

The International Monetary System: sustainability and reform proposals

A conference to celebrate the 100th anniversary of Robert Triffin (1911-1993)

under the high patronage of His Majesty King Albert II

Introduction and presentation of the conference

Born in Belgium on the 5th of October 1911, Robert Triffin spent most of his professional life in the United States, where he became a citizen in 1942. After brilliant economic studies and the beginning of an academic career at Harvard University in 1939, he joined the US civil service and then served in the International Monetary Fund before resuming, in 1951, university pursuits at Yale. This, however, did not end his many public service assignments, which he carried on as advisor to, among others, Jean Monnet, President Kennedy, and many foreign governments and central banks. Following 25 years of teaching and research at Yale, he returned to his native country in 1978, resumed his Belgian citizenship, and found at the *Université Catholique de Louvain*, where he had read law, philosophy, and economics in the 1930s, an environment where to continue his reflection and action. Thus he was able, during this last part of his life, to attend to the implementation of the European monetary system and to keep prodding the process of European monetary integration.

The *Triffin International Foundation (TIF)* was instituted in 2002, under the chairmanship of Alexandre Lamfalussy and with the *Compagnia di San Paolo* as co-founder, to be a centre of learning and action to preserve and prolong Robert Triffin's scientific work and intellectual heritage, particularly in the field of the international monetary system and its reform. Indeed Robert Triffin was in his time the first to perceive the inconsistencies of the existing system, and more than half a century after the publication of *Gold and the dollar crisis*¹, in which he had precisely analysed these inconsistencies and accurately predicted the blind alley they were leading the Bretton Woods regime into, the defects of the "non system" that has succeeded it and which he never ceased to denounce call, more than ever, for fundamental reforms. In particular, the United States' incapacity to solve in an orderly way the problem of its "twin deficits" –fiscal and on current account - clearly demonstrate that the "Triffin dilemma" remains unresolved: "*when the world currency is a national currency, there is an insurmountable inconsistency between the domestic needs of the country that issues it and the external needs of the world that uses it*"².

The TIF has pursued its goals in several ways over the last few years. First of all Robert Triffin's life and work have received special attention: classification of his numerous publications and press articles as well as of his unpublished papers and letters; completion and defence, in 2010, of Jérôme Wilson's doctoral dissertation in history "*Robert Triffin: milieux académiques et cénacles économiques internationaux 1911-1951*"; newly revised edition of the book "*Robert Triffin, conseiller des princes: Souvenirs et documents*"³.

¹ Yale University Press, 1960

² Tommaso Padoa-Schioppa (†), "L'ombre de Bancor: la crise et le désordre monétaire mondial", Lecture given in Louvain-la-Neuve on 25 February 2010 for the launching of the "Triffin 21 Initiative" by the TIF.

³ P.I.E. Peter Lang s.a., Bruxelles, 2010

Furthermore, the TIF launched in 2009, with the *Compagnia di San Paolo* and on the joint responsibility of Alexandre Lamfalussy and Tommaso Padoa-Schioppa (†), the Triffin 21 Initiative on the reform of the international monetary system, which gave rise so far to the inaugural lecture by the late Tommaso Padoa-Schioppa (cf. note 2) and to the symposium "*Towards a world reserve currency*" organized in Turin by the *Compagnia di San Paolo* on 14-15 May 2010.

Finally, the TIF has given its full support to the Palais-Royal Initiative, led by Michel Camdessus, Alexandre Lamfalussy and Tommaso Padoa-Schioppa (†) and based on the latter's groundwork: a group of 18 experts (who formerly held high offices in governments, central banks and national or international institutions) convened several times in the autumn of 2010 and the beginning of 2011. From their reflections and discussions issued the document "Reform of the international monetary system: a cooperative approach for the twenty first century", which was delivered to the French presidency of the G-20 on the 18th of January 2011⁴.

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This conference, organized on the occasion of the 100th anniversary of the birth of Robert Triffin as a tribute to his thinking and action, aims also, on the one hand, to present and publicly debate the results of TIF's different activities and, on the other hand, to serve as a springboard for future actions, through which the Triffin International Foundation aspires to become a European reference on the reform of the international monetary system.

The first part of the conference will consider Robert Triffin's life and work and will occupy the afternoon of Monday the 3d of October. They will be illuminated by the contributions of historians, who in particular will analyze Robert Triffin's role in the great international monetary debates where he prominently figured, as well as by the testimonies of personalities who knew him well and to whom he gave intellectual guidance, or his friendship, or both...

The second part of the conference, headed "Robert Triffin's inspiration for the challenges of the 21st century", will take place over three sessions on Tuesday the 4th of October and give the floor to economic theoreticians and practitioners. The first session will analyze the defects of the present international monetary (non-) system and its responsibility in the recent world economic and financial crisis. The second session will cast a critical eye on different approaches that have been proposed in the current search for a new international system and in particular on the initiatives that will have been taken by the G-20. The last session will examine the possible contribution which the experience of European monetary unification can make towards the building of a new international monetary order: this was indeed a theme which attracted Robert Triffin's constant attention, in particular during the last part of his life.

⁴ This document can be downloaded from the website of the *Palais de l'Élysée* (www.elysee.fr). The Palais-Royal Initiative was made possible by the generous support of:

- Compagnia di San Paolo, Torino
- Emerging Markets Forum, Washington
- Groupe AXA, Paris
- Institute for New Economic Thinking (INET), New York.

Programme of the Conference

Monday October 3, 2011

First Part: Robert Triffin (1911-1993) and the great international monetary debates in his time

14:00 Introduction: Triffin's place in the history of the 20th century

Michel Dumoulin, Professor of European contemporary history, UCL

14:15 Session 1. Triffin: thinking for action

Chair: Youssef Cassis, Professor of economic history, EUI, Florence

Speakers:

- Jérôme Wilson, Member of CEHEC, UCL
Triffin: on the origins of an intellectual journey
- Ivo Maes, Senior Adviser, Research Department, National Bank of Belgium
Triffin and the analysis of the international monetary system
- Eric Bussière, Professor of History of the European Project, Université de Paris IV-Sorbonne, and Olivier Feiertag, Professor of history, Université de Rouen
Europe's monetary integration: a contribution to the renovation of the international monetary system

15:15 General discussion

15:30 Coffee break

16:00 Session 2. Round table on Triffin's intellectual heritage: testimonies and prospects for future action

Chair: Bernard Snoy, Vice President, Triffin International Foundation

Panelists:

- Lorenzo Bini Smaghi, Member of the Executive Board, ECB
- Christian de Boissieu, Professor of Economics, Université de Paris-I
- Jorge Braga de Macedo, Director, Centre for Globalization and Governance, Universidade Nova de Lisboa
- Christian Ghymers, Senior Adviser, DG EC/FIN, EC
- Alfonso Iozzo, Vice President, Triffin International Foundation
- Olivier Lefebvre, Chairman of the Board, Option
- Paul Mandy, Emeritus Professor of Economics, UCL
- Claudio Segré, Chairman, Argus Fund, Geneva
- Michel Van den Abeele, Director General (hon.), EC; President, Fonds Gutt

19:30 Gala dinner (for invited guests only) offered by the Governor of the National Bank of Belgium at his Official Residence

Tuesday October 4, 2011

Second part: Robert Triffin: an inspiration for the challenges of the 21st century

09:00 Introduction: from Triffin's dilemma to the return of the bancor

Alexandre Lamfalussy, President, Triffin International Foundation

09:20 Session 1. (Un)sustainability and reform of the international monetary (non-) system and links with the recent world economic and financial crisis

Chair: Alexandre Lamfalussy

Main speaker:

Anne O. Krueger, Professor of International Economics, SAIS, Johns Hopkins U.

Discussants:

- Richard Portes, Professor of Economics, London Business School
- Jacques de Larosière, Honorary Governor, Banque de France (*tbc*)
- Jose Antonio Ocampo, Professor, SIPA, Columbia University
- Georges Ugeux, Chairman & CEO, Galileo Global Advisers

10:30 General discussion

11:00 Coffee break

11:20 Session 2. Where do we stand on the initiatives taken by the G-20 toward a new international monetary order?

Chair: Alfonso Iozzo

Main speaker:

Michel Camdessus, Honorary Governor, Banque de France

Discussants:

- Michel Aglietta, Professor of Economics, Université de Paris-X
- Andrew Sheng, Chief Adviser to the China Banking Regulatory Commission
- Charles Wyplosz, Professor of International Economics, Graduate Institute of International and Development Studies, Geneva
- Pierre Defraigne, Executive Director, Madariaga-College of Europe Foundation

12:30 General Discussion

13:00 Lunch

Keynote speaker

Fabrizio Saccomanni, Director General, Banca d'Italia

14:30 Session 3. The role of the EU and of the euro in building a more sustainable international monetary system

Chair: Jorge Braga de Macedo

Main speaker:

Daniel Gros, Director, Centre for European Policy Studies, Brussels

Discussants:

- Peter Bex, Director, DG EC/FIN, European Commission
- Paul De Grauwe, Professor of Economics, KUL
- André Sapir, Professor of Economics, ULB; Senior Fellow, Bruegel
- Alfred Steinherr, Professor of Economics, Free University of Bolzano

15:40 General Discussion

16:10 Conclusions: What would Robert Triffin recommend to policy-makers today? A tentative agenda

Alexandre Lamfalussy, President, Triffin International Foundation

16:30 End of the Conference