



## DANIEL DĂIANU

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### Jean-Claude TRICHET

Daniel, you have the floor.

### Daniel DĂIANU

Thank you, President Trichet. I will try to be very brief with the matrix of what I see as major and ongoing developments in the global space. I touched upon some of them last year, but it seems to me that they are more visible nowadays as major, huge disruptions. Seemingly, it is an increasingly wild world, lacking order, with a lot of fragmentation and dissonance in many respects. There is a massive erosion of multilateralism. It is like an earthquake which is happening, in view of what prevailed after the Second World War, the so-called liberal international order. There are currency and trade wars and there is an erosion of the transatlantic relationship, which is quite dismaying for Europeans, but also for Americans.

Geopolitics is very much on the agenda, with the confrontation between the United States and China. To listen to one former European prime minister saying we are under threat of turning into a colony is mind-boggling. The wording is quite mind-boggling. That was not adequate. It is totally inadequate. It is like saying that Australia is a colony, or New Zealand, and those countries are not members of the European Union. One has to be a little bit wiser. Especially with having a background as a former prime minister, I am being very candid with you.

The shift of economic power is inexorable, and I believe that at the end of the day, the Americans and the Chinese have to strike a deal for the sake of the global common good. Fourthly, there is a sense of desperation, and think about central banks under pressure. Think again about a new round of QEs. Think again about a major round of fiscal stimulus. It is true, as Olivier Blanchard said, we have a different regime now, with the neutral rate being very low.

That is true, but I will make a fundamental distinction in this respect. There are things that countries with central banks providing reserves can do, which emerging economies cannot do. It is a different ballgame. There is shadow banking, and I will get back to it when I have more time, but shadow banking poses an enormous systemic risk. I am asking myself who is going to provide the lender of last resort function in capital markets. Just keep in mind what happened in the repo market in the United States lately.

Regarding climate change, I agree. It is also about capitalism or our economic systems. It is very true, but it is also something which is crippling our banking sectors. There is huge exposure to sectors which are going to be impacted negatively by climate change. Climate change is an existential threat, probably more than artificial intelligence, and I fully agree about that. I agree that business models have to change, and I welcome the letter from the 130 CEOs, but I do not know how much hypocrisy is there. It is whether they realize that something has to change and that companies have to respond to stakeholders, not only to shareholders.

In our societies, it is too much of a winner-takes-all game, regarding the way our economies and systems function. Ultimately, that is going to bring democracy down, and this is the fundamental threat we are facing. Whether you are a right-winger or a left-winger, it does not matter. If you believe in democracy, you have to do something about it. I will stop. I have more to say. For me, Libra is a huge challenge, a huge challenge. If pearl currencies are going to proliferate, central banks are going to lose control of their monetary policies.

**Jean-Claude TRICHET**

Thank you very much Daniel. I take it that one of the connections with what you have said is regarding the Mark Carney analysis. Those entities, private entities or public entities that would miss the enormous transformations that are coming might create financial risk of first magnitude. This is another negative way to look at what is happening, regarding the addition of various financial risks.