

## JIM HOAGLAND

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Dominique, thank you for the provocative question you have posed, about what we have learned and what has weighed most heavily on us during this particular conference. Every conference that has established itself over the years has a particular culture. One of the most important parts of the IFRI World Policy Conference is the human factor. That is what struck me the most about this particular session. Listening to President Ouattara of the Ivory Coast on the first night was a great experience. I had watched events in the Ivory Coast out of the corner of my eye over the past few years, but in listening to President Ouattara explain with the simple decency that he projected, I understood immediately why he has fought so hard to establish that he won the election and is the legitimate leader of the Ivory Coast. Something similar was true in listening to Mario Monti. I had two great impressions of Mario Monti here on Saturday afternoon. One was of grace under pressure – Hemingway's definition of courage. He clearly knew the political problem that he faced at home and gave nothing away. He gave us the impression of a man who was well aware of the enormity of the problems that he faces, but who was not overwhelmed by them. I will carry those two impressions away, very much, from this conference.

On the substance point, it was perhaps not quite as optimistic as I had thought when I came. That is, in the United States today, there is a certain mood of very tentative, but clear, optimism about our economic situation and our ability to overcome the great problems we face, despite the fiscal cliff and all of that. When you talk to people in industry, one of the first things they cite is a theme that has come up here at this conference several times, and that is the growing self-sufficiency of the United States in energy. George Shultz puts it that in five years, the United States will need the Middle East less, while China will need the Middle East more. That is a cause for optimism. There is also the news about unemployment, which is creating a little bit of a spirit that things are getting back to a more normal pattern in the United States.

However, I have to say, after listening to the discussions here, I must tone down that optimism a little bit, because what I have heard from Europe is that things are still not as clear as that and that there is still a good long way to go before we can get back to normal. I drew a lot of that feeling from the comments made by Jean-Claude Trichet and Josef Ackermann. There are probably people in this room who admire Jean-Claude Trichet as much as I do, but few of you have done it for as long as I have. In previous conferences, I have heard Jean-Claude Trichet talk about how we are doing everything we can. This year, I heard him saying, *sotto voce*, clearly, that we have done everything we can, that the banks, the central bankers, and the banking industry have done what they can. It is now up to the politicians.

Well, that is a frightening thought, to begin with. Is the political will there to finish the job? I come away with the feeling of a big question mark in Europe about that. However, one of the other things that came through to me more clearly from coming to this side of the Atlantic is that Germany, the key to the situation, has more room to manoeuvre than I realised, in terms of budget surpluses and the need to increase German wages and consumer spending, which should be a relatively simple political task. Europe seems to be muddling through, but it is not clear to me if the emphasis is on 'muddle', or on 'through'. That is a point, again, about the culture of this conference. I will come back to that.

I admire the way in which Thierry de Montbrial has insisted that we go from French to English, back and forth, because there are some concepts that strike you more forcefully in French and others in English. As such, this insistent bilingualism is part of this culture and a part, I think, that is very valuable to all of us who come. In listening to Josef Ackermann, I was struck by how he presented the banking industry as having done everything it can do, but not really explaining why it has not worked, or why it will not work if we return to the same practices, the same securitisation practices; this seems to be the banking industry's desire.

I had a friend in what I call bilaterals - at a conference like this, where you have private conversations in the hallway, again, a strength of this particular conference - who pointed out to me that financial affairs and, I would add, political affairs, have reached such a point of complexity that they are simply beyond our control. It is time for us to look at that reality and to figure out how to work with it. He asked that I not quote him by name, which just shows you that he has



had a lot of experience with journalists, I guess. I also take away the fact of being reminded of something that I have known for a long time, that the Middle East is not for the faint of heart, that the arguments there are fierce, and that they will continue to be almost uncontrollable, not only on panels like this but, in fact, in governments and in peace conferences. That is one of the great values, I think, of what IFRI has established here, a microcosm, really, of the things that we need to think about, talk about, and act upon, if we are ever to have an effective system of global governance. It is no accident that Thierry has talked, several times, about the butterfly effect, the *effet papillon*. I think this is one of the things that IFRI contributes, putting into circulation ideas that will be picked up throughout the rest of the year. Dominique, that is my answer to your very good question.