

## **Center for Strategic and International Studies**

### **“The Economic Imperative of Empowering Women - A Conversation with Christine Lagarde”**

**Featuring:  
Christine Lagarde  
Managing Director,  
International Monetary Fund (IMF)**

**Introductions By:  
Kathleen H. Hicks,  
Senior Vice President; Henry A. Kissinger Chair; Director, International Security  
Program, CSIS**

**Candida “Candi” P. Wolff,  
Executive Vice President for Global Government Affairs,  
Citi**

**Moderated By:  
Nina Easton  
Senior Associate (Non-resident),  
CSIS**

**Location: CSIS Headquarters, Washington, D.C.**

**Time: 5:30 p.m. EST  
Date: Tuesday, March 7, 2017**

*Transcript By  
Superior Transcriptions LLC  
www.superiortranscriptions.com*

(Applause.)

KATHLEEN H. HICKS: Good evening, everyone. Welcome to CSIS. I'm Kathleen Hicks. I direct the International Security Program here and am the Henry A. Kissinger chair.

Sorry about this, our microphone is a little unsteady.

Tomorrow, you may know, is International Women's Day, so it's a perfect time for us to be talking about women, work and economic growth. Who better to have with us for that discussion than Christine Lagarde, the managing director of the International Monetary Fund, who is tonight launching a new IMF book on these topics.

I hope those of you here in this room had an opportunity to pick up a brochure with excerpts from the book from the table just outside, and also there are postcards on your chair with information about downloading an electronic copy of the book.

Just a few social media reminders. Be sure to follow us on Twitter. We're @SmartWomen. And check out our Smart Women podcasts and our Smart Women iTunes U Course. If you're live tweeting, and we hope you are, throw in the hashtags @CSISLive and @IMFGender.

Now for a bit of safety housekeeping. If a fire alarm goes off, please follow my instructions. If something happens in the front of the building, we'll exit from the back; vice-versa if it happens in the back of the building.

Our Smart Women, Smart Power series would not be possible without the support of Citi. Thank you so much to Citi for helping us to amplify the voices of women in foreign policy, national security and international business.

Now, please join me with your applause in welcoming Candi Wolff, who is the executive vice president and head of global government affairs at Citi. (Applause.)

CANDIDA "CANDI" P. WOLFF: Thank you, Kathleen.

And thank you all for joining us. This is the second Smart Women, Smart Power conversation of 2017, so it's great to see such a wonderful turnout for International Women's Day.

We're a proud sponsor of the series. We've been doing it for a couple of years now, and it continues to bring together all these extraordinary women who are in foreign policy and national security and business.

And we're really thrilled to have Christine Lagarde here to speak to us today. Her career has had a series of firsts. And Kathleen will speak more to her bio, but she was the first female chair at her former law firm, the first female finance minister of a G-7 country and, of course, she's the first female managing director of the IMF. (Applause.)

The conversation today is going to be around that critical role that empowering women plays in the future of global economies. And as we know, this is a dialogue that Christine and the IMF have played a leading role.

And it's important to us because at Citi we've been investing in and supporting women as clients, as customers, as employees and, most importantly, as drivers of economic growth. And over the years, we've been producing some of our own research and relying quite heavily on the work that the IMF has done as well as the OECD and the U.N. and the World Bank around empowering women.

And we put out a paper back in 2015 looking at the economic lens of the need for greater female labor force participation, that it would drive productivity, that it would reduce the economic drag of adverse demographics and would substantially improve the skill mix of the global economy.

And we're going to continue with another paper that's going to come out in May that's going to talk about policy, politics and financial inclusion to empower women.

So it's a really important conversation that I think IMF and others are having and that we can continue in the private sector to use that information and move forward on that dialogue. So it'll be exciting, and a lot more continues to need to be done to enable a more equitable environment for women in the workforce.

So I look forward to the conversation. I thank you again for joining us.

And, Kathleen, over to you. (Applause.)

MS. HICKS: Thanks. Again, thank you to Candi and thank you to Citi.

We are so pleased here at CSIS to have Christine Lagarde with us here this evening. She is, as Candi mentioned, the first woman to serve as managing director and chair of the board of the IMF, a position she has held since 2011. Before joining the IMF, she was France's finance minister, also the first woman to serve in that position. And in 2004, she was appointed the Legion of Honor, France's highest order.

This is actually a homecoming of sorts for Madam Lagarde as she led the U.S.-Poland Defense Industry Working Group here at CSIS from 1995 to 2002. We always like to think that our legacies from CSIS go on to do great things. I think you've topped our expectations in that regard.

And I also suspect she will find our new facility and new building perhaps a bit more welcoming than our old haunts at 18th and K Street.

As always, our moderator today is CSIS senior associate Nina Easton, who is also chair of Fortune's Most Powerful Women International Summit and the co-chair of the Fortune Global Forum.

Again, thanks to everyone for joining us, and over to you, Nina.

NINA EASTON: Great. Thank you, Kath.

Before we get started, one housekeeping matter. We are going to have questions. We do written questions. There will be cards distributed. Write down your question and Beverly back there will make sure they're collected, and we'll get to as many as we can by the end of this.

It's such an honor to be here again with Madam Lagarde. You and I spoke onstage last I think in 2011 or something like that. A lot in the world has changed.

But a lot of things haven't about your past. I was in an ice cream shop with my daughter in Bethesda a couple of nights ago and there was this graphic up about all the landmarks and high points in the Bethesda area. And there was a picture of you. Why? Because you guys may not know this, but Madam Lagarde is a graduate of Holton-Arms right up here, a girls' school. That was your experience, not just your first experience in America, but your first experience with girl culture. How'd that go? (Laughter.)

CHRISTINE LAGARDE: It was difficult. It was difficult because I had, you know, I grew up in a boys' environment, being the eldest of three brothers. And having gone to school in a strictly coed and predominantly boys' environment, I found myself in this girls-only school, which I loved, I loved the school. But not having boys around was very strange for me and I found it a little bit difficult, especially with the blind dating and all this stuff that was going on. It wasn't really me. (Laughter.)

MS. EASTON: And what's an interesting little detail about you from those days was you complained I think in a yearbook note that you weren't very fond of math. And then you became the top finance person basically in the world. (Laughter.)

You went on to become a very esteemed lawyer, of course. But it's an interesting, you know, it's an interesting commentary on the different pathways there are to a career. And I wonder if you could reflect on that just a moment as we open.

MS. LAGARDE: You know, I think it's, you know, I don't pretend to be the standard-setter. But I think that more and more, we have to reinvent ourselves. And while, you know, a couple of generations ago people could have a particular training, enter a particular profession and live their whole professional life in that environment, I think you more and more need to reinvent yourself, move from one particular job to another job to another environment.

And I think that I dare say that I think women are probably better equipped for that because we multitask a lot. And multitasking, we just have to, you know, be available for one particular set of tasks that we have at a particular moment in the day and then move to something else and move to something else.

So if professional lives also take that kind of course simply because it's the mobility imperative, it's the new technologies' requirements and so on and so forth, we just – we have to be agile enough to face those changes and not to, you know, suffer from the changes. That's the risk that we're all exposed to.

But I think we need to constantly have both the humility and the sense of risk to actually get on with it and do it and risk to fail in the process.

MS. EASTON: You are such a risk-taker, a barrier-breaker. You went into the –

MS. LAGARDE: I was crazy at some times, yeah, yeah. (Laughter.)

MS. EASTON: Did you? Did it feel like it? How so? How so?

MS. LAGARDE: Well, one example for me in retrospect is back in 2005 I was, you know, happily following my nice, comfortable, big law firm partner track, being the chairman of the firm and being surrounded by people who had reelected me and were supporting me. And suddenly I get a phone call from the president of France who says, you know, we need you as trade minister, would you consider? And I said, I asked a few questions, and I said I suppose I have a bit of time to think about it. And he then said, yeah, of course, you know, I won't put the phone down. (Laughter.)

And, you know, what did I do? I said, OK, you are definitely irresistible and I just got on the plane that same evening. And in the process, you know, I just waived –

MS. EASTON: What were you thinking about on the plane? Were you wondering if you were making a crazy mistake?

MS. LAGARDE: No, I tried to get some sleep.

MS. EASTON: OK. (Laughter.)

MS. LAGARDE: Because I knew there was a cabinet meeting the following day. And I didn't have time to really think about it. But in the process, I waived my pension right and I waived all sorts of, you know, financial benefits for not much except serving the country. But, you know, I have zero regret. And if I –

MS. EASTON: Well, it turned out OK. (Laughter.)

MS. LAGARDE: I was, by the way – oh, that's one thing I wanted to tell the CSIS. And that is true, I did work for the CSIS in that subgroup.

But the funny thing is that I was representing the U.S. (Laughter.) You know, it was an interesting group under the leadership of Brzezinski. And it required a couple of European representatives and U.S. business representatives. I was the U.S. business representative. (Laughter.)

And as a result of that, when I joined the government, there were some people who were complaining that I was the American in the French government. (Laughter.)

MS. EASTON: Now, you were at Baker McKenzie in Chicago, correct?

MS. LAGARDE: Yeah.

MS. EASTON: So you had a lot – you were steeped in experience here as well as France.

MS. LAGARDE: Yeah, true.

MS. EASTON: So before we get into this important study, I wanted to ask you again just on a personal level, you just said at Davos, "When a woman starts talking, the men switch off." You've experienced this in settings that you're in all the time.

MS. LAGARDE: Yeah, it's often the case. And I actually challenge you to observe it as well in your respective circles, forum and board and group meetings. It's very often the case, particularly in male-dominated environment, that when a woman, who is part of the group, takes the floor or is given

the floor, very often men in the room, the level of attention goes down by a few notches. And they start doing something else, looking at their emails or chatting with the person sitting next to them. It happens all the time, but particularly in those moments.

And I've observed that, and I've always tried, especially if I'm in a chair position or as president of the group or in a sort of hierarchical position to remind people that everybody needs to be listened to. But just observe for yourself.

MS. EASTON: Yeah.

MS. LAGARDE: And it's very interesting actually.

MS. EASTON: And if you're that woman standing up talking and you're seeing that going on and you're not at your level, what should you do?

MS. LAGARDE: Well, there are lots of things that you can do. You can sink in your text, keep going and hope that it finishes as quickly as possible. (Laughter.) I would not recommend that.

You can raise your voice so that people actually hear you. One of the things that I've found most effective, because I've found myself in that position, is to actually pause because people suddenly think that maybe something is wrong. (Laughter.)

MS. EASTON: It's great advice.

MS. LAGARDE: And they suddenly pay attention again. So you can at that point start again with a big smile and generally the attention has gone up.

MS. EASTON: Wow, that's fascinating. You have also challenged –

MS. LAGARDE: I've done that in international settings. It's also very interesting. There are some crowds that simply don't pay attention to speeches when you give a speech. And it's particularly true in some Asian countries where, you know, there is a cocktail party, you're supposed to be the keynote speaker, you're standing on that podium and everybody is enjoying drinks, chatting away, blah, blah, blah, blah, blah. And there you are trying desperately to get your messages across and nothing happens. They keep going blah, blah, blah, blah.

So what I have often done in those situations is either use another language – (laughter) – and people are in shock, they think they're missing something. Well, they were missing something. And then you switch back to the language that they can eventually understand.

Or worse, but I don't encourage that in any setting, start singing. (Laughter.) Now, I guarantee the shock.

MS. EASTON: And have you done that? Have you used that technique?

MS. LAGARDE: Yes, yes.

MS. EASTON: Seriously? Where? Where?

MS. LAGARDE: In one particular country, yes.

MS. EASTON: Tell us. (Laughter.)

MS. LAGARDE: No.

MS. EASTON: You've also challenged CEOs when they say, well, about their boards of directors, and they say, well, there's just not enough women.

MS. LAGARDE: Oh, yeah.

MS. EASTON: What do you do then?

MS. LAGARDE: Well, I was confronted to that when I was finance minister because in France there are still a few companies that are partly or wholly state owned. And for those companies, the minister of finance has a duty to see what the strategy is, what the, you know, the plans are and so on and so forth. And one of my concerns was,  
how many women do you have on the board?

So year one, I see those CEOs or chairmen and they come to me and they explain the business strategy and they develop the plans and they explain why the bottom line is here or there or somewhere else, and when asked about women on the board they generally say, oh, I would love to have a woman on the board, but I just can't find a suitable woman, or all those I know are already tied up and can't accept the position.

So year two, well-informed by year one, they came, but most of them had the same issue, couldn't find anyone suitable, they would love to do it. So I had prepared my list – (laughter) – of about 20 or 30 women I knew, fully competent, perfectly skilled and generally, you know, willing to serve. So I could hand out the list and say, well, since you so much want to have a woman on the board, here is the list.

MS. EASTON: And I'm sure they were very gracious about it.

MS. LAGARDE: Well, year three they had complied. (Laughter.)

MS. EASTON: I like that. So you've just released at the IMF this really groundbreaking report, and I encourage people to get a hold of it.

I think there's cards on your seats where you can go online and read it.

Was it a heavy lift to get this process started about women in economics? Was it a bit out of the ballpark for the IMF to be doing?

MS. LAGARDE: You know, as we were preparing for this moment, I was discussing that with Kalpana, who is sitting at the front row, who has been leading this initiative –

MS. EASTON: Thank you.

MS. LAGARDE: – and whom I'd like to recognize.

So thank you, Kalpana, for the work. (Applause.)

And when I started pushing that issues, we were remembering the level of polite skepticism and discrete cynicism about the initiative. Right? I think that's the right way to characterize it. And there were not many volunteers to actually do the analytical work, the research that would lead to some of the conclusions that are encapsulated in this book and in other research work that we have been doing and that could do another book actually, so it took a while.

And, you know, I heard many times over, including from the board of the IMF, well, you know, women's participation in the economy is not really macro-critical.

So for those of you who know a little bit about macroeconomy, the fate and contribution of 50 percent of mankind to the economy in terms of either labor, consumption, investment, financial inclusion, if that's not macro-critical, well, nothing will be. So it took a while, you know, for the board and for, you know, the top-notch researchers, all, you know, triple Ph.D. in all sorts of fields, but not in women-nomics, let's face it. (Laughter.)

It took a little while for them to appreciate that there was real value, that it was macro-critical in many countries, not all countries, but many countries. I would say 90 percent of the countries where that level of inclusion and acceptance is not exactly perfect.

And now I think it's a much more accepted principle to the point that we can now drill this down to the operational level. And that's what we really want to deliver. Because it's one thing to convince the board, to convince staff.

It's one thing to develop the analytical work and to publish, and it's critically important, and the research has to be, you know, top notch so that it cannot be challenged for its mediocrity; it has to be. It can be challenged, of course, like any piece of research, but it has to be excellent research work.

But then we have to take it further to make a real difference and to take it at the country level. So we are pushing, and there are countries around the world that are not doing it seriously, gender budgeting.

Our ambition is to go further and to do also gender surveillance, gender programming. You know, when we do a program with a country which is in a difficult situation, which has to take fiscal measures, typically consolidate, called austerity sometimes, which has to do structural reforms in order to unlock the potential of the economy, which has to adopt a particularly monetary policy, what in all that is going to be supporting women's contribution to the economy?

MS. EASTON: So elephant-in-the-room question on this, how about Greece? When you look at Greece, is that something you would apply there?

MS. LAGARDE: We could apply it to Greece if we had a program at the moment, but we don't. For the last two years, we have not had a program in place in Greece; maybe we will. And if we do, I will insist, as I now insist on any program that is approved that is proposed to the board, that there be women-specific measures.

I'll give you an example.



MS. EASTON: Yeah.

MS. LAGARDE: We recently submitted a program to help Egypt deal with its issues and restructure its economy. Well, Egypt is one of the countries where women's contributions to the economy is very low.

MS. EASTON: Right.

MS. LAGARDE: And where if the gender gap was closed, the GDP of Egypt would be significantly higher. So we are not the top-notch experts in, you know, micro reforms, but we know for a fact and we know for having worked with NGOs on the ground in Egypt and working with the World Bank that the issue of women's participation, in Egypt in particular, is a factor of how safe it is to get to work.

So we did ask that in the reforms that Egypt has to undertake, specific effort be put into safer transportation, better child care for children so that mothers – I mean, this is not specific to Egypt, it happens in other countries as well – but that there be budget items specifically identified for that purpose, so that with better transportation, women can actually feel safer going to work and back.

MS. EASTON: So that raises, Egypt raises the cultural question. There's cultural barriers to increasing women's labor participation.

MS. LAGARDE: Yeah.

MS. EASTON: What was the reaction from Egypt to this?

MS. LAGARDE: You know, when we do that in the context of a program, it's generally much easier because it's a partnership that we have with the country. The country owns the measures. But equally, it's negotiated between us. And it's a reasonably comfortable position to say and to explain, you know, you really need that because it's an economic booster.

You know, if women are smart, if they can produce smart power, they also produce smart economics.

MS. EASTON: Right.

MS. LAGARDE: And we are in a reasonably good position to convince the country of that in that particular situation.

But you're right, I mean, the cultural barrier is enormous. We're working really hard and have been working for the last three years in Japan, for instance. And the prime minister of Japan and his wife are convinced of the necessity, if only for demographic reasons in Japan, which has a rapidly aging society, where either you bring migrants into the country, highly resented by the Japanese culture, or you facilitate the access of women. So they're convinced that facilitating the access of women, of very talented Japanese women to the workplace is a must.

Budgets have been allocated. Child care centers have been built. But it's still difficult to actually – there have been 1 million jobs created, if I recall, since the last three years for women, but it's –

MS. EASTON: But a lot of them, as I understand, are part time, right?

MS. LAGARDE: Yeah, yeah.

MS. EASTON: It's not the – it hasn't been the great progress that some people expected.

MS. LAGARDE: There has been some progress.

MS. EASTON: Some progress, OK.

MS. LAGARDE: But it's gradual, it's laborious.

MS. EASTON: You know, there was, of course, there's been some fine research before this on how including women in the economy raises GDP.

MS. LAGARDE: Yeah.

MS. EASTON: But you went even farther to say it actually leads to a more distributive economy, a more fair economy, is that right?

MS. LAGARDE: Yeah. Yeah. Bringing women to the workplace in and of itself reduces inequality, because one of the major inequalities is the fact that women are left out, underutilized, overexploited, generally underpaid and, quite often, in the informal sector. If you improve on all those accounts, you reduce inequality.

MS. EASTON: Right. And where do you see us on this issue in five years? And were there any surprise findings, any rays of hope in this that you didn't expect?

MS. LAGARDE: You know, what is great about the book is you have a series of sort of general, empirical research that are published with lots of background information. And you're free to – it's free. You can download it without restrictions, no violation of any intellectual property rights. It's all yours.

But you also have a series of country-specific cases, which is really interesting. And all those cases are from our area departments. So you have cases from the Middle East, cases from Asia, cases from Latin America, Europe, just name it. And that's really the exciting thing about the findings in here.

MS. EASTON: And will there be volume two?

MS. LAGARDE: There will be volume two.

MS. EASTON: Yeah.

MS. LAGARDE: We could almost already now do volume two because there is more research that we have conducted that could find its way into a book. And I think we might move into women in finance, financial inclusion. And we have more and more disaggregated data on a gender basis to see how much inclusion there is. And the World Bank is also doing great work in that respect, and we cooperate on those issues.

I think we could also publish some really interesting findings in relation to the impact of women in the corporate world. And I'm sure that Citi, which is sponsoring this event, is very knowledgeable about that.

There are now massive studies about the fact that the bottom line, the return on asset is actually improved whenever there is women, even one woman, but the more you have –

MS. EASTON: The more you lend to women, the more – yeah.

MS. LAGARDE: Yeah, because they support each other and they sort of bring that level of diversity and confrontation of views that are actually conducive to better results. It's now being demonstrated actively. And we've done that on a range of companies.

Most of the studies that you see around are based on the results of very large corporate accounts, the, you know, top 200, top 500. We've done that on, you know, thousands of SMEs as well that have boards, that publish accounts and results. And it's absolutely across the board.

It's particularly true in the service industry, particularly true in the creative industry as well. And that gives me hope, because I think that if you combine creativity and services, inevitably that leads you to technologies –

MS. EASTON: Yeah.

MS. LAGARDE: – that leads you to information services. And with enough push on STEM and that, hopefully there will be more women.

MS. EASTON: So a lot of – a number of Fortune 500 companies, notable global companies, have taken on the women's economic issue, including more women in their supply chains and trying to just understanding that it does help their own bottom line.

MS. LAGARDE: Yeah.

MS. EASTON: How much is that helping? Do you think there should be more?

MS. LAGARDE: Oh, absolutely, because, you know, if I take the example of Norway, if I take the example of France, the rule is now, as of January the 1st, that there should be 40 percent women on the board of all publicly quoted French companies. And this is coming.

If I look at the composition of boards in these countries, it's, what, 17 percent, at best?

MS. EASTON: Fourteen or 17, something like that, yeah.

MS. LAGARDE: So plenty of room for improvement. And it's not to suggest that French companies are performing better or delivering better results, but it's, you know, setting standards for inclusion and diversity –

MS. EASTON: Right.

MS. LAGARDE: – that I think ultimately will be good for the bottom line.

MS. EASTON: So I need everybody to start passing their questions as we turn the subject matter a bit here.

Of course, there's been a rise of nationalism, protectionism, anti-globalization. You at Davos and elsewhere, you've raised concerns that this is partly because of a middle-class crisis. What's your thinking about what's behind this?

MS. LAGARDE: You know, we are representing 189 countries. That's the membership of the IMF. So I need to be very careful at not focusing exclusively on what has happened in the U.K. with Brexit, some of the recent elections, including in this country, and be mindful of what's happening in the world at large.

MS. EASTON: Yeah.

MS. LAGARDE: And there are many, many countries and certainly a majority of our members which are counting on international trade, which are relying on migration of people, which are dependent on remittances, which rely heavily on that openness that, you know, has really applied to a lot of the development, developing and middle-income countries in the last 30 years.

So, you know, I have to have that landscape in mind and recognize at the same time that in quite a few of the advanced economies, including some European countries, including this country, there is a sense of frustration about international trade and the alleged benefit of international trade.

So our recommendation at the IMF is to make sure that we secure the benefits of international trade, which has, after all, enlarged the choice that people have, which has reduced prices in many instances, which has increased the average income as a result of the development in the last 30 years. And all that is, you know, positive.

But which has also eliminated jobs, which has also restructured supply chains, which has also eliminated jobs in some regions, in some countries. And I think that latter part of the international phenomenon that we have seen at work in the last 40 years has not been taken seriously enough. And while there have been some efforts to retrain, to support, to have a social safety net in some places, probably not enough and probably not in as many places and as efficient as it should be.

So I think those are the two concerns that we have at the IMF. Make sure that the benefits still hold.

You know, if millions of people have been taken out of poverty, if productivity has improved, if the (factor ?) of production have been allocated more efficiently, it's also because of international trade.

MS. EASTON: Right.

MS. LAGARDE: We don't want to lose that benefit. But equally, we need to focus on those who have been left out, feel left out or feel under threat.

And I would add one thing. Part of it is international trade, but a big part of it is technology breakthrough –

MS. EASTON: Absolutely.

MS. LAGARDE: – changes in the way in which manufacturing is conducted, changes in the way in which services are provided. And we will see more and more of that.

So I think it lays a heavy burden on policymakers, on people in education, in training in trying to anticipate what the needs will be going forward so that people can be equipped to adjust, to move from one job to the other.

MS. EASTON: It's almost as if you're saying those who feel, whether they are accurate or not, left behind by the global economy in the industrialized world, their interests are at odds with the developing world.

MS. LAGARDE: It's perceived as at odds today. It may well be that in the developing world, you know, think about there are countries like Bangladesh, for instance, where a lot of the textile industry jobs in 10 years' time will have disappeared, will be replaced by, you know, a combination of artificial intelligence and robots.

MS. EASTON: Yeah.

MS. LAGARDE: Well, there are thousands and thousands of jobs that are at risk there.

MS. EASTON: Yeah.

MS. LAGARDE: So that phenomenon is here somewhere, but it will be elsewhere in the future. And all policymakers have to be, you know, to be aware of it and to prepare for that.

MS. EASTON: How worried are you about that, about displacement of people globally by automation, by AI, by the coming next stage of the technological revolution?

MS. LAGARDE: It will be massive change. And, you know, there have been massive changes in the past as well –

MS. EASTON: Yeah.

MS. LAGARDE: – which have been feared, which have raised anxiety and sometimes violence and destruction of machine and equipment. And I think what we need to do, being informed of what has happened in the past, is actually prepare for that, equip ourselves.

And that's not to mention people who are displaced because of wars, because of violence, because of terrorism, which is also – or because of drought. And, you know, when I look at what's

happening in some of the Middle East countries or some of the Eastern African countries, it's severe as well.

MS. EASTON: So let's talk about this country where obviously we've had a rise of protectionist sentiment, as we know. We don't just have the end of TPP and other potential multilateral trade deals, we have the potential of taxes on imports. We have the potential – we have the president saying that he doesn't want more multilateral trade agreements, he wants bilateral trade agreements because it's easier to punish, you know, the wrongdoer partner in the trade deal.

So what do you think the impact of that is going to be on the global economy?

MS. LAGARDE: I would say two things. One is back to what I was saying, let's not mix the, you know, say the forest and the tree, and be aware of the benefits that everybody, including in this country, the benefits that have been generated by international trade –

MS. EASTON: Yeah.

MS. LAGARDE: – by the openness of economies. So that's point number one.

Point number two, you know, we are very cautious at the IMF to not judge on the basis of slogans, sort of statements. We have to measure output, we have to look at numbers, we have to look at real deliverables before we actually pass a judgment. So I would be on that page.

Let's give people the time to settle in, to understand the issues, to understand how they can be addressed. And our understanding for the last 70 years, because we were built on the ashes of the Second World War, which itself was precipitated by, you know, very protectionist trends, what we have seen in the last 70 years is that many of these issues, you know, whether you talk about distortive practices, predatory practices, unfair competition, those issues can be addressed in a multilateral setting. And they can be addressed quite efficiently.

MS. EASTON: So you're not concerned about the policies –

MS. LAGARDE: I'm concerned about everything. (Laughter.)

MS. EASTON: You're concerned about that. Let me ask you this, let me be more direct. What do you think about the Trump economic policies? In the last couple of months, you've suggested that they're potentially good for the U.S. economy, but do you see other –

MS. LAGARDE: You know, we try to understand what we see. What we have seen is clearly anticipation by all the economic actors about the positive outcome of announced policies. So, when there is an announcement that there will be a tax reform, that there will be a massive infrastructure program, that there will be a stimulus, economic actors think, oh, interesting, so there will be more growth, so asset values go up. So that's what we are seeing.

We are seeing a clear anticipation by the players that is going to be conducive to positive outcomes, more growth, more jobs. And we have to factor that in and we have to look at our economic outlook for this country, but also for the rest of the world with those lenses on.

Now, that assumes that there is no restrictions on trade, that the China transition is happening as predicted, smoothly, sensibly, moving from 6.9 to 6.7 to 6.5 over time, and that reforms are undertaken. That's what our job is about.

So we'll have to wait and see exactly what is delivered to pass judgment. I think it's way too early for that.

MS. EASTON: OK. Looking at Europe, Greece, you haven't yet decided whether to participate or the IMF hasn't yet decided whether to participate in the third bailout in five years.

You've also said there needs to be relentless truth telling when it comes to Greece. Be the relentless truth teller now, what's your perspective?

MS. LAGARDE: Well, our assessment is that for that economy to be part of the euro area, which is the currency zone, clearly it has to implement, deliver and follow through on strong structural reforms that will equip the country to be more competitive, to be more productive, and to have a sustainable growth over the course of time. So that's one set of things.

Second, given that the monetary policy is determined for the whole of the euro area, we believe under current circumstances and given the track record of that country that it is carrying too much debt, and that for us to get involved and to provide financing, that debt needs to be sustainable. It is not. (Applause, laughter.) So, as a result, something has got to give.

MS. EASTON: Yeah.

MS. LAGARDE: Either we cannot provide financing and the Europeans have to, you know, sort it out. Or if we are providing financing, then the debt has to be sustainable. And for the debt to be sustainable, it has to be reduced in terms of debt services and in terms of debt overall. And that can be done by a combination of things which include extension of maturity over a long period of time and reduction and capping of interest rates over a long period of time as well. This is what we are discussing at the moment and what I call walking on two legs, the strong structural reforms and the debt that is sustainable.

MS. EASTON: France is facing elections, your country. What's your sense, what's your just overall political sense of the currents in France? And do you have any predictions for us?

MS. LAGARDE: I'm afraid I'm going to pass on that one. (Laughter.) Because as, you know, as managing director of the IMF I cannot opine on my country. I can only repeat like a parrot what it says in the Article IV review that was conducted back in July. So it's not going to take you very far. And nobody will make any announcement out of it.

MS. EASTON: Yeah, she's avoiding making news. So a personal question for you, what have you learned from failure or disappointments?

MS. LAGARDE: Oh. I'll tell you, when I was in the French national synchronized swimming team – (laughter) – yeah, it's true, we had a coach who used – and it's a very difficult sport. It looks a bit, you know, trivial and silly, but it's not. You have to be a really good swimmer. You have to be a really good breather. You have to be able to hold your breath for a long period of time. And you have to do teamwork all the time.

And she used to say, you know, in tough times when you're getting those crappy grades, because it's like ice skating or artistic skating, whatever it is, you have judges that look at you and verify whether you are perfectly vertical, whether you are high enough, whether you are moving in perfect synchronization and they give you, you know, grades. And she used to say, when you get those bad grades, grit your teeth and smile.

And when you have a clip nose on, when you are spending a lot of time underwater and you're working with the team, to actually do that takes a bit of spirit. And I think that's what I think I learned from failing is that you have to grit your teeth, swallow it, you failed, OK, fine, and smile, get on with it and move on to the next stage. And don't carry with you the guilt or the bad feeling or the impression that, you know, that sort of failed person. Just move on and it will be fine. It's just that it was the wrong choice or the wrong path or the wrong school or the wrong exam and you have to find something else.

I have huge confidence in other people and a degree of confidence in myself that has sometimes helped me take those crazy risks that I took.

MS. EASTON: And what accounts for that degree of confidence in yourself?

MS. LAGARDE: Love.

MS. EASTON: Love?

MS. LAGARDE: Yeah, yeah. You have, I mean, I'm sorry, this is outside the economic field – (laughter) – by a long way, but yeah, I very strongly believe that love generates confidence. If your parents love you, if your siblings love you, if your spouse, companion, whoever, or your children love you, it gives you that level of confidence that helps you move to the next step or do something else which is harder, bigger or further. Yeah.

MS. EASTON: That's very, very smart and very powerful. Wow. (Applause.)

MS. LAGARDE: And it's beautiful because you can give it to others. You can give confidence to people if they feel that you love that. And that even if they fail a little bit, it's OK, you still love them.

MS. EASTON: Good mom.

MS. LAGARDE: But I'm the mom with plenty of people. (Laughter.)

MS. EASTON: I love that. Just one other personal question we were talking about backstage. How do you find the personal space to read, think, you know, get your head around tricky problems?

MS. LAGARDE: OK, I gave you one tip and –

MS. EASTON: You can share it. If you don't want to, OK.



MS. LAGARDE: I used to be an athlete. And for me, sports has always been an important thing. And I think it has to do with genetics and, you know, getting the circulation going actually helps me.

So what I do in the morning when I have all this massive economic reading to do, which my team feeds me with in the evening and I'm just too tired to read them, I get up early in the morning and I do stationary bicycle and read at the same time. So it's no secret, it's just really pedestrian, although I'm on the bicycle, not a pedestrian. (Laughter.) But it gets the circulation going. And I think that my brain works a little bit better like that.

The other thing that I do occasionally is that I pretend that I have something really important to do. And people may think that I'm having a conversation with my family or something like that. And it's not necessarily true. So I retire in a little corner of my office, which is hidden by a huge, big, green plant, and I sit there and I read in peace. So don't tell anybody. (Laughter.)

MS. EASTON: Yeah.

MS. LAGARDE: But there are moments when you have to just isolate yourself. Some people spend a lot of time in the bathrooms. Sometimes it's to be able to read in peace. (Laughter.)

MS. EASTON: Specifically in your role where you have to, again, you have to master a lot of complex information and put it in perspective and it's, you know, to find that space when you're in meetings and in front of people like us.

So we've got a bunch of gender questions. I'm just going to read them and you can answer as you like.

What key policy changes need to occur in the U.S. to increase women's involvement in STEM fields?

And we got a couple of questions on this. Are gender quotas in governments and corporations – you spelled corporations wrong, Richard – (laughter) – are gender quotas in governments and corporations detrimental to women's empowerment? In many cases, this breeds resentment from both men and women against those who benefit from the quota.

MS. LAGARDE: On the first one, I would say I think STEM is one particular issue. But I would say to encourage women to participate in the economy in this country, what is critically important will be, I hope, the parental leave. I mean, this is something which many, I would say most developed countries in the world have in their legislation, which I think is missing here.

And when you ask women who are not joining the labor force, who are perfectly capable of doing so, they often say, well, if I have the choice, given the cost, given the lack of parental leave, given the lack of child care centers, I am going to err on the side of staying home. And, you know, it's perfectly fine. Everybody has the choice. But if it's a forced choice as a result of that, I think that the parental leave and the child care centers are critically important.

On STEM, you know, I don't know how many of you have seen this brilliant film, the name of which escapes me, which tells the story of these two black scientists who have managed to bring the astronauts back from the moon.

MS. EASTON: “Hidden Figures,” right.

MS. LAGARDE: “Hidden Figures.” Well, more of those hidden figures coming out and being honored, respected, acknowledged, celebrated, I think that’s critically important and I hope there is more of that because there are many women who should be and are, you know, entitled to be those role models and will help young women to, you know, realize that it’s a dream that they should have and that they should realize.

MS. EASTON: Did you – yes, the gender quotas, yeah.

MS. LAGARDE: On the other one, the quotas.

MS. EASTON: Which is important because that’s a European question. Yeah, go ahead.

MS. LAGARDE: Yeah, yeah, I’m happy to comment.

MS. EASTON: Yeah.

MS. LAGARDE: How do you know it’s European?

MS. EASTON: Well, there’s quotas on boards in Europe.

MS. LAGARDE: Oh, yeah, yeah, yeah.

MS. EASTON: OK.

MS. LAGARDE: You know, I used to think that it was offensive to have quotas. And I used to think that women wherever they were should be given access on the basis of their merits and that there should not be any specific provisions, exceptions or quotas or targets. And I believed in that until I became, you know, a partner at my firm, Baker McKenzie, and eventually became the chairman.

Because when I looked at the number of women, when I looked at the demographics, when I looked at the time it took them, I realized that it would be, like, five generations –

MS. EASTON: That’s interesting.

MS. LAGARDE: – until eventually there would be, like, 30 percent female partners. And I knew having been a baby lawyer and having grown up with other female lawyers that they were just as good, just as hardworking, if not more, just as efficient, sometimes not as keen in terms of client-getting because they were not yet trained for that, but I realized by then that if there was no quota it wouldn’t move fast enough.

Now, I’m not suggesting that there should be quotas forever. But I’m suggesting that there has to be quotas in order to move quickly to a higher step than the one that incrementally would take women to a sensible proportion.

And I'm concerned that many women who are in their position because they've had it hard are actually not particularly keen to help others. And it's not a general trend, but I've observed it often enough –

MS. EASTON: that's interesting.

MS. LAGARDE: – by some women who will pay lip service to the principle, but will not facilitate much of anything and will speak against quotas. So I'm speaking in favor of quotas.

MS. EASTON: And you don't think there's a backlash or, you know, there isn't the danger of, you know, the sense that women are token and not qualified for these jobs, which is –

MS. LAGARDE: No, I don't think so for a second because if you look at – there's a really good book by Katty Kay and somebody else, called "The Confidence Factor."

MS. EASTON: Yeah, it's – no, it's – "Confidence Code."

MS. LAGARDE: "Confidence Code," yeah, that's right. And it's a fact that women work harder, prepare better, do more homework, so there is nothing that is granted or given as a result of the quotas. They earn it, they deserve it, they do the work and they produce the results.

MS. EASTON: Yeah. Regarding Latin America, what would you foresee that will be the role of the IMF in transition economies, this is a good question, like Argentina, Cuba, Bolivia and especially Venezuela?

MS. LAGARDE: Talking about inequality, particularly the last one is a difficult country. We can only get involved if a government asks us to be involved. So Cuba is not a member of the IMF, cannot possibly ask us to do anything. One day it will apply maybe.

Venezuela is not asking for anything and we have not had actual numbers from Venezuela for the last 10 years, is it? So there's no way we can actually, you know, support in the absence of any data about the country except things that we try to elicit from other things. I don't know if banks are very active or have access to a lot of numbers, I doubt it.

Argentina is a very positive story, because after 10 years of not wanting to deal with us, after the change of government the situation has completely changed and we have been able to work very cooperatively to sanitize data, to understand data, to have good CPI numbers that we can trust. And we've been able to conduct what we call an Article IV which is an audit of the economy of Argentina, which is something that members actually owe to the membership on an annual basis. So that has been a very, very positive change.

MS. EASTON: A bright spot. So our final question, you've had a long and distinguished career in the public sector, where do you see yourself working next? And I certainly believe that there's another chapter in your life. What would you advise young women looking to advance and grow as leaders, especially in typically male-dominated sectors?

MS. LAGARDE: You know, I often try to give advice to younger women because I remember what I was like when I was their age coming out of school, not really knowing how to dress, not knowing how to address, not, you know, knowing the ropes and the tips and all of that.

And I was very lucky to have a female partner in the law firm that I joined who sort of inadvertently helped me into the job and gave me the sort of implicit training by just being there and being who she was. So I think it goes through many channels. It goes through – it touches on, how do you organize your day? How do you address an audience? How do you address a smaller group? How do you try to make your point without antagonizing and being aggressive?

From my perspective, but it might be different for other people, how to be forceful and decisive without being flirtatious and playing the woman's card in an ostentatious way. I'm sorry because I might be shocking some of you, but that's the way I have, you know, I have experienced being accepted in the professional world.

MS. EASTON: And you've seen some women behave like you're describing.

MS. LAGARDE: Yeah.

MS. EASTON: Yeah.

MS. LAGARDE: Yeah. Yeah. And, you know, I don't want to pass judgment. People do it the way they think is appropriate. But the way it has worked for me has been this way, and if I can pass it on to others, I'm happy to do so. But I would say that, you know, this confidence factor is something that you have to build on. And the more you give, actually the more you receive on that page.

I would also say that you get nowhere and you get nothing without hard work. And I think that is true in all respects, whether it is sports, whether it is work, whether it is just anything that you try.

And I would say join forces and join forces not just with other women, but join forces with everyone who wants diverse contribution of all to benefit others. And I'm just thrilled that we are a group of men and women interested in these propositions because I think it benefits just everybody.

MS. EASTON: And again, next chapter in your life? I know you love theater. I last saw you at the "Titanic" at the Signature Theater. You love art in your life, I think. But what's a potential next chapter for you?

MS. LAGARDE: I don't know. I might be a yoga teacher. (Laughter.) I might be a –

MS. EASTON: Do you do yoga?

MS. LAGARDE: Yeah, I do. Yeah.

MS. EASTON: Oh.

MS. LAGARDE: I might be growing roses in Normandy. I might be – I don't know, I have no idea. You know, I've changed courses many times and I've never done any planning for it. So I think it's also a question of being available and feeling that you serve a valid cause.

MS. EASTON: And open to opportunity.

MS. LAGARDE: Yeah.

MS. EASTON: Well, yoga instructor Madam Lagarde, you've been not only incredibly insightful, but incredibly inspirational to all of us. Thank you so much. (Applause.)

(END)