Colombia**  
Who should try the soldiers?

**Asia**

- 39 **North Korea's rocket**  
Beaming
- 40 **Pakistan and the Afghan Taliban**  
To the table

**Briefing**

- 41 **Trying war crimes in Bangladesh**  
The trial of the birth of a nation

**China**

- 44 **The economy**  
An understated recovery
- 45 **Beijing**  
Removal time
- 45 **Political symbolism**  
Xi's southern trip
- 46 **Banyan**  
China and its neighbours

**Special report: Obesity**

**The big picture**  
After page 46

**Middle East and Africa**

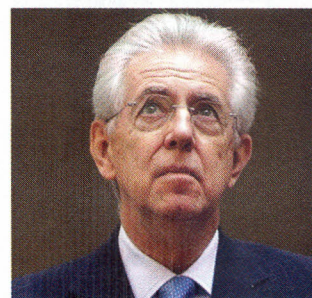
- 47 **Egypt's choice**  
The Founding Brothers
- 48 **America and the Middle East**  
A masochism tango
- 49 **Unstable Mali**  
The 400 coups
- 50 **South Africa**  
Wrangling in the ruling party
- 50 **Ghana's election**  
Still shining

**Europe**

- 51 **Italian politics**  
Will Monti run?
- 52 **Romania's election**  
Ponta's victory
- 52 **Serbia**  
Good start
- 53 **Danish Christmas trees**  
Firly resilient
- 53 **Lower Saxony**  
The Hanoverian connection
- 54 **Russian politics**  
A new ideology
- 56 **Charlemagne**  
Worries about Italy



**North Korea** A provocative rocket launch must not rule out engagement: leader, page 14. Kim Jong Un's pyrotechnics are aimed at a domestic audience, page 39. The region ponders the attitude of China's new leaders to disputed waters, and shudders: Banyan, page 46



**Italy** Run, Mario, run: leader, page 14. How to prevent Silvio Berlusconi from returning to power, page 51. Italy's latest mess has shocked European leaders: Charlemagne, page 56



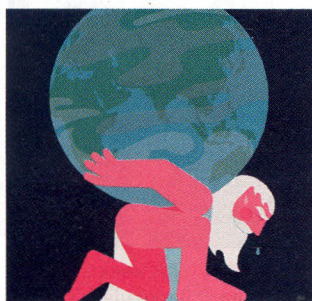
**Bangladesh** This week the chairman of Bangladesh's International Crimes Tribunal resigned. We explain the background to his action, our role in the story, and what it all means for his country's search for justice, pages 41-43



**Foxconn's ambitions** Can the world's largest contract manufacturer keep growing and improve its margins when cheap and willing hands are scarce? Page 63. Western companies are looking everywhere for growth: Schumpeter, page 70



**Shrinking banks** As they draw in their horns, other providers of capital must step forward: leader, page 16. What will take the place of Europe's shrinking banks? Pages 25-28. Two big British banks reach controversial settlements, page 73



**Obesity** The state can do some things to encourage people to eat less, but not a lot: leader, page 15. As people live longer, what they are dying of is changing, page 77. The world is getting wider. What can be done about it? See our special report after page 46

### Britain

- 57 Measuring diversity**  
The London effect
- 58 Northern Ireland**  
The bones of the past
- 59 Bagehot**  
A season of dolour and dole

### International

- 61 The politics of corruption**  
Squeezing the sleazy
- 62 Catholic conservatives**  
A traditionalist avant-garde
- 62 Climate conference**  
What Doha did

### Business

- 63 Inside Foxconn's lair**  
When workers dream of a life beyond the factory gates
- 66 Corporate taxation**  
Wake up and smell the coffee
- 66 The EU's unitary patent**  
Yes, ja, oui, no, no
- 67 Corporate computing**  
Network effect
- 68 Personal data**  
Know thyself
- 68 Hispanic television in America**  
Lights, camera, acción!
- 69 Tourism and TUI**  
From satanic mills to sundecks
- 70 Schumpeter**  
Gold-hunting in a frugal age

### Finance and economics

- 71 Infrastructure in India**  
RIPPP
- 72 Buttonwood**  
Picking fund managers
- 73 HSBC and Standard Chartered**  
Too big to jail
- 73 The Federal Reserve**  
The other mandate
- 74 Inequality in China**  
To each, not according to his needs

- 74 When global banks fail**  
A new road map
- 75 Financial-transaction taxes**  
Skimming the froth
- 76 Free exchange**  
Spotting cartels

### Science and technology

- 77 Global health**  
Lifting the burden
- 78 Flight of the phoenix**  
America's other shuttle programme
- 79 3D printing**  
Your flexible friend
- 79 Parenthood and life expectancy**  
Pro creation

### Books and arts

- 80 Thinking men**  
The great political philosophers
- 81 Turkey's new nationalists**  
Out of the chrysalis
- 81 Pirates in history**  
Eye on the main chance
- 82 British theatre**  
Jonathan Miller's tale
- 83 New film**  
"Midnight's Children"
- 83 The "Ring" in Palermo**  
Offstage noise
- 88 Economic and financial indicators**  
Statistics on 42 economies, plus a closer look at patent applications

### Obituary

- 90 Dave Brubeck**  
The rhythm man



### Next week

We publish our holiday double issue, with articles on the return of wolves, Hell, a booming African slum, the greatest financial criminal of all time, a road trip through China to Tibet, the rebirth of comic strips, an Indian bridge to nowhere, and much more

### Principal commercial offices:

25 St James's Street, London SW1A 1HQ  
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

### Subscription service

For our latest subscription offers, visit [Economist.com/offers](http://Economist.com/offers). For subscription service, please contact by telephone, fax, web or mail at the details provided below:

**Telephone:** 1 800 456 6086 (from outside the US and Canada, 1 636 449 5702)

**Facsimile:** 1 866 856 8075 (from outside the US and Canada, 1 636 449 5703)

**Web:** [Economistsubs.com](http://Economistsubs.com)

**E-mail:** [customerhelp@economist.com](mailto:customerhelp@economist.com)

**Post:** The Economist Subscription Services, P.O. Box 46978, St. Louis, MO 63146-6978, USA

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

