



DEBATE

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

I have to say that time is going quite quickly, and we have to leave the room at 11.30; I am just asking the organizers if I am right. In that case, I will go directly to the audience unless one of us wants to make a point and contradict violently what has been said by another panelists. I do not see anyone asking for that quarrel, a good quarrel with this kind of debate we like a lot. I turn then to the audience.

Steven Erlanger, Chief Diplomatic Correspondent, Europe, for *The New York Times*

A very good panel. I just want to ask, given the sanctions on the Russian Federation because of the war in Ukraine, what lessons, Mr. Qiao and others, is China drawing from these sanctions? How can it alter the current system to avoid that kind of pressure in the future?

Jean-Claude Trichet

Perhaps we will have another question and then go to the panel.

Aminata Touré, Representative of the Senegalese National Assembly, Former Prime Minister, former President of the Economic, Social and Environmental Council of Senegal

You would say that this is not going to be the last crisis but let us be careful because some crises have led to worldwide catastrophe, and we should be aware of that. My point was about women, and obviously this panel does not reflect the contribution of women in the global economy, although we have to improve their presence. A very interesting report from the IMF says that if you have more than 40% of women in the global economy, if we increase it, the United States would have a boost of 5% of GDP, it would be 34% of GDP in Egypt and even more in Africa. Do you not think that we need to change the pattern of this global economy we are talking about and make it more gender sensitive as you are sitting here? I do not think you reflect how much women work in the world.

Jean-Claude Trichet

Thank you very much for this remark, I was expecting it. I do not think that any of us is responsible for the composition of the panel, to be frank, but you made the point, very good. Let us have the last question and then we will turn to the panel.

Pierre Jacquet, President of the Global Development Network, Professor at the École nationale des ponts et chaussées

I have two brief questions. One, it seems that most panelists have commented on the international aspects of the international economic order but there are domestic dimensions as well that provide a foundation. Maybe the international economic order is not collapsing but the domestic dimensions are increasingly at odds with what it implies, and the first panel mentioned that there were difficulties within the societies themselves. How do you address that issue? Second, Mr. Felbermayr started by saying that the international order is not collapsing, that it had shown a lot of resilience and so has adapted but then he identified a number of challenges that may lead to questions about the virtues of adaptation. This adaptation has come through a succession of crises, and they are increasingly frequent and increasingly costly. Is this a model that we want, or do we need a recreation of this international economic order?

Jean-Claude Trichet

Thank you very much indeed. I think we could start responding to the first three questions. Who wants to take the floor immediately?

Qiao Yide, Vice Chairman and Secretary General of Shanghai Development Research Foundation

I am the only Chinese on the panel so it is natural for me to answer the question on what China can learn from the experience of Russia and the Ukraine war. I guess there are many implications behind the question itself. First of all, I probably have to point out that the Chinese government's official position is aligned with India, Indonesia, South Africa, and many other developing countries. They do not support the Russian invasion of Ukraine and they think it violates the principles of the United Nations. At the same time, they do not necessarily support US and Western countries in having sanctions against Russia, from many different perspectives. In China, the government officials think that even if we support US sanctions on Russia, the US will still maintain pressure on China as a major rival, so why should we do that. That is my interpretation. The second implication is I guess I understand that a lot of media coverage always make a link between the Russia-Ukraine relations and mainland China and Taiwan. I remember several years ago on a panel here, at the time I pointed out because many people had pointed it out to me, what about the South China Sea conflict with Crimea. At the time, in 2014 Russia took over Crimea so many people made a comparison. I said at the time that I did not think it was right to make that sort of comparison because it is clear that Crimea in the past few decades has been recognized as part of Ukraine. The South China Sea Island is not and is not populated, with some countries that claim it belongs to them and I guess that difference is very important. In the same way, I do not think it is right to make a direct comparison between mainland China and Taiwan and Russia and Ukraine because it is internationally recognized that Taiwan province is part of China, through many international treaties. Having said that, it does not mean that I advocate or support the idea that the Chinese government should take military action against Taiwan, I am not. However, the sensitivity here is that if someone wants to push Taiwan to the extreme of independence, nothing can happen. That is my answer.

**Jean-Claude Trichet**

Thank you. I have to say that is very clear. Thank you very much indeed for what you just said, which takes every issue directly without too many complications, you are direct and clear. I will turn to Bark Taeho.

Bark Taeho, President of Lee&Ko Global Commerce Institute, former Minister for Trade of Korea

I want to respond to the question on the domestic policy environment regarding globalization and trade. Definitely more and more ordinary people think about globalization and trade in a negative way. It is simple because they think that they lose their jobs because their own companies are leaving their countries to invest in other countries, or they are inputting too much so domestic production is being decreased. I have been a professor of international trade for 30 years and I persuade and teach my students that that is not correct, there are other reasons for this kind of thing. However, people's perceptions are going in that direction and wisely, the politicians are using that kind of sentiment to produce more protectionist measures. What I am saying here is that preaching or persuading people who having difficulty in their own economy is not enough, I think we have to find some solutions and policy measures. We have a so-called inclusive trade policy measure, which sounds very nice but there is no substantial content in it. We have to find something to really substantially help those people who are in difficulty for many other reasons.

Yann Coatanlem, CEO of DataCore Innovations LLC, Founder and President of Club Praxis, Board member of GlassView and the Paris School of Economics

I would like to reply to Mrs. Touré very quickly. I think you brought up a very good point about diversity and equality of opportunity and I think you need incentives and more efficient public policies. The good news is that the incentives are there, and the business community is realizing that it is good for their bottom line. You gave a set of stats, and there is a different study that shows if you increase black American participation in the US economy, you can also generate about 5% of increased GDP, which is about USD 1 000 billion every year, which is fantastic. The business community has already realized that, so it is there. In terms of public policy, you have the national level and then you have the international level and I just want to mention one specific program the EU put together during Covid, which I think was very good. Called SURE, it was the temporary support to mitigate unemployment risks in an emergency, which is basically a second pillar on top of national unemployment systems to basically provide some solidarity and make the system more resilient and ultimately, provide more equality of opportunity.

Jean-Claude Trichet

Thank you, Yann. Again, Madame, we all agree on the fact that this is not a normal composition for the panel, and we have no responsibility for that, but the message is loud and clear, thank you very much indeed. Mr. Itoh, you have the floor.

Motoshige Itoh, Professor Emeritus at the University of Tokyo, member of the Council on Economic and Fiscal Policy of Japan

I have a response to the final question about the adaptation of the process. When we are thinking about the process of globalization there are at least four, and maybe more, different trends. One is the multilateral approach, the second is regional, the third is bilateral two-country negotiation approach, and maybe fourth is unilateral action where one country can just move. The actual process of globalization is a combination of the four and sometimes maybe the multilateral approach is just moving very quickly, but sometimes it stumbles and we need more regional or bilateral effort. Probably because of the geopolitical and other issues we have discussed, the trend is changing a bit from just a multilateral approach to the more realistic regional or bilateral approach. I am not sure if this is just continuing or maybe we need more effort to just strengthen the multilateral approach to globalization.

Jean-Claude Trichet

Thank you very much. Do we have other remarks or questions, or answers to questions? We had the international monetary system that you mentioned, and I would only say in this domain that clearly the moment that the renminbi becomes a full convertible currency, and I am talking under the control of John, you are changing the international monetary system. At the moment, the renminbi is in the basket of the SDR as one of the five and of course, it was a major move, a major change. I would say it does not align with the functioning of the system today but again, as soon as the renminbi is a full convertible currency, you change the system.

While I am mentioning the SDR and the international monetary system, there was a consequence of the last big crisis with Lehman Brothers that, in my opinion, has not been sufficiently underlined. After the Lehman Brothers crisis, after the great financial crisis, the four central banks in the advanced economies in the basket of the SDR, the yen, sterling, dollar and the euro, decided on the same definition of price stability, namely around 2% in the medium-term. This was not as a result of an agreement or negotiation but because it was their own sentiment that it would anchor expectations better. This is the definition of price stability in Japan, the US, Europe and the UK and I have to say that China itself is not far from the 2%. Taking all that into account, it seems to me that it is a silver lining in the global system because we did not have a joint definition or anything agreed nationally, but a converging international definition of price stability has been reaffirmed by all countries and central banks concerned in the US, Europe and the rest of the world. Again, I see that as a silver lining in a very difficult, hectic and complicated world full of challenges. Another silver lining that was mentioned by a lot of people is that the G20 continues to work and, I would say, continues to give the appropriate political backing for a number of things that are very important. John and all the speakers mentioned that. I also think that on the environment front in a world that again is so divided, the fact that we created a new international Sustainable Standards Board in Glasgow and confirmed at the recent Egyptian COP, is extremely important. We all agreed that planet earth is our spaceship, and we have to care for it, and it was not obvious that we would have a consensus on this new international board, but we got it.

I think I now have to interrupt the panel and respect the program. Thank you very much indeed.