

# The World As I See It

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Oslo

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## Le Moniteur : 9th-22nd March 1815

- The cannibal has escaped from his hideout.
- The ogre of Corsica has landed on the gulf Juan.
- The tiger arrived at Gap. His miserable adventure will end there, as a vagabond in the mountains.
- The monster slept in Grenoble.
- Bonaparte advances in great pace, but he will never enter Paris.
- Napoleon will be in the city ramparts tomorrow.
- The Emperor arrived at Fontainebleu.
- His Imperial Majesty entered yesterday in the Tuileries Castle, among his faithful subjects.

# The Three Questions

**1. What was the old normal?**

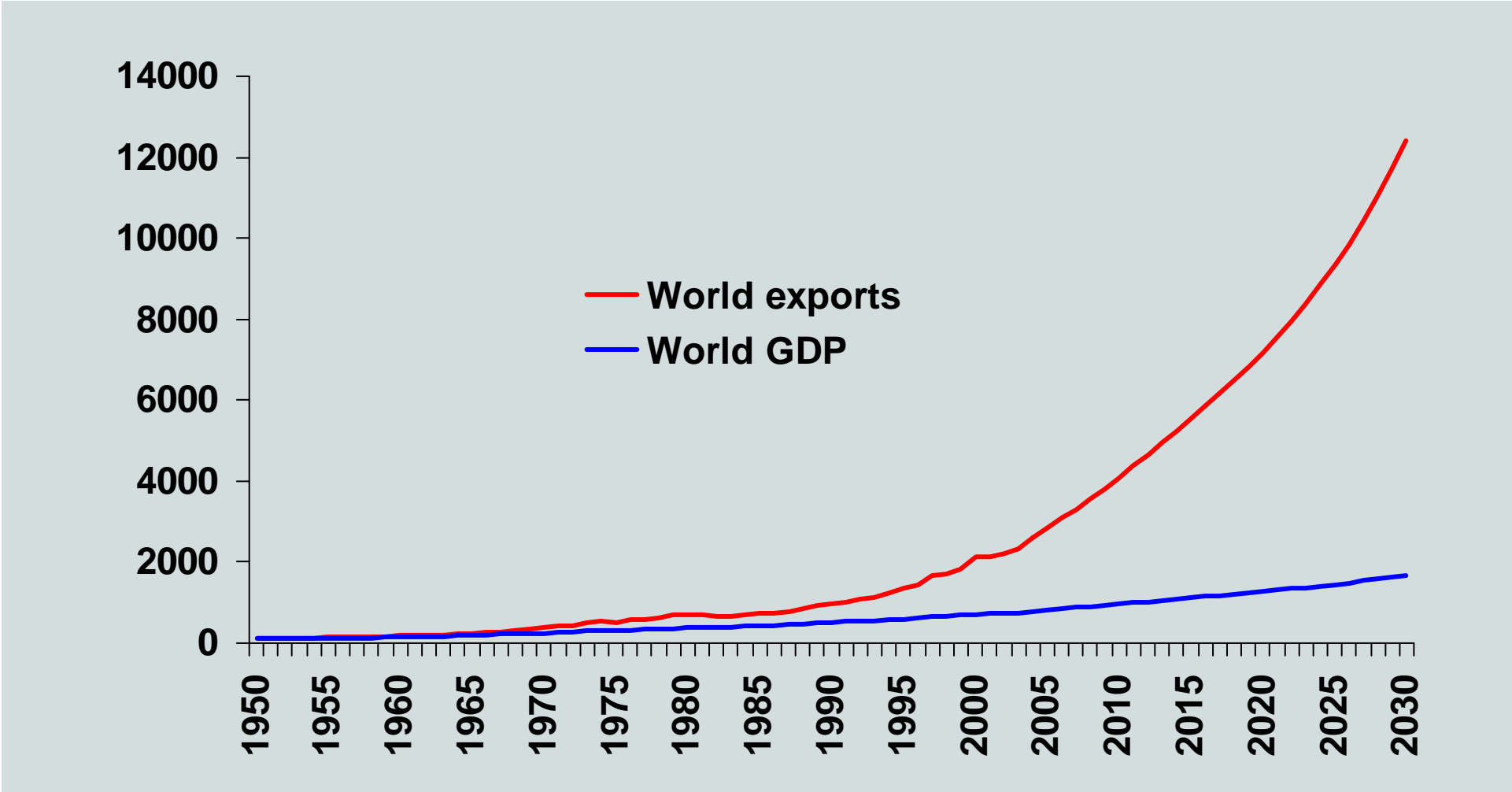
**2. What is happening now?**

**3. What will be the new normal?**

# The Three Questions

**1. Where were we  
going?**

# Globalisation explosion

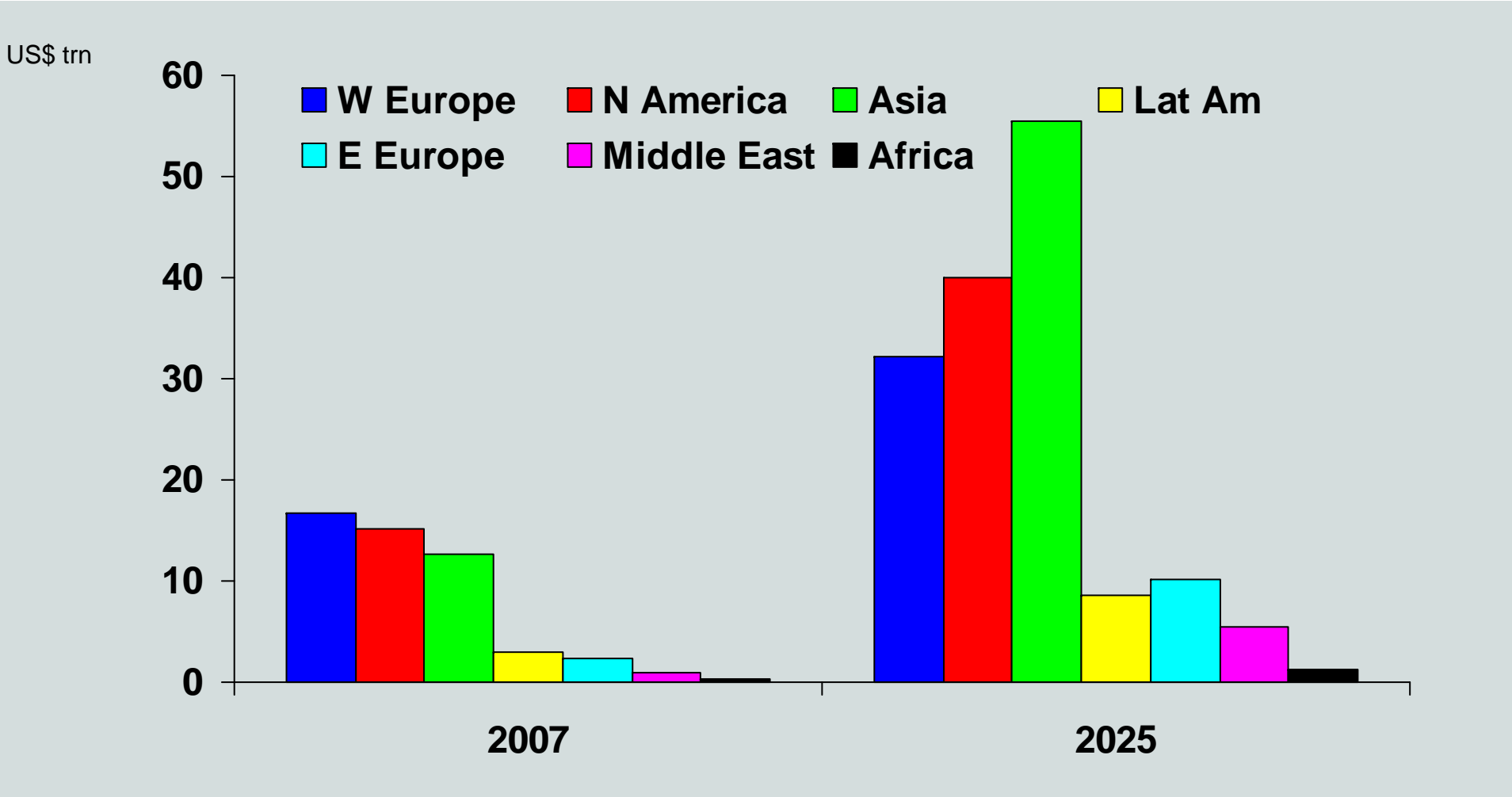


1950=100



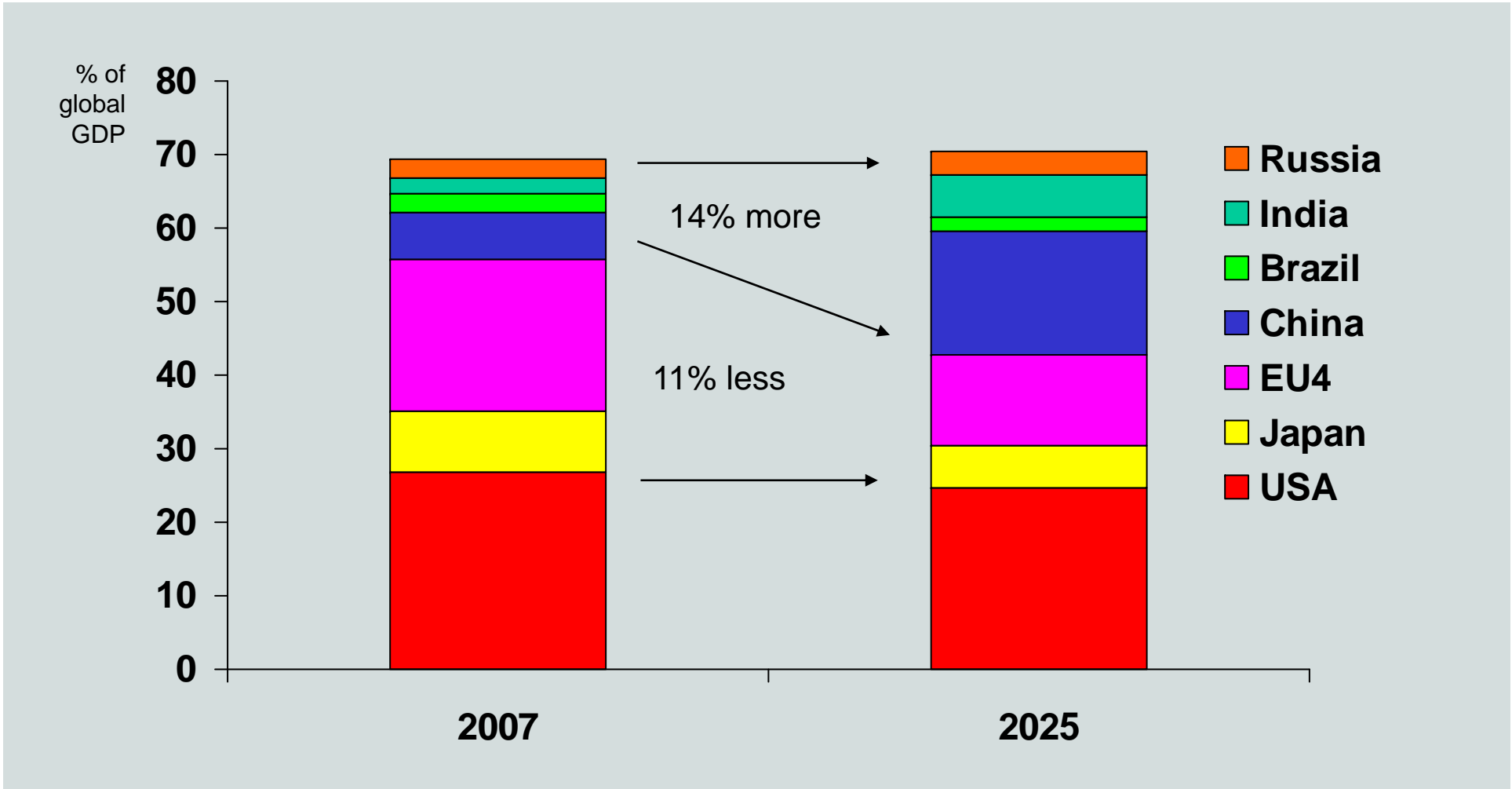
Source: IMF, World Bank, EIU

# Changing global demand

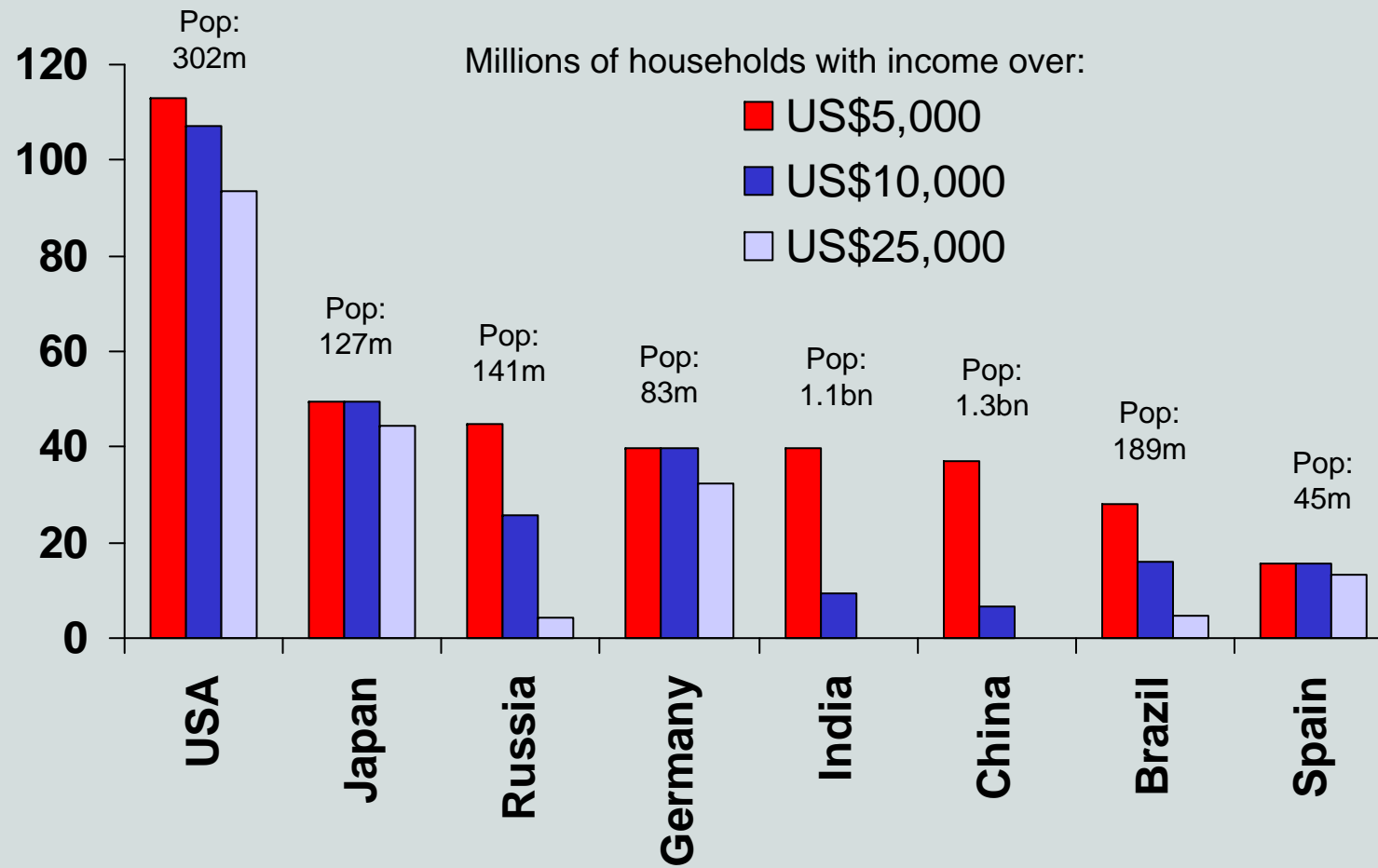


GDP at mkt exchange rates

# EU, Japan lose out to emerging mkts



## But only a few wealthy households



## Half the world

Population living on \$2–13\* a day, m

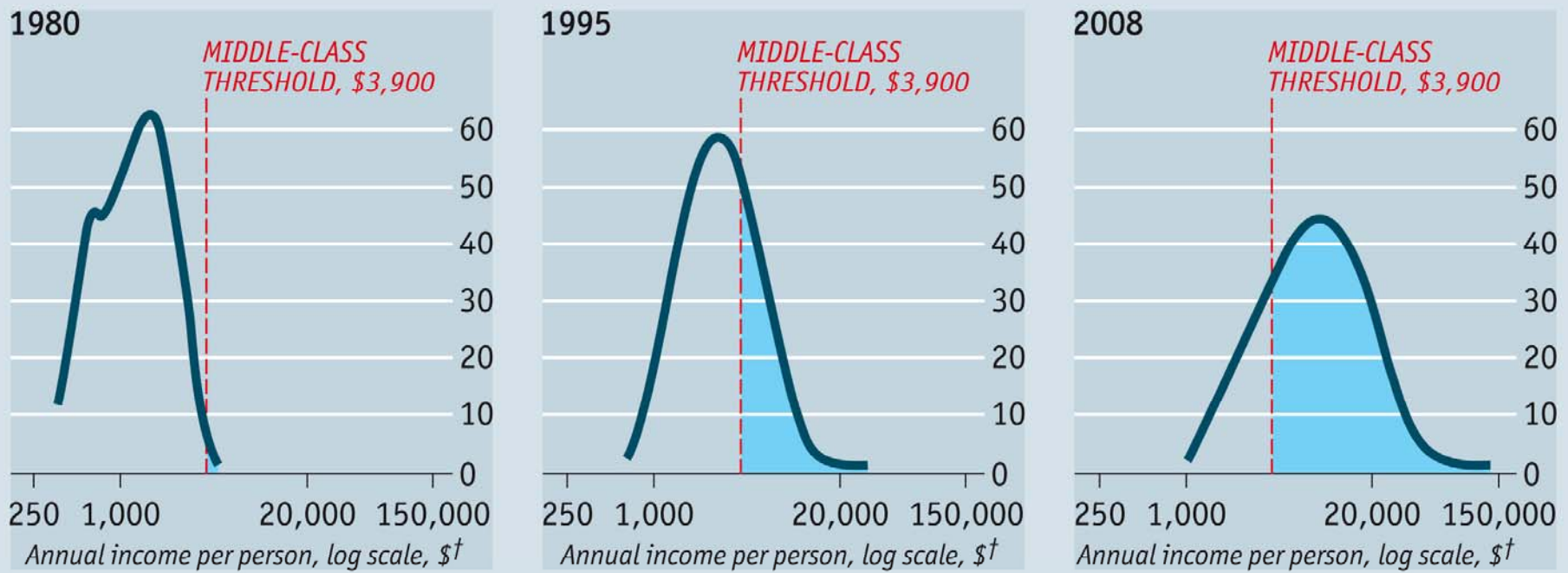
	1990	2005
East Asia and Pacific	315.5	1,117.1
..... <i>of which China</i>	<i>173.7</i>	<i>806.0</i>
Eastern Europe and Central Asia	355.3	347.8
Latin America and Caribbean	276.7	362.1
Middle East and North Africa	170.2	240.1
South Asia	192.7	380.2
..... <i>of which India</i>	<i>146.8</i>	<i>263.7</i>
Sub-Saharan Africa	117.7	197.1
<b>Total</b>	<b>1,428.1</b>	<b>2,644.3</b>

Source: Martin Ravallion

\*2005 prices at  
purchasing-power parity

## Mostly middle-class now

Changes in China's income distribution, % of population\*



Source: Surjit Bhalla, "The Middle Class Kingdoms of India and China" (forthcoming)

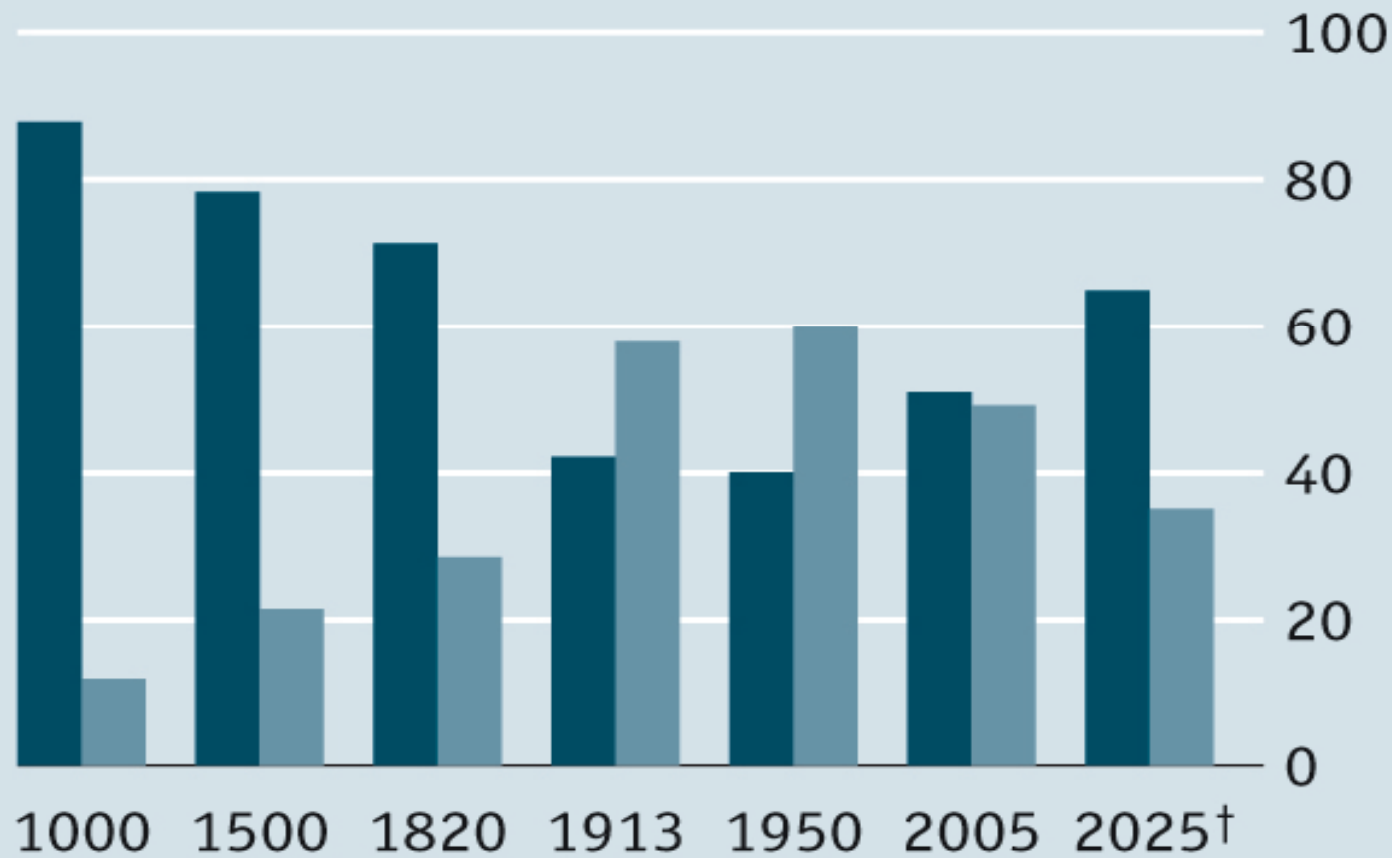
\*At each income level †2008 prices at purchasing-power parity

# Re-emerging

2

Share of global GDP\*, %

■ Emerging economies  
■ Developed economies



\*At purchasing-power parity †The Economist forecasts

Sources: OECD, Angus Maddison; IMF

# The Three Questions

**2. What is happening  
now?**

# The Economist

OCTOBER 4TH - 10TH 2008

[www.economist.com](http://www.economist.com)

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**World on  
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The  
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## *The paranoid recovery*

***“It’s not the despair. I can take the despair...It’s the hope I can’t stand.”***

John Cleese  
Clockwise

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[Economist.com](http://Economist.com)

Obama engages with the world

Tensions in the G20

Wasting money on climate change

Don't globalise financial regulation

Memories of the Warsaw ghetto

# The jobs crisis

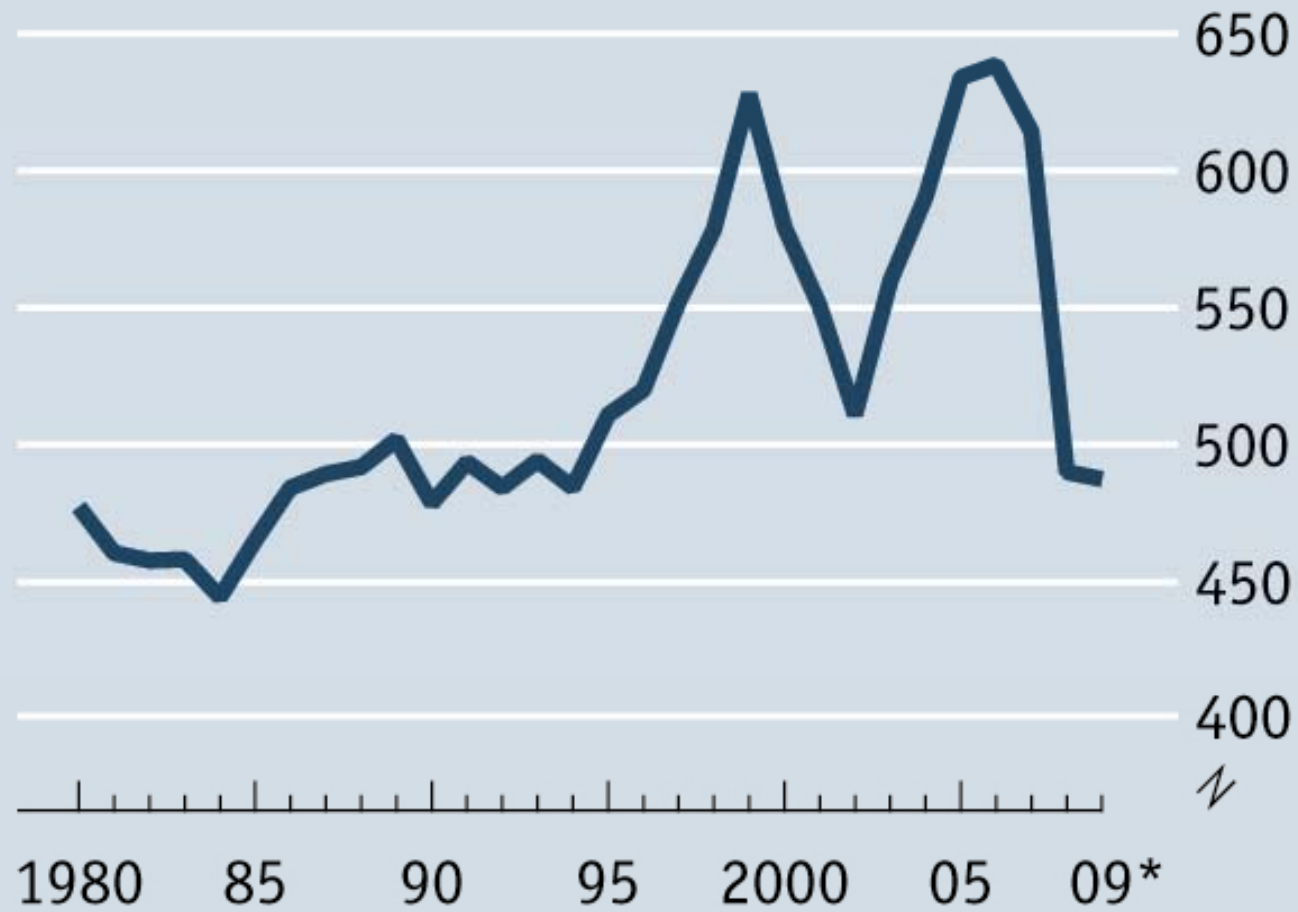
And what to do about it



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# Impoverished

US household net worth as % of disposable personal income

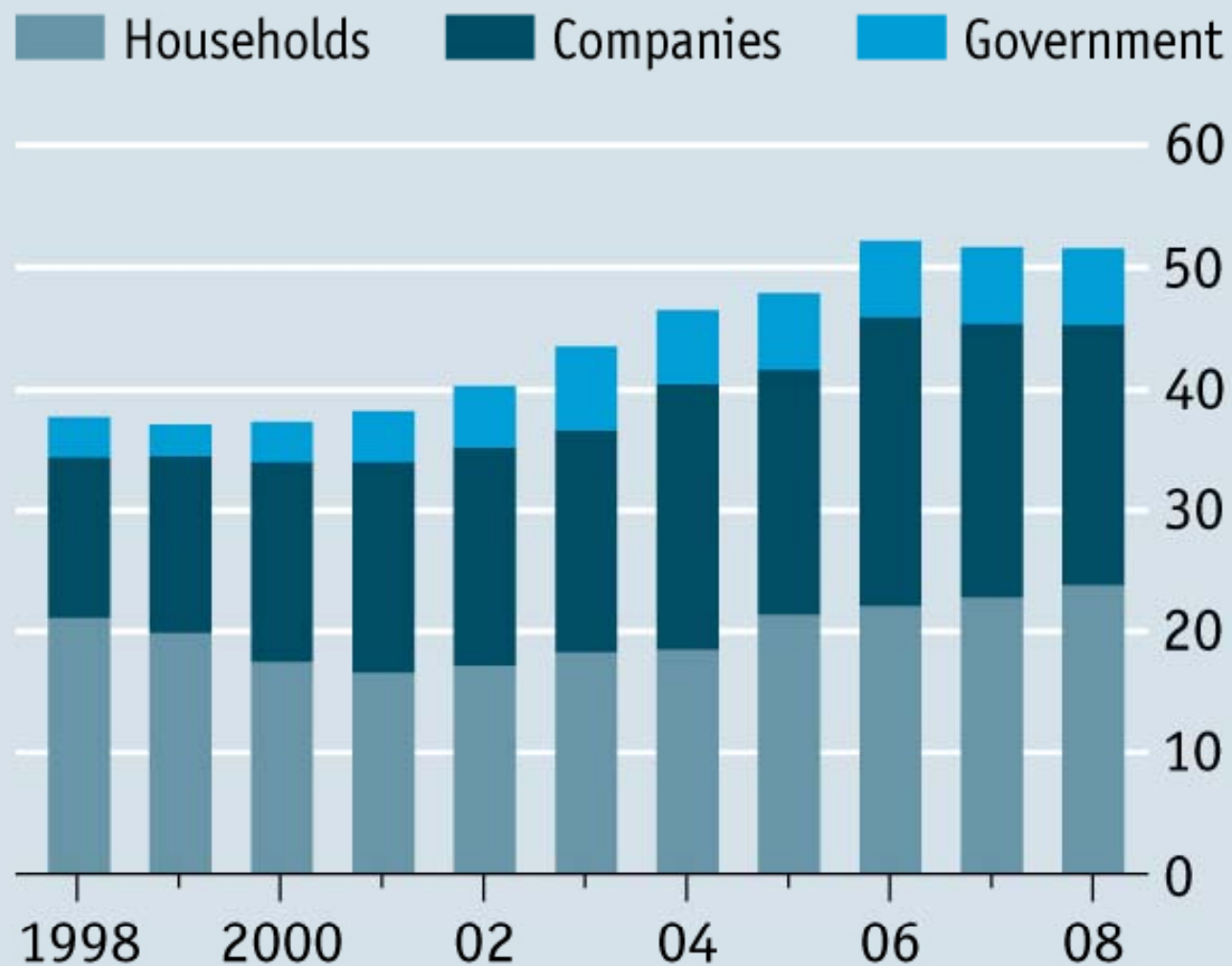


Source: Federal Reserve

\*End Q2

## An excess of thrift

China's domestic saving as % of GDP



Source: Louis Kuijs, World Bank

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Gordon Brown limps on  
America's lazy schoolchildren  
How to start saving the Amazon  
Netbooks disrupt computing  
Death of a drag queen

# Debt

The biggest bill  
in history



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Obama's foreign-policy overload

Paying to protect forests

Just say nein to Opel

How business schools should change

Reading the new bull market

# Spending cuts

## Where the axe should fall



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# The Three Questions

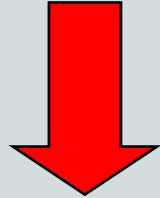
**3. What will be the new normal?**

## *The least unlikely prospect*

“The commercial storm leaves its path strewn with ruin. When it is over there is calm, but a dull, heavy calm.”

ALFRED MARSHALL

Financial crisis



Economic crisis



Political crisis



Domestic



Financial crisis



Economic crisis



Political crisis



Domestic International



## **A stable world?**

*Afghanistan, Cuba, Iran,  
Iraq, Israel-Palestine,  
North Korea, Pakistan,  
Sudan, Somalia,  
Venezuela, Russia*

Financial crisis



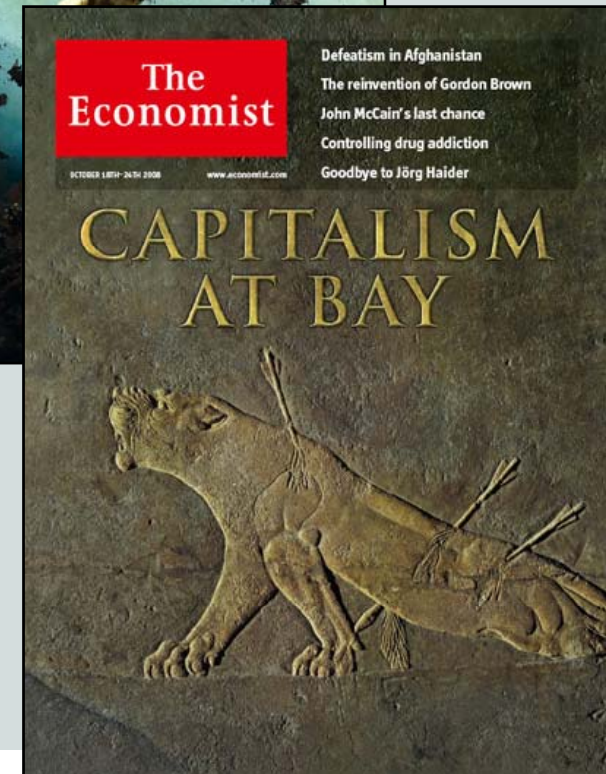
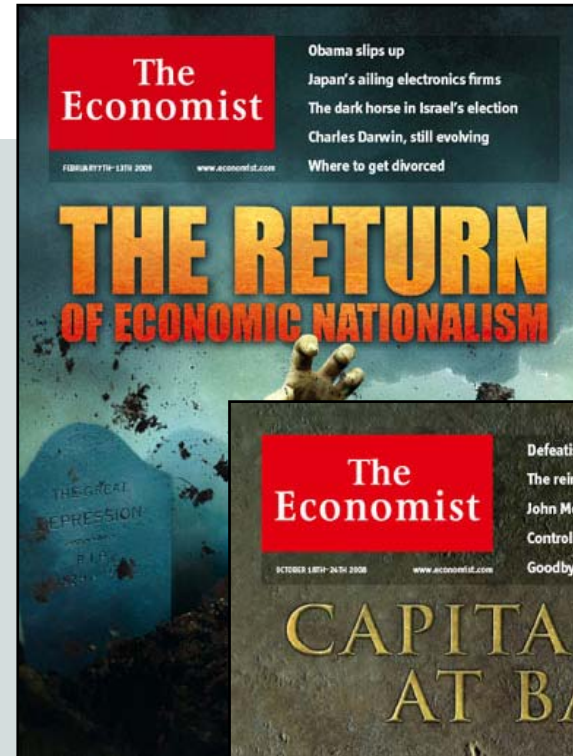
Economic crisis



Political crisis



Ideological crisis

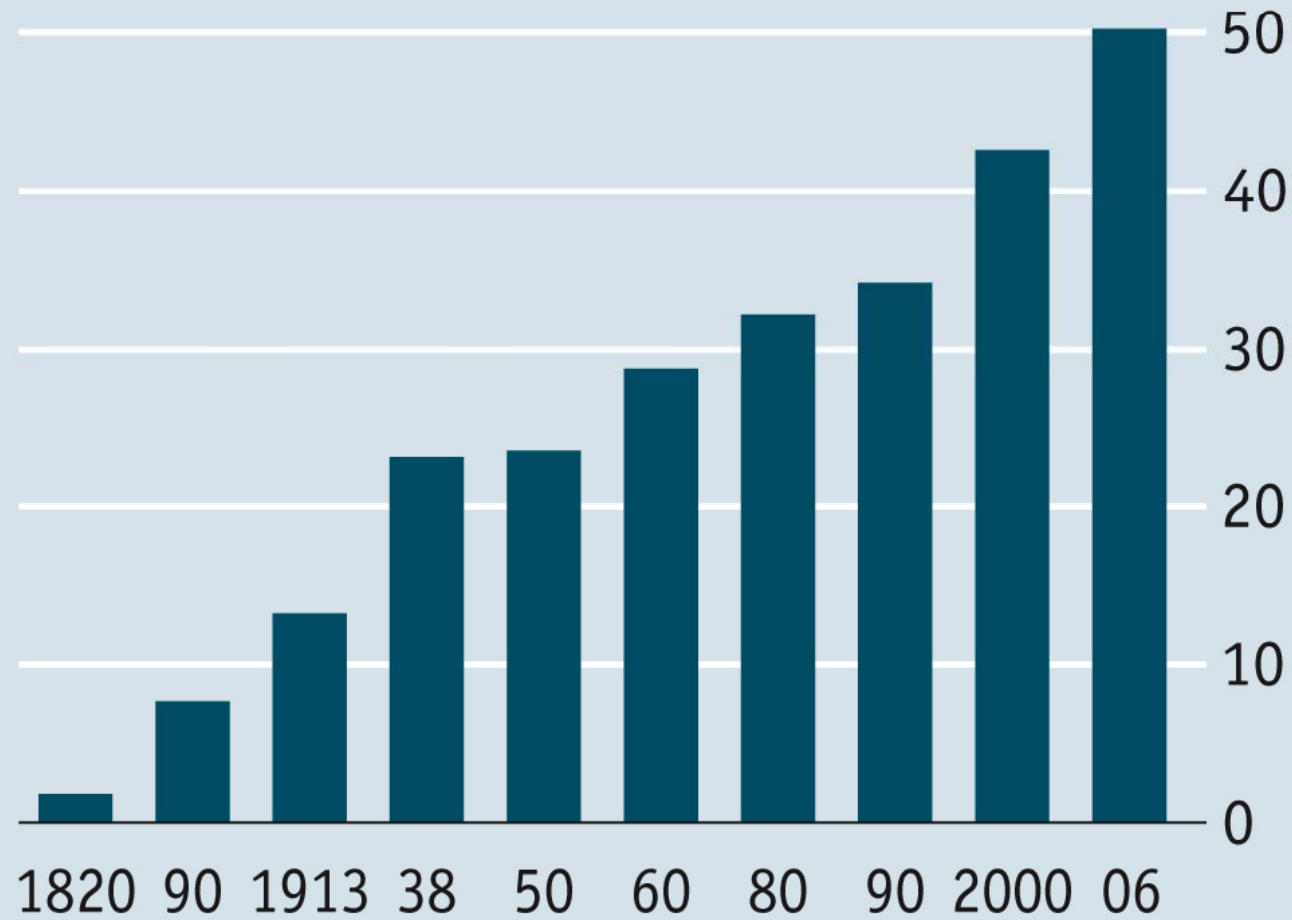


***Self-regulation is finished...  
Laissez-faire is finished.***

Nicolas Sarkozy

# Relentless rise

Middle-class population as % of world total



Source: Surjit Bhalla, *"The Middle Class Kingdoms of India and China"* (forthcoming)

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Obama and the Supreme Court  
Inflation is bad, deflation worse  
Thatcherism, 30 years on  
Can Fiat change the car industry?  
The first great ghost hunter

Le modèle  
français



# Europe's new pecking order

Modell  
Deutschland



The Anglo-Saxon  
model



The  
Economist

# The Anglo-Saxon retreat

1. A larger public sector
2. Missed opportunities
3. Bash the rich

***“So inevitable,  
and yet so completely unforeseen.”***

Alexis de Tocqueville  
on the French Revolution

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Defeating diabetes

Lakshmi Mittal's formula for steel

The rights and wrongs of sharia law



But could he  
deliver?

The  
Economist

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