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We move on to SaKong who is, in some sense, at the centre of the storm. Both Korea and Asia find themselves at the centre of many of these difficulties and I suppose it falls to you to try to give us some sense of how things look from Seoul, from Asia more generally, as these troubling trends in the world economy take hold.

II SAKONG

Thank you. Given the time constraint, if you allow me, I would like to make a brief general comment regarding the future of the world economy order and the global governance related issues, leaving details and specific issues for later discussion.

Needless to say, we live in an economically highly interconnected world. Therefore, any global challenge will have to be dealt through global community level policy coordination and cooperation endeavours.

So, my first point is that the most serious problem for the global community in the next five years seems to be, “global leadership gap” or “global leadership deficit” caused by the withdrawal of the US global leadership, while no other country or a group of countries tries to fill the gap. Consequently, the global economy for the next five years may suffer from “Kindleberger trap-like risks” created by insufficient provision of global public goods, most importantly free trade environment and financial stability.

So, I strongly argue again as I did a number of times before at this very conference, that like-minded countries perhaps at the G20 level or “middle power countries” ought to exert a collective leadership. Certainly, my own country, Korea, can and should actively participate in such global leadership endeavours as did for the 2010 G20 summit in Seoul.

This point cannot be overemphasized if one looks at the global economic horizon for next a few years from the cyclical perspective to find critical policy challenges for both emerging and developed economies.

More specifically, there is a high likelihood of financial crises, big or small, to occur especially in emerging economies and usual policy-induced recessions may be inevitable in advanced economies when there is not enough monetary and fiscal policy manoeuvring space for most of these countries.

What I am emphasizing is that, from the cyclical perspective of the next few years too, a closer policy cooperation and coordination is critically important especially among the G20 countries. After all, the G20 countries agreed in 2009 to designate the G20 summit as their premier forum for their international cooperation for a balanced and sustained global growth.

It is therefore urgent for the G20 countries to join forces to resuscitate the G20 summit process to fill the global leadership gap and adequately face the global economic challenges of the next five years.

Lastly, it is my view that so-called Thucydides trap is a lesser concern than the Kindleberger trap for next five years. Let me stop here.

Jeffry FRIEDEN

Thank you very much.