

DEBAT

Tatsuo Masuda, professeur, Graduate School, Nagoya University of Business and Commerce, Japon

I am Tatsuo Masuda from the Graduate School in Nagoya, Japan. I have several questions, but I will limit it to just one question about workshop 1. After hearing your report, I became a bit gloomy, because the economic climate may not be as promising as it should be. What was the discussion on the relevance or competence of multi national organisations like the IMF or the World Bank in underpinning the recovery of stagnating economies?

Jeffrey Frieden, professeur à l'université d'Harvard

Most of our focus was on broader trends, though we did talk about the role of international institutions, particularly the relative success of some of the initiatives. These included the harmonisation of financial regulation, the role of the Bank for International Settlements (BIS), or the Financial Stability Board, under the aegis of BIS. There are two parts to it. The first is that in the financial realm, the Fund has played less of a role, and the BIS has played more of a role in the financial regulatory area. There was substantial discussion about this. I suppose there was some self congratulation, and deservedly so, that there has been some progress in the harmonisation of financial regulations under the aegis of the BIS or FSB. There have been three or four rounds of Basel Accords.

With respect to other forms of international cooperation, I think a very valid point was made. In the immediate aftermath of the onset of the crisis in 2008, there was quite a striking degree of successful coordination and cooperation. This was among the major monetary authorities in the principle financial areas. It was not so much an international institution response but a cooperative response that was successful at coordinating monetary policies. Frankly, this was in a way that people would not have expected before September or October of 2008. On the one hand, there has been progress in financial harmonisation in the institutional realm, but on the other hand, there has been substantial and successful cooperation among major monetary authorities.

Il Daka, Japon

My name is Il Daka from Japan and I am very interested in the agricultural issue. You mentioned that even the Vietnamese are helping Africa with its agricultural products and is increasingly transferring some of its technology. What sort of perspective are the Vietnamese helping the Africans from? Do they make donations and do benevolent activity or is it some sort of strategic activity for Vietnam? I am really surprised. I am very happy to hear that Japan is also participating, and China is so well known, but this is the first time I have heard that the Vietnamese are helping Africans.

Jean-Yves Carfantan, consultant, AgroBrasConsult

Japan has relatively long experience in Africa. As you probably know, the Japanese scientific institutions have been in charge of a very important programme to improve the quality of rice produced in some African countries. I mentioned the example of Vietnam in my introduction, because Vietnam has launched a very interesting programme to support and stimulate corn production in some areas of Mozambique.

For each of the examples of cooperation with African countries that one can mention, there are always some strategic objectives that centre on the fact that you help local people. The well known example of Chinese cooperation has been

discussed a lot in recent years. For instance, it has been said that China was even buying lands or implementing land grabbing strategies in different African countries. We have to separate myth and reality, but there is always a strategic vision.

I would say that most of the Asian countries do see Africa as a continent that could provide the raw materials and food staples that they will need to import in the future. Vietnam is probably in such a situation. This is also the case for India. Our Indian speakers did mention that some cooperation exists between Indian companies and partners in Africa. The final objective of cooperation from the Indian point of view is to diversify the supply in the domestic markets. It is probably also the case for Vietnam.

I do not see this as a very important issue, as long as it is not implemented without taking the question of the supply of the local market into account. There is a necessity to increase local production to supply local consumers. We also mentioned in our discussions that for Africa to become a supplier of Asian countries, there is an important challenge to be faced. This is the question of supports, infrastructure and communication. You cannot produce rice in Mali or Kenya to export to Asian countries if you do not have a more efficient transport system.

Carlos Pérez Verdía, chef de cabinet du ministre mexicain des Affaires étrangères

I am Carlos Pérez Verdía, from Mexico. Ms Aoun, I wonder if you could elaborate on what the group thought about the Conference of the Parties (COP) in Peru and specifically, whether success in Peru is a pre requisite for success in Paris. Mr Frieden, I would like to ask you about the large flows you were talking about, if I may. You mentioned in the workshop that you see some of the trouble or the source of trouble coming from the large imbalances that still exist. However, five or six years after a huge crisis, we still see that the imbalances are pretty much as they were. I wonder if you see some kind of wedge between the real and the monetary economies that we are somehow failing to grasp and whether we can see how to resolve them.

Marie-Claire Aoun, directeur, Centre Energie, Ifri

We did talk about international negotiations and most particularly about the COP 20, but it is seen more as a stepping stone towards the COP 21. The main factors should start to be discussed at the COP 20 and the main decisions will be taken during the next year. It was also interesting that Mr Vuk Jeremic, who had long experience in the UN institutions, talked and insisted about this fact. International negotiations on climate issues are sometimes very difficult because short term concerns are more often brought to the table. These include geopolitical concerns and issues related to the economic crisis.

The discussion was also about how to make climate change issues the priority topics, because they are the priority for the long term. We then focused on the fact that if Paris is to be successful, it will need to move the discussion from targets to actions. We need to work more on the financing issues and on mitigation and adaptation strategies. Also, there was a clear focus in the workshop on the fact that we need to work on carbon pricing mechanisms and to improve the pricing of carbons globally, not only in some regions. This is to avoid problems in terms of competitiveness.

Jeffrey Frieden, professeur à l'université d'Harvard

On your point, we did not discuss the issue in great detail, so all I can do is give you my own view. My concern was echoed by others. Typically, one would want capital flows in response to opportunities for productive activities. We need capital flows to reinforce productive investment in various economies. As we all know, borrowing is not a bad thing if the borrowed funds are used to increase productivity and the productive capacity of the societies in question. That happens to a very large extent.

The problem that we see relates to the size, the efficiency and the speed with which capital can move around the world. There is also the extraordinarily low real interest rates in the advanced industrial countries. The financial markets are exquisitely sensitive to short term movements and even transient movements and rates of return. That leads to what we have observed, which is that we get massive sloshing of funds from one country to another without a real sense that this is going into productive activity.

Inasmuch as that is the case, it does hold the danger of creating the kinds of boom bust cycles in response to large scale capital flows that we have seen over the last 10 years. In some sense, I am repeating what I said yesterday, but I did not hear anyone disagree with me, so I will repeat it. It was in the sense of the workshop, and I do not know if Mr Trichet agrees. That is the kind of concern that we observe, and it is not something that is directly amenable to financial regulatory harmonisation, at least in the first instance. This is because it is a response. It is a perfectly market based response from financial markets to the search for yield and the existence of an extraordinary facility to move money around the world. This is in response to very small differences in rates of return.

I do not think we have addressed the underlying problem, which requires variations or innovations in national Government policy and at the international level. As I said, that is my view, not necessarily that expressed in the workshop. The rest of the workshop disassociates itself from my view.