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Thank you very much and particular thanks to the World Policy Conference, especially Thierry and Song Nim, for including me. It is a particular privilege to be on this panel under the chairmanship of Jean-Claude Trichet, who is also the honorary chairman of Bruegel, and you mentioned my affiliations there, Jean-Claude. I also want to apologize for being another male panelist on another all-male panel. I am conscious of participating in a clearly sub-optimal outcome, but here we are.

The question is if the international economic order is collapsing. I will make another attempt to answer this, and my answer is no. There is every reason to be concerned these days, I think we all have things in mind, and they have already been analyzed by a number of participants. There is massive uncertainty, which I think is the dominant characteristic of the current moment, that we do not know a number of fundamental things even in the very short-term. What happened in China in the last few weeks was a reminder of that. There are some very basic premises on how we look at the world that we cannot be completely sure of and of course, climate change is a massive challenge, and we are losing a race against time in addressing it.

So let me be very clear, I am not advocating complacency here. But we do not see a collapse of the order in sight. I think the international economic order is actually surprisingly resilient. What has happened this year? I was at the World Policy Conference last year, also in Abu Dhabi on the other side of town, and since then there have been extraordinary events. Russia has invaded Ukraine, and the consequence is that Russia has been isolated in the international system and to a large extent removed from it. Therefore, it has been ring-fenced from the international economic system, as opposed to this conflict leading to a collapse of the system. I do not think anybody has put the gist of the question more eloquently than Martin Kimani, the Kenyan Ambassador to the United Nations, actually two days before the invasion. As probably many of you remember, he made that point that what Russia was at the time threatening to do, the invasion of Ukraine, was an absolutely fundamental challenge to all the norms that bind us together on this planet. The response in terms of economic international institutions has been forceful but I would say proportionate in terms of the extraordinary violation of norms we have seen and an extraordinarily forceful response.

Let us look quickly at what I mean by resilience. The WTO, as Mr. Paugam reminded us, is still there and running even after the aggression of the Trump administration. To my mind, we had a very successful G20 summit in Bali, which kind of illustrates what I am talking about. That includes some strong wording in the final declaration, compared to what I think everybody was expecting, and I think the Indonesian presidency of the G20 deserves a lot of credit for that. The Bretton Woods institutions, John Lipsky reminded us of the challenges and the need for the



Common Framework to make progress, we are getting into the weeds a bit here. However, I think if you look, for example, the restructuring of Zambia's debt when it was announced, we can see the possibility of some constructive evolutions. That is especially in relation with the main challenge to the IMF these days, which is the interplay between Chinese lending to a number of developing and emerging countries and the traditional framework embodied by the Paris Club. I am not saying that the problem is resolved here but that the worst-case scenarios are not materializing. On another front, somebody in the audience mentioned that the World Bank is still led by somebody who has taken positions close to climate change denial, but it remains a strong institution.

Let us talk about finance because that is the area I specialize in most. The Basel III accord on banking capital requirements, leverage, liquidity and stress testing, has been an extraordinary international success. It has been implemented in a more globally consistent way than the previous Basel II accord. Sadly, the European Union is still not compliant but most other jurisdictions are and I think that has led to great resilience in the financial system, in the banking system, as we have seen with the Covid-19 shock and the shock of the war in Ukraine. Echoing what I was saying about the violation by Russia of international norms, the Bank of International Settlements has applied international sanctions for the first time on one of its members, Russia, and also one of the members of the Financial Stability Board. I would argue that shows the effectiveness of collective discipline in that system. I am not aware that the BIS had ever participated in international sanctions before, with the possible exception of freezing the assets of the central bank of Yugoslavia, but that was after Yugoslavia no longer existed. We have also seen that challenges to the international economic and financial orders have not been very successful. I am not going to expand on crypto, but these days we do not see from either Russia or China in very different environments, successful attempts to replace the basic infrastructure of the global financial system, payments messaging via SWIFT, foreign-exchange transaction settlement through CLS Group and infrastructures of the same nature. Finally, as Gabriel has mentioned, we even have unprecedented progress, unfinished of course, in an area that until now have been completely immune from that kind of collective cooperation, which is taxation, with the efforts of the OECD. It is unfinished business to say the least, but I think the fact that it was even possible to initiate this has to be taken as a step forward in difficult circumstances.

Of course, the European Union, which I come from, and which is the most advanced exercise in supra-national economic and political cooperation, has been built on the rejection of economic nationalism, with coal and steel in the first place. It has faced an existential crisis, but it has overcome it, certainly it has lost an important member in the United Kingdom, but on many parameters it is now stronger than ever. We have seen that with the Next Generation EU program of borrowing and spending, which is the first time the EU has been able to finance itself on this scale on its own at European level, with redistribution among its countries.

As I said, there should be no complacency. We do not need to replace this system and I think that echoes what Qiao Yide just said. China is not asking for the system to be replaced, it is rightly asking for it to be reformed and transformed; I am talking about the official discourse of China here. One thing I will say, and many ideas have already been put forward for reform, and I will not repeat things. I will just say as a European, I think Europeans have to be proactive in creating space for other jurisdictions in a changing world, maybe echoing what Aminata Touré was saying on the first panel. When you look at the things I focus most on, the BIS, the Basel



Committee, the Financial Stability Board, Europeans are clearly massively overrepresented in that infrastructure. There is absolutely no reason to have seven individual Eurozone countries represented on the Basel committee, together with the ECB. That has to change, and Europeans need to take the initiative and provide a far more balanced representation, particularly of East Asia but also the Middle East, Africa and South America. Let me conclude there.

Jean-Claude Trichet, Vice Chairman of the Académie des sciences morales et politiques, former Chairman of the European Central Bank, Honorary Governor of the Bank of France

Thank you very much for this strong plea for the Europeans to be less numerous but as influential as they are in many of these groupings.