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We are starting the reporting on the various workshops. I must say that we had an extremely rich and comprehensive discussion on the world economic outlook and all that goes with it, and global finance. We had an exceptionally remarkable set of experiences and competence, skills, and wisdom. Let me only mention that we had participating in this workshop: Raed Charafeddine, First Vice-Governor of the Bank of Lebanon; Daniel Daianu, Professor of Economics and former Finance Minister of Romania; Hur Kyung-Wook, former Vice-Minister of Strategy and Finance and former Ambassador of Korea to the OECD; Kiyoto Ido, Vice-Chairman of the Institute for International Economic Studies in Tokyo and former Executive Director of the Bank of Japan; André Levy-Lang, Chairman of *Les Echos* and Vice-Chairman of Rothschilds, and former Chairman of Banque Paribas; and John Lipsky, Senior Fellow at John Hopkins University, he spoke recently, and former First Deputy Managing Director of the IMF. As you see, we had a multi-ocular vision, if I may, with many dimensions.

Regarding the world economic outlook, there was a remark that we had disappointing subdued goals this year. That it was the mark of the post-crisis time. There was a lot of discussion to try to understand better what was behind it. Was it demographics? Yes, it was demographics for a good part of what we are observing, with regards to this mediocre growth, I would say, both in the advanced economies, undoubtedly, and in some of the emerging economies. The poor level of investment was quoted frequently as one of the reasons why growth was so mediocre; the abnormal level of investment is not preparing the way for growth and labour productivity programmes, because the stock of capital is not what it should be.

It has also been underlined that Total Factor Productivity (TFP) on top of mediocre demographics and insufficient investment in capital were also there to explain the fact that we were again in a situation where growth is mediocre. We then tried to understand a little bit what was behind this TFP mediocre growth and several explanations were given. One was that we had to be patient and that we have waves of productivity, as we have waves in the long-term economic cycle, Kondratiev’s cycle was quoted, and that was perhaps the same phenomenon we had when we were waiting for the productivity impact of the investment in computers. For a long time, there was absolutely no translation of this investment into productivity and then it came, but it came late in 1995, the jump in productivity after a long period from 1973 to 1995 of TFP at 0.5% growth, then it jumped to 2% growth. We are now back to 0.5% and perhaps it was the lag effect that the new IT revolution is not yet producing what we are expecting. There was also the mention at the global level, when we were looking at disappointing global growth, that we are at the end of the transition of the communist countries, which have brought a lot of relatively skilled labour to the global economy, which was producing a jump in productivity because they were plunged into a universe where the capacity to increase growth, productivity was clearer.

We did not have much discussion on the problem of measurement but I mention it nevertheless because one of us mentioned the fact that perhaps we are underestimating real growth in the current period because digitilization is very difficult to measure. I do not insist on that; I take it that academics generally consider that it is unlikely that digitilization is hiding real growth that would be much more flattering than what we are observing.

Insufficient education and training, especially in the advanced economies, was also mentioned as part of our problem. This is certainly part of the circular reforms, which are considered by the working party as overdue in most, if not all economies. Among the general remarks I must make, structural reforms are needed in education and training, mass education as well as training for excellence, were considered a big issue and in many countries, labour market flexibility, markets in goods and services, fostering innovation and creativity, generalization of IT and digitilization. There was the general remark that we, the advanced economies, benefitted in the crisis from emerging market resilience, which was remarkable in the crisis.

There were also many remarks drawn from personal experience. Kiyoto Ido made some very interesting remarks about Abenomics and its problems. There was a remarkable exposition on Korea and the specific problems and issues at stake, the new engines of growth and everything that goes with an economy that has been growing so rapidly that it is now one of the advanced economies, but with all the associated problems of that rapid growth. We had very interesting remarks on the resilience of Lebanon, in the face of many abominable crises. Also, and I must say it triggered some discussion, the problem of immigration; the figures in the Lebanon are incredible because, if I am not mistaken, and I will be corrected by Governor Charafeddine, the four million Lebanese have had to welcome two million from Syria and neighbouring countries. The idea that it was possible to absorb 50% of your own population in a very short time stunned the members of the group and triggered questions.

Of course, we considered the political element, including the Brexit phenomenon and the Trump election. Many felt the election was due to frustration with the rapidity of change and restructuring in many advanced economies, triggered by the emergence of India, China, Brazil, Mexico, as well as the science and technology surge, the IT and digitalization that put into question the jobs and their place in the proactive sector. This is true of all economies and particularly advanced economies that had the monopoly in many production areas before and the idea that the main political problem that we had in advanced economies was coming out in this sentiment of frustration. The fact was also mentioned that it had an impact on global growth, because the call for more protectionism, or fewer advances in opening trade had the consequence of slowing down economic growth. It was part of the message coming from this population, these fellow citizens in the advanced economies. It is an immense problem and clearly one on which much more reflection is required. I will stop there because time is limited.

I will turn to global finance very rapidly, on which we had a very interesting exchange of views. I will only mention the fact that our main messages were probably middle of the road in both drawing up the right regulation, the right credentials in all domains, with probably a lot of hard work still to be done in the non-bank sector. The bank sector having been very heavily examined by the international authorities, the FSB, the Basle Committee, the G20 etc., I will concentrate on the dangers we identified; the difficulty that should be in our mind, the idea that over-regulation was a danger, that we had to be cautious and not do more than was required by financial stability and hamper the recovery in all the world's economy and particularly the advanced economies.

We mentioned the bedding-in concept, which was welcomed in terms of the steady state of global finance, when we have eliminated all systemic risk. If systemic risk were still there then we had to be cautious about the systemic implementation of bedding-in. That is a question mark, not a conclusion by the group. We had a call to combat the instability of the regulatory environment. In this respect, friends of the US and in particular John Lipsky, said that it could be a problem if Dodd-Frank was eliminated, as perhaps will be the case. I think I am correctly passing on the message of the group if I say that the idea that the US should protect what has been a global consensus, if it were possible to change drastically some of the rules and regulations that are specific to the United States and that were introduced by the previous administration.

A very important comment was made, I think, by André Levy-Lang on equity and the necessity to insist on long-term financing and equity as necessary for financial stability. I must say that I share that view because I think that we are taking a risk by insisting too much on increasing the debt. There was also the idea that the unintended effect of some of the regulation was precisely to hamper equity and equity formation and also liquidity. The paradox is that in some domains and particularly the equity market, you would have several banks being extraordinarily active and introducing a lot of liquidity, when the liquidity that was observed on the de facto functioning of some markets was insufficient and perhaps due to the unintended effects of prudential regulations.

I think we are at the end of the various ideas we had assessed. We mentioned the US versus European banks but I do not want to be too eloquent on that because we discussed that in the panel. Fintech, start-ups that are now flourishing everywhere were mentioned as very important, especially for global finance, because they are both disruptive and full of promises. Finally, there was the idea that we are bad at crisis prevention, with regard to the 2007 and 2008 crises, but quite good at handling it at a time that was totally dramatic. We avoided the total collapse of the system and depression. However, now we might not be very good at preventing the next financial crisis. This is something we should bear in mind. I will stop there and ask for the indulgence of all the members of the working party.