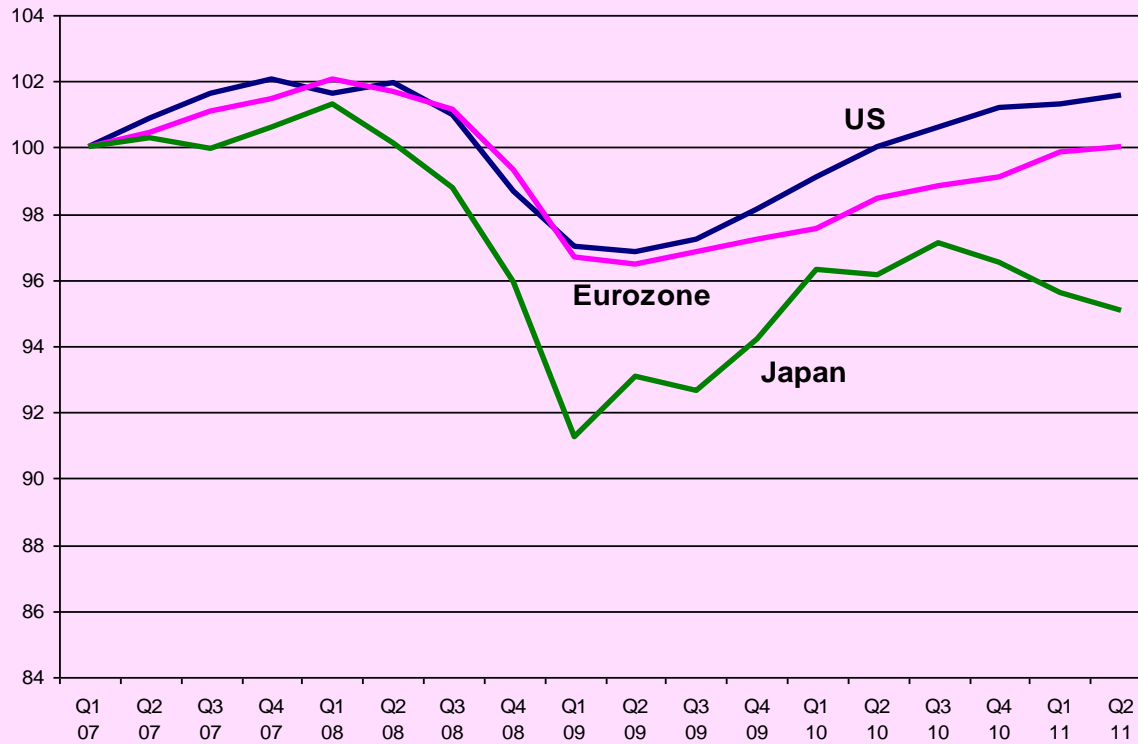


# Facing crisis in the global economy

Alan Beattie  
Financial Times

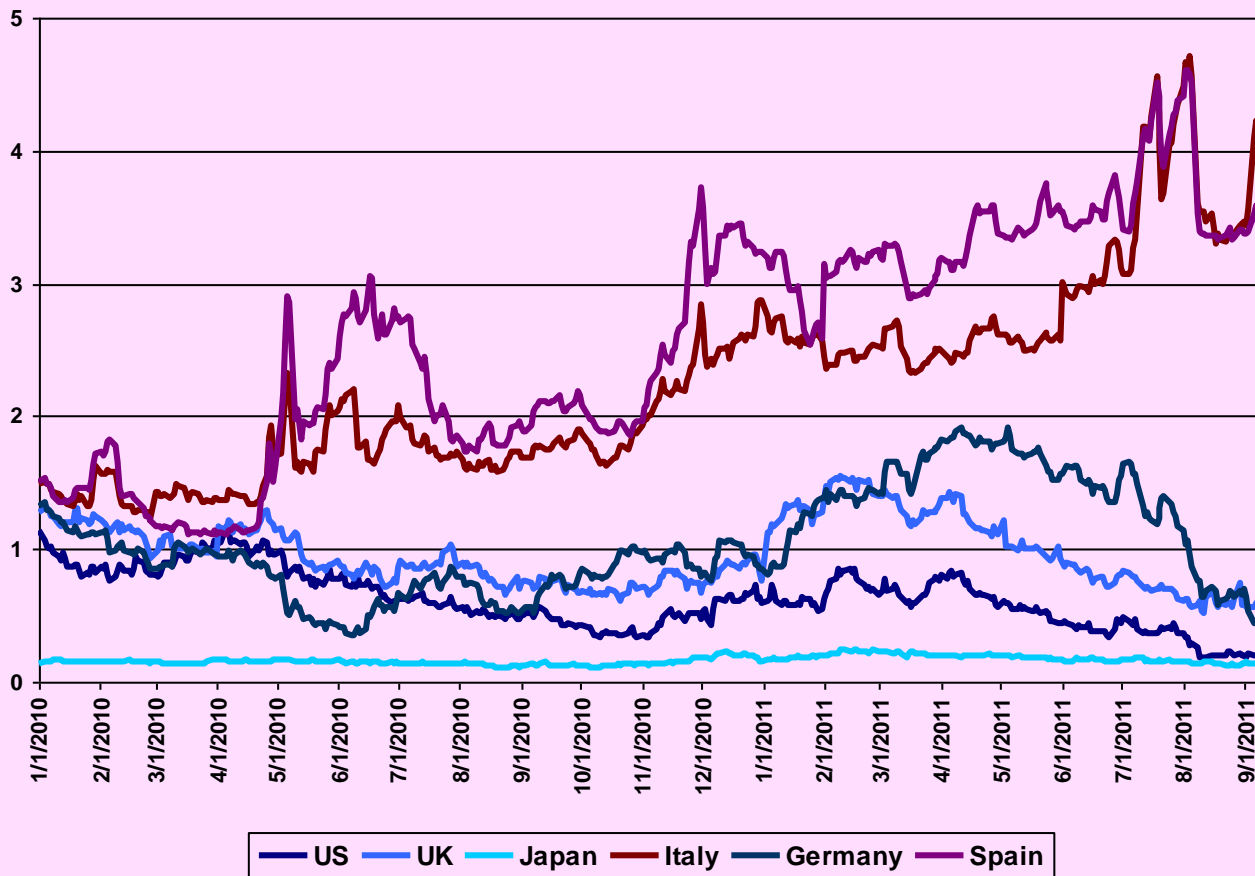
# The global bungee jump

Real GDP, 2007Q1=100



# The sheep and the goats...

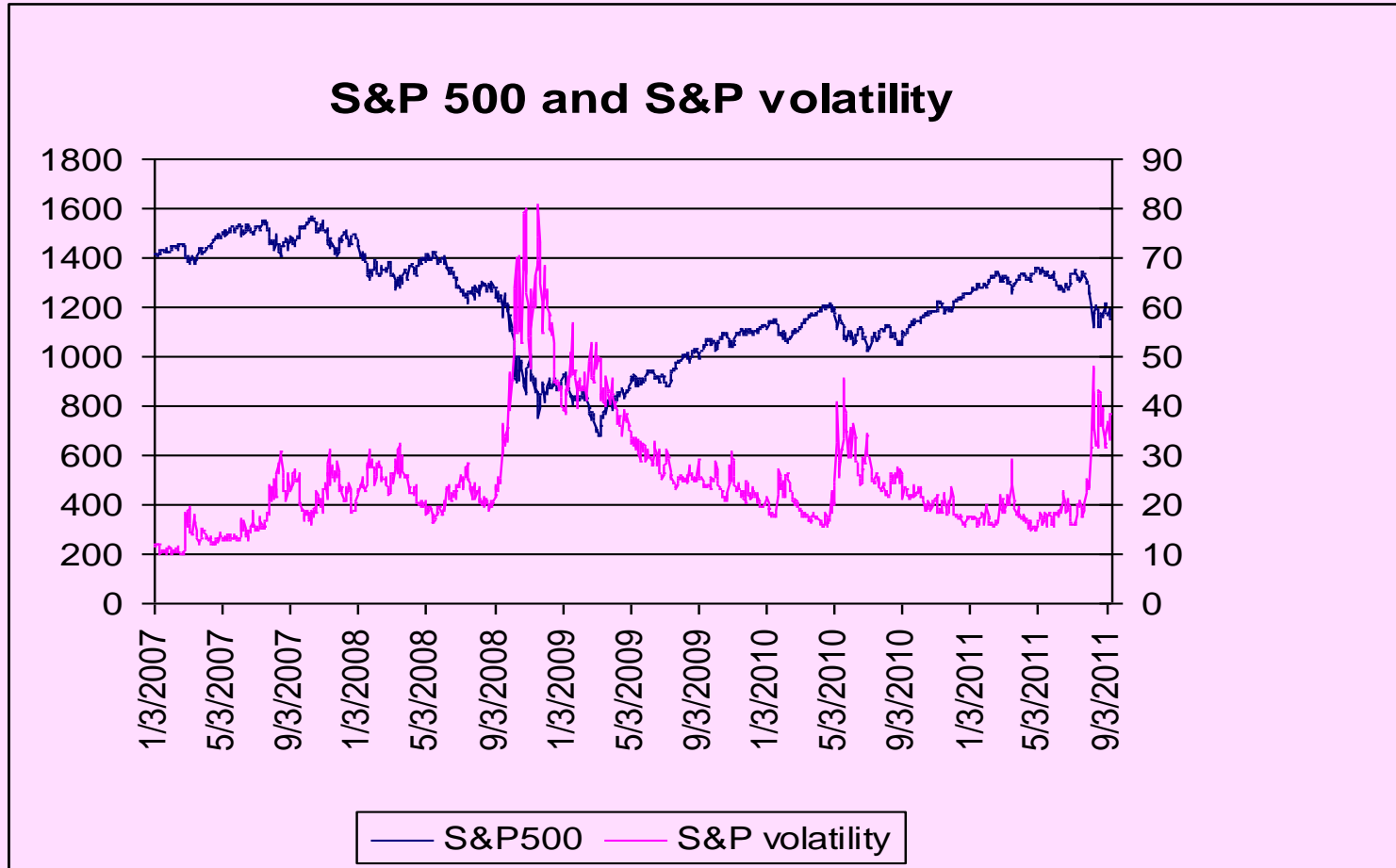
Two-year benchmark sovereign bond yields



# ...but not for emerging markets?

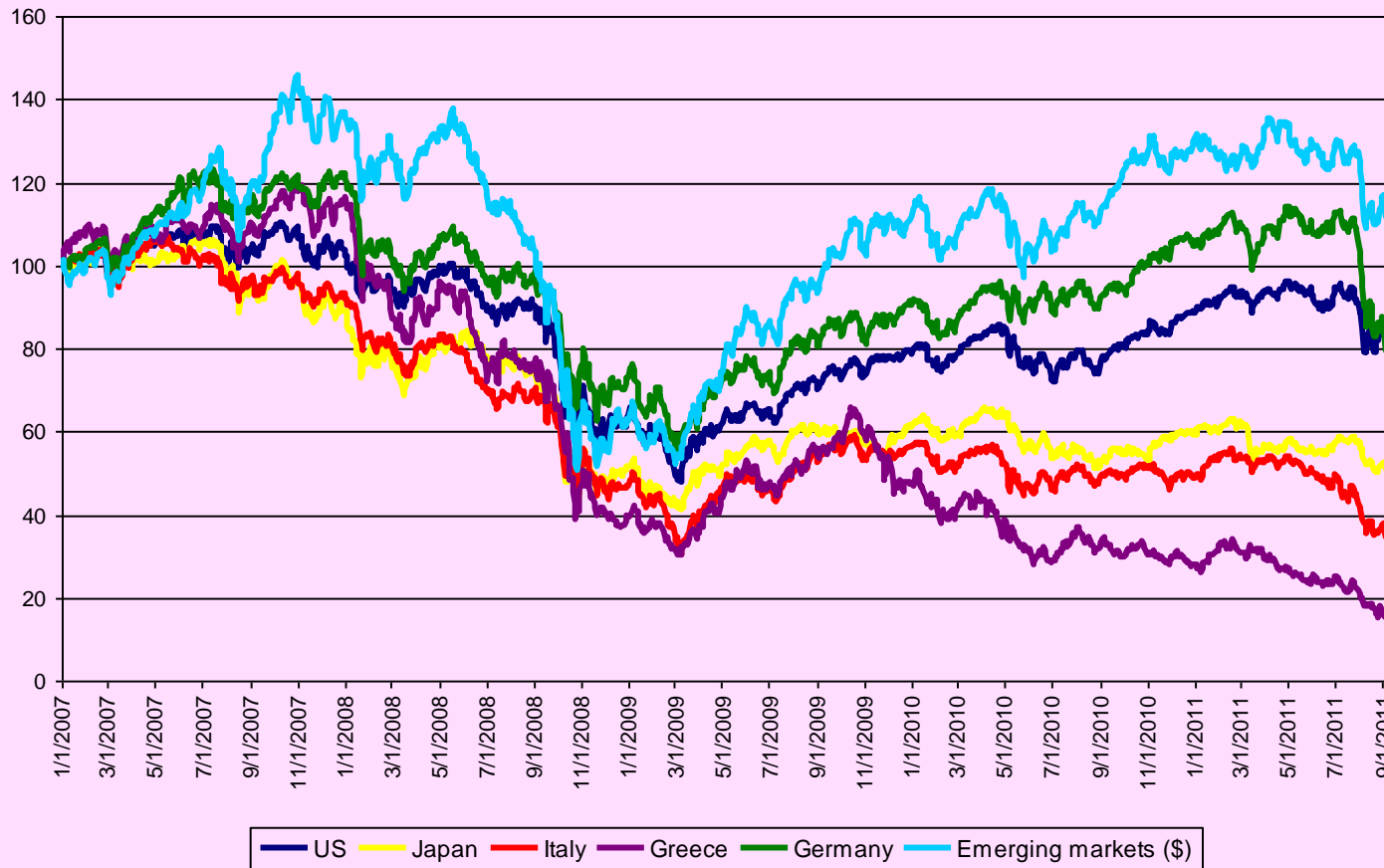


# Fears of systemic shocks...



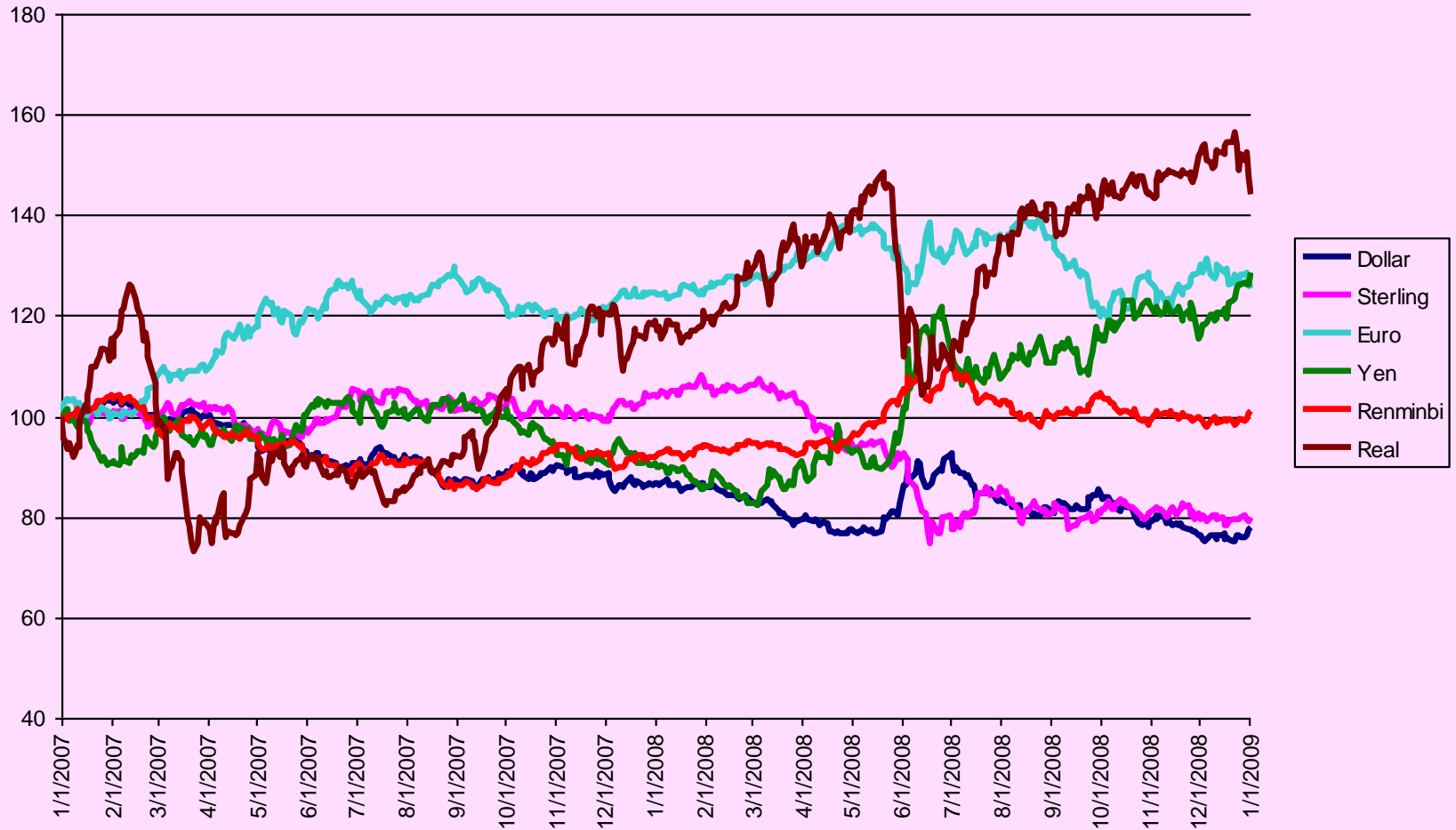
# ...but not for emerging markets?

Stock markets, local currency



# (Mainly) quiet on the currency front

Major currencies, trade-weighted



# Delusions of democracy

“When you put 17 democracies together under one currency...it is very much a race between the democratic game and market expectations. Democracy prevails at the end of the day.”

Christine Lagarde, Financial Times 31 July 2011

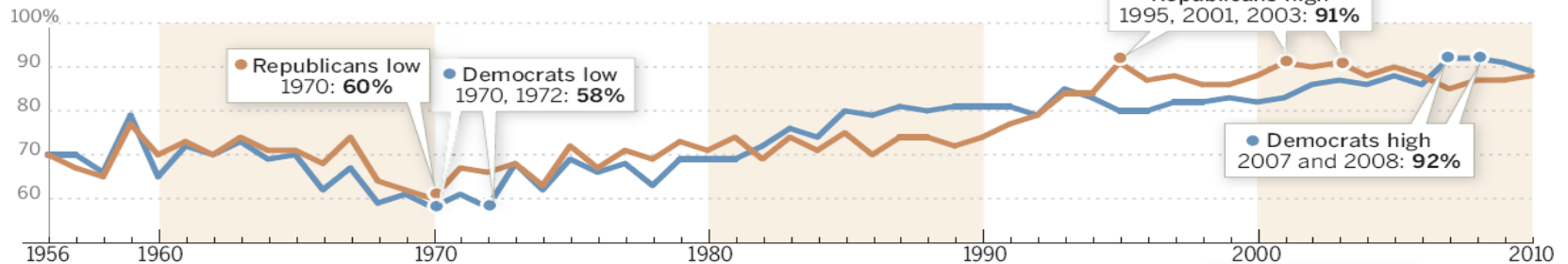


# Washington is broken

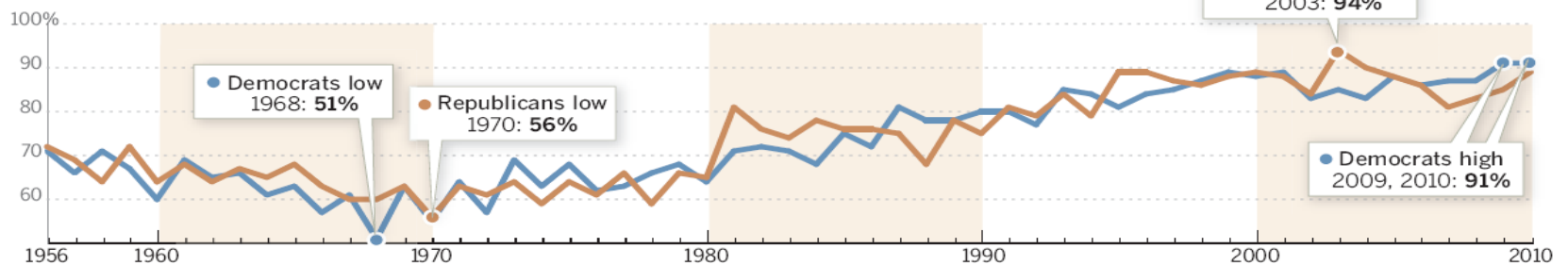
## GOP Loyalty Rises Toward Democrats' Level

Party unity stayed high in 2010. Republicans in both chambers voted with their colleagues more often than the year before on roll calls where the parties divided. Senate Democrats matched the record 91 percent support they scored the previous year. And although House Democrats saw their unity score decline, it remained higher than that of the chamber's Republicans.

### HOUSE



### SENATE



Source: Washington Post

# A currency war that everyone won

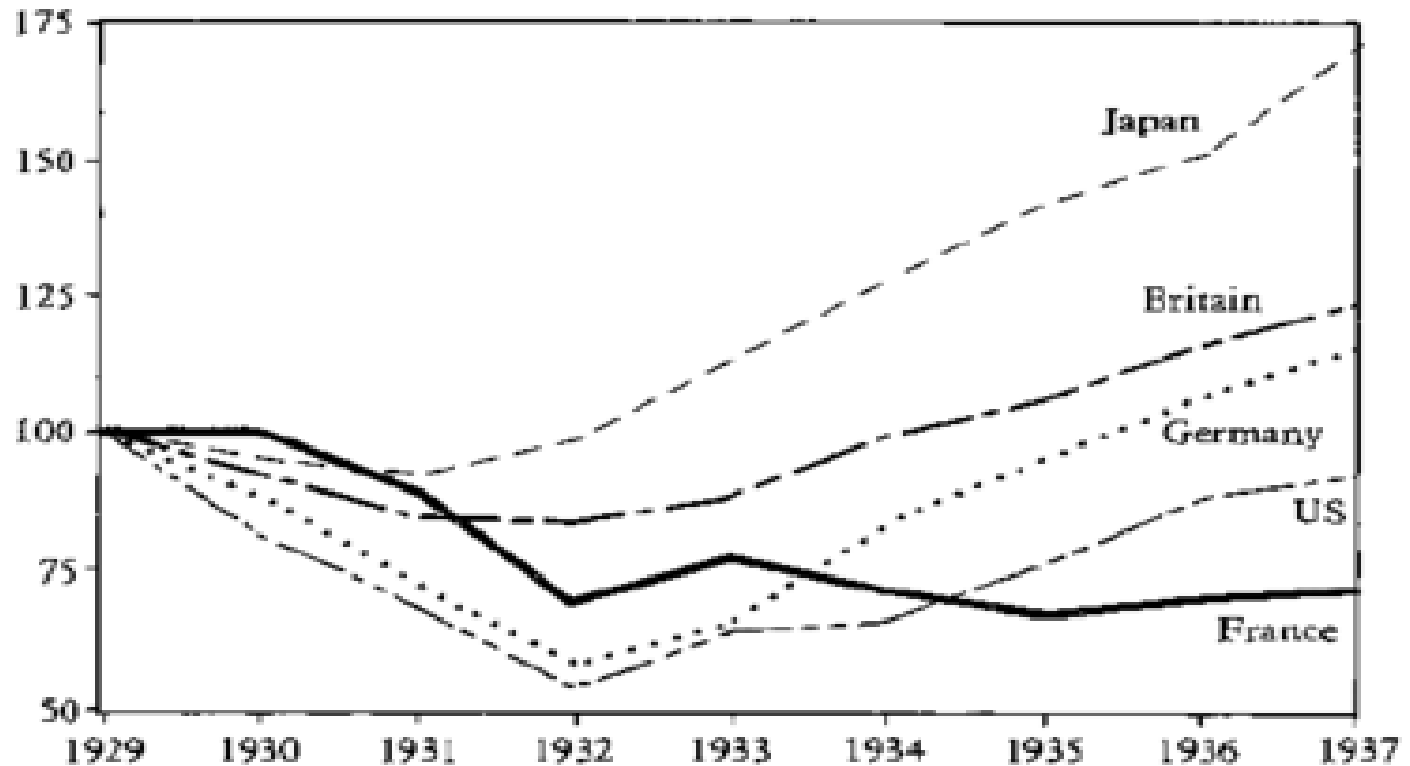


Figure 5. *Indices of industrial production, 1929-1937 (1929 = 100)*

Source: League of Nations, *World production and prices, 1937/8*, p. 44.

Alan Beattie  
Financial Times