



Global Markets Time Factor

March 21, 2013

**by Mohamed El-Erian
of Project Syndicate**

BARCELONA – In recent months, the dichotomy between booming financial markets, on the one hand, and sluggish economies and dysfunctional politics, on the other, has loomed large. Yet insufficient attention is being devoted to a critical factor – time, and who controls it – that could well mean the difference between an orderly global resolution of today’s growing inconsistencies and a return to a more troubled phase.

Markets have been understandably buoyant in the first quarter of 2013. Most economic data confirm that, after the trauma caused by the global financial crisis, the United States’ economy is healing, and doing so in an accelerated fashion.

The sequence is now well established. It started with large multinational companies, which are on as solid a financial footing as I can remember. Smaller firms are gradually recuperating; banks have rebuilt their capital cushions and reduced their dubious assets; the housing sector has stabilized; and a growing number of households are reestablishing healthier balance sheets, especially as employment gradually picks up.

[Click here to read more.](#)

© Project Syndicate

www.project-syndicate.org