

DÉBAT

Jean-Claude Trichet, président de l'Académie des sciences morales et politiques, ancien président de la Banque centrale européenne, gouverneur honoraire de la Banque de France

That is indeed an important remark. There was good cooperation between Peterson and Jean Pisani-Ferry. I myself was part of the board of directors of the Bruegel Institute, and we also have a friend in Peterson; Nicolas Véron. Perhaps we have the time to take questions now. Please go ahead, Madam.

Ilona Antoniszyn, cheffe de la représentation des affaires internationales et politiques de Volkswagen AG

Ilona Antoniszyn, from Poland. I work for Volkswagen. You mentioned the global electric cars policy, which has concerned me day and night for the past three years. I would not be too hard on the IRA. In fact, I think it is a stroke of genius, as it increased the speed of investment in electric car technologies with hugely significant gigafactory-sized investments of USD 5 billion every time. It is making a huge change, as the big producers have now started investing quickly. You created the rush which follows the rush from China. The Chinese have a very stable support mechanism for electric car production, and have made a great industry out of it. The IRA made it possible to gain this kind of support, following China at high speed in America, which was followed by Canada and then by Europe. Right now, Europe changed the rules so significantly that I was able to work with the Polish government to establish gigafactories at high speed in great locations. One such factory was successfully established so far, and we are now exploring further additions. Do not be so hard on IRA.

Jean-Claude Trichet

How would you respond, Marcus?

Marcus Noland, vice-président exécutif et directeur d'études au Peterson Institute for International Economics

As an American speaking before an international audience, I have an obligation to be more catholic than the pope. I am glad you find IRA to be such a great stimulus to important policies around the world. I agree.

Jean-Claude Trichet

John, do you have anything to say?

John Lipsky, Senior Fellow au Foreign Policy Institute de la Paul H. Nitze School of Advanced International Studies de l'Université Johns Hopkins

I must say that recently, I have been struck by two things concerning electric vehicles. To be clear, I own one, but in China I was struck by how rapidly they have become prolific. Such vehicles have a different-colored license plate from others, and I was astonished at how common they were. It was not obvious how developed the underlying infrastructure is, and we know that China is in the process of rapidly building new electric plants that are not necessarily low emission. In contrast, in the US, after an initial spurt in demand for electric vehicles, it seems to be slowing down. Although the IRA contemplates some subsidies to things like charging stations, I suppose it is not immediately obvious that consumer acceptance will be so rapid without the addition of sustained and substantial consumer subsidies. I think the future here remains uncertain.

Jean-Claude Trichet

Thank you, John. Next question, please.

Jean Alaux-Lorrain, chargé d'affaires à la direction de l'innovation de BPI France

Thank you to all panelists for the insightful deep-dive into the economic outlook this morning. I found that you discussed a great deal concerning security and risk-management. My question to you is this: what is the good news? Do you see any upside to the current situation, and if so, for where and for whom?

Jean-Claude Trichet

Who could respond to this?

Gabriel Felbermayr, directeur de l'Institut autrichien de recherche économique (WIFO), ancien président du Kiel Institute for the World Economy (IfW)

I believe the good news is that firstly, we are not seeing de-globalization as was feared by many when the US-China trade war broke out, and with all these crises hitting. We see "slowbalization", as the economists put it; this is clear. However, the global trade system has actually been relatively resilient.

The other piece of good news is that I am worried about the fact that financial risks have not yet fully materialized. What we can say is that the first appearance of bank crises, the Silicon Valley Bank and these sorts of things, have been very well managed and contained. There has been no diffusion of these risks yet. I am not sure if the end has yet been seen, but it has been good news so far.

Thirdly, the subsidy raise that the IRA is part of and that economists feel uncomfortable with is at least happening in the correct area. What we do need is more investment in renewables, electric vehicles, etc., and here, a subsidy raise is beneficial. If it was in old-fashioned industries such as steel, it would be something different, but because we are faced with a global challenge that must be fought with cohesion, this investment increase is positive.

Jean-Claude Trichet

Thank you, Gabriel. Indeed, we have good news as well as bad. Allow me to say, Gabriel, that I am unsure whether we will always be as satisfied with the behavior of the non-banks. For banks, the reaction has been very effective, and in Europe, we had adhered to the rule of the Basil committee and the G20, and so were reasonably protected until now. In the non-banks area, as you say, we have not yet seen all the consequences of higher rates.

Sébastien Jean, associé principal à l'Ifri, professeur d'économie du CNAM



I believe that from an economic point of view, the good news is also that so far, despite immense political tension and shock, the world economy has been quite resilient. Given the shock it went through, it is true concerning economic consequences of the Covid pandemic and war in Ukraine, so there has been economic cost, but not that much compared to the gravity of the crisis. I believe it is beneficial to emphasize that. The Covid crisis was a moment where vulnerabilities became more visible to the general public, but I think this was actually the moment where international value-chains proved their resilience more than their vulnerabilities, because within months, or in some cases weeks, economic activity rebounded.

Jean-Claude Trichet

Thank you very much. I will now turn to our founder. It is 10 o'clock. Do we have more time? No? In that case, allow me to thank all panelists for their remarkable contributions to this discussion.