

# The Economist

MARCH 16TH-22ND 2013

Economist.com

What Obama should say in Israel

India's new high-tech firms

Francis: the southern pope

China's billionaire politicians

Lilian, most romantic of princesses

## The America that works



**A special report on the competitive surge that even Washington cannot stop**



**On the cover**

Luckily, dysfunction in Washington is only one side of America's story: leader, page 13. America's underlying growth prospects are much brighter than they seem, argues our special report, after page 48. Rival budgets, page 30. California wants to lead America to a greener future, page 29

**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)



Volume 406 Number 8827

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 **Competitiveness in the United States**  
The America that works
- 14 **Cyprus**  
Make a model of it
- 14 **Israel, Palestine and America**  
Spell it out, Barack
- 16 **Indian technology firms**  
Find a Zuckerberg
- 18 **Pope Francis**  
The first southern pope

**Letters**

- 20 **On credit ratings, Turkey, the EU and finance, telecommuting, Scotch, Shakespeare**

**Briefing**

- 25 **The Middle East peace process**  
Could two become one?

**United States**

- 29 **California and climate change**  
Gold and green
- 30 **Budgets and Congress**  
Opening bids
- 31 **The president's charm offensive**  
Let's do dinner
- 31 **North Dakota**  
Formation pressures
- 32 **Rebuilding Staten Island**  
After Sandy
- 34 **Abortion laws**  
Cutting away at Roe v Wade
- 34 **Endangered trees**  
Making a hash of the ash
- 36 **Lexington**  
The curious strength of the NRA

**The Americas**

- 39 **Mexico's new president**  
Sacred cows no more
- 40 **The Falklands referendum**  
Loud and clear
- 40 **Venezuela after Chávez**  
A man after his own heart

**Asia**

- 41 **Myanmar**  
The Lady's not for turning
- 42 **Kyrgyzstan**  
Gold in the hills
- 42 **Land grabs in Vietnam**  
Plotless
- 43 **Pakistan and Iran**  
Gas and hot air
- 44 **Sydney in Australian politics**  
Winning the suburbs
- 44 **Saving sharks**  
Rays of hope

**China**

- 45 **The one-child policy**  
Monks without a temple
- 46 **Maritime security**  
Dragons unite
- 46 **Money and power**  
Billionaire politicians
- 48 **Banyan**  
China's ancien régime

**Special report: American competitiveness**

**Cheer up**  
After page 48

**Middle East and Africa**

- 49 **Kenya's election**  
The old guard returns
- 50 **Uhuru Kenyatta**  
A chip off the old block?
- 50 **Catholics in Africa**  
Boomtown church
- 51 **The war in Syria**  
Can Jordan keep out?
- 51 **Iran's economy**  
Islamist Maseratis

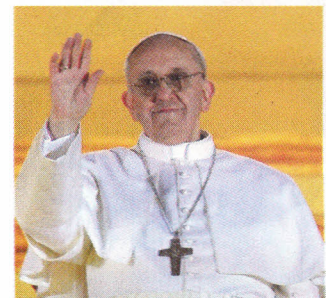
**Europe**

- 52 **Turkey's future**  
Presidential dreaming
- 53 **Hungary and the EU**  
Viktor's justice
- 53 **Germany's labour market**  
Wunderreform
- 54 **Greenland's elections**  
Below the ice
- 54 **Russia and the Middle East**  
Putin and the Holy Land
- 55 **Bosnia and the EU**  
A Balkan dysfunction
- 56 **Charlemagne**  
Europe's flawed temple of democracy



**Israel and Palestine**

Barack Obama must keep the two-state solution alive: leader, page 14. Israel's far right, frustrated Palestinians and assorted idealistic outsiders are talking up paths to peace in which there is never a separate Palestinian state, pages 25-27



**Pope Francis** A chance to reform the Catholic church: leader, page 18. A complex choice, page 60. The Vatican franchise is going strong in Ghana, despite fierce competition, page 50

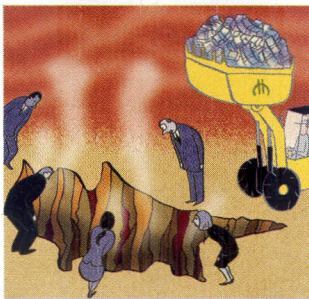


**China's rich politicians**

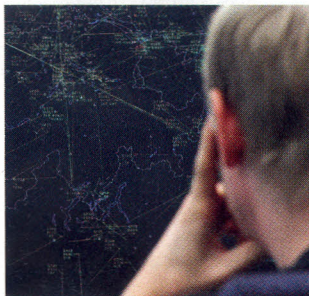
Its legislature has 75 dollar billionaires. America's Congress has none, page 46. China may have begun a long endgame for its one-child policy, page 45. A political tipping point? Banyan: page 48



**India's tech firms** A pioneer in outsourcing but a laggard in the internet era, can India become a leader in mobile technology? Leader, page 16. Meet the next generation of the country's technology firms—and the obstacles they face, page 63



**Cyprus** How Europe should deal with its bust banks: leader, page 14. Another fudged rescue looms, page 71



**Low-cost radar** Air-traffic control can use television signals to plot aircraft, page 79

### Britain

- 57 **Changing families**  
The post-nuclear age
- 58 **Railways in the north**  
Manchester united
- 59 **Bagehot**  
Swedish lovers

### International

- 60 **Pope Francis**  
White smoke, some clouds
- 61 **Hostage-taking**  
Trading places
- 62 **Islamist extremism**  
Green glass ceilings
- 62 **Development**  
Not by bread alone

### Business

- 63 **Indian technology**  
The screen revolution
- 66 **The lift business**  
Going up
- 66 **The private space industry**  
Spectrum for spacemen
- 67 **Intellectual property**  
Patent it or keep it secret?
- 67 **SXSW interactive**  
Silicon Spring break
- 68 **The Lebanese diaspora**  
A tale of two traders
- 70 **Schumpeter**  
The transience of power

### Finance and economics

- 71 **Bailing out Cyprus**  
Slow, slow, quick
- 72 **European bank bondholders**  
Target practice
- 72 **The SEC's new boss**  
The White stuff
- 73 **Buttonwood**  
Credit-cycle investing
- 74 **The WTO**  
The other conclave

- 75 **The minor metals**  
Elementary school
- 75 **Dollar coins**  
Kill bill
- 76 **Free exchange**  
Inflation expectations

### Science and technology

- 79 **Low-cost radar**  
A programme worth watching
- 80 **Table-top astrophysics**  
How to build a multiverse
- 81 **Astrochemistry**  
The great test tube in the sky

### Books and arts

- 82 **Sheryl Sandberg**  
Feminist mystique
- 83 **Stalin and Russia**  
Pain after death
- 83 **Taiye Selasi**  
Singular voice
- 84 **The Iraq war**  
Decade of regret
- 85 **W.D. Hamilton**  
Darwin's retriever
- 85 **With Grinling Gibbons**  
Cutting for inspiration

- 92 **Economic and financial indicators**  
Statistics on 42 economies, plus a closer look at stockmarkets

### Obituary

- 94 **Princess Lilian of Sweden**  
The secret woman



### The romantic princess

Our obituary of Lilian Craig, the Welsh girl who eventually became a princess of Sweden, page 94

### Principal commercial offices:

25 St James's Street, London SW1A 1HG  
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 C\$189

Latin America US\$270



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)

