A little more, a little less said at the IMF meetings this autumn

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Two weeks have gone by since the autumn meetings of the International Monetary Fund, where the organisation once again increased its forecast for global growth. Today I want to go over the three macroeconomic subjects on which there was consensus and to highlight the two items that drew my attention the most; one that was widely discussed in public and another that was more widely discussed in private, and which perhaps may have called for a more decisive official position.

Let's begin with the consensus and with the topics on which the discussion was largely focused. I have identified three.

The first relates to how little doubt there was that global growth has further stabilised, becoming better distributed among countries and increasingly more synchronized, something which will instil calm should any of the engines fail during the flight. In Asia growth continues to reverberate, with Chinese trade providing the heat and stimulus. Growth rates are holding steady in the USA and Europe, stimulated by strong internal demand and by an expansive monetary policy. And regions that had been lagging behind until now, such as Latin America, are displaying clearer signs of activity. The truth is, on growth, there was quite a degree of optimism.

The second point centred on the main protagonists of recent years, the central banks of developed countries. There was broad agreement that in all likelihood they would remove monetary stimuli, albeit calmly in the absence of inflationist pressures. While it is no secret some people think that certain assets may be starting to overheat, at the same time, macro-prudential policy is needed to deal with them rather than monetary policy at the present time.

Lastly, I perceived a genuine preoccupation in relation to what the role of future economic policies would be, in a context where there is neither room nor any desire for monetary policy to raise interest rates to the levels they stood at pre-2008. The debate here centred on evaluating the extent to which the next recession could find the central banks without the means to provide economic stimulus, and on the need for greater help from fiscal policies, for coordination between both policies of demand and reforms.

And what drew my attention the most? Two topics.

Firstly, the absolute focus of the US authorities on fiscal reform and how this was reflected in the meetings. I understand the interest, but what seems to be shaping up is more of a fall in taxes than a full reform. Hopefully I'm mistaken, but fiscal simplification and the elimination of exemptions which could have made life easier for small firms and new enterprise have disappeared from the debate. And there is no talk about how to resolve the hole in public funds which would undoubtedly produce a fall as drastic as the one proposed, without any adjustment in costs. Some tricky negotiation lies ahead.

Secondly, there was less of a focus on the risks that had been at the forefront in recent meetings. More calm with regard to China, without losing sight of the need to resolve the leveraging of their public companies. Greater confidence about Europe's capacity to grow, and less doubts about how the political processes in progress might unsettle the institutional strengthening of this area. Less concern about economic policy in the US (we are sweeping the geostrategic risks under the carpet), and less urgency about the financial leveraging than at other times. If all of these topics were still in play, they were somewhat more muted.

The major surprise, if there was any, was what was missing in the official statements made by the IMF, as opposed to what was being said among the smaller groups. There was less aversion than on other occasions about the prevailing lack of multilateralism in US government actions, and especially the absurd suggestion of viewing the world from a commercially bilateral perspective. Especially in the present context of the NAFTA negotiations, which could have a greater impact on North America and globally than the authorities appear to allow for, as may be drawn from public statements made by the IMF. And I cannot understand why. This is cause for concern.