

The Economist

AUGUST 12TH-18TH 2017

Fire and fury over North Korea

The Fed's runners and riders

Was Google right to sack him?

Competitive punning: game of groans

Roadkill

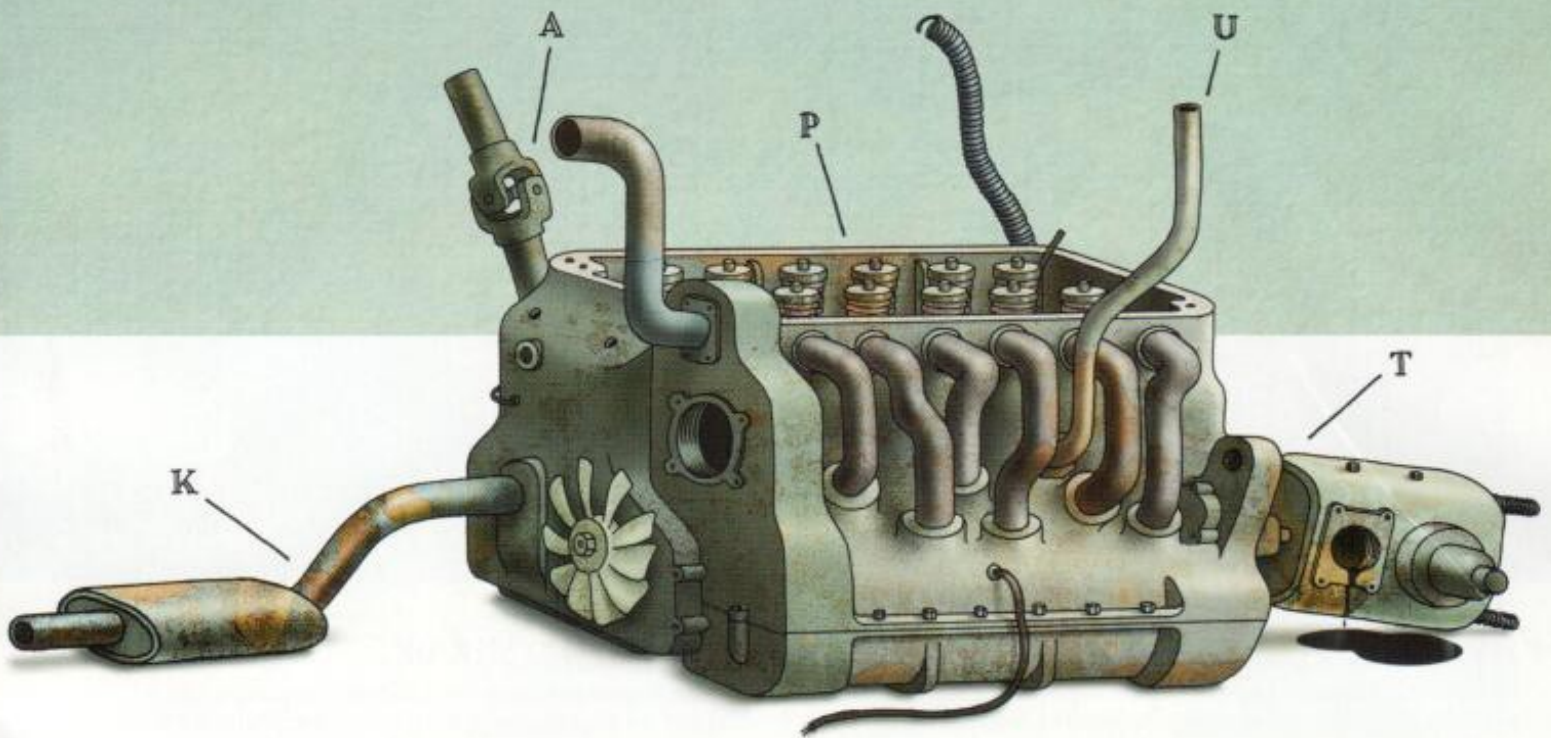


Fig.1 The Internal Combustion Engine



Australia.....A\$12(Inc.GST)	Hong Kong.....HK\$90	Korea.....Won 12,000	New Zealand.....NZ\$15.00	Sri Lanka.....Rs1,200
Bangladesh.....TK\$50	India.....₹350	Malaysia.....RM30 (Inc.GST)	Pakistan.....Rs700	Taiwan.....NT\$275
Cambodia.....US\$8.00	Indonesia.....Rp90,000	Myanmar.....US\$8.00	Philippines.....Pesos450	Thailand.....Baht 300
China.....RMB 80	Japan.....¥1,259+Tax	Nepal.....NR700	Singapore.....S\$13.50 (Inc.GST)	Vietnam.....US\$8.00

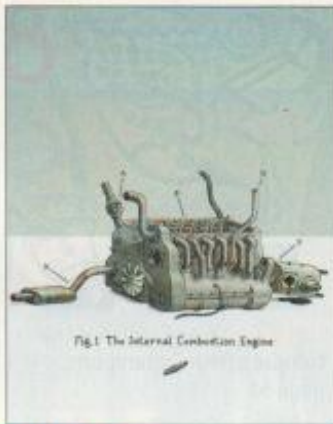


Fig.1 The Internal Combustion Engine

On the cover

The internal combustion engine had a good run. But the end is in sight for the machine that changed the world: leader, page 7. The battery industry has vaulting ambitions. Can it achieve them? Page 15. Atomic power stations that float on the ocean, or are anchored beneath it, may have advantages over those built on land, page 59

The Economist online

Daily analysis and opinion to supplement the print edition, plus audio and video, and a daily chart Economist.com

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 424 Number 9053

Published since 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: Beijing, Berlin, Brussels, Cairo, Chicago, Madrid, Mexico City, Moscow, Mumbai, Nairobi, New Delhi, New York, Paris, San Francisco, São Paulo, Seoul, Shanghai, Singapore, Tokyo, Washington DC

5 The world this week

Leaders

- 7 The death of the internal combustion engine**
Roadkill
- 8 South Africa**
Long walk to cronyism
- 9 Google and gender**
Not evil, just wrong
- 9 Russia and NATO**
Dangerous games
- 10 University finances**
The English solution

Letters

- 12 On Brexit, America, edtech, carbon emissions, virtual reality, the Big Mac index**

Briefing

- 15 Batteries**
Electrifying everything

Asia

- 18 America and North Korea**
Tone Defcon
- 19 Tokyo's vanishing bath-houses**
Troubled waters
- 19 Singapore's first family**
Bad blood
- 20 Muslim minorities (1)**
Trampled in Thailand
- 21 Muslim minorities (2)**
Myanmar's scapegoats
- 22 Banyan**
Phones v state in North Korea

China

- 23 Rural Hong Kong**
Housing ding-dong
- 24 Tourism**
Love yurts

United States

- 25 Attitudes to immigration**
Still yearning
- 26 College admissions**
After affirmative action
- 27 Labour unions**
One and done
- 28 Prisons**
Company town
- 28 Health care**
European lessons
- 30 Lexington**
The Democrats

The Americas

- 31 Charter cities in Honduras**
A shadowy experiment
- 33 Chile**
Lifting the abortion ban
- 33 Ecuador**
Moreno asserts himself

Middle East and Africa

- 34 Kenya's disputed election**
A country on edge
- 35 Scions behaving badly**
Despots' brats on Instagram
- 35 Iraqi Kurdistan**
Inching towards Kexit
- 36 Hizbullah**
When the guns come home
- 37 Israeli politics**
Prime suspect

Europe

- 38 War games in Europe**
Mr Putin flexes his muscles
- 39 A Croatian firm's collapse**
Supermarket chain reaction
- 39 Mediterranean drought**
Nor any drop to drink
- 40 Freedom for the Faroes**
Fishing for liberty
- 41 Charlemagne**
France v Italy

Britain

- 42 Higher education**
University challenge
- 44 Bagehot**
Has Corbyn peaked?



American health care If you want to fix a system that is buckling under pressure, look to Europe, page 28



Russia By refusing to allow observers at next month's Zapad 2017 military exercise, Vladimir Putin is stoking fear and suspicion: leader, page 9. Why NATO is so alarmed, page 38



Kenya As the opposition contests the count, a peaceful vote is threatened by violence, page 34



Imagery courtesy of Reuters, AP, Getty Images, AFP, and The Associated Press



North Korea Donald Trump's bluster may thwart efforts to get the nuclear dictatorship to negotiate, page 18. Smartphones help North Koreans keep track of what's going on. Unfortunately, they also help the regime keep track of its people: Banyan, page 22



Google There were better ways of dealing with an outspoken employee than immediately sacking him: leader, page 9. An internal memo inflames the debate about sexism and free speech at work, page 47. Even as big tech firms thrive, they are facing more government scrutiny than ever, page 45



The Federal Reserve When Janet Yellen's term ends, who will be the Fed's next chair? Page 54. Investors rarely make the best political analysts: Buttonwood, page 55

International

- 45 **The global techlash**
Chaining giants

Business

- 47 **Silicon Valley's culture**
You're fired
- 48 **Israeli business**
Startup and leave nation
- 49 **Fox's bid for Sky**
What the Fox said
- 49 **Helen Alexander**
The best of bosses
- 50 **The business of airports**
Ready to depart
- 51 **Schumpeter**
Suspicious minds

Economics brief

- 52 **Say's law**
Glutology

Finance and economics

- 54 **The Fed's next chair**
Rate race
- 55 **Buttonwood**
Not as smart as they think
- 56 **Banking in Australia**
Cuckoo in the nest
- 56 **Dutch disease**
The Nigerian complaint
- 57 **American infrastructure**
Idle shovels
- 57 **Risky sovereign bonds**
Still crazy
- 58 **Football finance**
Shooting stars

Science and technology

- 59 **Nuclear energy**
Putting to sea
- 60 **Genetic engineering**
Cracking down on PERVs
- 61 **Hypersonic travel**
Hot stuff

Books and arts

- 62 **Puns and punning**
Away with words
- 63 **Henry David Thoreau**
Wild American
- 63 **"Jane Eyre"**
The secret history
- 64 **Bernardo Atxaga's fiction**
Nevada days
- 64 **Autism**
The rise of the autie-biography
- 65 **Beit Beirut**
Museum of memory

- 68 **Economic and financial indicators**
Statistics on 42 economies, plus our monthly poll of forecasters

Obituary

- 70 **Jeanne Moreau**
Life as defiance



Language Why English is the tongue of word champuns, page 62

Subscription service

For our full range of subscription offers, including digital only or print and digital combined visit

Economist.com/offers

You can subscribe or renew your subscription by mail, telephone or fax at the details below:

Telephone: +65 6534 5166

Facsimile: +65 6534 5066

Web: Economist.com/offers

E-mail: Asia@subscriptions.economist.com

Post: The Economist

Subscription Centre,

Tanjong Pagar Post Office

PO Box 671

Singapore 910817

Subscription for 1 year (51 issues) Print only

Australia A\$465

China CNY 2,300

Hong Kong & Macau HK\$2,300

India ₹10,000

Japan Yen 44,300

Korea KRW 375,000

Malaysia RM 780

New Zealand NZ\$530

Singapore & Brunel S\$425

Taiwan NT\$9,000

Thailand US\$300

Other countries Contact us as above

Principal commercial offices:

25 St James's Street, London SW1A 1HG

Tel: +44 20 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

1301 Cityplaza Four,

12 Taikoo Wan Road, Taikoo Shing, Hong Kong

Tel: +852 2585 3888

Other commercial offices:

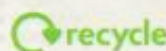
Chicago, Dubai, Frankfurt, Los Angeles,

Paris, San Francisco and Singapore



PEFC certified

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



Politics



Tensions rose between **North Korea** and America. The regime of Kim Jong Un threatened to strike at American armed forces in Guam, a response to a warning from Donald Trump to unleash "fire and fury like the world has never seen" if the regime continued to threaten America with its nuclear weapons. The heated rhetoric worried many and eclipsed an earlier decision by the UN Security Council to impose stringent new sanctions on North Korea.

Myanmar's official investigation into the human-rights abuses committed by the army in a crackdown against the Rohingya minority last October concluded that no such crimes had occurred. Earlier this year the UN reported mass killings, rapes and beatings committed against the Muslim Rohingya and called on the government to hold those responsible to account. Myanmar's response was to bar the UN from conducting its own investigation.

The **Maldives** looked set to execute murderers for the first time since the mid-1950s, when Britain was the colonial power. Amnesty International decried the island chain's restoration of the death penalty as a "transparent ploy" by the government to distract attention away from the country's political troubles.

Australia's debate on whether to legalise gay marriage got even more complicated. The government decided to hold an advisory voluntary postal vote on the issue after the

Senate killed a proposal for a referendum in which voting would be mandatory. But the strongest opposition to the mandatory vote came from supporters of same-sex marriage, who worried that it would be divisive.

An earthquake in the **Chinese** province of Sichuan killed at least 19 people and injured 250.

Clinging on

Jacob Zuma, the president of **South Africa**, kept his job after a motion of no confidence sponsored by the opposition failed to gather the 201 votes needed to remove him from office. Yet his victory was a slender one: perhaps a sixth of the MPs from the ruling African National Congress abstained or voted with the opposition.

Supporters of Raila Odinga, the main leader of the opposition in **Kenya**, took to the streets as a preliminary count of votes cast in a presidential election suggested that he had lost to the incumbent, Uhuru Kenyatta. Mr Odinga said the early results were "fake" and claimed that computers tabulating them had been hacked.



Paul Kagame, the president of **Rwanda**, won a third seven-year term in office with nearly 99% of the vote in an election. Mr Kagame has in effect ruled Rwanda since 1994 when he led a rebel force that ended a genocide against Tutsis.

Government by decree

Venezuela's newly elected constituent assembly declared itself the most powerful body in the country and sacked the attorney-general, Luisa Ortega Díaz. The assembly was elected in a vote boycotted by the

opposition to the country's authoritarian regime. Ms Ortega had called it a "mockery of the people". Meanwhile, Mercosur, a South American trade bloc, suspended Venezuela as a member. Armed men under the command of a dissident captain attacked an army base, urging soldiers to rebel against the government.

America imposed **sanctions** on eight more Venezuelan officials, including the brother of the late Hugo Chávez, the leader of the country's "Bolivarian revolution". In all, America has levied sanctions on nearly 40 Venezuelans.

Joaquín "El Chapo" Guzmán, the former leader of **Mexico's** Sinaloa drug gang awaiting trial in New York, announced his legal team. They include two lawyers who successfully defended John Gotti junior, the son of a mafia boss, who had been put on trial for racketeering and kidnapping.

Watching Mueller's back

Rod Rosenstein, the official at the **Justice Department** who appointed Robert Mueller as special counsel to investigate Russian meddling in last year's election, publicly defended the probe, which Donald Trump has criticised for giving credence to a "phoney story". Mr Rosenstein reiterated that the investigation was subject to due legal process and was not a "fishing expedition". Two senators recently unveiled a bipartisan measure that would protect Mr Mueller from being sacked on Mr Trump's whim.

Chicago filed a lawsuit against the Justice Department for threatening to block federal funds that the city puts towards policing, because it won't help the feds identify illegal immigrants. Chicago is the first "sanctuary city" to take such legal action. Rahm Emanuel, the mayor, described the federal threat to withhold the funds as blackmail.

The governor of **West Virginia**, Jim Justice, switched parties, abandoning the Democrats to become a Republican.

The state has drifted towards the Republicans partly because of the Democrats' green agenda, which hurts local coalmining jobs. Joe Manchin, a conservative Democratic senator, is already feeling the pressure in his bid for re-election next year.

An attacker threw a small bomb at a **mosque** in Bloomington, Minnesota. No one was injured. The governor described it as a "dastardly" act of terrorism.

A leaked draft report by scientists working in 13 federal agencies concluded that **climate change** is real and already affecting America. The report was leaked by the scientists apparently because they feared that the Trump administration would try to suppress it.

In a lower key



A car ploughed into a group of soldiers who were patrolling a suburb of **Paris**, injuring six. The driver deliberately drove into the men, who had been deployed as part of Opération Sentinelle under France's state of emergency. The police arrested a suspect in the north of the country. It is the latest of several attacks on the security forces in France.

The UN special envoy to Libya endorsed Italy's naval mission to support the Libyan coast-guard in trying to curb the flow of **migrants** in the Mediterranean. Launched earlier this month, the controversial mission has sparked criticism from human-rights groups for endangering migrants' lives as well as from Libyan factions opposed to the UN-backed government.