The Economist

JULY 29TH-AUGUST 4TH 2017

China and Russia: unlikely friends

The dotcom flop that's back on top

In defence of childlessness

Sunscreen, science and serendipity

Venezuela in chaos

What the world should do





On the cover

Venezuela is sliding from economic catastrophe to dictatorship. What the world should do: leader, page 7. Nicolas Maduro's attempt to impose dictatorship could end bloodily, page 16

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 9055

Published since September 1843 to take part in "a severe contest between

intelligence, which presses forward, and an unworthy, droid ignorance obstructing our progress.

Editorial offices in London and alser

Atlanta, Beijing, Berlie, Brussela, Caho, Chicago, Lima, Mexico City, Moscow, Mumbal, Natrobi, New Baltin, New York, Farts, San Frencisco, San Peulo, Secul, Shanghof, Singapore, Tokys, Washington OC. 5 The world this week

Leaders

- 7 The wages of chavismo Venezuela's agony
- 8 China's navy The new gunboat diplomacy
- 8 UK-US trade
 A special relationship with reality
- 9 AI in China Code red
- 10 Demography
 In defence of the childless

Letters

12 On the German economy

Briefing

16 Venezuela The mess tropical Marxism makes

Asia

- 19 Indian infrastructure Powering ahead
- 20 Politics in Japan Grilling Shinzo Abe
- 20 Labour in the Philippines The president's broken promise
- 21 Korean hairstory How wigs tell the story of South Korea
- 22 Banyan Danger in the Himalayas

China

23 China and Russia Unlikely partners

United States

- 25 Labour shortages The market for lemons
- 26 Sanctions against Russia They don't trust him
- 27 Jeff Sessions in peril The next big crisis?
- 28 Health reform Getting thinner
- 28 Gender politics Trans action-man

- 29 Detroit, the movie Riots remembered
- 29 New York neighbourhoods Harlem shuffle
- 30 Lexington Norman Rockwell

The Americas

- 31 Migration to Mexico Fewer rivers to cross
- 32 Banking for the FARC Capitalism 101

Middle East and Africa

- 33 Libya's civil war The increasing heft of General Haftar
- 34 Morocco and Algeria Open Sesame
- 35 Israel's submarine scandal In deep water
- 35 Lobbying in Africa For whom Bell Pottinger toils
- 36 Animal health in Africa An end to goat plague?

Europe

- 37 Illiberalism in Poland Objection sustained
- 38 The EU's Article 7 Policing the club
- 39 French unions Mild or militant?
- 40 Turkey's purges Absurdity in power
- 41 Charlemagne Brussels bookshelf

Britain

- 42 The car industry Mini boost, major problems
- 43 Chartie Gard Peace at last
- 44 Schools that teach parents New tricks
- 44 Gerontocracy Pensioners' parliament
- 45 Bagehot Ruth Davidson, northern star



China and Russia The extension of China's maritime power across the world is not necessarily a bad thing: leader, page 8. Xi Jinping and Vladimir Putin are cosying up. But mutual suspicions run deep, page 23



Poland A takeover of the judiciary has been halted, but the rule of law is still under threat, page 37



Big deal? Britain and America suffer from similar delusions when it comes to trade: leader, page 8





Childlessness More and more Westerners have no offspring. They should not be criticised for it: leader, page 10. Rising childlessness is much less worrying than it appears, page 46



Yech firms Left for dead after the dotcom boom, a low-profile internet company has staged an impressive comeback, page 48. Tech stocks have regained their dotcom-era highs: Buttonwood, page 56



Economics brief If markets are so good at directing resources, why do firms exist? The first in our summer series on big economic ideas, page 53

International

46 Demography The rise of childlessness

Business

- 48 Online travel The Priceline party
- 49 Equal pay Gap analysis
- 50 German carmakers Exhausted
- 50 China's market for music A pirate's life no more
- 51 Fashion and data AI ia mode
- 52 Schumpeter Africa's consumption conundrum

Economics brief

53 The theory of the firm Coase call.

Finance and economics

- 55 Bitcoin's civil war Breaking the chains
- 56 Buttonwood Tech stocks
- 57 Crops and conflict A bitter harvest.
- 58 Retail banking Withdrawal symptoms
- 58 Financial innovation Pandemic bonds
- 59 Free exchange Competition in America

Science and technology

- 60 Warfare Know your enemy
- 61 Boring technology Underground adventures
- 62 Multiple sclerosis Unexpected protection

Books and arts

- 63 Food from the American South Dinner in black and white
- 64 St Petersburg White nights, dark history
- 64 Dalits in India Ants among elephants
- 65 Of pigs and birds Creature consorts
- 66 Wayne McGregor's choreography Man on a mission

68 Economic and financial Indicators

Statistics on 42 economies. plus a closer look at South Africa

Obituary

70 Irina Ratushinskaya Written on soap



Science and serendipity A chance finding may lead to a treatment for a terrible illness, page 62

Subscription service

For our full range of subscription offices, including digital only or print and digital. more benefition.

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

Telephone: +65 6534 5166 Sentrelat +65 6534 5066 Economist.com/offers Arta Coulour fortiges, accomprist, see

> The Economist Subscription Centre. Tonjong Pagar Post Office PO Box 671

Singapore 910817 Subscription for 1 year (51 issues) Print only

Australia China CNY 2,300 Horg Kong & Macus HR\$2,300 Inche #30,000 Inquier Konsu KRW 375,000 Matoysta New Zealand NZ\$530 Singapore & Branel 35423 MT\$9,000

Principal commercial offices:

25 St James's Street, London SWIA DIE Tel: +44 20 7830 7000

Rue de l'Athénée 32 1206 Geneva, Switzerland Tel: +41 22 566 2470

750 3rd Avenue, 55th Floor, New York, NY 1001T Tel: +1.212.541.0500

1300 Cityplack Four,

12 Talkon Man Road, Talkon Shing, Hong Kong Tel: +852 2585 3888

Other commercial offices:

Chicago, Dubar, Frankfurt, Los Angeles, Paris, San Francisco and Singapore



PEFC certified

This copy of The Economic to privited an paper sourced from sustainably managed forests certified by PETC www.pefc.org



Politics



America imposed sanctions on 13 Venezuelan officials ahead of a planned election to a constituent assembly, which will have the power to rewrite Venezuela's constitution. The sanctions freeze the American assets of the army chief, the Interior minister and the head of the electoral commission among others and bar American companies from doing business with them. Critics of the Venezuelan regime say it will use the proposed constituent assembly to snuff out democracy. The opposition called a 48-hour strike to protest against it.

A show of force

Chinese and Russian warships staged a joint exercise in the Baltic Sea, their first together in those waters. Their navies have stepped up co-operation in recent years. They have also staged war games in the South China Sea and the Mediterranean. China wants to show that its navy can operate far afield; both countries also share a resentment of American naval power.

Hong Kong said that officials from mainland China will enforce immigration law inside a new railway station in the city that is due to open late next year. The move was condemned by pro-democracy campaigners, who fear it is a further encroachment on the territory's autonomy.

Martial law in Mindanao, the second-largest island in the Philippines, was extended until the end of the year. The army is battling insurgents linked to Islamic State in the

city of Marawi. Meanwhile, Rodrigo Duterte, the country's fiery president, said he was calling off peace talks with Maoist rebels. He has threatened to launch air strikes at schools that teach children from the Lumad tribe. He said the schools were a breeding ground for communists.

The Taliban claimed responsibility for a bombing in Kabul in which at least 31 people died. The insurgents also killed dozens of soldiers in an attack on an army base near Kandahar. Over 1,600 civilians were killed in Afghanistan in the first half of the year.

Australia's minister for resources stepped down after learning that he holds dual nationality, which the constitution forbids for legislators. Matthew Canavan said he had no idea he was also an Italian citizen: his mother registered him in 2006. Two Green party senators recently resigned because they also hold dual nationality.

Honourable worship



Israel's government tried to diffuse tension over access to the al-Aqsa mosque in Jerusalem by removing metal-detectors it had installed there. But their replacement by high-tech cameras is not likely to prove acceptable to Palestinians.

The European Court of Justice ruled that Hamas, an Islamist group that runs the Gaza Strip, should remain on the European Union's terrorist list.

Libya's two internal rivals, the UN-backed prime minister in the west and the military commander of the east, met in Paris and agreed to a ceasefire.

Ntabo Ntaberi Sheka, a warlord accused of overseeing mass rape in the Democratic Republic of Congo, gave himself up to UN peacekeepers in the east of the country.

They'll see you in court

Following a week of street protests against planned changes to the judiciary, Poland's president, Andrzei Duda, vetoed two of three bills seeking to limit the independence of the courts. Despite the veto, the European Commission issued a formal warning, giving Poland one month to address concerns over the government's efforts to nobble the judiciary.

Sweden's government faced a political crisis following a data breach at the transport agency. Leaders from the centre-right opposition called for a no-confidence vote against three ministers from the ruling Social Democratic Party.

The European Court of Justice's adviser recommended that it should dismiss a legal case brought by Hungary and Slovakia against refugee quotas. The European Commission sent a formal request to Poland, Hungary and the Czech Republic to respect the quotas, which aim to ease pressure on Greece and Italy.

The EU rejected Turkey's request for new accession talks. The gu has condemned the Turkish government's security crackdown following an attempted coup in July 2016. A trial of 17 journalists on terrorism-related charges and the detention of Amnesty International activists have only fuelled tensions with Brussels over human rights.

The separation of power

The House of Representatives voted by 419-3 to impose new sanctions on Russia, Iran and North Korea and to give Congress the power to thwart any attempt by the White House to ease sanctions against Russia. The bill now moves to the Senate where it has a similar level of support: enough to override a veto by Mr Trump.

At a closed-door meeting in the Senate, Jared Kushner, Mr Trump's son-in-law, who is a senior adviser to the president. denied collusion between the Trump campaign and Russian officials.

With much of Washington consumed by the Republicans' wrangling over a health-care bill and amendments to pass a "skinny" repeal of Obamacare, Mr Trump took to Twitter to announce a ban on transgender people serving in the armed forces.



After just six months in the job, Sean Spicer quit as White House press secretary in a disagreement over Mr Trump's appointment of a new communications director. Mr. Spicer's tenure was a troubled one. He had a feisty relationship with the media from the start, defending Mr Trump's exaggerated claims about the size of his inauguration crowd. But he was shut out of the president's inner circle; the appointment of Anthony Scaramucci, a financier and broadcaster known as "The Mooch", to the top communications job was the final straw.

A seminal study

Research led by American and Israeli scientists suggested that sperm counts among men in rich countries have fallen by around 50% in four decades. Other studies have made similar claims in the past, but have been criticised for being unreliable. The latest analysis combines results from 185 other papers and strongly suggests that the trend is real. Scientists do not know what is causing the decline: one candidate is hormone-disrupting chemicals used widely in industry.