

## DEBATE

### Jeffry FRIEDEN

I came under severe attack in the interim, for not addressing or not recognising questions from the audience, so I am going to recognise questions from the audience, but I am going to warn you of two things. First of all, there are microphones circulating and second, is that with the brightness of the lights I cannot see very well, so you will have to raise your hand high.

### Daniel DAIANU

What I think has been missing prominently in the first panel was the military component, ingredient of strategizing in the global space. It may be, when it comes to international trade, trade benefits, this logic is fine, but when there is such a clear shift of power in the global space in China... Look how much we focus on China. It is like China is economic for everybody, primarily the United States and it may be that there is much more than trade and economic logic. It is military, it is the balance of power and if this is the case, it is not only Trump it could also be the military establishment. I think there is much more at stake.

Secondly, what is also surprising is that you have not mentioned, and I am talking about the first panel as well, climate change. That is more of an existential threat than, I do not know, Artificial Intelligence, not being able to cope with labour dislocation. This is also something we should pay attention to and I would have loved the first panel to address these issues.

### Jeffry FRIEDEN

You have a second panel. Would anybody like to address either of those issues? The notion that this is a broader shift in power certainly seems relevant to the WTO and also to Japan's position, if you have anything to say about that, Karl or Itoh?

### Karl BRAUNER

We are also caught in this struggle between the US and China, but of course we have no military aspects in this. However, I would like to say that our understanding is, or my understanding is, that the Chinese internal powers will do whatever is necessary to improve the fate of people internally. This is how they get the legitimacy for staying in power. I think the military power is only an annexe to trying to improve the lot of the Chinese people.

### Itoh MOTOSHIGE

I will not discuss about just the military system, but I would like to just mention very related issues. When I was talking to the American politician, not Mr Trump, more the office of Trump, he said that the tax on export of cars, say, to the United States is only 2.5% and the tariff on China is something like 20% to 25%. When Chinese companies are making investments in the United States, they can, but when American companies invest in China, they cannot have more than 50% of the shares, etc. There seems to be very difficult contradiction between the two big countries.

If you just look back at the international trade system in the past, it is more than just the system among the developed countries. They have a negotiation and they are very nice to other developing countries, to provide just lower tariffs, etc. However, when the developing countries or the emerging countries start challenging the order of that country system, then there is conflict. In Japan, we have had many experiences of trade restrictions and forced expansion of imports, etc. In the case of Japan, it is a process or history of adjusting our system to the Western type of development, but now because China has become so big and is so conflicting with the international system, I think it is very difficult to solve the problem. Then, just comes the power issues, very much related.

**Jeffry FRIEDEN**

I cannot address the climate change issue, but I think that in some sense the rise of China is at the root of many of the problems, many of the issues; let us not call them problems, because I do not want to blame China for the problems. The fact that China has become such an extraordinarily important part of the international economy has had a whole range of effects, both domestically and internationally. It helps explain why we are seeing such disruption in both domestic and international politics, militarily and economically, so I think you are right to focus on that.

I want to get to the next question over here.

**Mohamed LAÏCHOUBI**

En fait, ma question est plus relative au premier panel, mais elle a une incidence très forte sur le second. Mon ami Thierry dans son intervention a un peu ouvert une piste en souhaitant un élargissement du débat, un approfondissement de la question. En écoutant les différents amis, les différents analystes, je me demande si nous ne sommes pas frappés d'un peu de timidité, c'est-à-dire si, dans l'analyse critique, il ne faut peut-être pas aller un peu plus loin. Je me pose la question de savoir si cette timidité n'est pas illustrative d'une autre question un peu plus profonde.

Je m'explique. A mon sens, la dimension géopolitique a un poids extrêmement important et puis il y a des mondes qui viennent, que nous ne pouvons pas ignorer, des questions plus complexes. Je résume. Les protagonistes ne sont plus les mêmes parce que la crainte, c'est de croire qu'on peut substituer à l'ancienne URSS la Chine pour une bipolarité pour un tête-à-tête et le problème se réglerait, on analyserait le potentiel et la capacité des Etats-Unis et ceux de la Chine. Il me semble que la question ne se pose pas comme ça, parce que celle-ci recoupe le fait qu'il y a une sorte... C'est comme le traitement de la crise économique mondiale, on est persuadé qu'il faut des réajustements et on évite des questions qui se posent, qui sont certainement plus profondes. A mon sens, il y a des mondes qui viennent et que nous ne devons pas du tout ignorer.

Je m'explique. Les protagonistes, la Chine est totalement insérée au commerce mondial, 380 % d'augmentation entre 2000 et 2009, elle détient 23 % de l'endettement américain. Les Etats-Unis eux-mêmes ne sont plus leaders d'un monde qui avait le quasi-monopole de la production technologique, de la dissuasion nucléaire, du droit des finances. Et donc nous sommes manifestement sur un monde qui est totalement en mutation avec évidemment la question de l'endettement, mais surtout une coïncidence majeure entre la crise économique mondiale qui a des effets fondamentaux, la fin de cycle de toutes les grandes questions de process technologiques pour la planète, que ce soit sur les questions écologiques évoquées par mon ami ministre roumain, etc. Et donc un émiettement de la pensée politique, un affaiblissement du politique.

Et là, nous sommes dans un espace totalement différent, qui va impacter aussi l'instrumentation qu'est l'OMC, que sont toutes les autres. Est-ce qu'on va faire une instrumentation qui va tenter de gérer l'éventuel compromis entre deux ou trois grandes puissances ? Ou est-ce que nous allons avoir à faire à un monde complètement différent ? Nous avons certains pays, certains espaces, certaines velléités recoupées dans les BRICS ou recoupées ailleurs qui estiment qu'elles ont en face d'elles éventuellement l'ancienne triade, que les uns qualifient de système monde hégémonique, et vous avez quand même deux tiers de la population mondiale avec des capacités. Quatre des pays des BRICS ont le niveau le plus élevé des PIB PPA dans le monde. C'est-à-dire qu'en fait, nous sommes en présence à mon sens d'une grande mutation qui concerne différents mondes et des mondes qui viennent.

A mon sens, nous ne devons pas uniquement la résumer à un tête-à-tête sino-américain, auquel cas la Chine n'est plus celle que l'on croyait et n'est certainement pas l'URSS. Les Etats-Unis ne sont plus ceux qu'on imaginait et certainement pas les Etats-Unis de l'époque. Les mondes changent, et donc est-ce que le débat ne devrait pas plus aller vers son élément central ? Quels sont ces mondes qui viennent ? Comment doit-on s'organiser ? Parce que les espaces intérieurs de ces grandes puissances eux-mêmes mutent, eux-mêmes sont concernés. Je veux dire les élites de ces propres pays se posent des questions. Comment inventer ces nouveaux mondes ? Est-ce que nous aurons un débat entre ceux qui imaginent que la géopolitique de puissance va continuer à s'imposer ou est-ce que ceux qui défendent l'école du partenariat mondial plus apaisé avec une vision plus ouverte vont réussir à se frayer un chemin ?

Je vous remercie. Je ne me suis pas présenté, M. LAÏCHOUBI, politologue, chercheur, membre de l'Académie royale d'Espagne et ancien ministre algérien.

**Jeffry FRIEDEN**

Who would like to address that? Patrick, do you have something...you seem to... I should say this raises a series of questions that Kemal Dervis did raise in the first panel, and to some extent it seems to me that these are questions that will recur throughout our proceedings, because it has to do with what kind of world we are entering into, what kind of set of world problems we are likely to face and how to think about them. So I thank you for the intervention; it does go somewhat beyond the depth of what we are talking about but it is relevant to some of the issues that have been raised. Patrick?

**Patrick de CASTELBAJAC**

Je vais me permettre de répondre en français. Je pense qu'effectivement, la période est extrêmement intéressante et qu'on a la conjonction d'événements majeurs qui accélèrent les uns les autres. Vous n'avez pas mentionné l'Inde qui est également d'une grande force et d'une grande complexité et qui va jouer un rôle majeur à l'avenir. Je pense que la manière dont les Etats-Unis actuellement déconstruisent les relations internationales, on l'a vu en particulier avec la VCPOA, on l'a vu quand ils sortent des accords de Paris sur la COP 21, on voit du coup qu'on bascule à nouveau dans une incertitude des conventions internationales. Cette incertitude impacte toutes les relations, y compris les relations d'affaires et y compris notamment les questions de défense. Je pense en particulier à l'Asie-Pacifique où l'on voit une redistribution des cartes qui n'est pas du tout celle qu'on anticipait quelques années auparavant. On voit des alliances se nouer qui n'existaient pas auparavant. On le voit au niveau de l'Asie-Pacifique, cela se trouve aussi au niveau de l'Europe. L'Angleterre, c'est le premier budget de défense en Europe. Aujourd'hui, ils sont en train de regarder et de peser des alliances avec des pays hors Europe, en Asie et ailleurs, justement pour continuer à avoir des projets de défense et avoir une autonomie et une souveraineté en défense.

Je pense également que le caractère bilatéral des relations américaines est en train de changer en profondeur la manière dont des Etats travaillent entre eux. On le voit en Amérique du Sud et on le voit en Asie-Pacifique beaucoup où, auparavant, ils faisaient partie d'une communauté, je parle d'Etats qui ne sont pas des grandes puissances, il y avait une communauté d'Etats de puissance moyenne qui négociaient avec des grands et on voit que, tout d'un coup, ils se mettent sur quelque chose qui est totalement asymétrique, qui est d'avoir une relation et une discussion avec un Etat beaucoup plus puissant. En fait, cela entraîne derrière des crispations et des résistances, et c'est un mouvement qui renforce en fait le protectionnisme parce qu'ils se retrouvent encore plus exposés qu'ils ne l'étaient auparavant. Je crois que ce sont des phénomènes qui changent en profondeur.

Le phénomène un peu contraire, on en a parlé un peu ce matin, je pense, c'est la révolution digitale pour faire court qui est un accélérateur pour beaucoup de ces pays. On voit que beaucoup de pays vont aller à l'étape suivante. Cela se trouve en Afrique. Nous avons tout à l'heure l'honneur d'avoir le Premier Ministre de la Côte d'Ivoire, mais d'autres pays d'Afrique également sont sur cette démarche très volontaire d'essayer d'aller tout de suite à l'étape suivante pour essayer justement de ne pas se retrouver tenus dans une place de petit pays, petite puissance servant les grandes. Je pense que les deux phénomènes aujourd'hui se conjuguent et je pense que cela amène effectivement une très grande instabilité. On voit aujourd'hui un peu le camp de ceux qui souhaitent un monde multipolaire qui se parlent et ceux qui regardent leur marché intérieur et se disent « comment je peux le protéger et les conséquences en dehors de ce marché intérieur m'intéressent peu ou pas. »

**Jeffry FRIEDEN**

Karl, I think the issue raised here in some sense is highly relevant to the WTO, because on the one hand we have concerns from the United States about the role of the WTO, but there have also been concerns such as those expressed by Kemal Dervis about the role of the WTO in encouraging, perhaps more effectively encouraging development in the poorer parts of the world. What are your thoughts on this?

**Karl BRAUNER**

The intervention started with the sentiment that nous sommes trop timides and I do not know when you say that, who 'nous' is. Coming from the WTO as a member-driven organisation, the secretariat unfortunately has no rights to initiatives, but the setup of the WTO was such and still is, that one country has one vote. This was actually the ideal world, where the weak, the timid would have a say. When you say we, me coming from the European Union, I always think of the European Union and here I in fact think we are trop timides. Also, this morning in the first panel, there was talk of the big powers, the US, China. In fact, Europe is the bigger industrial power and I am very happy to be a European because the Europeans always come up with very well-balanced proposals, good analysis and are still trying to invest in the global common good. I would hope that they would be less timid and take a stronger leadership role. That would be my wish.

**Jeffry FRIEDEN**

Since you are too modest to do so, I could point out that in some ways in perhaps a small way, the dispute settlement system is an extraordinary tool in the hands of the weak. Countries like Costa Rica have prevailed over countries like the United States in the disputes settlement system and when that system was working, which it really has since its inception, the US was obeying rulings against it on the part of Costa Rica. I think that it does not address the broader issues, but I do think that in my humble opinion a system based on the rule of law tends to work in the interests of the weak, not the strong.

Please identify yourself.

**Ichiro FUJISAKI**

Thank you very much. I am following up on the discussion and my question is to Mr Brauner on the WTO issue. I agree that the dispute settlement mechanism is the jewel in the crown of the WTO. I am also concerned about the body itself, not only the crown, that is the decision-making process. As you rightly said it is member-driven and it is not the secretariat's role to change the system, but in this world, to make a consensus of more than 150 countries is almost impossible. In the last 15 years, we were trying to get out of that by making smaller, informal groups that led us nowhere. Now, we are going to multilateral groups and things like that, which is also parting from most-favoured nation article 1 spirit of the WTO. How should we go about with this situation? Should we make a more formal green-type council, like the United Nations where they can decide things or introduce a majority system? If we just go with this decision-making, a lot of people think this will lead us nowhere. I know that it is a member-driven organisation, as you rightly said, but I just wondered if you can share your views as well.

**Karl BRAUNER**

It is very difficult to foresee what the outcome of the current reform process is. There is still this struggle in the membership about how we handle the Doha Development Agenda. There are some other members, like those who in Buenos Aires in December last year at the 11<sup>th</sup> Ministerial Conference, decided to move forward with certain topics. We now have four very intensively working groups of varying member states on e-commerce, investment facilitation, micro and small and medium-sized enterprises and on services regulation. You mentioned that in the past we had multilateral agreements, but they were MFN, like when we concluded, I think among 63 member states, the extension of the list of IT products that would be traded customs-free. This was made MFN. This follows the most favoured nation principle and all those who are not part of it, the others would say, are free-riders. It remains to be seen how we are going to develop the negotiation arm of the WTO in smaller groups, with agreements among only a few, invitation for everybody to participate, or whether we try to maintain a consensus among 164.

**Jeffry FRIEDEN**

Okay. I want to point out, first of all, that this is only the first session. Last question.

**Marie-Roger BILOA**

This is a short question and as I consider we are still in the plenary session, I would say that I did not miss it. However, I notice that you did not mention among the global contemporary problems today, the migrations, which happens to be an obsession, in Europe, for instance. Does it mean that type of obsession is not justified? How do you evaluate it as a global problem?

**Jeffry FRIEDEN**

Would anybody like to address the issue of migration; it is related to illegal trade? I will point out, in the interests of promotion I suppose, that we do have a panel coming up at three o'clock this afternoon on migration and the future of multiculturalism. It is true that we have not addressed in the two panels this morning. Would someone like to say something about it?

**Suzanne HAYDEN**

I will just say that it is an obsession with everybody I believe, and I was only going to point out that there are obsessions about this directly. You are not alone in your obsession. I think it is concerning everyone and I do not know what is going to happen. I am waiting to hear.

**Jeffry FRIEDEN**

I think that it does fit into this broader characterisation of the populist upsurge that we have seen, which varies from country to country, where there is concern on the part of many, that the ability of national governments to pursue policies that may be in line with the desires of their citizens have been lost, either due to globalisation, European integration, or just some other factor. I do not happen to share those concerns, but we know now that even in countries that virtually no immigrants, immigration has become a hot-button issue. I too am looking forward to the session later on today and I am sure that it will come up over and over again during our proceedings.

In the meantime, in the interests of maintaining some semblance of schedule, I want to draw this second session to a close and thank both these four and our previous four participants for, I think, some very fascinating conversation.