

# The Dialogue of Continents Forum



Hamburg Institute  
of International  
Economics

## Drifts or Connectivity?

*Shangri-La Hotel, 10 avenue d'Iéna, Paris 75116*

**Monday September 3, 2018**

**8:45-9:00** Opening Remarks and Welcome

**9:00-10:30** Plenary Session 1: The World in 2019: Trade Wars the New Normal?

THE DIALOGUE OF CONTINENTS

*Chair:* **Piroska Nagy-Mohacsi** – Program Director, London School of Economics

- **Michael Heise** – Chief Economist, Allianz SE
- **Hiroshi Watanabe** – President of the Institute for International Monetary Affairs
- **Jonathan Fried** – Coordinator, International Economic Relations and Personal Representative of the Prime Minister for the G20
- **Tatiana Valovaya** – Minister and Member of the Board at the Eurasia Economic Commission

After almost a decade of a “new normal” and mediocre global growth, the world economy is finally enjoying a positive feedback loop with growing business confidence that is leading to more hiring. Economies around the world continue to go from “strength to strength” and for the first time since 2008, the negative global output gap is expected to close.

Nevertheless, the outlook for multilateralism has never been as gloomy. Are we on the verge of upending seven decades of international liberal order? In the wake of World War II, the US and its allies established global institutions to help stabilize the world economy. Today, the United States is disengaging from the WTO and other cooperative fora, on which it has long relied to help preserve world security. If there is a shift of the hegemonic power on which the liberal order has relied to remain afloat and we move toward a more populist/nationalist platform, the impetus towards maintaining a liberal order will be under great stress, leading to what Professor John Ikenberry has described as “a crisis of legitimacy and social purpose”.

In the midst of this uncertainty, we are also facing technological disruptions of a magnitude never before experienced that are adding new and profound anxieties about the economic order and global politics.

This Plenary session will discuss the future of the postwar global economic order, possible outcomes for the world economy and the need to put in place a genuine dialogue of continents to address head on the major uncertainties we are facing today.

## 10:30-10:50 Coffee Break

## 10:50-12:45 Panel Session 1: The Strategy for Europe?

A TEN-YEAR PLAN

*Chair:* **Carlo Monticelli** – Vice Governor, Council of Europe Development Bank

- **Yves Mersch** – Member of the Executive Board, European Central Bank
- **Lorenzo Bini Smaghi** – Chairman of Société Générale, and Former Member of the Executive Board of the European Central Bank
- **Sylvie Goulard** – Deputy Governor, Banque de France
- **Jan Zielonka** – Professor of European Politics and Ralf Dahrendorf Fellow at St. Antony's College
- **Holger Schmieding** – Chief Economist, Berenberg Bank

There is a renewed sense of optimism in Europe manifested by positive economic momentum (the Euro area has expanded for 19 consecutive quarters, growing by 2,7%) and a political situation that looks better compared to last year, despite the complicated Brexit negotiations and risky elections in Italy next March. In the past six months, the paths of America and Europe have diverged on everything from trade to climate change to preserving an open, multilateral international system. Today, the European Union (EU) finds itself without a strong partner with a similar vision who can help shoulder the responsibilities of global governance. The years to come will test the resilience of the current global governance architecture. What innovations should Europe put in place to strengthen its position? Should there be a reform of Eurozone Governance, a banking union and a clear strategy for a development policy (European Development Bank)? What should be the role of Europe vis-a-vis the US and China?

## 12:45-14:30 Lunch

## 14:30-16:30: Panel Session 2: The Reshaping of Global Continents and the Role of Infrastructure

STRATEGIES AND IMPLICATIONS

*Chair:* **Vasuki Shastry** – Head Global Public Affairs, Standard Chartered

- **Shamshad Akhtar** – Caretaker of Finance, Planning, Reform, Economic, and Privatization, Pakistan
- **Koba Gvenetadze** – Governor, National Bank of Georgia
- **Joaquim Levy** – Managing Director and Chief Financial Officer, World Bank Group
- **Alexander Karrer** – Deputy State Secretary, Swiss Federal Department of Finance
- **Mattia Romani** – Managing Director for Economic Policy and Governance, EBRD
- **Yang Yao** – Cheung-Kong Scholar and Boya Chair Professor, Dean of the National School of Development, and Director of the China Center for Economic Research at Peking University

New linkages—roads, railways, and other infrastructures are reshaping economic and geopolitical realities across the continents. We will examine several key examples across the globe and the multidimensional implications of these developments, including BRI as a strategic case in point. What are the key trends in projects to date, and to what extent do these projects follow market rules and international standards? What are the macroeconomic economic implications?

## 16:30-16:50 Coffee Break

## 16:50-18:30 Plenary Session 2: Reinventing Multilateralism?

RULES OF THE GAME FOR THE NEXT DECADE

*Chair:* **Shigeo Katsu** – President of Narzarbayev University

- **Alfred Gusenbauer** – Former Chancellor of Austria
- **Vladimir Yakunin** – Founder and President of the Research Institute, “Dialogue of Civilizations”
- **Harinder Kohli** – CEO and President, Centennial Group and Emerging Markets Forum
- **Masood Ahmed** – President for Center for Global Development

Multilateralism is undergoing a phase of transition and is under threat. At the same time, China has transitioned from a provider of merchandise goods to a provider of public goods and from a follower of international norms to an architect of the international order. Will the possible partial withdrawal of the US from international commerce and governance create a vacuum in oversight and coordination of the global economy? Is the world entering an era without obvious leaders and an age of non-polarity? Is time to re-evaluate the postwar arrangements and the rules-based system of international trade and investment that have fueled global growth between countries for decades? Are these changes and challenges long-lasting or do they simply represent a temporary setback?

## Tuesday September 4, 2018

## 9:00-10:30 Exploration Session 1: Going Global with Real Assets

CASE STUDIES

*Chair:* **Henning Vöpel** – Director, Hamburg Institute of International Economics

- **Mathias Müller** – Partner, Rödl & Partner
- **Risto Murto** – Deputy Director-General of Networks Department for the Finnish Ministry of Transport and Communication
- **Changhui Zhao** – Chief Country Risk Analyst for Export-Import Bank of China

In this session, we will examine concrete examples from across the globe of going global with real assets. Cases will include China’s Belt and Road Initiative, the Nairobi-Mombasa Railway Project, India-Japan’s Freedom corridor, the Khorgos to Pakistan Corridor and the Yiwu to Hamburg connection.

## 10:30-10:45 Coffee Break

## 10:45-12:30 Leaders’ Discussion: Port Authority Roundtable

WHERE THE RUBBER MEETS THE ROAD: THE MARITIME DIMENSION

*Chair:* **Dirck Suess** – Director of the Economic Policy Department, Hamburg Chamber of Commerce

- **Iris Scheel** – Member of the Board of the Hamburg Port Authority
- **Zeno D’Agostino** – President of the Port Authority, Trieste

- **Frans-Paul Van der Putten** – Senior Research Fellow, Netherlands Institute of International Relations
- **Massimo Deandreis** – General Manager, SRM (Economic Research Center related to Intesa Sanpaolo Group)

## 12:30-14:00 Lunch

## 14:00-15:30 Panel Session 3: Artificial Intelligence and Big Data: A New Source of Geopolitical Power or Ethical and Regulatory Divergence?

A FUNDAMENTAL SHIFT?

*Chair:* **Petre Roman** – Professor at the University Politechnica Bucharest, and Former Prime Minister of Romania

- **Martin Weis** – GSA Intelligent Automation Leader and Partner at EY
- **Susanne Chishti** – CEO of Fintech Circle and FINTECH Circle Institute
- **Axelle Lemaire** – Partner, Roland Berger
- **Harold James** – Professor, Princeton University

We are living in an era where robotics, artificial intelligence, automation, digital platforms, and other innovations are completely changing the fundamental nature of economic activity.

Eight of the world's most highly valued companies are technology businesses. With a market capitalization of 4,7 trillion dollars, and a new type of workforce, these companies can have a huge macro impact. The end of the post-war geopolitical order coincides with the emergence of a new technological era. Artificial intelligence and big data are supposed to disrupt the industrial age and to rule the next phase of globalization. A war on big tech could – as *The Economist* has recently titled – have a huge impact on the geopolitical order but also raise the question on how we should address related ethical and regulatory issues coming alongside the new technologies.

## 15:30-17:00 Panel Session 4: The Future of the Labor Supply

WHO WILL WORK AND UNDER WHAT CIRCUMSTANCES?

*Chair:* **Henning Vöpel** – Director, Hamburg Institute of International Economics

- **Andrea Komlosy** – Professor in the Department of Economic and Social History, University of Vienna
- **Timo Boppart** – Assistant Professor, Institute for International Economic Studies at Stockholm University
- **Benjamin Pring** – Partner of Cognizant
- **Heikki Hiilamo** – Research Professor at the University of Helsinki

There is increasing anxiety about whether in the near future there will be enough jobs for everyone who needs to be fully employed. The global labor market is in the midst of a dramatic transformation as a result of two forces. The first is rapid technological advances that are automating more types of work and eliminating jobs in the process. The second is the rise of alternative work arrangements, informally referred to as the “gig economy”. What will the new economy look like with automation set to radically reshape the labor market?

How should we think about the impact on our labor markets and business activity of artificial intelligence as it continues to advance? What are the most substantial labor market strains across different economies? What are the most significant trends in employment, productivity and wages?

## 17:00-17:15 Coffee Break

## 17:15-18:45 HIGH-LEVEL DIALOGUE – POLICY OPTIONS FOR INCLUSIVE GROWTH

(Session in cooperation with The **Council of Europe Development Bank** - CEB)

*Chair:* **Mahmoud Mohieldin** – Senior Vice President for the 2030 Development Agenda, United Nations Relations and Partnerships, The World Bank Group

- **Ian Goldin** – Professor of Globalization and Development and Director of the Oxford Martin Program on Technical and Economic Change
- **Romano Prodi** – Former Prime Minister of Italy
- **Rolf Wenzel** – Governor of the Council of Europe Development Bank
- **Aleksander Kwasniewski** – Former President of Poland
- **Erik Berglof** – Director of the Institute of Global Affairs, London School of Economics

Globalization has lifted hundreds of millions out of poverty in developing and emerging countries. However, since the 1980s, in developed countries the rise in inequality, coupled with the economic damage of the 2008 financial crisis, has undermined trust in welfare state and market-oriented institutions. Moreover, the labor market currently no longer provides stable, well-paid blue-collar jobs and instead places a premium on high-skill jobs, while precarious employment and the “gig economy” are on the rise. What policies can help those who feel disposable, as robots, automation and other technology come into play? Today, the debates center on how to promote life-long learning, early-childhood education to stop educational inequality during early years, new tax and redistribution policies, as well as possibly universal basic income. While there is no silver bullet, it is necessary to start adopting policies today to ensure a more inclusive economy tomorrow.

## 19:45 Dinner at the Shangri-La Hotel – By Invitation Only

**Keynote Speech: François Villeroy de Galhau – Governor, Banque de France**

## Wednesday September 5, 2018

## 9:00-10:30 Panel Session 5: The New Reality of Emerging Markets

EMERGING MARKET PROSPECTS

*Chair:* **Julien Marcilly** – Chief Economist, Coface

- **Mario I. Blejer** – Deputy Chairman, Banco Hipotecario and Visiting Professor, London School of Economics
- **Abdulrahman AL Hamidy** – Director General and Chairman of the Board, Arab Monetary Fund
- **Marouane El Abassi** – Governor, Central Bank of Tunisia
- **Feng Xingke** – Secretary General Center for BRICS and Global Governance

The global economy may be heading toward a scenario in which nationalism rises and countries turn inward, implementing protectionist trade measures that lead to fragmentation. No doubt, isolationist

policies in vogue, with the case of the US as a striking example, have the potential of dampening the growth prospects of some large developed markets over the next few years. However, we are also seeing China, India, a number of large South American economies and other emerging markets seeking new international trade and investment deals and new forms of regional global governance arrangements. In this world context what are the prospects for emerging markets?

### 10:30-10:50 Coffee Break

### 10:50-12:45 Panel Session 6: New Age of Monetary Policy: The Global Financial Cycle, Normalization, and Implications for Financial Stability

*Chair:* **Marc Uzan** – Executive Director, Reinventing Bretton Woods Committee

- **Sayuri Shirai** – Professor of Keio University, Former Bank of Japan Policy Board Member
- **John Fernald** – Professor of Economics, INSEAD
- **Julio Velarde** – Governor, Central Reserve Bank of Peru
- **Angel Estrada** – Executive Coordinator of International Affairs, Banco de España
- **Boris Vujčić** – Governor, Croatian National Bank
- **Nouriel Roubini** – Professor of Economics and International Business, NYU Stern School of Business, Chairman of Roubini Macro Associates

The world economy also needs to tackle the challenges of monetary normalization in advanced countries, including timing, consequences, and the meaning of normalization. Unwinding these extraordinary policies will be demanding and central banks currently have a very little margin to respond should a new crisis arise. This situation creates risks not only for monetary policymakers, but also for the stability of the overall economy. The traditional models that the Federal Reserve and other central banks are using to forecast inflation are backward looking and will unlikely capture current fast-moving technological developments. Numerous discussions are underway regarding the adequacy of the current monetary toolbox to address a sharp downturn. Should central banks raise inflation target above the current 2 percent level, and institute a price-level target that would operate at all times?

### 12:45-14:30 Lunch

### 14:30-16:00 Panel Session 7: Central Banking and Creating a Stable Value Digital Currency

*Chair:* **Ousmène Jacques Mandeng** – Senior Fellow, London School of Economics

- **Michael Bordo** – Professor of Economics, Rutgers University, and Senior Fellow, Hoover Institution
- **Aleksander Berentsen** – Professor of Economics, University of Basel
- **Jean-Pierre Landau** – Professor of Economics, Sciences Po Paris
- **Aleksi Grym** – Head of Digitalization, Bank of Finland
- **Daniel Heller** – Researcher, UCL

General Manager of the BIS, Agustín Carstens, during a recent speech asserted that: " Money, is an indispensable social convention backed by an accountable institution within the State that enjoys public

trust...Private digital tokens posing as currencies, such as bitcoin and other crypto-assets that have mushroomed of late, must not endanger this trust in the fundamental value and nature of money.”

Indeed, in today’s digital world we are faced with many fundamental questions and dilemmas, a number of which we will address in this session: Will central banks issue digital currencies? Will banks still be, relevant for payments? Will clearing and settlement be centralized or decentralized? Are current regulations appropriate?

### **16:00-16:15 Coffee Break**

### **16:15-18:00 Panel Session 8: Can and Should Crypto Assets Enter the Mainstream of Global Finance?**

*Chair:* **Xiaochen Zhang** – President, FinTech4Good

- **Marieke Flament** – Managing Director, Circle
- **Ido Sadeh Man** – Founder and President of the Saga Foundation
- **Tone Vays** – Co-Host, Crypto Scam Podcast and Blockchain Consultant, Liberty Life Trail
- **Baur Bektemirov** – Chief Economist, Astana International Financial Center
- **Tara Waters** – Partner, Ashurst
- **Tuur Demeester** – Founder, Adamant Research
- **Yinming Pang**– Chairman and President, Linkeychain Intelligent Technology

Cryptocurrencies involve a mixture of digital assets, huge amounts of computing power and a network of servers on which to store shared data. Unlike everyday money, they are decentralized, they are not issued or guaranteed by a central bank and therefore fall outside purviews of regulators. What are the risks associated with bitcoins? Can cryptocurrencies enter the mainstream of global finance? Can bitcoins be used as a medium of exchange or store of value in the manner of central bank money? What are the risks at play and the potential at hand of these new currencies for global finance?