

The Economist

NOVEMBER 18TH-24TH 2017

Abenomics five years on

Mugabe, fall of a dictator

America's blue-collar revival

Does GE have the right mechanic?

What they don't tell you about climate change



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.....	₹ 350	Malaysia.....	RM30(Inc.GST)	Pakistan.....	Rs800	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



On the cover

Stopping the flow of carbon dioxide into the atmosphere is not enough. It has to be sucked out, too: leader, page 11. If you wanted to scrub greenhouse gases from the air, how would you go about it? Page 20. The EPA is rewriting the most important number in climate economics, page 32

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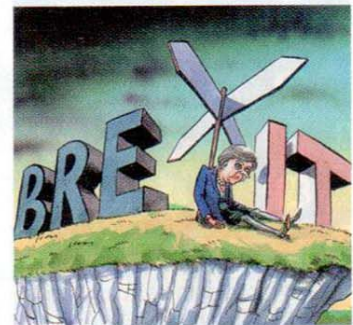
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Power to the people



Zimbabwe After 37 years, Robert Mugabe has been sidelined by the army. The world should learn from his misrule: leader, page 12. A ruinous reign is ending messily. How did it go so wrong? And how can Zimbabwe recover? Page 39



Britain Populism started by swinging the referendum towards Brexit. Its next act has been to overturn centuries of political tradition: Bagehot, page 50. Both sides in the Brexit negotiations have been inflexible. Yet many choices remain open, page 47



Blue-collar pay Working-class wages are surging. Can it last? Page 30. There are better reasons for tax reform than boosting growth: Free exchange, page 66

Business

General Electric announced a long-awaited turnaround plan. The conglomerate is to refocus its business on three core areas—power, aerospace and health care—and to retreat from other industries, such as transportation and lighting. It wants to sell \$20bn-worth of assets. But the plan, coupled with only the third dividend cut in GE's 125-year history, did not go down well with investors, who pushed its share price to a six-year low.

Procter & Gamble, another giant conglomerate that is feeling the heat from investors, faced an embarrassing defeat in a proxy fight. A preliminary count of shareholders showed that **Nelson Peltz**, who runs an activist management fund, had won a seat on the board, reversing P&G's claims of victory last month.

On the cusp of change

The former chief executive of **Uber**, Travis Kalanick, resolved a disagreement with Benchmark, a big investor, over appointments to board seats, three of which are in effect controlled by Mr Kalanick. The issue had been a stumbling block in talks between Uber and SoftBank, which is considering buying a big stake in the business.

The major credit-rating agencies declared that **Venezuela**, whose cash-strapped socialist government has said that it will need to restructure its debt, had defaulted on some international bonds. A first meeting with creditors in Caracas brought no tangible progress. But a loan-restructuring agreement with Russia should provide the regime with some breathing-space.

Missouri's attorney-general launched an investigation into **Google** for possibly violating the state's competition laws. The probe is wide-ranging and will look at how Google collects data and whether it has unfairly used its dominance in the search market. Missouri's

broadside could be the opening shot in a potential volley of state lawsuits aimed at the giants of Silicon Valley.

Steve Jurvetson, one of the most prominent investors in Silicon Valley, stepped down from the venture-capital firm he helped to found. He said that claims about "sexual predation and workplace harassment" were "wholly false". Mr Jurvetson is also on leave from the boards of Tesla Motors and SpaceX until the matter is cleared up.

Altice's share price plunged amid concerns about the amount of debt held by the telecoms group and its ability to grow in France, its biggest market. Its share price has tumbled by almost half since the start of November. The company's chief executive has left. Patrick Drahi, who founded Altice, has been appointed president.

In an effort to comply with laws that limit short-term leases in Paris, **Airbnb** imposed an automatic cap on the number of days its hosts in the French capital can rent out their homes. Paris is Airbnb's biggest market worldwide. But its cap applies only to four of the city's most central arron-

dissements, which may not be enough to assuage officials.

Seasonal prices

Britain's annual **inflation** rate remained unchanged in October, at 3%. The stability of the headline figure disguised some uncomfortable pressures on household finances. Until the beginning of 2017 food prices had been falling for more than two years, but they soared last month. Alcohol and tobacco prices have also risen and clothing and other household goods are also costlier. With Christmas around the corner, festive cheer may be in short supply this year.

Richard Cordray said he would step down as the head of America's Consumer Financial Protection Bureau. The agency was created during the Obama administration, earning the wrath of many in the banking industry for its regulatory activism. Mr Cordray managed to push back against plans to curb the CFPB's powers. His successor, who will be appointed by Donald Trump, may support them.

Singles Day in China reaped \$25bn in sales for Alibaba, surpassing last year's tally of \$18bn. At its peak customers bought 325,000 items a sec-

ond. The e-commerce giant hopes to make Singles Day a truly global affair, so that consumers elsewhere can participate in the orgy of shopping.

Duck and drive

Geely, a Chinese carmaker, made a bet that **flying cars** are ready to take off by buying Terrafugia, an American startup that hopes to bring its first aerial vehicle to the road, and the air, by 2019.



A painting of Christ attributed to Leonardo da Vinci was auctioned at Christie's in New York for \$450m, smashing the previous record for a piece of art. The provenance of "Salvator Mundi" is controversial. Many scholars believe it was painted by a follower of da Vinci and not the master himself. It was sold at an auction in 1958 for £45 (\$126).

Other economic data and news can be found on pages 76-77

