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To a large extent, I am seeing eye-to-eye with what Jeffry has said. The very broad picture is that in my view, we are increasing the fragility of the institutional framework of the international arrangements, for various reasons. In my view, the erosion of multilateralism is not going to be short. Timewise, it is going to continue. It may be that several blocks could re-lend resilience to the global institutional environment, but in the short term, erosion will continue.

As some people said this morning, what is very uncomfortable for the Western world is losing supremacy in economic terms, and this is going to continue. One understands why Trump is not on his own. The syndrome is much larger, much more profound. Is the global financial system safer? I have doubts about it and I will get back to it. Social cohesion in both advanced countries, in advanced economies, and in emerging economies, is under strain.

There is fragmentation, and this is going to be even more complicated in the euro area. Political legitimacy is a big issue, and Ashoka made a good remark in this respect. New technologies can bring about havoc and climate change is also a huge issue. Increasingly, central bankers pay attention to climate change. The most recent seminar at the ECB on macro-prudential policy, the ESRB, focused on climate change, the first manner.

Unconventional policies have ushered us into a new global financial cycle. As you said, the big question is, how is it going to come to an end? I mean the new global financial cycle. There is a huge rise in both public and private debt around the world, so how will governments and central banks deal with this? In my view, central banks will have to intervene again. What we now call unconventional policies will be revisited, including printing money.

I will put aside emerging markets, but when it comes to policy normalisation, I have a very hard time believing that monetary policy rates will get back to the pre-crisis levels. It is not going to happen, even if the Fed has raised the policy rates. You say quite significantly, but you say more than significantly. I don't believe the ECB is going to act to such an extent in raising the policy rates, not only because of Italy. It is because of the state of the financial system.

Is the financial system safer nowadays? I am not going to discuss this. Banks are better capitalised and less leveraged, it is true, but it is a very tough call to say that the global financial system is safer. Shadow banking has been on the rise. According to estimates made by the ECB and the ESRB, more than 50% of the assets are assigned to the shadow banking sector. These are the so-called non-banks which operate as banks, and that is much less strictly regulated. We do not have sufficient transparency as to the operations of non-banks. Systemic risk evolves in capital markets.

In my view, if I were asked where the next big shock is going to come from, I would say from non-banks, from shadow banking. I am asking myself, 'Who is going to revive the land of last-resort function?' In capital markets, we know central banks are supposed to do it when it comes to banks, but what about non-banks or big banks? We had the failure of a Swedish centre counter-party. What if we have a failure of a very big centre counter-party? Who is going to step in? What is also quite dismaying is that there is a new wave of financial deregulation in the United States. Hopefully, it will stay small for small banks, but if it is going to be on a large scale, that would be a historic mistake. Then we have the cyber-attacks and so on.

Re-examining a few concepts, low inflation can be very misleading. If external balances grow, then a country has a big problem. Financial markets do not distinguish between public debt and private debts. It is the overall external indebtedness of an economy. The lack of trust is increasing. The lack of trust is increasing all over the world. What can trigger an additional loss of trust? It is hidden vulnerabilities that come brutally into the open. We do not know what the state of the European banking sector is. We still have doubts about the size of NPLs. There is the erosion of central bank credibility. Many central banks are under siege, and politicians attack central banks, including the Fed, which is under attack.



There are insufficient buffers. A country needs buffers to run very low data centres. There is the size of an economy. If an economy is very small, it is more fragile than a larger economy. Finally, I will say that protectionism and erosion of multi-lateral arrangements can have a huge impact. I believe that there is an inward-looking syndrome spreading around, which you have alluded to, and politicians will have to respond. You cannot continue to tell people, 'You are not smart enough. You do not get it'. The benefits are, how can you tell a large number of losers that they are not smart enough, that they do not get it. This is sheer political stupidity. You cannot explain it to people at large. You have to do something. In public policy, we are blindfolded. We have been wrong for a very long time.

Regarding a new global order, we have to see. In my view, there are going to be several block bases. I would not say it is multilateral. We have to redefine multilateralism in terms of block base arrangements. We underestimate the impact of Brexit. If it is a hard Brexit, it is going to be very bad for Europe. Over-debt will stay with us and we should worry about over-debt. Debts are larger than they were in the pre-crisis years.

Income inequality creates tensions in society and they fuel populism and protectionism. We have redefined globalisation and the way we understand globalisation. We have to have new policies. Finally, new technologies may destroy more than create jobs, at least in the short run. We should not back very much on new technologies. We see that there are limits to our models. Policies continue to navigate uncharted waters. I should not say we have to pray, but we have to be much more pragmatic and still be prepared for unconventional policies. If I were a policy maker for a central bank, I would not refrain from asking central banks to say it is the end of unconventional policies. Forget about it. It may continue. Central banks may continue to be the only game in town.