

## Emerging markets driving the recovery

**M**AJOR emerging markets have exited from the global economic crisis in the driver's seat. They are gaining in strength and prominence and helping the world recover from the recession that plagued advanced economies along with everyone else.

This issue of *F&D* looks at the growing role of the emerging markets. Analysis by the IMF's Ayhan Kose and Eswar Prasad, professor of trade policy at Cornell University, argues that their economic ascendance will enable emerging markets, such as Brazil, China, India, and Russia, to play a more significant part in global economic governance and take on more responsibility for economic and financial stability. And Vivek Arora and Athanasios Vamvakidis measure how China's economy is increasingly affecting the rest of the world.

Emerging markets are already highly influential in the Group of Twenty (G-20) leading economies and their added weight is being reflected at the International Monetary Fund, where the Executive Board has approved a set of measures to give them more influence in running the 187-member organization.

In addition, this issue of *F&D* examines a variety of topics as the world struggles to shake off the crisis. Alan Blinder

and Mark Zandi look at the positive effects of stimulus in the United States. Without it, they say, the United States would still be in recession. IMF researchers look at how countries can get debt under control. Other articles examine the human costs of unemployment, how inequality can lead over time to financial crisis, and what changes in the way banks do business could mean for the financial system.

Two articles examine Islamic banking, which was put to the test during the global crisis and proved its mettle, while in our section on *Faces of the Crisis Revisited*, we continue to track how the recession affected several individuals around the world.

Finally, our profile of Princeton economic theorist Avinash Dixit contains some good advice—be prudent in good times. “The lesson that really should be learned, and I’m afraid will never be learned, is that the time for fiscal prudence is when times are good. That’s when governments should be running substantial surpluses, so that when crises or a recession hit, they’re able to spend freely without worrying so much about debt.”

**Jeremy Clift**  
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