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I believe any economic phenomenon, including financial vulnerability, does not occur due to one single factor, but multiple factors. As the moderator says, I will try to use a multidimensional approach to describe what will happen in the next 2 3 years. In my mind, the first dimension is the possibility of global economic growth slowing down. We heard the news that in the second quarter of this year, the US growth rate reached 3.5%, which is very strong, but my feeling is that the US economy is now approaching its highest level. It will reach the turning point soon.

Regarding the reasons, one is that the Fed will continue to increase interest rates. At the same time, the debt ratio had been very high, so that means the companies will pay a higher cost for their financing. Also, the tax cut incentive will be dramatically reduced in two years or even disappear. Because so far, USD 1 trillion is coming back from overseas, but 50% of it will be used to make investments and another 50% will be used to purchase back stocks share.

At the same time, the Chinese economy is under great pressure from the downside, as I mentioned yesterday. In the third quarter, the GDP growth was 6.5%. Relative to other countries, it looks okay, but it is the lowest growth rate since the first quarter of 2009. In the next 1 2 years, the Chinese economy will still gradually come down. If you put the growth both in the US and China together, they will occupy 50% of total global growth.

If the two largest economies are in the phase of going down in the economic cycle, it will drag down the economy of rest of the world. Yesterday at lunch, Mr. Blanchard mentioned Mr. Minsky. Earlier, in the '30s of the last century, Irving Fisher already found that there is a relationship between the economic cycle and financial vulnerability. Specifically, when the economy is on the downside, the financial vulnerability will become bigger. The next 2 3 years is the time when we should closely watch what is happening in this regard.

The second dimension is about the fluctuations of cross border capital flow. Yesterday, Mr. Blanchard also mentioned that the global debt ratio has already reached the same level as it reached before the global financial crisis. At the same time, I want to mention that the cross border capital in terms of volume is not as high as before the global financial crisis. However, the structure of cross border capital flow had been changing. Particularly among the developing countries, cross border capital flow went up dramatically.

Adam Tooze, economic historian at Columbia University, last year published a new book called Crashed. He rightly pointed out that so far, too much attention has been on the current account imbalance rather than on cross border capital flow. In particular, he cited a following example. Before the global financial crisis, people worried about the so called global savings glut, which supposedly would lead capital flow from Eastern Asia to the US. But he discovered the fact that more capital transferred between Europe and the US, and the volume is double of capital from Asia to the US. However, the current account of Europe is generally balanced. Also, the current account of Europe is almost balanced with the United States, but the capital flow is dramatic. It is very important that we do not only look at the current account or even the capital account. Rather, we should pay more attention to the growth of capital flow, because balance of current account ignores the details of the capital flow. Gross capital flow will now create more financial problems.

In my mind, the last event we should consider is the escalation of the US China trade war as many people have already described. The longer the war drags on, the bigger its negative impacts, not only on China and the US, but on the rest of the world. As Mr Blanchard mentioned, the reduction of the trade volume is only one part of the negative impacts.

He also mentioned the investment. I can further point out that there will be a chain reaction after the reduction of investment, which will lead to the decline of employment. Then personal income will go down and the consumption will decrease. That chain reaction will impact on the global financial and economic growth. In my conclusion, I will say that these three dimensions will play some roles, in particular if these factors are overlapping. This will create economic and financial problems down the road in the next 2 3 years. I will stop here.