

Summary of Session 4: Global Economic and Financial Order in Disarray: Scenarios for the future

In an era of unprecedented global uncertainty, this panel brought together experts from economics, history, and policy to explore the evolving landscape of international economic systems. Key Insights:

1. Geopolitical Transformation

- Shift from efficiency-driven globalization to trust and security-focused international relations
- Tariffs and trade becoming instruments of geopolitical strategy
- Emerging multipolar economic power dynamics

2. Technological Disruption

- AI and automation reshaping global economic development
- Digital currencies challenging traditional monetary systems
- Potential restructuring of global value chains

3. Regional Economic Strategies

- Asia's complex trade relationships
- Efforts to reduce dependence on US markets
- Growing importance of domestic consumption and economic resilience

4. Monetary System Evolution

- Declining geopolitical neutrality of the US dollar
- Rise of alternative currency systems
- Increased role of digital and cryptocurrencies

Challenges:

- Managing economic nationalism
- Adapting to rapid technological changes
- Balancing global integration with national interests
- Developing flexible economic models

Panel Discussion

Martin Eduard Debusmann opened the session with a presentation on the disruptive nature of the current global economy, focusing on shifts in trade finance and monetary governance. He highlighted the transition from a liberal, multilateral order to one where tariffs are increasingly used as instruments of geopolitical power. Martin explained how strategic tariffs and export controls are influencing central banks by extending their mandates beyond traditional roles. He also addressed the geopolitical dominance of the US dollar while noting the rising prominence of other currencies, such as the Chinese renminbi (RMB).

"The Global Economy in the Age of Supply Shocks and Trade Disruptions: Implications for Monetary Policy" - **Summaries**

Martin then turned to the influence of **artificial intelligence and emerging technologies** on the global economy. He described how the traditional, sequence-based model of economic development is giving way to one centered on resilience and security. AI is enabling the emergence of regional innovation hubs, reshaping global supply chains and revenue flows. However, he warned that AI could lead to significant job displacement and that the current system of tariffs presents challenges to global economic adaptation. He observed a trend of **manufacturing returning to high-income countries** due to security concerns, a shift that could hinder industrial development in emerging markets.

Sayuri Shirai provided an overview of how East and Southeast Asia are adapting to these economic uncertainties. She analyzed the region's vulnerabilities in the context of global GDP trends and manufacturing production, emphasizing China's increasing influence. Sayuri explored trade imbalances between the US, China, and other Asian nations, particularly how US-imposed tariffs have disrupted global supply chains. She advocated for **boosting domestic demand within Asia** to reduce the region's reliance on the US market, positioning internal consumption as a key resilience strategy.

Paweł Kowalewski delivered a historical and analytical perspective on the **international monetary system**, discussing long-standing challenges to the US dollar's global dominance. He considered the rise of the Chinese RMB as a potential contender but emphasized the structural and political hurdles it faces in becoming a truly global currency. Paweł also assessed the euro's position, noting the European Union's efforts to promote it despite internal economic weaknesses. He concluded with a reflection on the **disconnect between the digital and real economies**, stressing the need for central banks to understand and manage this discrepancy in future policy design.

Marie Favereau provided a unique **historical perspective** on Mongolian economic systems by tracing the economic structure of the Mongol Empire. She described how the empire achieved a form of early globalization—referred to as **Pax Mongolica**—through wide-reaching trade agreements and economic integration. Marie explained the empire's model of **wealth redistribution**, which was structured hierarchically, and introduced the **yam**, the Mongol communication and logistics network, which was vital in facilitating trade and connecting cities across vast territories.

During the closing discussion, participants explored the **readiness of the global economy to transition from the US dollar** to alternative currencies. A key question was whether economic agents are prepared for such a shift. Paweł Kowalewski responded by detailing the limitations China faces in internationalizing the RMB, emphasizing its domestic focus on stability. Sayuri Shirai agreed, suggesting that while the RMB might not replace the dollar outright, it could evolve into a **second-tier digital currency** in Asia. The discussion closed with a recognition of the **complexity and long-term nature** of any transition away from the US dollar as the dominant global currency.

"The Global Economy in the Age of Supply Shocks and Trade Disruptions: Implications for Monetary Policy" - **Summaries**

Conclusion: The future global economic order will be characterized by complexity, adaptability, and a shift from pure efficiency to resilience and strategic interdependence. **Recommendations:**

- Develop robust, flexible economic strategies
- Invest in technological adaptation
- Foster international cooperation
- Prioritize sustainable and inclusive economic growth

Important quotes from the session

Martin Eduard Debusmann:

- "We are moving away from a world of just in time to just in case."
- "We are moving from global economic integration to a world of de-risking, export control, and weaponization of sanctions."
- "Resilience is the solution to navigating global challenges."

Sayuri Shirai:

- "It's very difficult to disconnect China because Asia is so interlinked."
- "We need to increase our domestic demand and try to reduce dependence on US markets."

Paweł Kowalewski:

- "The digital world is heading towards a world without borders."
- "Cryptocurrencies are a form of protest against central bank policies."
- "There is no sovereignty without sovereign money."

Marie Favereau (on Mongol Empire):

- "When there's prosperity, when there's circulation of things, it's a circulation of happiness."
- "The Mongols wanted things to circulate. Prosperity means things should move."

- End -