

The Economist

The ascent of Elon Musk

Germany's miserable coalition

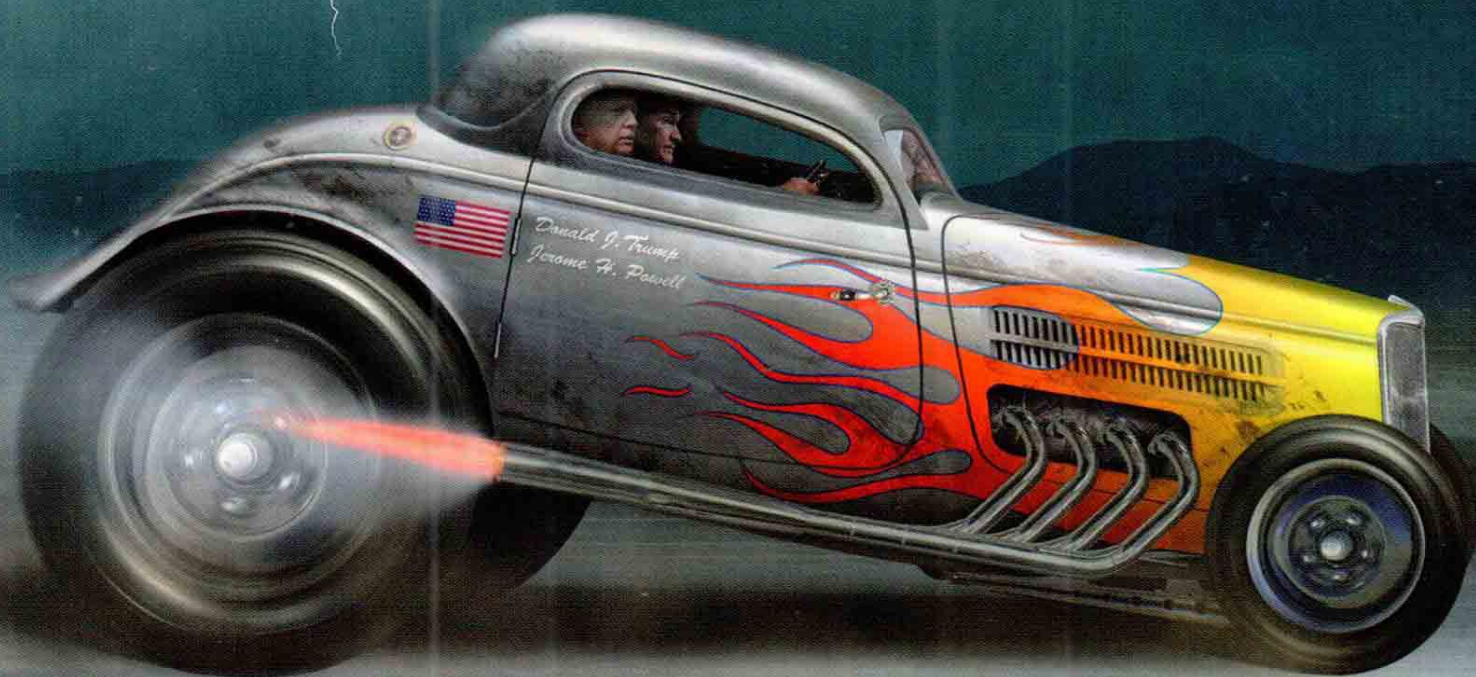
Winter Olympics: slope-a-dope

Guerrilla drones

FEBRUARY 10TH-16TH 2018

Running hot

America's extraordinary economic gamble



Australia.....	A\$12(Incl.GST)	Hong Kong.....	HK\$90	Korea.....	Won 12,000	New Zealand.....	NZ\$15.00	Sri Lanka.....	Rs1,200
Bangladesh.....	TK550	India.....	₹350	Malaysia.....	RM30.00	Pakistan.....	Rs800	Taiwan.....	NT\$275
Cambodia.....	US\$8.00	Indonesia.....	Rp90,000	Myanmar.....	US\$8.00	Philippines.....	Peso450	Thailand.....	Baht 300
China.....	RMB 80	Japan.....	¥1,259+Tax	Nepal.....	NR700	Singapore.....	S\$13.50 (Incl.GST)	Vietnam.....	US\$8.00



On the cover

America is about to test the merits of running an economy hot. Expect more bumpy weeks: leader, page 11. The decision to stimulate an already pacy economy is less illogical than it seems, page 33. After a long period of calm, investors get a shock, page 63. Recent market ructions highlight the role of instruments that bet against volatility, page 64. Central banks must occasionally gamble that faster productivity growth is possible: Free exchange, page 68

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Self-made man



French culture wars

Emmanuel Macron's bid to enlarge French culture has caused controversy—and not as he might have expected, page 74

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Politics



In **Syria** the regime of Bashar al-Assad pounded the rebel enclave of Eastern Ghouta, killing dozens of people. More than 100 fighters backing the regime were killed by US-led forces in a thwarted attack on a rebel stronghold. Turkey suffered its worst losses since invading northern Syria last month. A Russian warplane was shot down over Idlib. And Israeli warplanes fired missiles at positions in Syria, probably to block the transfer of arms to Hizbullah, the Lebanese militia-cum-party backed by Iran.

As women in **Iran** continued to protest against having to cover their heads in public, the office of the president, Hassan Rouhani, released a three-year-old report showing that nearly half of Iranians wanted to end the requirement.

Morgan Tsvangirai, the leader of one of the main opposition parties in **Zimbabwe**, was reported to be critically ill in a hospital in South Africa. Mr Tsvangirai, who won a presidential election in 2008 before the ruling party rigged the result to keep Robert Mugabe in power, has been receiving treatment for cancer.

The government in **Kenya** shut television stations and arrested politicians in an unconstitutional crackdown on free speech, after Raila Odinga, a leader of the main opposition alliance, declared himself the "people's president". Mr Odinga lost last year's disputed presidential election.

South Africa's parliament delayed an annual "state of the nation" speech that was to

have been delivered by the president, Jacob Zuma. It was the clearest sign yet that the ruling African National Congress party is trying to get Mr Zuma to step down before the end of his second term in 2019.

Memogate

A row erupted in Washington when Republicans in Congress released a memo, written by the Republican chairman of the House intelligence committee, that purports to show political bias in the **FBI's investigation** into Russian ties to Donald Trump's aides. The FBI had asked for the document not to be declassified. Mr Trump crowed that the memo vindicated him. The Democrats pushed for the release of a memo they have penned that tells a different story.

America's Supreme Court refused an emergency request by Republicans in Pennsylvania to reinstate the state's current boundaries for congressional districts. Pennsylvania's highest state court had found that the districts had been **gerrymandered** specifically to favour the party. The Supreme Court did, however, temporarily block a similar order in North Carolina to redraw its congressional map.



Elon Musk, the founder of SpaceX and co-founder of Tesla Motors, launched a **Falcon Heavy** rocket into space from the Kennedy Space Centre in Florida. The payload was one of Mr Musk's Tesla cars, which was dispatched on a trajectory towards Mars. The spectacular display included two booster rockets returning in synchronised formation to land near the launch pad. The central booster rocket missed its rendezvous at sea, but that did not detract from the suc-

cessful advance of private enterprise into space.

Pre-wedding nerves

Fabricio Alvarado won the most votes in the first round of **Costa Rica's** presidential election. He rose in the polls after the Inter-American Court of Human Rights, which is based in Costa Rica's capital, said the country had to legalise gay marriage. Mr Alvarado, an evangelical Christian, has promised to defy the ruling. The run-off is on April 1st.

Negotiations between **Venezuela's** authoritarian regime and the opposition, which would have set ground rules for the forthcoming presidential election, broke down. Venezuela's electoral commission, which the opposition says acts at the behest of the government, set April 22nd as the date for the election.

In a referendum, **Ecuadorians** approved the introduction of term limits for elected officials. That will probably prevent Rafael Correa, who was president from 2007 to 2017, from returning to office. The referendum was organised by Mr Correa's successor, Lenin Moreno, who has rejected authoritarian politics. Voters also endorsed a measure that allows Mr Moreno to sack judges and other officials appointed by a panel controlled by Mr Correa.

Getting there

More than four months after a general election, **Germany's** Christian Democrats, their Bavarian sister party and the Social Democrats (SPD) concluded a new "grand coalition" deal, similar to the one that has ruled the country for the past four years. Martin Schulz said he would step down as SPD leader; he is tipped to be foreign minister. The deal must be ratified by the SPD's members.

Poland's president signed a new law that criminalises reference to "Polish death camps". The government insists that everyone call them Nazi death camps that happened to be in Poland.

The government of **Macedonia** offered to add a qualifier to the country's official name, after more than a million people demonstrated in **Greece** against their neighbour's disputed use of "Macedonia", which is also a region in Greece.

(More) trouble in paradise

Abdulla Yameen, the president of the **Maldives**, declared a state of emergency, suspended much of the constitution and arrested two of the five judges on the supreme court. The remaining three judges then reversed a ruling that had overturned the convictions of nine opposition leaders.

A court in **Bangladesh** sentenced Khaleda Zia, a former prime minister and leader of the main opposition party, to five years in prison for corruption. Mrs Zia claims the prosecution is politically motivated.

Hong Kong's final court of appeal overturned the prison sentences of three activists who took part in pro-democracy protests in 2014. But the court also said that the harsher sentencing guidelines called for by the city's government to deal with protesters will be adhered to in future cases.



An **earthquake** hit the Taiwanese town of Hualien. At least ten people were killed and dozens are still missing.

South Korea announced that the sister of North Korea's dictator, Kim Jong Un, will attend the **Winter Olympics** in Pyeongchang, the first time that a member of the ruling Kim dynasty will visit the South. The South's democratically elected president, Moon Jae-in, will have breakfast with the brutal god-king's kin.