DEBAT 1

John LIPSKY

Obviously, a reasonably good performance in the advanced economies cannot hurt growth prospects elsewhere, but it has not been anywhere close to a solution for many, especially since it remains accompanied by, among other things, low energy and commodity prices.

Another area that is in some important ways is beginning to do better, is Latin America. Previously, the region's performance was deeply problematic, including the extremely weak performance by the Brazilian economy, which fell into a deep recession. Currently, Brazil is projected to begin growing again, although not very strongly. Argentina has suffered as well, but appears to be improving. The commodity exporting countries of the west coast, Peru and Chile, have been doing less well than in the immediate past. However, the poster child internationally for poor economic performance has been the absolutely disastrous recent performance of the Venezuelan. There is new news here that I thought would be of interest to this group. We just heard some some odd announcements by President Maduro of Venezuela regarding their large outstanding foreign debt. Luckily, Elena Daly is here, who is very well-versed in what is happening there and I thought it would be of interest to all of us, for her to just give us a brief update on where things stand.

Elena DALY

Thank you, John and members of the panel for inviting me to speak today. I will just spend a few minutes giving you a quick state of the union address for Latin America. Not a poster child, as you once mentioned John, what Venezuela does best of any of the countries, is putting the wrong foot forward at every given turn. You are certainly aware of the long-lasting humanitarian, economic, political crisis in the country, which has been going on for a while, from the previous President Chavez, now inherited by President Maduro. He does not have much wiggle room, but to continue corrupt and adverse policies.

We had this entire crisis, but even two weeks ago in Washington, when this matter was discussed at the IMF meetings, we were still wondering whether there would be a real debt crisis in Venezuela. Obviously, the level of public debts is very high, 143 billion total debt, which for a small country like Venezuela is enormous. However, the payments have been made so that the balloon of debt crisis and debt restructuring was not up two weeks ago. Last Thursday, when an enormous substantial chunk of 842 million of principal payment by PDVSA, the Venezuelan state company, was due, everybody expected it would not be paid. However, it was paid with some trembling over Friday, about whether the fiscal agent would deliver those payments to the bond holder.

It happened and moreover, President Maduro came up yesterday with a decree, to refinance and restructure the external debt and all Venezuela's payment. The phrase could be analysed and will be analysed, I am sure, by reporters, but from a debt restructure perspective, I have been doing it especially in the Latin American region, this debt restructuring has all the signals of being quite unique and unusual. I guess that this time would be different, different from Argentina and other countries in the region, or Greece, obviously. Argentina is on everybody's mind when one thinks about debt restructuring in Latin America. In my view, that would not be your father's debt restructuring.

Why? First, because debt stock is not only enormous, it is very diverse. Bonds represent 52 billion out of the USD 143 billion, and the other components are commercial paper, exit arbitration awards that already existed, promissory notes, etc. The debt composition reminds me only of Iraq debt restructuring, because it is very diverse and intricate. In addition, it would be of enormous importance to the US, because Venezuela is a sovereign debtor with enormous commercial ties to the United States. Therefore, there is the risk of possible holdout creditors in the restructuring, and holdout creditors are the ones who do not voluntarily go into restructuring and holdout until such time as they can just file a legal action. You will remember the example of Argentina and the very difficult situation with the holdout creditors. It took years to unwind. The risk of holdout creditors is therefore more acute in this situation, because of that exposure to the US, because of the commercial ties to the US.

How long will it take? In the military there are two terms that I once read, 'ROM' and 'WAG'. ROM stands for Rough Order of Magnitude and WAG stands for Wild-Assed Guess. I think, if you take together the debt composition, the exposure to the US, the role of PDVSA, the state-owned company, a commercial entity, the fact that there are sanctions in place that would prevent creditors from even participating in a meeting that was called by Maduro for 13 November, all of that, let me give you my WAG: it will take some time. It all depends on the many factors involved. Thank you.

John LIPSKY

The bottom line here is that, structurally, this is going to be one of the most complex debt deals of all. That is not least because a huge amount is owned to Russia and China, in formats that are uncertain. The good part is -- and please correct me if I am mistaken -- that as opposed to previous episodes of sovereign debt defaults -- there are no financial institutions of consequence at risk from their holdings of Venezuelan debt.

Elena DALY

That is correct.

John LIPSKY

At the same time, I would imagine a broad risk would be litigation that would end up restricting Venezuela's oil exports. Is that much of a risk? If it is, might that be disruptive to world energy markets, at least for some time?

Elena DALY

That is absolutely correct and the role of China and Russia in Venezuelan debt, the exposure of these two geopolitically important countries and the ability to influence the flow of commodities in the country might just, and it is just a guess, incentivise the countries to come to the aid of Venezuela in a debt management situation. China's exposure is roughly between 18 billion and 20 billion, but their interest in this situation is actually the undisrupted flow of commodities into China. Here, I see an opportunity for them to come to some sort of a resolution outside court. John, you are absolutely correct that the fear that drives Maduro's government to be current on payments of principal is the fear of litigation. Old sins cast long shadows and the shadow that Argentina's restructuring cast on the region and beyond is still quite dark. There the litigation tied up, up to 40% of Argentina's debt stock and lasted for years and years. There is a solution, the collective action clause, but it is a bit technical and I can take those questions outside.

John LIPSKY

What a complicated case…. it is going to give, a lot of lawyers a lot of work foryears to come. Depending on your point of view, of course, that could be viewed as a positive.

Thanks. I think that sums up our discussion on the economic outlook, with one issue of exception, that I think some of us may want to comment on. That is, if there has been something that has perplexed economists, it has been the seeming lack of relationship between labour market conditions and wage developments. The conventional idea that there is a predictable relationship between, in the popular vernacular, levels of employment and rates of inflation. What has come as a surprise over the last few years is, especially in the US, but also in Japan, that tightening of the labour market seems to be unrelated to developments in wages, and therefore in broader inflation.

Akinari HORII

Simply, if the unemployment rate in the US, for example, were to come down to 3%, do you believe that there will be no inflation under such circumstances? If the unemployment rate of Japan were to come down as low as 1%, surely inflation will flare up. There should be some inflection point and, as I said, in history in Japan, it was somewhere between 2% and 3%. Whether the inflection point appears in that range, or we will have to wait until the unemployment rate drops below 2%, it is questionable. I guess, as far as Japan is concerned, Mr Abe is really anxious to give pressures on both labour unions and big companies, to raise wages. In Japan, there will be big negotiations every spring between large labour unions and large companies' managements. The Abe administration may use taxation on, for example, retained earnings as a threat to the management of large companies to accept large wage increases next spring. This is my pure speculation, which may or may not happen, I do not know, but if I was Mr Abe, I would do so to end deflation and deflationary psychology. Let us see. Motoshige Itoh is closer to the Prime Minister, so he knows more about it.

John LIPSKY

Would you care to comment?

Motoshige ITOH

I would just ask about this labour market, if you look at the aggregate data, such as unemployment data or job offers.

John LIPSKY

Are you talking about Japanese data?

Motoshige ITOH

Yes. If you look only at aggregate data, yes, the labour market is very tight. In Japan, we often just look at the job offer/job seeker ratio. It is now 1.5%, which is the highest in the last 40 years, but if you look at the individual sectors, some are only 0.3% and some are 3% of 5%. There are significant discrepancies amongst these, so labour can very easily be reallocated where there is no problem. However, there seems to be a very structural problem, maybe because of the technological change, or just other factors. I would just like to visit other countries' situation, to see whether market or data is just enough for us to look at the difference between wage and unemployment, or if there is a very structural problem, which makes it more difficult for wages to respond to the tight labour market.

Jeffrey FRIEDEN

This is not about the Phillips curve, this is about supply and demand. If the demand for labour goes up, should the price go up? I can pass along, having followed it a little bit, some of the American experience, which is along these lines. I was just a couple of weeks ago at the Boston Fed and the session before mine had the five state economists reporting on the five states that are in the New England Region, that are the responsibility of the Boston Fed. In each of the five states, with the exception of Maine, the principal economic problem is labour shortages. There are 400 000 jobs unfilled in Massachusetts as of today. At the same time, in Ohio, Michigan, and Wisconsin, labour force participation rate has gone down 4% since 2008, which is an unprecedented fall in the labour force participation rate. There are massive regional differences in the labour markets, so not only has social mobility declined in the US, but inter-regional mobility has declined. There is some speculation that this is associated with the collapse in housing prices, because if you were living in Michigan or Ohio and your house price declined by 50%, you cannot move. You can sell your house for half of what it was worth ten years ago, but you cannot buy anything in a place that would have jobs that you might take. The American experience is that there are substantial areas with massive labour shortages and other areas where labour force participation continues to decline.

John LIPSKY

Although, I would just add the caveat that when folks say we have massive labour shortages, we have all these openings and cannot fill them, but they do not result in wage increases, it makes you wonder what they mean by shortage.

Jeffrey FRIEDEN

Absolutely. Often it is about a skill mismatch. When you do not have the skilled labour in the area, then the only way to overcome that is to bring in people from outside, you cannot raise the wages of those who are already employed to fill an unfilled job. That used to be done through H1B visas and those have all been cut off.

John LIPSKY

Uri, you wanted to say something?

Uri DADUSH

Yes. I just wanted to underscore effectively the point about structural change. You know, the Phillips curve is this kind of short-term macroeconomic relationship, but what has been more important in the last few decades is the structural change. In the United States, wages have been stagnant, particularly for male workers, and particular types such as white male workers have declined even as the aggregate number for labour productivity has been increasing very substantially. That has resulted in a huge increase in the share of capital in GDP and a falling share of labour in GDP, about an 8% swing over something like 30 years. Perhaps we should not be surprised if you have these long-term trends, that you are not getting the impact on wages that you would expect from a short-term relationship. What may be going on is that while aggregate demand has picked up, this is a technological and globalisation shift which is reducing the demand for unskilled workers. These people need to work, so they accept lower wages, so the adjustment is a combination of a demand shift, but also a structural shift, which is leading a lot of workers to take jobs which they could not get before in the crisis, but they are taking them at lower wages than they would have in the past. At the same time, because of the same technological change, you have demands for skilled workers that are not being fulfilled. Maybe it is temporary, but you will get the escalation of wages at the high end, and you may not necessarily see this at the aggregate level. It is this kind of stuff that is going on, that macro-economists just do not focus on.

John LIPSKY

Here is what I wanted to get at. One more comment.

From the floor

Is competition not the name of the game? When there is heavy competition between different parts of the world, everybody has internalised it in their thinking, and the mindset is, if I increase my salaries I am going to either be uncompetitive or the option is to send the plant to another country. If everybody thinks that, both the company managers, the union and the people, the fact that you have a couple of IT specialists that you cannot find, or you have a shortage of a couple of skilled people, will not have any impact on the bulk. I agree with you, but I am not sure that technology is the reason. I think it is more global competition, which installed the idea in everybody's minds, that they cannot increase their costs and will not increase my costs.

John LIPSKY

Here were the two points that I was hoping to merge from this discussion. We have heard that the economic outlook, with some relatively modest exceptions, remains a relatively favourable one and nobody really thinks that that is at any risk short-term, save some kind of political, geo-political disruption. In other words, the global economy looks like it is going to stay in pretty good shape in the near-term.

Next, what we have heard is that despite that, the continued good growth is not expected to turn into accelerated inflation any time soon, even in the case our believer of the Phillips curve. Right. The net result: it is understandable why all key central bankers are either continuing on their course of very accommodative policy or withdrawing it very, very gradually so that the policy is still accommodative, even if some of the accommodation is being withdrawn. This, of course, has been associated with rising asset prices.

Now, my question to the panel is: do you think that this has been a mistake in that once again, as the folks at the BIS would tell you, for example, we are running risks on financial stability, by focusing monetary policy on goods and service inflation and ignoring asset prices? Does anybody want to comment? André.

André LEVY-LANG

Yes, I think this is the key question. The question is what will be the next financial crisis and when? Of course, I cannot answer. Too bad.

John LIPSKY

We were hoping.

André LEVY-LANG

If I knew, I would become rich. We are almost 10 years now from the subprime crisis and remember, the subprimes were assets that were high yielding and supposedly liquid, and a large amount of them held by banks and investors. At one point, somebody realised that they were not liquid, and they rushed for the door and that is when the party stopped. If you look at the present situation, there is one asset that has grown to numbers actually several times the amount of subprimes, and that is exchange traded funds (ETFs).

As you know I suppose, ETFs are a way to invest with very, very low cost in stocks, indices or commodities. However, you have to keep in mind that they are often derivative based products. In other words, the banks or managers who issue these funds could buy and trade the underlying asset. Actually, they do that in part; but also buy derivatives. Most of those ETFs are supposedly liquid. As you know, there is a move towards passive investment now, because it is cheaper to trade and because it is very difficult for an asset manager to get a better performance than the indices. Fund managers love them, The rough number of outstanding ETFs today is, I think, USD 4 trillion. They represent 30% of the trading volume on the US equity market. They are supposed to be liquid. . As long as there is no external shock, it is okay.

However, if there is an external shock, which could be geopolitical or rates that go up faster than expected, and people rush for the door, I think ETFs will be one of the first victims. Of course, the banks do not have that much of those, but fund managers do, and fund managers have to either give the money back to investors, or remember what happened in August 2007, when BNP Paribas said that one of their money market funds could not be refunded immediately because there were some illiquid securities involved. It took another year before the crisis, but that was the first signal. I am worried about that because today everything is fine. There is liquidity and to come back to your question, there is so much money around that everybody is looking for yield and where do you find yield? You find yield in corporate bonds, not government bonds and you find yield in indices, in the stock market, and the cheapest way to buy and trade stocks today, is an ETF. That is my worry. I know that nobody is able to predict how it will happen. Last time everybody was wrong, it was not what everybody expected. It may not be this, but it is clear that it is one large risk we have today, not next month, but in the next year or two.

John LIPSKY

Just to be clear, the source of your worry about potential illiquidity, as opposed to just falling prices, is what?

André LEVY-LANG

As you know, John, liquidity is always the first problem and then liquidity has the consequence of insolvency.

John LIPSKY

In the case of the subprimes, the subprime universe was relatively small, but they got subsumed in CDOs.

André LEVY-LANG

Derivatives-based again.

John LIPSKY

However, the main problem was they were treated as liquid, as you say, by investors whom had not done their due diligence and did not know what was in them. When the subprime values collapsed, almost no one knew what was inside the CDOs, and since you did not know what was in them, you did not know how to value them. I was at the Fund at the time, when BNP Paribas said that it did not know how to value its portfolio: I concluded that big crisis was coming. In addition, since if firms did not know what was in their own portfolio, they did not know what was in their counterparties' portfolio, so they became unwilling to do business with them. That is what killed liquidity. That is not to say that there are no risks, but ETFs are a different story, in that investors know what is in there. The risk is that they are confusing marketability with liquidity.

André LEVY-LANG

It is different this time because it is investors, rather than banks, who would bear the losses. However, if this happens, the bond market and the stock market would react, and that has indirect consequences for the economy.

John LIPSKY

Exactly.

Akinari HORII

I have a similar concern over the functioning of the financial market in general. A few things! First, market making capability of securities dealers as well as FX dealers has declined significantly because of Dodd-Frank and Basel 3. This is one thing. Secondly, credit risk taking has also been restrained in the banking sector and pushed to shadow banking, as you correctly pointed out. Thirdly, André also mentioned that passive investors have grown during the past decade, and so have indexed products and active managers get fewer and fewer. I am afraid that the dearth of active managers makes the market prone to herd behaviour, which could induce runs in the market when a shock is applied. High frequency trading and other machine trading based on a similar algorithm, may also exacerbate the panic, if it happens.

In the case of Japanese government bond markets, the BOJ has bought up over 40% of the market and the market has become so thin as to occasion squeezes of particular issues at times. These are elements, worrying elements with respect to the functioning of the market, in comparison with the beginning of the Lehman crisis. Subprime invited a crisis in a very different mechanism, i.e., opaqueness. And as a result everybody lost confidence in counterparties, survival of your own, and trust in the system. It all crumbled down at the time, but this is a different situation we see now.

John LIPSKY

Parenthetically, 50% of all the toxic US mortgage assets at the time of the crisis were on European balance sheets, hence why it spread globally so quickly. It was a globalised phenomenon.

André LEVY-LANG

Today, you have very large investments in bonds, the banks have government and corporate bonds. That is one thing. You mentioned programmed trading, of course. The good news maybe that it is known, and usually the crisis happens on something that is unknown, or not anticipated. That is one good point. The other one is that markets now have circuit breakers, when there is a kind of rush. However, that does not help; it helps in the short-term, but does not avoid [a crisis].

John LIPSKY

Exactly. Bertrand, go ahead.

Bertrand BADRE

If you will allow me, you made a good transition with a birthday I am celebrating in the privacy of my room tonight, which is that I became Group CFO of Crédit Agricole on 1 August 2007.

John LIPSKY

The definition of a poisoned chalice?

Bertrand BADRE

Correct. I had my first quarterly earnings presentation that November, where basically I moved into disclosing some subprime losses. I say some, because we just had no clue. Then, in December, I was the first to announce a profit warning which I do not regret, even if it was a sticker on my back for many years. I will not replay it, but for some of the people who know, in 1986 when Chernobyl exploded there was a thesis that France was the only country not touched by the Chernobyl cloud. I said, which was actually not very well said, that the subprime cloud has hit France like the others, and we must recognise that we have been hit. Nobody wanted to talk about it and we were the first to do a profit warning on subprime. To be honest, I remember I went to the board, now it is 10 years ago I can tell you, and the board asked me how much I wanted to say. I replied several billions and they asked what I meant. I said maybe two maybe three. Finally, I think we went then for three billion in December 2007, and the final bill was over 5 billion for each of the large French banks, the Germans and everybody else.

That is a very vivid memory. I am celebrating this anniversary tonight in my room, but the good news I think, coming back to your point John, is that the preliminary reaction was the right one. I think that this international momentum prevented us from repeating the mistakes of the 1930s. We avoided a sharp rise in protectionism. We avoided austerity measures and carried out stimulus, at a cost because we have seen public debt jumping, but we avoided that. In addition, beside Lehman and a few accidents, the banking system was prevented from totally collapsing. I think we should celebrate this and we have survived. I think that is a positive thing. The point is really, where are we now? I will not speculate on where the next crisis will come from, but my analysis, I have had the privilege to be a regulator and a regulated, so I have seen both sides of the equation, and I think that today we are at a point where, to a certain extent, we have patched up the system. Again, being transparent is the right thing to do, so we pushed on monetary policies and we discovered new frontiers of monetary policy. We have pushed on regulatory policy and we discovered new frontiers. We have done that year after year; I do not think there was a plan.

If you had asked Jean-Claude Trichet in 2008 if we would have this quantitative easing for ever and you will buy unlimited amounts, he would have said, 'Wow! What are you talking about?' Nobody had this view at that time and I think we have experimented and at the end of the day it is okay, because we are still alive, and I do not think we are in a pre-World War III situation. Let us be happy for that. The problem is that people are now a little bit tired after these 10 years, and I remember I say that with Marcus every year. We had this great discussion at the Peterson Institute 10 days ago, on rethinking macroeconomics. It was organised by Olivier Blanchard and Larry Summers, and one of the conclusions I discuss with Olivier is that people want to go back to normal. There is no real willingness to rethink at the end of the day. We bankers have done all this, so let us normalise monetary policy. Let us go back to the pre-situation, which is impossible.

My point is, we have patched up the system, we have survived, but we do not have a holistic view of how we finance our economies. We have not addressed that question, which was at the heart of Bretton Woods in 1945, and the Regan-Thatcher revolution. We have not addressed that question today. Now we have, I would say, the banks struggling with their profitability. We have the asset managers searching for yield. You have the pension funds that are growing deficits, etc. Therefore, you have a system that is struggling to find where to go. Of course, you also have massive misallocation of capital. People are buying zero rate German bonds, which have zero interest for anybody, and they miss the big opportunities elsewhere. We have this moment where, on top of that everything is increasingly paralysed by compliance, risk, bureaucracy, whether it is anti-money laundering, financing of terrorism, you name it. I am now starting my own business, one of my investors is a very well-known CEO of one of the top 50 companies in the world, and it took him three months to be able to give me a check on his personal bank account, that I could receive in my bank, because he had to send them a photocopy of his mother's passport, or whatever. It is crazy.

My point is really that we are at a moment where we are alive, but we need to think about what comes next. How do we address the issue of how we finance our economy? How do we restore trust in the system? At the end of the day, people do not trust the system anymore. There are many explanations behind Brexit, Trump, etc., but I think that the financial crisis is one of these big issues. If we do not restore trust, that will be part of the next crisis. I think that we should really rethink, and here is the place among many others, what we want to do collectively. That is the question with the Financial Stability Board. I remember, I asked: what is that we want? Interestingly, I cannot quote Mark Carney like this, I am not his spokesperson, but in a way, it is not our business. We are not here to define a business model; we define the rules and capitalism will find the business model. I am not so sure, to be honest. I think it has to be a co-construction and I do not think that we are there at all. People think about the big objectives that we have a sign for the world, be it sustainable development goals, climate change that we discussed downstairs, etc. We need money for that. We do not need people to put money in Germany, we need people to put money in climate, health, agriculture, etc. It is not happening. People say that there is this great revolution of impact investment; that is great, but it is very tiny. I can tell you that the minute that the US Treasury goes back to 5%, impact will vanish, and people will just go back to the old game.

I think that we are at a moment where we all need to be somewhat smarter. In a way, investors are panicking with zero, or very low yield, so they need to think out of the box. It is striking, because compliance does not allow you to think out of the box. It is very difficult. The central banks are nervous about monetary policy. The governments are nervous, except Germany, because they are mostly under fiscal stress, so they do not know what to do with their money. On top of that, the multilateral system is also constrained by the Trump position; they will not get any additional money and flexibility. Therefore, the system needs to think out of the box and is paralysed, because the system does not allow you to think out of the box. How can we move this? How can we really coordinate this?

For me, this is the real question going forward, if we want to break this misallocation of capital. It is very difficult, because as you say, global governance is no longer the name of the game. You have the new Chinese definition of socialism, the Chinese flavour, or whatever. Then you have Brexit and the Trump thing, etc. How do we organise these things? I just have no clue. That is why I am a little bit nervous. If we have another crisis, can we recreate the miracle of 2008, when we prevented the collapse of the whole world? I am not sure that we are in a state of mind where we are capable of doing this again, today. That is what worries me. It is not so much where and when, but how do we address these things if we are incapable of thinking of the system we want? I have been a bit too long and emotional, but you know me.

John LIPSKY

I was only hoping that at the end you were going to give us the solution.

Bertrand BADRE

For the solution, I borrow again from a conference at the Peterson, from your successor, David Lipton, who has this great word. He says that the trend today is that all our cars have an Ohio number plate and we should all move to California. What did he mean? I do not know if Marcus remembers that conference, he said that Ohio means own house in order and everybody want to do their little things at home and that is not the way forward. The way forward is California, CA, Collective Action. It is very challenging. How do we recreate a condition where the US, EU, China, the BRICS, etc., can work together and not building walls, borders, distrust, etc. That is really what worries me.

John LIPSKY

Yes, although I agree, one of the problems we have, especially in the financial system, is if we do not know where we are going, then any road will do. What we have evolved is a regulatory reform that said these bad things happened and we are going to make sure they never happen again. However, if you ask what we want the system to look like when we are done and what would the regulatory environment structures look like to make that happen, there is no answer to that. Daniel, you have been waiting, we will come back to you.

Raed CHARAFEDDINE

I would like to go back to your original question about monetary policy and its impact on asset inflation, as well as the prices of goods and services. I will then go back to Bertrand's issue of how you can finance an economy.

Before that, I would like to tell you that Lebanon did not actually suffer from the global financial crisis. As a matter of fact, Christian Noyer, the Governor of the Banque de France, came to Lebanon a year later, in 2010, I think, declaring that he had just come to see and learn what we had done to be able to weather the effects of the global financial crisis. What we did was a lot of pre-emptive policies and measures that prevented the effects of the crisis from tackling Lebanon. We do not have a subprime. In fact we have banned derivatives; we do not have derivatives. This is why, during this period, Lebanon witnessed a growth of 8% to 10% in 2008, 2009 and 2010; we had that kind of growth for that time. As a matter of fact, for the first time in Lebanon's history, we witnessed an influx of deposits, about 24% at that time. It never happened again since it is usually less than this level.

What the Central Bank did was actually stimulating the economy and at the same time, taking the precautions so as not to impact inflation. We targeted our inflation, but at the same time, back in 2013, we came up with a policy that we called a stimulus package, whereby we lent banks USD 1 billion, and we have been doing that since then. The USD 1 billion stimulus packages are granted at 1% interest rates as a cost of funds. They, in turn, would pass it on to the consumers. Although banks, now as we speak, are going to be fuelling the economy, banks have a liquid amount of USD 20 billion right now ready to be used. So this liquidity of USD 20 billion, out of the banks' total assets of over USD 200 billion, in addition to a deposit base in our banks of almost four times our GDP, and by the way Lebanon's economy is USD 52 billion, we are not talking about a big economy, constitute substantial financial capacities. Despite that USD 20 billion are available, but those are not cheap funds, and they have to be brought up in private-public partnerships, PPP, and other uses. These stimuli have stimulated the economy, and 50% of this package went to real estate development because, at the time, we had determined that real estate can take along with it 20 to 30 businesses and professions. This way, we have a lot of real estate developments, but while they were in larger sizes before, now they are more tailored to what the market needs. We have done that. We have USD 20 billion available at an economy of USD 54 billion now. We have stimulated the economy and the Central Bank stimulus package has contributed to 50% of the GDP growth since 2013, with no fail, every single year, and we were able to quantify that. In addition, we have targeted some economic sectors: the knowledge economy; research and development; real estate; education; anything that has to do with technology. Thank you.

John LIPSKY

Daniel has joined us, the panellist whom we have been waiting for.