



# JEAN-CLAUDE TRICHET

## Ancien président de la Banque centrale européenne

It is a pleasure to again be in such a workshop which is very traditional, I have to say. I would like to say a few words on the organisation of the panel if I may. We have two main issues, namely the global economy, the way we can analyse what is happening, the risks, the main features of the global economy, and all the risks that might impact the global economy, and each other's economies, and each other's continents.

As is also traditional, then we have a focus on the issue of financial crisis and the lessons drawn from the crisis of 2007-2008. The rules and regulations, and the prudential policies that have been decided at a global level, at a national level, at a continental level, and all that goes with the screening of the assets and liabilities, the pros and cons of the various decisions which were taken. This is traditionally a second issue, and we try to separate the first part of our discussion and the second part of our discussion, whilst reflecting with the speakers.

All speakers have broad competence. They are economists on the one hand, and they have a very large wealth of experience and of responsibilities in the real economy, and finance on the other hand. It seems to me that it might be a little bit artificial to separate and to say to some of our speakers and panellists, "you have to speak only on this or only on that" whereas it is very interesting to hear them on all the main messages they might have in all domains.

As a result, what I would propose is the following: we will have a short introduction, and I will try to be as strong as possible in order to limit the time for the main messages of our panellists on what they consider both in the real economy, in the financial sphere and in the prudential sphere, as to what they consider important in eight minutes under the control of all of us. Then we will engage in very vivid debate, and it is the interest of this panel that we can have a lot of ideas, questions and also remarks. The method will be that a question, remark or observation should last two minutes and no more, if we want to have appropriate interaction with the benefit of the experience and competence of all the participants. If you want to interrupt somebody, to make a very short remark, raise two hands and you will have the possibility to intervene for a very short time in order to make clear your agreement or disagreement with what was just said. We will try to have the maximum amount of exchange of views, I think that is very important.

If John accepts, I will ask him to speak first, for eight minutes. Then we will go in the order of the list that has been established by the organisers without further ado.

Let me just mention two or three things as an introduction. We had the worst financial crisis since World War II, which could have been the worst financial crisis since World War I had we not engaged in extraordinarily swift and bold measures, I am speaking here of the central banks and government. We avoided a dramatic depression, like in 1929-1930. We did not avoid a very grave recession, but the real situation in 2007-2011 was much more dramatic, potentially, than what happened because the authorities and the private sector took a lot of very bold decisions.

Thus, we have a difficulty to understand why, today, we are still in a very difficult situation. It seems a little bit bizarre to explain why the monetary policy of the central banks are so accommodating, why we still have real growth which is so miserable and why we see that the financial sector in general is still in a situation which is far away from normal. I give you my own key, if I may, or a clue to understand the situation. The real problems of the advanced economies were much worse than we suspected, because again we took the appropriate decision to limit the extent of the drama which was unfolding in 2008, to oversimplify. That is one.



Another element which I consider important is that I was speaking of the advanced economies, and it is true that the crisis was a crisis focused on the advanced economies, the emerging economies behaved quite well, at least during all the years where the heat of the crisis was dramatic for the advanced economies. This crisis is the moment where the emerging economies appeared to be very influential in the governance of the world. It was the moment where the G7 passed the baton to the G20, it was the moment where in Basel, the central banks opened up their informal or formal governance to all systemic emerging economies and emerging central banks where before it was the privilege of the advanced economy to design the prudential regulations and work out, in a restricted Basel committee, the appropriate concepts.

In terms of, I would say, history, this crisis is the moment where world governance, in theory and I hope very much in practice, becomes really inclusive and absorbing and that the emerging and systemic economies have a decisive role to play in global governance.

The IMF, of course, was inclusive, although not sufficiently, but inclusive since the very beginning. The informal governance, so-called G7, was not inclusive at all: it was the privilege of the advanced economies.

That was only a short introduction, but I expect that we will all intervene as vividly as possible.