

# Would a Global Summit of Experts Make Sense?

*The international system is fraying.*

**W**ith so much confusion today over the conduct of central bank policies worldwide, the future of the world's reserve currency, and the role of crypto currencies and gold in the future of the global system, is there need for an unofficial "global summit" of experts, including former officials, to discuss with civility the future of the global monetary, regulatory, and trade systems? *TIE* asked several respected members of the international policy community—and regular *TIE* contributors—to be brutally frank about whether they thought this was an appropriate idea, if they would be willing to participate, and what was the most important question that needed to be addressed.

Note that in the mid-1980s, then-U.S. Treasury Secretary James Baker indirectly used a series of private conferences (the U.S. Congressional Summits on the Dollar and Trade) chaired by Alan Greenspan to discuss the parameters of the global exchange rate system that led to the Plaza and Louvre Accords.



*We don't need another meeting (well, except maybe one on a new path forward for trade).*

## JASON FURMAN

*Aetna Professor of the Practice of Economic Policy, Harvard University's Kennedy School, Nonresident Senior Fellow, Peterson Institute for International Economics, and former Chair, President's Council of Economic Advisors*

**W**e don't need another meeting. We have plenty of those, whether formal through the International Monetary Fund and World Bank, the Bank for International Settlements, or Financial Stability Board, or informal like Jackson Hole and Sintra. Central bankers and finance ministers have never been in closer and more

continual touch than they have been in the years after the global financial crisis.

Moreover, the major problems of central banking have been solved and that solution is widely accepted—with the notable exception of the President of the United States and a few underperforming emerging markets. The answer is to have an independent central bank, a floating exchange rate, an inflation target plus for emerging economies and some advanced ones, also hold plenty of reserves, small amounts of short-term foreign-denominated debt, and use limited capital controls to handle excessive inflows of capital. That's it.

Trade is in worse shape, with the theory settled centuries ago by Adam Smith and David Ricardo, but the practice is still very controversial, and the ways to make progress, especially in a world where the center of the global economic system seems to dislike the system it built, are hard to imagine at the moment. So one day a new path forward for trade may merit these types of meetings, but unfortunately now is not the right time for them.

Finally, countries around the world have an unhealthy tendency to blame their domestic problems on international economic actors and an even healthier tendency to believe they can change such actors. These efforts can

be a substitute for the much more important and harder work of fixing domestic policy. So maybe a more fruitful global gathering would focus on best practices for domestic policy where the Europeans can learn about American capital markets, the Americans can learn about Chinese industrial policy, and the Chinese can learn about the importance of rule of law.



*The global economic and financial order is fraying. A “global summit” is needed.*

#### **MOHAMED A. EL-ERIAN**

*President, Queens' College, Cambridge University, and Professor, Wharton School, University of Pennsylvania*

**T**he global economic and financial order is, by many accounts, fraying. A “global summit” of seasoned experts—transcending traditional political and geographic divides—is needed to discuss where this order is heading, and how to place the international financial architecture on a more solid and resilient footing.

For too long, the economic consensus was based on three comfortable, yet fragile, assumptions: first, that the benefits of ever-closer globalization of trade and finance would inevitably trickle down within and across countries; second, that major countries, particularly China, would reliably abide by their global obligations; and third, that nations would be willing to delegate some sovereign authority to multilateral institutions to ensure better policy coordination and conflict resolution. In the process, policymakers paid insufficient attention to the distributional effects of globalization and their corrosive implications for domestic politics and social stability—a critical slippage that has now set the global economy on a bumpy journey to an uncertain destination.

The signs of abnormality are ubiquitous. From aggressive tariffs and industrial policy to the politicization of supply chains and attacks on institutions, the United States seems increasingly inclined to favor policy approaches traditionally associated with developing countries. The Dollar Index (DXY) languishes, while the growing “debasement trade,” as labeled by J.P. Morgan analysts, has seen gold and Bitcoin ascend to new record levels.

Furthermore, recent summits, such as the one in Beijing, saw the leaders of China, India, and Russia publicly seek to position themselves as the new custodians of multilateralism, a stark reversal of traditional roles.

As Nobel Prize-winning economist Michael Spence once told me using the language of game theory, inherently cooperative games—such as global trade—do not solve well if played uncooperatively. That is precisely our reality today. The deeper the world ventures into stagflationary fragmentation, the greater the loss of trust in bedrock institutions, and the weaker the multilateral system becomes. The inevitable consequence is an accelerating risk of welfare losses, heightened geopolitical conflict, and the marginalization of low-income countries caught between feuding economic giants.

Economists and policymakers from around the world need to convene not merely to observe, but to actively diagnose what went wrong, where current trends are leading us, and what would constitute better outcomes. Through deep and cooperative discussion, the world stands a better chance of avoiding an inherently disruptive fragmentation and settling instead into what Gordon Brown, the former UK prime minister, has aptly labeled “managed globalization lite.”



*I don't see how a “global summit” could contribute to a better understanding or even a solution to the problems facing monetary policy.*

#### **OTMAR ISSING**

*Founding Member of the Executive Board, European Central Bank*

**I**t's been a long time since the notion of the end of history has resonated around the world. Karl Popper had long since convincingly relegated the thesis of the inevitability of development to the dustbin of philosophical fallacies. Since 2020, multiple shocks have decisively changed the face of the world. These range from the covid crisis to new wars, the conflict between the United States and China, and the looming disintegration of the global trade order. Climate change and demographic change dominate as long-term challenges. Taken together, these factors cause high uncertainty in the Knightian

sense—that is, uncertainty that cannot be captured in probability-based models.

Monetary policy, of course, is not immune to the challenges triggered by these shocks. The debate about the leading role of the U.S. dollar, in contrast, is a relatively harmless matter. It is the United States that must consider the consequences of the attacks on the Fed's independence for confidence in the currency. The rapid rise in the price of gold is likely due primarily to investors' considerable uncertainty about geopolitical developments. It is the task of central banks to maintain confidence in their fiat money.

This is where the rapid rise of cryptocurrencies comes into play. This isn't the place to discuss the many variations. Technological changes of all kinds make market activity more complex and complicate the analysis of factors relevant to monetary policy. Ultimately, however, confidence in stability will be the decisive factor for the future of fiat currencies. There is no reason to doubt that independent central banks will be able to fulfill this task.

In this complex situation, I don't see how a "global summit" could contribute to a better understanding or even a solution to the problems facing monetary policy. This is and remains the task of research, which, however, must devote more attention than before to issues relevant for policymakers.

The Plaza and Louvre accords faced a much simpler problem compared to today's challenges. Considering the subsequent developments in Japan, one may even doubt whether the meetings can be considered a success story.



*We should applaud civilized discussions to reestablish a consensus. The payoff, if there is one, will not be in the next year but in the next decade.*

**EDWIN M. TRUMAN**

*Research Fellow, Mossavar-Rahmani Center for Business and Government, Harvard Kennedy School, former Assistant Secretary for International Affairs, U.S. Treasury, and former Director, International Finance, Federal Reserve Board*

**T**he past decade has seen a dramatic erosion of consensus about the global economic and financial system, a system that has endured and evolved, at a glacial pace, since the end of World War II. The erosion of that consensus

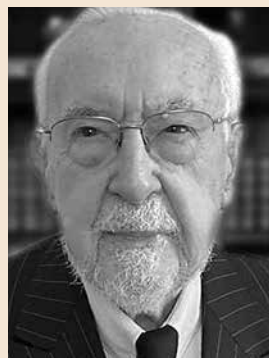
accelerated in 2025. Therefore, we should applaud civilized discussions to reestablish a consensus. Those discussions are more likely to contribute to success if they take place quietly with little or no publicity so that participants are less motivated to grandstand or to repeat tired positions.

Consider two models.

Model 1: Discussions such as those prior to the Plaza and Louvre accords. Those discussions do not offer a promising model. The resulting initiatives were dictated by the United States, and they ended in failure. U.S. leaders today may think that they can dictate to the rest of the world, but they are mistaken. Moreover, the fundamental challenge today is not the conduct of central bank policies or a need to reconstruct our global monetary, regulatory, or trading regimes. The decay of those elements of the system are mere symptoms of the underlying problem. The fundamental challenge today is to replace and rebuild the U.S.-led system of yesterday with a system of shared governance that leaders and citizens value because they see it as serving their interests on balance. We need more positive-sum cooperation and less zero-sum conflict.

Model 2: Discussions of the Bretton Woods exchange rate regime. Those discussions began in the early 1960s and contributed to the eventual transformation of the regime in the mid-1970s. The discussions featured economists engaging with central bankers and finance ministers.

Today, the path to success will start with quiet discussions involving a broader range of expertise that results in constructive action by political leaders. The payoff, if there is one, will not be in the next year but in the next decade.



*Not useful unless the United States and China thought it would be a good idea.*

**JACQUES DE LAROSIÈRE**

*Former Managing Director, International Monetary Fund, Honorary Governor, Banque de France*

**T**o be rather blunt, I would say that I don't believe that a vast international gathering of economists to reflect on and propose a new monetary and trade order is a useful idea.

A few such attempts have already been made in the past. But to no avail.

In fact, you would need a political will and impetus to give it a start (as was the case for Bretton Woods).

If the United States and China thought it would be a good idea (for their own interests) to improve the present international monetary “non-system” by defining new rules, in order to introduce some form of discipline in the functioning of trade and exchange rate movements, we would probably know. In that case, the superpowers would be well advised to call on experts to clarify issues and suggest useful and practical new ideas.



*The meeting would be most effective if held just after the U.S. mid-term elections.*

#### **MAKOTO UTSUMI**

**Former Vice Minister of Finance for International Affairs, Japan**

I still have a vivid memory of the “U.S. Congressional Summits on the Dollar and Trade,” which played a crucial role as an “overture” to the 1985 Plaza Accord. These meetings set forth an alternative, which was more rational and more effective than the proposals from the overwhelmingly protectionist voices in the U.S. Congress.

When the leader of the strongest economy in the world which possesses the key currency and most powerful military forces starts to signal messages and actions that threaten the independence of its central bank, to neglect basic rules of international trade, and to abandon the responsibility of the country of the key currency, it is crucially important that the proposed “group of wise men” gathers and holds a public debate in quite a visible way.

The United States is a country which is, from its foundation, equipped with a checks-and-balances system among its public institutions. This proposed public debate among wise men would stimulate an open discussion among these institutions, guiding them toward a more reasonable policy direction. And hopefully, this kind of meeting would be most effective if it could be held not too long after the mid-term U.S. elections.



*China's influence makes a global summit unworkable.*

#### **DAVID R. MALPASS**

**Former President, World Bank**

If a summit to discuss global systems occurs, I would be honored to participate, but I don't think we are at a point where it would be useful. It runs the risk of defending current systems rather than supporting change.

Several steps should take precedence. The U.S. administration has requested sweeping reforms at the Federal Reserve to improve its performance. This includes downsizing and reforms of the balance sheet, regulatory policy, and interest rate setting models. The outcome will have a major impact on global systems.

Second and closely related, the United States needs to solidify the role of the U.S. dollar in stablecoins, crypto, payment systems, and global trade. The case is strong for expanding the use of dollar-based stablecoins to enable commerce and trade and reduce transaction costs. To make the strongest case, there needs to be a clear U.S. focus on near-term and long-term defenses for the dollar, its purchasing power, and the creditworthiness of U.S. government debt.

Third, China's influence makes a global summit unworkable. That is a sharp contrast with the James Baker summits in the 1980s and the formation of the Bretton Woods system in the 1940s. China wields too much power in international financial institutions, the G20's framework for debt restructuring, and the global trading system for a summit to be productive. ♦

