

Key Global Trends and Implications for the Fund's Policy Advice

April 11, 2019

2:15 p.m. to 3:15 p.m.

HQ1 Atrium

Moderator: Christine Lagarde, Managing Director, International Monetary Fund

Speakers:

Jon Cunliffe, Deputy Governor, Bank of England

Yiping Huang, Professor, Peking University

Siv Jensen, Minister of Finance, Norway

Ahmed Shide, Minister of Finance, Ethiopia

Oksana Markarova, Minister of Finance, Ukraine

Technology, politics, demographics, climate change, and increased interconnectedness are key trends shaping the economic landscape of today and the future. What is the appropriate response and how can the Fund be helpful to its membership in meeting these challenges and ensuring robust, resilient global growth?

Key Points:

- **Key global trends.** Political trends, policy uncertainty, and rise of populism are important factors shaping the economic landscape. While *Cunliffe* noted that it is hard to know where this trend is taking us, *Jensen* claimed that these shifts, including rising protectionism and declining acceptance of economic interdependence, are in fact taking us backwards. *Markarova* pointed to the effects of migration, not only of people but of capital and profits. She also considered that technological innovation and access to open data raises new questions on how to avoid manipulation. *Huang* observed the rapid rise of fintech and its potential for increasing efficiency and access for developing countries. *Shide* highlighted demographics and the challenges for African countries in creating jobs.
- **Policy response.** *Markarova* and *Jensen* stressed that even if we are experiencing new trends and challenges, we should focus on traditionally sound policies, stay the course and push for reform, even if it takes time to see the results.
- **Role of the Fund.** *Cunliffe* said that the Fund should analyze and point out macro-critical risks, no matter where they come from. In doing so, it is important to be transparent about the underlying assumptions and uncertainties – the Fund is strong enough to subject its surveillance to outside scrutiny. *Shide* encouraged the Fund to work with MDBs and be more flexible and timely in its interaction with members. *Jensen* said that the IMF should stick to its analytical strength and its ability to voice independent and candid views. However, it should not be afraid to broaden its scope and go into new areas. When it comes to technological change and fintech, *Markarova*, *Jensen*, *Cunliffe* saw scope for the Fund as a forum for discussion and having an advisory role on common principles and frameworks.

Quotes

“For five or six years after the crisis, economics drove the politics, now politics is driving the economics, you can see it in trade, you can see it in prospects of the fragmentation of the world economy.” **Jon Cunliffe**

“Now is the time to stick to liberal values, when we see a less liberal world.” **Siv Jensen**

“The Fund has to analyze macro-critical risk, regardless of where it comes from or whether it originates from a macroeconomic or macro-financial world.” **Jon Cunliffe**

“When discussing these new trends, we need to remember the good old recipes – fiscal consolidation is always good, prudent debt management is always good.” **Oksana Markarova**

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