

The Economist

Merkel's unfinished business

Spy-fi: a peculiarly British genre

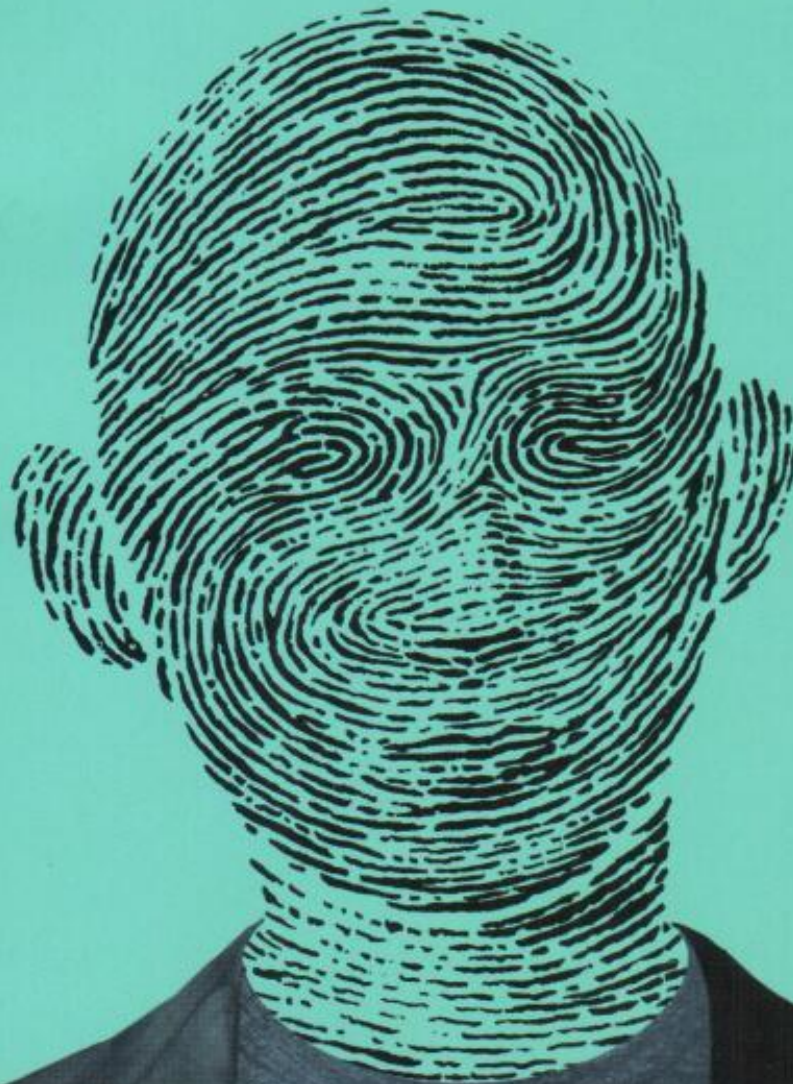
Making sense of China's capacity cuts

The Dreamers' nightmare

SEPTEMBER 9TH-15TH 2017

Nowhere to hide

What machines can tell from your face



Australia..... A\$12 (inc. GST)	Hong Kong..... HK\$ 90	Korea..... Won 12,000	New Zealand..... NZ\$15.00	Sri Lanka..... Rs1,200
Bangladesh..... TK550	India..... ₹390	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..... ¥1,250+Tax	Nepal..... NR700	Singapore..... S\$13.50 (inc. GST)	Vietnam..... US\$8.00



On the cover

Facial recognition is not just another technology. It will change society: leader, page 7. Ever better and cheaper, the technology is spreading quickly, page 53. How artificial intelligence is used to spot signs of sexuality, page 67. Researchers produce images of people's faces from their genomes, page 68

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 9057

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 **Facial recognition**
Nowhere to hide
- 8 **Germany's election**
Angela's unfinished business
- 9 **North Korea**
Messaging the shooter
- 9 **America's Dreamers**
Let them stay
- 10 **China's economy**
Created destruction
- 11 **The Rohingyas**
Going along with a pogrom

Letters

- 12 **On political Islam, Say's Law, better buildings, Thailand's minorities and headline-writing**

Briefing

- 15 **Angela Merkel**
The livin' is easy

Asia

- 19 **South Korea**
The nuclear options
- 20 **North Korea's nukes**
Almost there
- 21 **The Rohingyas**
Scorched earth
- 21 **Politics in Cambodia**
Closing time
- 22 **Bangladesh v Pakistan**
East overtakes west
- 24 **Banyan**
Pakistan and China

China

- 25 **The party congress**
Xi Jinping's big test
- 26 **Bookshops**
Turning trendy

United States

- 27 **Immigration politics**
A dream deferred
- 28 **Tax reform**
Holiday nightmare
- 29 **Think-tanks**
It's complicated

- 29 **Richard Posner**
Gavel down
- 30 **Alaskan detritus**
A load of rubbish
- 31 **Campus life**
Blue on blue
- 32 **Lexington**
Indispensable, in trouble

The Americas

- 33 **Colombia's peace process**
Joining the party
- 34 **The Canadian-American border**
Delay, delay, delay
- 34 **The big one hits**
Hurricane Irma
- 34 **Argentine disappearances**
Where is Santiago Maldonado?
- 36 **Bello**
Rebuilding the radical centre

Middle East and Africa

- 37 **Kenyan politics**
The rematch
- 38 **Liberian schools**
Classroom experiments
- 38 **The Seychelles**
Debt relief for dolphins
- 40 **South African politics**
Getting nasty
- 40 **Mediterranean migrants**
Stuck on shore
- 41 **The last Jews of Egypt**
Out of the shadows
- 42 **Saudi foreign policy**
Sunnis and Shias: enemies no more?
- 42 **The crumbling caliphate**
Islamic State loses again

Europe

- 43 **Germany's Social Democrats**
Agenda 2021
- 44 **Italy's economy**
Salute!
- 44 **Torture in Turkey**
Bruised and battered
- 45 **Turkish history**
Recalling Manzikert
- 46 **Charlemagne**
Exorcising French demons



Angela Merkel Germany's chancellor must become bolder in her (almost inevitable) fourth term: leader, page 8. She is changing, and not changing, Germany, page 15. The struggling Social Democrats are already looking to the next election, page 43



American immigration Donald Trump is right: Congress should pass legislation that allows people who moved to America illegally as children to stay: leader, page 9. Mr Trump ends a controversial Obama-era programme, leaving the fate of undocumented immigrants with Congress, page 27



North Korea Deterring a nuclear-armed North Korea requires clarity and consistency from America's government: leader, page 9. South Koreans want to bolster their own military capabilities in response to the North's nuclear test, page 19



China's capacity cuts Investors have faith that China is dealing with its industrial overcapacity. They should look more closely: leader, page 10. Capacity cuts fuel a commodity rally and a debate, page 59



Rohingyas The Burmese government must at least try to stop the army's attacks on the Rohingya minority: leader, page 11. A massacre in Myanmar's Rakhine state triggers an exodus of refugees to Bangladesh, page 21



Financial inclusion In rich countries, just as in developing ones, digital technology could make financial struggles easier to manage. Its potential has scarcely been tapped, page 51

Britain

- 47 **The economy**
Keeping calm, carrying on
- 48 **North Sea oil**
Wreck and roll
- 49 **Bagehot**
Spies like us

International

- 51 **Financial inclusion**
Underserved and overlooked

Business

- 53 **Visual computing**
Facial-industrial complex
- 54 **Toys**
Fidget revolution
- 55 **The aerospace industry**
Dogfight in the skies
- 55 **The electricity industry**
HEMP-induced anxiety
- 56 **India and textiles**
Hanging by a thread
- 56 **Loyalty schemes**
Forsake all others
- 57 **Mainland microbrews**
All the beer in China
- 57 **Electric cars**
Charge of the battery brigade

Finance and economics

- 59 **Chinese industry**
Great Leap Backward
- 60 **Buttonwood**
North Korea
- 61 **Flood insurance**
Under water
- 62 **Impact investing**
Of humanitarian bondage

- 62 **Currency markets**
Fear and favour
- 63 **Wells Fargo**
Stick in the mud
- 64 **Free exchange**
Government debt

Science and technology

- 67 **Facial technology (1)**
Keeping a straight face
- 68 **Facial technology (2)**
In the genes
- 69 **Fish farming**
Feeding-time worries
- 70 **Astronomy**
Cassini's end

Books and arts

- 71 **John le Carré**
Smiley's back
- 72 **Asia's reckoning**
Brothers in arms
- 72 **Sport (1)**
On your marks, get tech
- 73 **Johnson**
Google a Hoover
- 74 **Sport (2)**
Help for heroes
- 74 **Irish fiction**
"Solar Bones"

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

Obituary

- 78 **Richard Gregory**
Barbed humour



Spy novels To understand Britain, read its spy novels: Bagehot, page 49. George Smiley, in perhaps his final venture, is as enigmatic as ever, page 71

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 & Brunei	S\$425
Taiwan	NT\$9,000
Thailand	US\$300
Other countries	Contact us as above

Principal commercial offices:

The Adelphi Building, 1-11 John Adam Street, London WC2N 6HT

Tel: +44 (0) 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
PEFC/01-31-223

PEFC certified

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

www.pefc.org

