



Hamburg Institute  
of International  
Economics

## LIVING WITHOUT GLOBALIZATION?



July 3-4, 2017  
Hamburg, Germany

Event Partners:



## PROGRAM

### Monday, July 3

**08:45 – 9:00**

**OPENING REMARKS BY RBWC AND HWWI**

**9:00 – 11:00**

**SESSION 1: THE RETREAT FROM GLOBALIZATION?**

**9:00 – 10:00**

**The Age of Deglobalization - Historical Perspective:**

**Chair: Hartmut Berghoff**, Professor of Social and Economic History, Georg-August-University Göttingen

**Michael Bordo**, Professor of Economics, University of Rutgers

**Kevin O'Rourke**, Professor of Economic History, University of Oxford

**Moritz Schularick**, Professor of Economics, University of Bonn

**10:00 – 11:00**

**A New Chapter of Globalization? Business and Trade Perspective:**

**Chair: Mattia Romani**, Managing Director, European Bank for Reconstruction and Development

**Jonathan T. Fried**, Coordinator, International Economic Relations at Global Affairs, Canada

**Joaquim Levy**, Managing Director, Chief Financial Officer, The World Bank Group

**Jürgen Schachler**, Chairman, Aurubis

**Simon Evenett**, Professor of International Trade and Economic Development, University of St. Gallen

**Han Chen**, Co-Chief Executive Officer, China Europe International Exchange (CEINEX)

**Yide Qiao**, Secretary General, Shanghai Development Research Foundation

The 2008-2009 financial crisis and the Great Recession have not been followed by any immediate surge of protectionism. Recently, however, three trends have raised concerns about a possible retreat from globalization: 1) the slowdown in the growth of global trade and the retrenchment of cross border capital flows; 2) Increased political tensions borne out of globalization pressures as illustrated by the Brexit referendum and 3) strong resistance, in many countries to trade agreements that promote "deep integration" (TPP, TTIP, NAFTA).

These evolutions raise important questions:

- History has shown that the interactions between the three components of globalization (trade capital and people) can produce positive but also negative feedback loops, with amplified effects on growth and welfare. How can such a negative spiral be avoided today?
- Contemporary globalization is underpinned by technology and the development of global value chains with cross border production processes that are extremely sensitive to trade and regulatory barriers. Will they be disorganized and destabilized once frictions are introduced in trade and investment flows?
- How can policy manage or alleviate the tension between the technical and economic requirements of contemporary trade (which push for further integration), and the domestic political dynamics (which resist it)?

This session will discuss these issues and their consequences for the global economic order and architecture, and in particular the session will address: the future of existing or projected trade agreements; the prospects for integration or segmentation of the global capital market; the implications for global governance: regional or global integration; consequences on the international monetary system and how Bretton Woods institutions will be affected.

**11:20 – 12:30**

**SESSION 2: LONG-TERM INTEREST RATES, PRODUCTIVITY AND GLOBAL GROWTH**

**Chair: Massimiliano Castelli**, Managing Director, UBS Global Asset Management

**Markus Brunnermeier**, Professor of Economics, Princeton University

**Filippo Di Mauro**, Chairman, Competitiveness Research Network

**Cyrus de la Rubia**, Chief Economist, HSH Nordbank

**Jean Pierre Landau**, Professor of Economics, Sciences Po

After several years of decline, long-term interest rates have recently increased in a number of major economies (USA, UK). Several factors may have contributed to this evolution: higher inflations expectations (and, consequently, projections of tighter monetary policy); stronger growth forecasts (partly fueled by looser fiscal policies); higher term premia. It is difficult, at this stage to tell whether these are permanent or temporary evolutions. Do higher long-term rates result from a temporary spike, a "one step" adjustment, or do they mark the beginning of a new trend?

Assessing the future path of long-term rates is important: equilibrium LT rates drive monetary policies. LT rates have consequences on the balance sheets of financial intermediaries and overall financial stability; if LT rates stay as correlated in the future

as in the recent past, the global impact on capital flows, exchange rates and financial conditions in emerging economies will be significant.

Ultimately, however, the equilibrium interest rate will be driven by the interaction of demographic forces and productivity. Disentangling those "real" determinants from the short run financial cycle is essential but difficult.

The purpose of this session will be, therefore, (1) to take stock of existing debates (on the future evolution of productivity and growth); (2) to draw potential consequences on future long-term rates, domestic financial systems and global capital flows.

**12:30 – 14:00**

**LUNCH BREAK – SOFITEL RESTAURANT**

**14:00 – 15:30**

**SESSION 3: MONETARY AND FISCAL POLICY INTERACTIONS IN THE CURRENT ENVIRONMENT**

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

**Tobias Adrian**, Financial Counsellor and Director, Monetary and Capital Markets Department, International Monetary Fund

**Ilmars Rimsevics**, Governor, Bank of Latvia

**Etsuro Honda**, Ambassador Extraordinary and Plenipotentiary to Switzerland and Liechtenstein and Ambassador for Economic and Financial Affairs in Europe, Embassy of Japan in Switzerland

**Ulrich Bindseil**, Director General, European Central Bank

**Joerg Stephan**, Deputy Director General, G20 Policy, Ministry of Finance, Germany

**Paul Schmelzing**, Visiting Scholar Bank of England, History of the International Financial System and Economic History, Harvard University

Two legacies of the crisis are worth considering from a monetary policy perspective: (1) an elevated level of public debt and (2) an unprecedented expansion of Central Banks' balance sheets. Together, they have the potential to blur the separation between fiscal and monetary policies, to change their interaction, to modify their channels of transmission and relative efficiency. Once advanced economies escape from the zero lower bound environment, several questions will need to be considered:

- Will monetary policy still be effective in the next downturn?
- Is there a risk of fiscal dominance of monetary policy?
- Should Central Banks have large balance sheets for an extended period of time?
- Does monetary policy need "fiscal backing" to achieve the goal of price stability?
- How to assess the fiscal space with low interest rates and high debt ratios?

**15:45 – 18:15**

**SESSION 4: THE FUTURE OF MONEY AND FINANCE, A NEW POLICY AGENDA**

**15:45 – 16:45**

**Private Sector Perspective:**

**Chair: Santiago Fernández de Lis**, Chief Economist of Financial Systems and Regulation, BBVA Research

**Jörg Asmussen**, Managing Director, Lazard & Co. GmbH

**Veronica Lange**, Innovation Head, UBS

**Adam Ludwin**, Co-founder and CEO, Chain

**Marieke Flament**, Managing Director for Europe, Circle

**Mathias Hanten**, Partner, Deloitte Legal

**16:45 – 18:15**

**Central Bank Perspective:**

**Chair: Adam Ludwin**, Co-founder and CEO, Chain

**Andreas Dombret**, Member of the Executive Board, Deutsche Bundesbank

**Patrick Njoroge**, Governor, Central Bank of Kenya

**Ardo Hansson**, Governor, Bank of Estonia

**Hugo Frey Jensen**, Governor, Danmarks Nationalbank

**Audun Grønn**, Special Advisor to the Governor, Norges Bank

Modern financial markets would not exist without the advances achieved, in the last two decades, in communications, data processing and modeling. Technology already shapes many financial activities: trading, settlement, pricing (derivatives) and arbitrage. Consequences on the efficiency and stability of financial markets have been extensively studied and debated (especially after the "flash crashes" that have occurred even in the most liquid markets: Treasuries and Foreign Exchange)

Those advances pale, however, in comparison with the changes expected in the near future as a result of increased computing power, big data, and artificial intelligence. Possible evolutions include: the development of virtual currencies (the Bitcoin); the blockchain; peer to peer lending and crowd-funding; mobile payment systems and robotisation of advisory services. In turn, these developments have the potential to

reshape the financial system, with the entrance of new (non-financial) actors, increased competition and broader access to financial services.

Regulators are well aware of the challenges posed by Fintech. They will try and find the proper balance between enhancing the efficiency of the financial system and protecting its stability and integrity. Central Bankers are confronted with the possible emergence of new forms of money that may challenge their ability to fulfill their price stability mandate and financial stability functions.

**19:00– 20:00**

**SENATE RECEPTION**

**CITY HALL OF THE FREE AND HANSEATIC CITY OF HAMBURG**

**20:00– 22:00**

**PARTICIPANTS' DINNER**

**TRADING FLOOR, HAMBURG CHAMBER OF COMMERCE**

Hosted by Hamburg Chamber of Commerce and IBF International Bankers Forum

## **Tuesday, July 4**

**7:45– 9.00**

**THE FUTURE OF THE EUROZONE: DISCUSSION WITH THE AUTHORS OF "THE EURO AND THE BATTLE OF IDEAS"**

**Chair: Beat Siegenthaler** Global Macro Advisor, UBS

**Markus Brunnermeier**, Professor of Economics, Princeton University

**Harold James**, Professor of European Studies, History and International Affairs, Princeton University

**Jean Pierre Landau**, Professor of Economics, Sciences Po

**Chair: Vasuki Shastry**, Global Head, Standard Chartered Bank

**Guangyo Zhu**, Vice Minister of Finance, People's Republic of China

**Thomas Mirow**, Former President, European Bank for Reconstruction and Development

**Christoph Trebesch**, Professor of Global Macroeconomics, Kiel Institute for the World Economy

**Nauro Campos**, Professor of Economics and Finance, Brunel University London

**Italo Colantone**, Professor of Economics, University of Bocconi

Making growth "inclusive" has, for several decades, been a priority for policy makers in emerging economies. It has now become relevant to advanced economies as well. Increased inequality and economic insecurity threaten social cohesion and weaken the pre-crisis consensus in favor of pro-growth and pro-globalization domestic policies. Promoting "Inclusive growth" is high in the G20 agenda.

There is broad agreement on the main components of an inclusive growth strategy. It should encompass some degree of equality of income and opportunity, broad access to jobs and public goods, adequate protection against risks and during employment transitions. Fleshing out a comprehensive approach and detailed policy prescriptions remains challenging, however. Amongst the many difficult issues to be addressed are the following:

- Are the causes and symptoms of economic malaise converging or diverging between advanced and emerging economies.
- To what extent should policies be targeted to the lowest deciles of the income distribution or, on the contrary address the growing economic insecurity of the middle class? How do you manage populism?
- While the major policies for inclusive growth - such as education and human capital development - will be long term oriented, are there shorter term interventions that could help: targeted income support to low paid jobs; infrastructures and the provision of public goods; redistribution schemes; regional and local development policies?

**11:00 – 12:30**

**SESSION 6: THE MIGRATION CHALLENGE**

**Chair: Klaus Beckmann**, Professor of Economics, Helmut Schmidt University/University of the Federal Armed Forces Hamburg

**Christian Dustmann**, Professor of Economics, University College London

**Rolf Wenzel**, Governor, The Council of Europe Development Bank

**Ellis Owusu-Dabo**, Professor of Global Health, Kwame Nkrumah University of Science and Technology, Ghana

**Panu Poutvaara**, Professor of Economics, ifo Institute Munich

Migrant integration is a complex multidimensional long-term process that goes well beyond economy and labor markets, bringing into play interrelated social, educational and spatial dimensions. What are the key drivers of migration? What lasting implications do recent migration flows have on the social and redistributive policies of European countries? How should future immigration policies be shaped? How should the economic absorption and social assimilation of new arrivals be facilitated and/or controlled?

**12:30 – 14:00**

**LUNCH BREAK – SOFITEL RESTAURANT**

**14:00 – 15:30**

**SESSION 7: EMERGING ECONOMIES IN THE NEW CONTEXT OF THE GLOBALIZATION PROCESS - PARALLEL GLOBAL GOVERNANCE AND INFRASTRUCTURE FINANCE**

**Global Governance:**

**Chair: Marc Uzan**, Director, The Reinventing Bretton Woods Committee

**Junhong Chang**, Director, AMRO

**Barry Eichengreen**, Professor of Economics and Political Science, UC Berkeley

**Harold James**, Professor of European Studies, History and International Affairs, Princeton University

**Keyu Jin**, Associate Professor of Economics, London School of Economics

**Christian Keller**, Head of Economics Research, Barclays Investment Bank

**Yaroslav Lisochnikov**, Chief Economist and Board Member, Eurasian Development Bank and Program Director, The Valdai Club



Zero interest rates in advanced countries have had a significant effect on capital flows and on emerging economies. Actions have been taken to limit capital inflows via capital controls and to manage the effect on exchange rates by engaging in heavy interventions in the foreign exchange markets. The increasing risk of shock propagation and policy spillovers resulting from greater interconnectedness requires effective domestic policies and coordinated global policy action. Will the G20 be effective in achieving this process in a context of globalisation reversal? Can countries rely on the IMF in a context of more inward looking membership? Should countries enhance regional financing arrangements?

### **Making Infrastructure Finance Sustainable**

**Chair: Thomas Mirow**, Former President, European Bank for Reconstruction and Development

**Guido Fuerer**, Chief Investment Officer, Swiss RE

**Thomas Losse-Müller**, Cabinet Secretary, Government Schleswig-Holstein

**Jens Meier**, Chief Executive Officer, Hamburg Port Authority

**Hiroshi Watanabe**, President, Institute for International Monetary Affairs

**Xue Yu**, Chairman Maritime Silk Road Holdings Group

**Qiangwu Zhou**, Director General, International Economics and Finance Institute, Ministry of Finance, China

The Global Infrastructure Connectivity Alliance (GICA) was launched this year to enhance synergy and cooperation among various infrastructure programs. G20 countries have asked the WBG to serve as the secretariat of the alliance, working closely with the Global Infrastructure Hub (GIH), OECD, other MDBs, and interested G20 members to support its activities. We will explore the current move to revive the silk road and the Eurasia continental Partnership as concrete case studies for thinking about the challenges and strategies for such alliances to achieve the objective of moving from policy to practice.

**15:50 – 17:35**

**SESSION 8: DIGITAL TRANSFORMATION AND INNOVATIONS**

**Chair: David Gruen**, Australian G20 Sherpa and Deputy Secretary Economic, Department of the Prime Minister and Cabinet

**Carsten Brosda**, Minister of Culture, Free and Hanseatic City of Hamburg

**Cecilia Skingsley**, Deputy Governor, Central Bank of Sweden

**André M. Bajorat**, CEO figo, Member of Bitkom Main Board

**Christian Rast**, Chief Solutions Officer and Global Head of Data & Analytics, KPMG

**Johann Jungwirth**, Chief Digital Officer, Volkswagen

**Vitas Vasiliauskas**, Chairman of the Board, Bank of Lithuania

Recent advances in automation, artificial intelligence and ICT have paved the way for a *Fourth Industrial Revolution*. New technologies are supposed to change supply chains as well as many industry's production and workplaces in a fundamental way and will allow firms to produce differentiated goods and services more decentralized and efficiently. What consequences can be expected for international investments, location choice of firms and the international division of labour? How will the fourth industrial revolution affect international trade? And do we need to adapt the current world trading system or some of its institutional features to deal with the new opportunities and perils of digital transformation?

*In cooperation with Hamburg Chamber of Commerce*