SECOND PART

Monetary policy

Jean-Claude TRICHET, former President, ECB

We have already addressed many aspects of monetary policy, but I would like very much for Marek with his own vision and experience to say a word, perhaps, and then we will consult a little on monetary policy and unconventional measures.

Marek BELKA, President, National Bank of Poland

Thank you, Jean-Claude. I understood, as a matter of fact that, you asked me to start with monetary policy generally and suggested I avoid adding to the fire that we saw in the discussion on the global economy. Let me make just one remark on that discussion. I would love the discussion to concentrate on whether the last seven or eight years of the crisis brought about a narrowing of global imbalances or not. I remember, John, when we were both in the same institution and engineering an MAP to study the evolution of global imbalances. I would like to reflect on whether the consequences of the crisis brought about some narrowing of it or not. This is just a reflection.

Moving on to monetary policy, if you are to discuss this it will be about unconventional monetary policy; this is what excites us. I understand that central banks took those bold and necessary decisions at that time to achieve the following: firstly, to stimulate the economy, which was in a deep crisis or falling into a deep depression, secondly, to give time to the authorities either to clean the banks or to implement structural policies if needed. In some cases, unconventional monetary policies served to correct a policy mix that was too pro-cyclical, and here I mean the European Union, of course. Fiscal austerity was put in place for many reasons, and I am not commenting on that, but to compensate for the pro-cyclicalities stemming from it, ultra-loose monetary policy was needed.

Was the unconventional monetary policy effective overall? Asking the economists in main central banks, they would say it was, and they would point to the lowering of interest rates throughout the whole interest rate curve; there is no doubt about it. However, where doubts begin is whether this impact on interest rates really had a big impact on the real economy. We do not know, but it probably did, and there is probably room for discussion. The problem now is the side-effects of that monetary policy, and we have said 10,000 times that this is an uncharted territory and that we do not really know. Ten years ago we would probably have been afraid of hyperinflation looming somewhere, but now we understand that it is not inflation but the possibility of creating asset price bubbles, and not necessarily in the countries that produce the unconventional policy but somewhere else. Unconventional policies are highly destabilising for monetary policies and economic policies generally in many emerging market economies.

When I look at my country, Poland, you would not believe this, but I think that we are similar to Mexico in the monetary sense. It is like sleeping next to a giant. However, somehow we are treated differently by the markets. Mexico, Brazil and Latin America generally suffer from a high volatility of capital flows, inflows, outflows, devaluation, appreciation, etc., but not so in our part of the world; somehow we are different, and I will not discuss this. The problem now is what the consequences of the exit will be. We have already discussed this, and we will see in a few days whether we are not overly afraid of the exit, but the exit must come.

Summing up, because I will not take more time on this, unconventional or ultra-loose monetary policies were started, engineered, by main central banks in advanced economies, predominantly in the interests of those economies. Having said this, I am not saying that a collapse of advanced economies would not mean a complete collapse of the whole global economy, so it was also indirectly in the interests of emerging markets, but now, however, with the exit, it is the emerging markets, especially big, open-capital flow-dependent countries, that are suffering.

One thing is beyond doubt: unconventional monetary policies amplified the dominance of the financial sector over the real economy all over the world. This is one of the biggest weaknesses of the global economy that has developed over the last 20 or 30 years – unconventional policies did not help, but on the contrary, they exacerbated the problem.

Jean-Pierre ROTH, Chairman of the Cantonal Bank of Geneva (BCGE)

Maybe I could take a different angle. It is striking for me that this conference is about global governance, and my feeling is that we currently have a governance mismatch in global terms, a macroeconomic governance mismatch. Too much emphasis has been put on monetary and financial policy and very little has been done by governments on structural reforms. You were right, Jean-Claude, to say that at the outbreak of the crisis central banks had to act, because it was a liquidity problem, it was a problem of the stability of the banking system, so it was an issue for central banks, and they started to act decisively with the help of government.

However, that was 2007, and this is almost ten years later, and central banks are still on the stage, where they are the main actors in charge of fixing the world economy. We now see that expansive monetary policy is not enough to generate lasting growth. One element that is missing is trust. Interest rates are at the lowest level possible, even zero in many countries, but people do not invest, and if they do not invest it is because they are not confident in the future, and if they are not confident in the future it is because they do not exactly understand what the macro policy will be in the future, when reform would be implemented and competitiveness would come back, and there is a lack of transparency. Governments are not doing what they should be doing now to improve the climate, transparency, and the vision for the private sector, because money is there, there are a lot of savings, but savings are going into financial investments or low-productivity investments instead of into growth-generating investments.

Therefore, maybe history will ask whether central banks might have gone too far, and should have gone to governments earlier to say that they had done their jobs, and now governments had to do theirs. Jean-Claude, you know that the dialogue with government is extremely difficult, but indeed, the more central banks are doing, there is no incentive for governments to act and they are pleased that central banks take the burden off the macroeconomic issues.

My feeling is that it might be the case that central bank policy might have negative side-effects. I will again mention the case of very low interest rates and ultimately poor quality of investment, and if that continues, we could have a poor quality capital stock with a negative impact on future growth. It might be time to start a very strong dialogue between the central bank and government.

Marek BELKA, President, National Bank of Poland

I sometimes hear the opinion formulated by Jean-Pierre, that the more the central banks do, the less the governments feel obliged to act. I do not disagree with this statement, but if you subscribe to this, it is possibly the harshest criticism of parliamentary democracy that you could make.

Jean-Claude TRICHET, former President, ECB

Where do you draw the line in sending abominably hard messages to government? I am a case in point: several times, with 16 or 17 heads of state and government around the table, I spoke as if I was the master of a classroom with a lot of bad pupils, and I would never have imagined that it could be the case, but in the case of this crisis, it has been extraordinary to see the extent to which the famous political influence exerted on central banks was totally reversed. That at least was what I felt. Have those lectures been effective and efficient? That is another story. It was unthinkable in the Anglo-Saxon world before the crisis for any central banker to say that the fiscal policy of the government was bad and had to be corrected. The Governor of the Bank of England could not have said that, because it would have been entering a domain totally out of its reach, and it would have immediately had to fight a counterattack by the government.

The deal of the quasi-independence of the central bank in the Anglo-Saxon world was based upon this division of labour: economic and fiscal policy for the government; monetary policy for the central bank. Now central banks are speaking of fiscal policy, both in the US and the UK, I was a witness of these changes, as you were. Therefore, the crisis has undoubtedly driven us to change our relationship with the executive branches, but now, coming back to Marek, democracy is democracy, and the real dilemma of a central bank is that it has its own mandate, which in most cases is price stability. If we see that we have no price stability because inflation is too low, even if we take it that it is largely due to a lack of structural reforms by governments, centrals banks have to act.

In sum, my sentiment is that it always remains the duty of central banks to take the measures necessary to deliver price stability –against inflation as well as against deflation– even if the situation is largely due to weaknesses in fiscal, economic and structural policies of executive branches. But, at the same time they are taking the necessary measures they have to send appropriate messages to the governments and to all the other partners. Indeed it is what they do, even if the results are disappointing.

Just to react to what was said, central banks should at least start to see the unintended negative side of the strategies they implement, and see that they will have further problems associated with what they do if the other partners themselves do not do their jobs.

Jonathan FRIED, Ambassador and Permanent Representative of Canada to the WTO; former Associate Deputy Minister for Foreign Affairs and International Trade ; former Senior Foreign Policy Advisor to the Prime Minister, Canada

I wonder if I could build on Jean-Pierre’s observation.

[Break in audio.]

Jean-Claude TRICHET, former President, ECB

It is a very good question, and I think we could comment on that.

Daniel DAIANU, member of the Board of the Central Bank of Romania; former Finance Minister of Romania

When Jean-Pierre has said that a central bank should warn the other stakeholders about side-effects of their policies, that would be fine if central banks were a repository of total knowledge. This is not the case, and there are conflicting views on what appropriate policies are. Getting back to the last remark, we have a BIS view, which is shared by quite a few people, that we need to raise interest rates because there has been a lot of resource misallocation rooted in the great moderation period, and if we continue along this lines, we will continue with the search for yield and deepen resource misallocation. There is the other view which says that, there might be massive resource misallocation, but there is also such enormous resource under-utilisation that we end up with a big hysteresis problem; that the latter needs to be tackled and investment is the proper way to do it. Some push for investing in infrastructure both in the US and Europe.

Therefore, things are not clearly cut; it is not as if someone is undeniably right policywise. I am not succumbing to Larry Summers’ view, but he is not the only one in advocating policies that should combat persistent underuse of resources, that entails hysteresis. There has been fiscal dominance of monetary policy since central banks were forced to save banks, the financial system, and further, economies. And here we have an explanation for the use of unconventional policies, as traditional tools were no longer possible. Second, there is also a sort of financial dominance too to the extent central banks rediscover financial stability as a key policy objective; central banks realise that it is wrong to think that price stability is the equivalent of financial stability. There has been a simplistic paradigm at work for several decades now.

Jean-Claude TRICHET, former President, ECB

No.

Daniel DAIANU, member of the Board of the Central Bank of Romania; former Finance Minister of Romania

This is my view. People have realised that financial stability is something else, and now central banks are asked to think about financial stability as well as price stability. There has also been a backlash against central banks, and I sense pressure that is mounting. Some people are talking about the extent to which central banks should be autonomous – I am not saying independent. For there cannot be total independence in a democracy.

Jean-Claude TRICHET, former President, ECB

Come on, Daniel.

Daniel DAIANU, member of the Board of the Central Bank of Romania; former Finance Minister of Romania

I am not saying central banks should not be operationally independent. But the President of ECB, you yourself when you were at the helm of the ECB, went to the European Parliament and explained your policies. Other heads of central banks do the same in front of MPs.

Jean-Claude TRICHET, former President, ECB

Yes, of course, but it does not mean that we take instructions from the European Parliament.

Daniel DAIANU, member of the Board of the Central Bank of Romania; former Finance Minister of Romania

I am not saying that.

Jean-Claude TRICHET, former President, ECB

It is clear that, in a democracy, an independent institution or authority is a last resort before the people, before public opinion; that is absolutely clear. However, going to the European Parliament six or seven times a year does not mean that we are depending on it.

Daniel DAIANU, member of the Board of the Central Bank of Romania; former Finance Minister of Romania

It is something which is normal and democratic. When it comes to the policy mix I think there is leeway to raise interest rates, but very gradually, and also to spend. There are economies where there can be more spending, for there is room for more spending. This is the case in Europe too, in the euroarea, which is running a substantial current account surplus. It is true that it is not the Euroarea per se, for Germany is responsible basically for this large surplus, and it has room for more spending.

Bozidar DJELIC, Managing Director, Head of Central & Eastern Europe, Lazard Sovereign Group; former Deputy Prime Minister of Serbia

I have three points inspired by the discussion so far, one on QE and democracy, one on QE and international relations, and one on QE and the bubble. Regarding the first one, the independence of the central bank can be seen as one of the great achievements of the past 30 years, because it has helped avoid political meddling in banking and many other things, that is for sure, but at the same time there is a lot of problems in controlling public expenditure. Now we have QE, and one of the reasons the Fed was brought in was not because QE did not start on the fiscal side but because of TARP, and the first USD 800 billion were so hard to spend, because there you had to choose whether it was to be the automotive industry, mortgages, or anyone else’s socialist approach.

Therefore, Article 38 of the Fed’s charter, which had nothing to do with this situation, was used and completely expanded to what it has become, to the point at which a big chunk Dodd-Frank was about injecting a bit more oversight and control into it. It is not only that central banks have increasingly been telling governments what they should do; they have been doing what governments should do. Regarding the redistributive aspect of QE, which is where the money goes and for which the people who are elected are normally accountable under the very strict oversight of the parliament, is something that has not happened. There are so many studies now asking who gains and who loses under QE, and we now have Jeremy Corbyn saying we need QE for the people. That is one of his main points, because it is the rentiers, the older people and the non-productive people who got the money and not the people who are supposed to create the wealth of tomorrow. Who is to blame? It is the central bankers, and that is why, to finish my first point on democracy, one should not be completely surprised when Mr Bernanke was asked, at the 100-year celebration of the Fed at the BBR, whether he was completely independent. He asked what it depended on, and said that it was true for rate-setting, but for QE he did not feel comfortable to take all the decisions himself.

My assumption is that QE is here to stay, so that issue will not go away, and we would better have the right democratic oversight, because one day somebody will ask some central banker the same questions politicians are asked, so there should be some oversight.

Regarding the international issue, of course emerging markets seemed like crybabies, crying when it came and crying when it was taken away. However, it is true that in a world that is managed better and in a more coordinated fashion, here is something that is taking away money and bringing you money, while you are in the middle and not being actually taken to task. Therefore, this year we have a bloodbath in emerging market fixed income, not because the countries that are trying to raise bonds are doing much worse, but because everybody is waiting for what Janet Yellen is going to say.

Therefore, there is a lot of anticipation; it is hurting a lot of emerging and transition nations without their actually being responsible for it. With this kind of international management, with the IMF as a kind of liquidity guardian, there probably should be a permanent analysis, as there was with current accounts, of what happens with the money that comes out of QE and is taken away in order to manage it better.

The last thing concerns QE and the bubble. I said I was an investment banker, so let me give you three figures. Global market cap in 2000 was USD 53 trillion, USD 36 trillion in 2009, and USD 64 trillion right now, an all-time record. We have been discussing the difficulties of the past few years, and from 2009 to 2015 we almost doubled, so as investment bankers we are doing great. The amount of M&A divided by market cap, which was at 9.1% in 2006, before the crash, dipped to 5.1% in 2009, and I am happy to report that it is 7.1% right now and going up. Many people who study crises will tell you that this is a very nice forewarning of the forthcoming correction. Investment bankers are doing great, bonuses are doing great, but in one or two years this will change.

Sean CLEARY, Executive Vice-Chairman of the FutureWorld Foundation and Chairman of Strategic Concepts (Pty) Ltd

May I just push that line of reasoning one step further? There is a challenge in this as a result of the fact that we tend to examine these questions in silos without thinking of the systemic context in which the whole occurs. I enjoyed your 2009 Clare College lecture on systemic risk enormously, Jean-Claude, so that is part of the context in which I want to speak now.

Going back to Jackson Hole in 2013, the point that we are making now was made then, that unconventional monetary policies were essential to save the system. I have heard you remark on previous occasions, Jean-Claude, that there was nothing in the textbooks and everybody had to make it up as they went forward in this respect, and they were necessary to save the system at the time. However, the IMF's paper for the G20 prior to Jackson Hole, which Christine Lagarde then proceeded to quote from fairly extensively at Jackson Hole in 2013, made the point that obviously one needed fiscal, financial and structural reforms to banking in order to be able to level the situation out and to create any chance of fiscal sustainability going forward. That, in a certain sense, is established wisdom; it is just that we have not actually done all we ought to have done in that regard, perhaps, and thus left too much on the back of UMPs.

The second thing around that is, regarding this whole issue of whether we have secular stagnation, a lack of private sector demand or whatever, when it is discussed in isolation from what has actually happened through the banking system – and the point about investment bankers makes this quite clear – the point tends to be missed. What has happened over the course of the past six or seven years as a result of UMPs, and particularly from about 2010 and 2011 onwards, is that you had huge flows as a result of higher nominal yields towards emerging markets. The estimate in Christine Lagarde's observations at Jackson Hole was USD 1 trillion of flows into emerging markets over that period. She chose to comment that that was USD 470 billion above the long-term structural trend, and along the way that obviously caused pressure on exchange rates, it caused equity bubbles and it caused other asset bubbles, simply because of the fact that there was no immediate means of accommodating that additional finance within the existing structures.

We have seen these shocks in respect of emerging market performance from the time that tapering was mooted by Bernanke, and patently obviously once again, everything from exchange rate adjustments to short-term equity market collapses to sharp corrections and all the rest of it have been characteristic of this. That part of it is worrying on its own terms for reasons that go well beyond the whole question of whether monetary policy, fiscal policy or structural reform are the appropriate way to deal with these issues. Frankly, they are causing great derogation of the viability of political systems in a great variety of countries, because governments do not control the welfare or security of their populations in any meaningful fashion. As a result of all this, trust in the political system and not just in the economy is in fact declining fairly radically not only in emerging markets but in advanced economies as well, and we are getting quite significant democratic shocks in this regard.

We are also getting a significant increase in social inequality, expressed both in respect of income and wealth ratios, and as everyone knows I am sure, Adair Turner has made quite a show around this particular issue, arguing in effect that falling interest rates associated with rising leverage and increasing capital to income ratios are producing higher social inequality on a sustained basis. Combining a sense of loss of trust in the workings of political systems with increasing social inequality as the concentration of wealth to a greater extent in the hands of those who have access to the financial markets through the discount window and the ability to leverage highly significantly, you are storing up problems for the future in a very profound way. None of this is the fault of central bankers; central bankers stepped in to guard the pass, as it were, against an invasion, or using a Dutch metaphor, stick their fingers in the dike. It does not really matter which way you think about it.

However, it would be very foolish not to recognise the problems that we are storing up as a consequence of this. We have increased economic instability by not causing governments to take the steps they should have taken at an earlier stage in respect of this, we have increased social inequality, and we have detracted from the viability of political systems and the level of trust in those systems going forward. There must be consequences flowing from that.

Jean-Claude TRICHET, former President, ECB

I would very much agree with you, but perhaps not on the central banks themselves augmenting social inequality, because the worst inequality would have been a new dramatic Great Depression, when you have dozens of millions of unemployed and so forth, but amongst the unintended consequences we have this aspect which is very real. Jonathan asked some very good questions, and I regret only mentioning fiscal policy, because it was not exactly what was at stake, apart from certain countries in Europe. Then you have to beware of applying observations made in Canada, the US or the UK to Europe, where we had a situation in which up to 40% of the GDP of the Euro area was under threat of no longer being financed in 2010, 2011 and 2012. It finished in 2012, but for two full years the main problem was to regain creditworthiness, and this success of events was totally dramatic, to the extent that I signed two letters, one to the Prime Minister of Spain and the other to the Prime Minister of Italy, and it more or less said they should change their policy by 180 degrees because they signatures no longer had any credibility. We intervened massively in Spain and Italy in order to save the day.

Therefore, to apply the austerity versus growth paradigm to those two countries, which were fighting to regain their creditworthiness, does not correspond exactly to the situation. However, structural reforms and all the other aspects of the responsibility of governments is absolutely at stake, and I should have used the terms 'structural reforms' instead of 'fiscal policies.'

Jonathan FRIED, Ambassador and Permanent Representative of Canada to the WTO; former Associate Deputy Minister for Foreign Affairs and International Trade ; former Senior Foreign Policy Advisor to the Prime Minister, Canada

Does someone want to comment on consumption patterns in Japan?

Akinari HORII, former Assistant Governor, Bank of Japan, Special Adviser of The Canon Institute for Global Studies

Regarding Japan's GDP, it is a long story to tell, but in short, it is based on a household survey, which is a really bad series of statistics, where nominal income dropped year on year by 1.2% in September, but payroll statistics showed a 0.6% increase. Do not trust quick estimates on GDP on this basis! GDP of two years or older is all right because that is based on input-output tables; this is my quick answer. However, to answer Jonathan's questions more seriously, QE will become much riskier if the fiscal conditions are uncertain and fiscal consolidation is not in sight. The budget deficit and public debt continue to go up, and under such circumstances QE will become very dangerous – it will create a Ponzi game between the government and the central bank, buying JGBs, treasuries or whatever, and it will eventually damage the integrity of the currency. That is what John Maynard Keynes referred to as debauching the currency. This is one comment.

Another is that a number of fair points were raised with respect to QE's effect on inequality, possible misallocation of resources, and all that. However, what else could central banks have done? The majority of central bankers were aware of those side effects, although they never publicly admit that. The economy was going down at the time, there was a real threat of deflation deepening, and financial instability was facing you. What else could you do? You have to compare alternatives with the real policy taken in order to fairly discuss the Central Bank's actions.

Daniel DAIANU, member of the Board of the Central Bank of Romania; former Finance Minister of Romania

I will just say, in defence of central bankers, that it is wrong to think that income inequality has been on the rise during just the last seven or eight years. This is wrong, and central bankers had to make the decision to either let the system go down the tube, or to intervene. I would add something which I find worthy to notice: I have never seen central banks' top officials paying so much attention to income inequality as in the last couple of years; the lists includes Janet Yellen, Mark Carney, Anddrew Haldane, top people at the ECB, at the IMF. I am not saying the IMF has never paid attention to it, but the way it does now is very unusual. It shows that central banks are not insensitive to what is happening in society. There has been a policy drift in western economies for decades, with governments not paying sufficient attention to the impact of their policies on income distribution, and now all of a sudden not a few blame central banks because of distributional effects of their policies. Central banks had to do something to avert the collapse of the financial system and to try to restart engines, and trade-offs are unavoidable.

Jean-Claude TRICHET, former President, ECB

It is absolutely clear that we have a phenomenon there that has to be understood more fully, but if I may, I am struck by the enormous difficulty we all have in the advanced economies to get back to what is our definition of price stability, which is now unanimously 2% or close to it. When I look at all the accommodations of monetary policy, I can clearly see that we cannot go further. You can pile up QE 4, 5, 6 or 7, but clearly we have a problem of another nature there. Is it that we do not spend sufficiently on the public finances and public spending in general? I do not buy that for one second. When I look at practically all advanced economies, and Japan is a case in point, the level of deficits that have been accumulated is absolutely gigantic, and there is practically no advanced economy that you would consider to be in a healthy state.

You can imagine the counterfactual, what would have happened had the central banks not purchased treasuries massively, and my understanding is that perhaps we would have had real problems with the creditworthiness of the best treasuries in the world. I remember from time to time that articles were very negative even on the best signatures, namely the US, so there we have a problem which perhaps is of a totally different nature. Perhaps the bargaining power of labour has considerably diminished, and perhaps wages and salaries are without any dynamism now when they should be more dynamic. It would be impossible, in any case, to get to 2% in Japan if we do not have the appropriate dynamism of unit labour cost, meaning of course wages and services.

Therefore, it is very difficult to say that, because we have fought ourselves for dozens of years to practise wage moderation, and I have to say, when I apply this observation to the Euro area, I see countries where the advice would clearly be that it would be better to give labour more bargaining power, and of course Germany and the Netherlands in particular are cases in point. However, there are other countries where it would be crazy to say that; in the countries where there is mass unemployment, you have to continue wage moderation, and my country is also a case in point.

Bertrand COLLOMB, Honorary Chairman of Lafarge

I would like to make a remark which may not be unrelated to what you just said. One issue is that we do not have enough investment, and interest rates are very low, because you would expect big companies to invest every year in long-term projects or projects which are high-risk, which is what you should do when interest rates are low. Actually, that is not what we do, and that is not what we see. Now, of course the uncertainty of the global climate may have caused a break in the investment capabilities of these companies, but the behaviour of the financial markets and of shareholders is quite remarkable now, because as financial investors have no yield in bonds or interest, they want companies to pay dividends, buy back shares and so on. I have the feeling that in some cases the stock is being treated as if it were bonds with a higher yield than treasuries, and I am just wondering whether this is one of the phenomena that is keeping investment rates low, and I do not know when we get out of that.

John LIPSKY, Senior Fellow, Foreign Policy Institute at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies (SAIS); former First Deputy Managing Director, IMF

That would be a reflection of a shift in risk aversion in response to the crisis, but in response to Jean-Claude's remark on inflation, I suspect that this period has exposed what I always called the dirty little secret of economics, which is that economists in fact have a very weak grip on the process of price formation. We are very lucky that it tends to be very predictable in the short-run, so if you make a mistake, it is usually 0.1% a month and folks do not always notice when you will have missed it month after month; after a while, however, they ask if you really know what is going on.

I want to say one other thing. There is a dog that has not barked here, and that is the following. The IMF formed something called the Multilateral Consultations on Global Imbalances in 2005, when global imbalances were at a record level. The idea was to create a process that would engage the fiscal and monetary authorities of the largest economies in discussions that would address both the domestic balance of policies and their international consistency. What was novel about the Consultations was that the Fund's universal membership authorised the institution to engage in discussions with a limited part of the membership, with the idea that the results subsequently would be presented and endorsed more broadly. I would say in all honesty that the Multilateral Consultation process was viewed generally as a failure. It always seemed to me that this perceived failure was one of the reasons why, when the global financial crisis first broke in 2007, the large economies did not turn to the IMF for leadership in forging international cooperation. Rather, the preferred solution was the formation of the G20 at the Leaders' level.

That was the genesis of the G20 Leaders' Framework for Strong, Sustainable and Balanced Growth, to be implemented through a mutual assessment process (or MAP) that was supposed to do accomplish policy cooperation and coordination at a broader level. The process was supposed to produce a detailed engagement on exactly these issues, and of course that has happened, in a way, in that each annual Leader's Summit since Pittsburgh has endorsed an Action Plan developed by the Framework Working Group (meeting at the Deputy Minister/Deputy Governor level). The Antalya Summit just came and went, there is an Antalya Action plan, and I would say that no one seems to have paid any attention. So far, no one here has mentioned the G20 process. Is it because it was hopeless from the start that such a process would actually have any traction? Was it because of lack of political leadership on the part of key leaders? Is it simply unrealistic to expect that any kind of cooperative international format could produce the kind of policy balance and coordination that we all agree is actually needed?