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As far as our workshop was concerned, I will mention our speakers and the main approach that they had: Yide Qiao on the multidimensional vulnerabilities of the economic and financial system, a vision coming also from China; Jean-Claude Meyer, a European vision on the risks of a new global financial crisis; Jeff Frieden on the political economy of global economic and financial issues, the world over, in time of populism in particular; Daniel Dăianu on global economic and financial fragilities in the emerging countries as well as in the global economy – as you see a lot of concentration on risks and vulnerabilities, by the way; Motoshige Itoh on the lessons of the Japanese crisis experience which came before the big crisis of 2007-2008; and Betrand Badré on the necessary reset of the financial sector to address environmental issues, in particular.

As an introduction to our very rich discussion, we were all incorporating the fact that we are living in a new world of strong criticism of the old multilateralism coming from everywhere:

- from the emerging world criticizing the governance of the advanced economies. The fact that the G7 *passe le bâton* to the G20 is a case in point, it comes out of the dramatic crisis where the advanced economies proved to be very clumsy, because the epicenter of the crisis was in those economies.
- from the public opinion in the advanced economies themselves with a strong criticism of previous leadership, previous governments and their clumsiness leading to the crisis.
- from some executive branches, the US being a case in point, where the old multilateralism is also criticized by those who were absolutely key in running that multilateralism. Therefore, it is making an environment which is very interesting in a way but also very negative on global cooperation at this stage.

I will concentrate first on the issue of the risks and vulnerabilities of global economy and finance, then I will concentrate a little bit on the political economy of the financial sector and of the appreciation of what should or should not be done at the global level, particularly in Europe and the United States but true also in the emerging economies. Then I will mention a number of important points that we discussed but were not necessarily directly linked to previous elements.

On the appreciation of the risks and vulnerabilities, there were clearly more interventions and remarks on risks and vulnerabilities than on the assets of the present situation. If I sum up a very rich discussion, I would say that maybe we could separate the implicit systemic vulnerabilities that we are observing today in the global system and the trigger for a possible explosion. The triggers would not necessarily represent an explosion by themselves but could lead the explosive to burst out and create a big crisis. The probability of the future crisis being as demanding and as dramatic as the last one was more or less implicitly very high in the minds of many participants of this workshop.

If I concentrate a moment on the trigger, I would say that we had a lot of mentions of geopolitical risks and a lot of mentions that we will probably have big corrections on stock markets in many economies but particularly in the US economy as a possible trigger for major difficulties. The less accommodating monetary policy and the end of extraordinary and particular measures, which is already implemented in the US and will soon be in Europe, were also possible triggers. I could list a number of others but I will stop there.

As regards the vulnerabilities of the system itself, we have first the criticism of multilateralism in a global economy and global financial system that are highly integrated and where contagion is extremely likely, as we observed in the last crisis, and would be even more rapid in a possible new crisis. We have the over-indebtedness of the global economy and finance which has been underlined in many interventions. The proportion of public and private debt outstanding over the global GDP has augmented after the crisis as it did before, which is highly paradoxical because there was a consensus to recognize that the level of leverage, the over-indebtedness of the economies was one of the main cause for the big crisis we had to cope with. Leverage has continued to grow after the crisis and has augmented less than before in the advanced economies but much more than before in the emerging economies. It has to be underlined, but it is not particularly reassuring in a way because it has continued to augment, all taken into account, private and public debt in the advanced economies, namely putting themselves in a situation of vulnerability that is at least as vulnerable as the day before the last crisis. In the emerging world, the acceleration of financial leveraging has been very impressive. It is not absurd to consider that it has been multiplied by five if you compare what happened before and after the crisis.

Another element that has to be mentioned as being part of the systemic vulnerability of the system is the fact that in advanced economies in particular, but it is also true for a number of emerging countries, the ammunitions to counter the next recession/crisis are deeply lacking: fiscal ammunitions are very meager in most economies and the monetary policy ammunitions are also very meager, not to speak of 0 level in the Japanese economy and the European economy, as well as in the US, which is on advance in the cycle. But in the US, some remarks were made on the fact that it is necessary to have a 5% decrease of interest rates to be significant in combating a recession and it is very unlikely that the Fed will not have these ammunitions when the next recession comes. All taken into account, you see a number of interventions that were all reinforcing the sentiment that all leaders, all economies, all responsible private and public individuals had to be very aware of the fact that resilience would be absolutely fundamental in the next possible crisis because the probability of new corrections was quite high.

Among the positive elements that were also mentioned – I do not want to be entirely negative, it would not be fair – external imbalances had been reduced since the crisis. The current account of China is less important than it was before. In the US, we are living at -2,5%, which is better than the level before the crisis. In Europe, it is 3,5%, which is probably too much, but does not signal a drama. We must have this element in mind. The prudentials have been improved, nobody disputes that, even if there was a lot of screening of the prudentials, recognizing that a lot of things had been done, on particular in the domain of the banks, but that a lot remains to be done in the non-banks, in the domain of procyclical elements that are implicit in accounting rules, in credit rating agencies pasturing, or a number of elements that are not really reassuring as regards the present level of prudentials, or in case we had to cope with a new drama.

I would not be fair if I did not mention that a lot of hard work has been done since the crisis, on the basis of a global consensus, benefiting from this idea that we are in a global integrated economy and we have to address global financial prudentials through a collegial global approach. It has been signaled by the successive G20 decisions and the G20 is still operating, giving its own stamp to a number of proposals coming from the Basel system of prudentials and from all committees that have been set up and are overseen by the G20 through the global Financial Stability Board.

Let me now turn to political economy. We had a lot of discussions after an introduction by Jeff Frieden. He mentioned the idea that we had to cope with a new phenomenon, which is linked to the criticism of globalization, the criticism of the old multilateralism, with resentment particularly in the Eurozone against adjustment, against bailing out the banks, against transfers in general. In many public opinions, we really have an element of strong criticism of what happened during the crisis. In practically all countries, the governments had responsibilities, whether on the left or on the right side of political persuasion, and they were all weakened, even if the countries were successful in terms of economy, in terms of combating unemployment. This benefited, from time to time, to political extremists, on the right or on the left side of the political persuasion. We also had the extraordinary case of centrism benefiting from the rejection of previous governmental political parties, such as in France. We have very strong problems emerging out of the public opinion, of the evolution of political persuasions in Europe and all advanced economies. Not to mention the UK with the Brexit. In the US, we have a strong criticism, job losses being attributed to the mobility of capital, which is part of the global economy as it has functioned until now. We also see a very strong criticism of bank bail-outs even if, in my memory, we do not have losses at the level of significant institutions, on the contrary. In Europe, governments made profits out of their intervention on the financial markets. Nevertheless, in the mind of the population these bank bail-outs were very costly and are still considered very abnormal, perhaps even more in the US. We do have a recognition of the main political problems in the advanced economies, and if you look at Brazil and other emerging countries, in all participants to the global economy, we have a wave of nationalism, protectionism and fight against migration, which might be the most important political problem for leaders. We understood in the workshop that those complaints were fully understandable, a lot of our fellow citizens were very much in danger, particularly the part of our population that is less educated, less able to cope with the challenges. Those citizens are hurt by the competition that has intensified all over the world and put them in a difficult situation but also by science and technology that are galloping and are also new difficulties for the citizens whose education has been weakened by the digital revolution. They have enormous difficulties to catch with new technologies. We spent quite of lot of time reflecting on this interaction between these obvious political problems and global economy and finance with a sentiment that global finance was very much at stake in this new era and called for appropriate responses.

We also had a number of other views in our highly multidimensional discussion. We had a very interesting discussion on the Japanese experience, not forgetting that Japan had to cope with almost the same kind of challenges than the other advanced economies but a long time before, approximately 10 years in advance. It is sad to recognize that at that time the other advanced economies were thinking and even saying very eloquently and publicly that the Japanese were extremely clumsy in dealing with their problems and that it was possible to solve those problems in a much more skillful way. But when they found themselves in the same situation, they were more or less following up on the previous tools and recipes invented by Japan. QE was invented by Japan before being applied by the other advanced economies. It is something which is really telling in terms of understanding exactly what is happening.

We also had a discussion on the overall sentiment that we could transform or reset – the term was used by Bertrand Badré – the overall global financial prudentials or approaches in order to privilege the environmental issue, which is considered by many as a major one. I would add myself that we probably have a lot of other dimensions in the global finance that we should have in mind. Of course, the green issue and the environmental issue, and Laurent Fabius was very eloquent on that, but also lots of issues associated with development. Those are more the problems of countries that are not yet emerging, that are in the developing world. We also have the gigantic issue of inequalities in the advanced and emerging economies which is very associated with some reset of the overall finance.

Let me conclude. It seems to me that there was a consensus in that group on the fact that a lot of hard work remained to be done in the overall prudentials and approaches of global finance. Also on the fact that it would be made even more difficult at a time where we did not yet have a new multilateralism crystalizing on the basis of a new global consensus and that we were in a very difficult situation from that standpoint. I think that all participants were in favor of working this new consensus out as soon as possible. This new multilateralism would be much more multipolar, much more deconcentrating and much more in the hands of the advanced economies. The forces coming from executive branches, from the public opinion and from all the continents in the world are there and we have to be fully aware of that. Vigilance and a call for resilience of all the economies participating in the global economy and the global financial world were considered as essential, taking into account that we could face new corrections, new challenges, perhaps as serious as what we observed in 2007-2008 when Lehman Brothers collapsed. We all hoped that it would be less demanding but it certainly put into question the solidity of all our economies and societies, so the reinforcement of the call for vigilance and for improving resilience in all parts of the world was also a consensus in that group. Thank you.