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*Voiceover:* *A Deeper Look. Exploring what works and what doesn't in development and the changes we can make together to turn ideas into action.*

*Patrick Fine:* Hello, listeners. Jobs, livelihoods and economic recovery are front and center on my mind as we hunker down at home in the midst of a worldwide pandemic unlike anything any of us has ever experienced before. Beyond the public health threat that has resulted in currently over 2.5 million people becoming sick and over 185,000 people dying, the COVID-19 pandemic confronts us with the specter of the greatest economic downturn since the Great Depression of the 1930s. The social and political aftershocks are sure to be profound and long lasting. I'm Patrick Fine, CEO of FHI 360, and this is *A Deeper Look* podcast.

This season, we've been exploring the trends and ideas that are shaping the future of development. And, today I have the privilege of speaking with Dr. Homi Kharas, Interim Vice President and Director of the Global Economy and Development Program at the Brookings Institute [Institution], one of the world's leading think tanks dealing with public policy and human development. Homi, thanks very much for joining me on *A Deeper Look*.

*Homi Kharas:* My pleasure, Patrick.

*Patrick Fine:* Homi, when I first asked you to come onto *A Deeper Look*, I thought we'd be discussing mega trends that will shape human development over the next ten years. But, as we're now recording from our respective homes, there's no bigger issue than the global pandemic that is now gripping the world.

Now before we dive into the future, I'd like to ask you about your past. Many people know you as one of the architects of the sustainable development goals from your position as lead author and executive secretary of the UN Secretariat supporting the high level panel on the post-2015 development agenda; that's the high level panel that developed the SDGs. But, can you tell our listeners what drew you to working on human development in the first place?

*Homi Kharas:* Oh, I've been working on this really all my life, Patrick, and Bob Lucas, who is a Nobel Prize winner in economics, started to look at

economic development quite late in his career. When he did, he wrote something that I think has really resonated with a lot of us. He said once one starts to think about these questions and think about the implications in terms of human welfare, the question about why some countries and people in them are rich while others are poor and the dimensions of that are just so great it's very hard to think about anything else. And, I think that absolutely summarizes my own past and history on this. As an undergraduate at Cambridge University I started to read about and think about issues and economic development. I then went on to get a PhD in economics. I joined the World Bank straight out of school, and I've been thinking about economic development ever since. So, when the opportunity came to work with the UN on the SDG agenda, it was really something that I seized.

And, let me just say that the report that I did on behalf of the high-level panel was kind of an introduction to the long debate and negotiation that ultimately led to the SDGs. So, I certainly wouldn't want to claim to be the architect of the SDGs. But, there were, I think, very important issues that the UN wanted to get sorted out before they started the negotiation process and that was really our mandate and what we tried to do.

*Patrick Fine:*

Well, you certainly made an important and positive contribution to really setting the agenda that is still guiding institutions and governments around the world in how to think about approaching human development between now and 2030, and I expect it will continue. It's a comprehensive framework. It was ratified by what 185 countries, something like that?

*Homi Kharas:*

One hundred ninety-three.

*Patrick Fine:*

One hundred ninety-three countries, and it will continue to have a profound influence on public policy and ultimately on the lives of the world population. Let's now go back to the future. And, I'd like to start with where we are today which is sheltering in place in our homes because there's a worldwide pandemic that is gripping the global community.

So, I'm interested to hear from you how has the pandemic changed your thinking about the future of development finance and the future of development practice?

*Homi Kharas:*

So, let me say a couple of things on that. First, I think that the Secretary General actually in one of his observations said of the United Nations, Mr. Guterres, he said you know if we had made more progress on the sustainable development goals, we'd be so much better prepared to deal with this pandemic. And, I think he's absolutely right. So, one of the things that I think that this really underlines for all of us is that we can't separate out a lot of different problems.

I mean, today thinking about the pandemic as a health issue and not an economics issues, not an inequality issue, not an environment issue – because actually one of the really interesting things that is emerging is that the number of deaths is very highly correlated with particulate emissions even in the county-by-county level in the United States. All of these things are interlinked.

And, one of the things the Sustainable Development Goals did was expressly try to articulate that as a single package. So, in many ways I actually feel this episode and what we're learning from this episode has reinforced in many ways the value of having a much more comprehensive view of development than we had before and a view of development that underscores the fact that it's not just something that developing countries have to deal with. It's also something that advanced economies have to deal with. And, that that old dichotomy between the advanced world and the developing world is no longer the way to think about development. We really have to think about everybody trying to put the world on a more sustainable and inclusive development path. So, from one point of view, I really think it reinforces things.

There's a different perspective because you also asked about the finance side. And, here I think there's just been a big change.

So, we entered into this period in a world with very low interest rates and, really, a world where aid as we knew it had by and large stopped growing and was becoming a much less important component of development finance. And, we were turning toward the private sector. We were turning towards developing countries issuing more sovereign bonds, borrowing from banks. Debt, because it was so cheap and plentiful and so many countries were able to access capital markets, had become so much more important.

And now, what we see is that all of that is gone. Debt has just

seized up. Credit markets have seized up. Spreads have risen. The only discussions of note at the IMF World Bank spring meetings just now in April was about debt relief for poor countries. People are suddenly starting to realize that as an instrument of development finance, that is no longer going to be the main instrument that we'll be talking about in the future, and instead what we're talking about is how do we deal with the debt overhang, something that we were talking about in the mid-1980s if you remember with the ...

*Patrick Fine:* I do, yeah.

*Homi Kharas:* ... debt crisis in Latin America and then periodically since. So, I think that this has now really changed the nature of the development finance. What emerges out of that discussion, I think, is still something we need to think about. There are lots of different avenues. We can explore it more if you like, but there's no question that the discussion about development finance has changed and will change very fundamentally because of this pandemic and the policy responses to it.

*Patrick Fine:* So, you've given me a lot to dig into in that response. Just a couple of comments. One is I'm really pleased to hear you emphasize the importance of a comprehensive approach.

And, this highlights the interconnectedness among the economic, social and health sectors, the intersectionality there. And also, the concept of universality, which we've talked about that many times on *A Deeper Look* podcast, this notion that human development challenges are not specific to poor countries, that they are universal. All countries grapple with them. And, I agree with you; the pandemic has really highlighted that.

And, in fact, you can see a country like the U.S. in many ways being less effective, less coordinated, less proactive in some cases than we've seen in some poor countries and some countries in Africa where they've had a more coherent policy. They've had clearer leadership. Their messaging has been better. And, that has resulted in policy and actions, you know, down to the community level that have protected people.

So, we've seen that concept of universality on full display as a result of this. I agree with you on that. And we often at FHI 360, and on *A Deeper Look*, run into the reality that these issues require

comprehensive approaches. In terms of a comprehensive approach, one of the fears I've heard people express is that the response as it takes shape in the coming months is going to be really around global health security. And, it will be viewed by the public and by policymakers as a public health response, and then the economic relief will be seen as a completely separate set of actions and that the connection between the two won't be made. What do you think of that?

*Homi Kharas:* I can't imagine that that will happen. The two are so closely related to each other. So, take the issue of debt relief, which I was bringing up before. The only way to think about debt relief in a serious way is to start with a government plan about this is what we need to do in terms of public finances, the expenditures we need to take both for health response as well as in other areas in order to identify what then is the likely magnitude of the amount of debt relief that we will be able to afford. Make no mistake about it. There will be many countries which will require actual debt relief. It's not just a matter of a standstill for a year or something like that and then everything will be repaid.

*Patrick Fine:* Or just a restructuring?

*Homi Kharas:* Or just a restructuring. There will have to be real haircuts. And so, in thinking about haircuts, both creditors and debtors have to be satisfied that the plan going forward is realistic and sustainable.

There's no point in trying to come up with a debt plan and then stumble the following year into another crisis because the leash is so short that the country simply is unable to respond. I mean, if we solve the health crisis by putting all the money into health and put no money into education, what good does that do anyone, especially people who are holders of long-term debt who are relying on the expansion of education and the growth that that will generate in order to pay off the debt? We have to take a broader view on this, and one thing that encourages me is that East Asian countries had sort of a mini dress rehearsal of some of this at the time of the SARS outbreak.

*Patrick Fine:* Uh-huh.

*Homi Kharas:* I was working at the World Bank in those days and it was a very serious issue. But, what's so interesting to me is to see how many of those lessons were actually learned and implemented.

Whether it's the need for a certain degree of investments in public health, the development of a cadre of people who could be mobilized for what's now called contact tracing -- we had a different vocabulary in those days, but it's very similar -- the need for isolation, the need for continuous testing and the ability to ramp up testing and indeed, the links again with the environment. Death rates from SARS were much higher because these are all respiratory diseases in places which had worse pollution levels.

*Patrick Fine:* Right.

*Homi Kharas:* Because people just breathing the bad air, their lungs were weaker and less able then to deal with the virus.

*Patrick Fine:* Right.

*Homi Kharas:* And, the same thing is happening now. Bring these things together.

*Patrick Fine:* I like the way you connect the economic requirement, say for education, so that you can increase the productivity of a population so that the economy can grow and then that puts them in a position for their economies to be able to participate in a global financial sector. In addition to the air pollution and the respiratory conditions, there's also a lot of connection to co-morbidities like obesity, which has a lot to do with food systems, and with other noncommunicable health conditions.

I do believe, based on some of the early things that I'm hearing at least in the U.S., that it will be important for people like you who are credible policy voices to make that case, because in the U.S., most of our development assistance has gone for health under the PEPFAR program and with family planning before that. And, I do think that there is a danger that we could see the U.S., which is the largest bilateral donor and also influences other donors, really tilting to the health interventions because we're comfortable doing that. That's our comfort spot.

*Homi Kharas:* Right. I think it's partly that, but I think it's also partly one of instruments. The U.S. is extremely generous and when it gives aid to developing countries, it does it in the form of grants. Many other countries do it in the form of debt. So, what is debt? Debt is basically just something that says we're going to ask the next generation to pay the bill.

*Patrick Fine:* Uh-huh.

*Homi Kharas:* For the next generation to be able to pay the bill, they actually have to be able to afford it. So, the people who are financing things with debt have to think much more about growth, and the people who are financing things with grants can afford to think more about what's actually needed today. One of the great benefits of the development finance architecture, if I can call it that, is that you actually have different actors with different instruments responding to different parts of that agenda so that we've got both the part which is this is what we need to do in the here and now, which is financed by grants, and the part which says this is what we need to do for the future. Actually, both health and education are in a bit of an intermediate position because they're both really needed now and what's needed to make sure we've got healthy, productive workers in the future.

*Patrick Fine:* That's a great insight to share with our listeners: that mix and the complementarity of different kinds of financing instruments. So, let me just ask you about finance. Over the last 30 or 40 years, since around the early '80s especially and then gaining momentum really almost up to today, thinking about development finance really driven by thinking about the role of the private sector and private enterprise. And, if you look at the instruments, they've tilted more towards private financing. We've celebrated that over the last 15 years. The increase in private financing both in debt and equity that's fueling the growth of businesses in lower income countries that then creates jobs and raises living standards. And, you know, that's the classic Washington consensus model.

Now, if you look at the way countries are responding to this pandemic, you see massive amounts of public sector. The private sector essentially has collapsed because it's closed down. The tax base -- so the domestic resource mobilization, which also has been popular in the last ten years -- that's gone away because nobody is paying taxes and so the public is stepping in even in a conservative country like the U.S., which is, has not supported strong public finance. Do you see the next few years being a kind of paradigm shift back towards the role of public finance?

*Homi Kharas:* I certainly think that public finance will play a very large and much more important role than it did before. I would say that amongst a number of developing countries, it was never quite the best state as

a small state. People always thought about a strong state as having an important beneficial role in development. And, the development success stories that we had were often from Asia and Asian countries, where countries like South Korea, Singapore actually also had very strong and effective states. The issue in development is that with a strong state, you can have a strong and effective state or a strong and destructive state.

*Patrick Fine:* Right.

*Homi Kharas:* And, we've actually had both types in developing countries, and that's been one of the issues that we've had to deal with. So yes, the state will definitely have to play a much more significant role. And, I think that we will probably then see the state trying to say: But, how do I play this role in a more market-friendly fashion? So, I don't view it as being the state as old-style, state-owned enterprises and things like that. But, maybe the time is now coming when we will start to think more seriously about national development banks.

We still have those in many developing countries. Brazil, for example, has a very large, national development bank. Venezuela ...

*Patrick Fine:* South Africa has one.

*Homi Kharas:* South Africa has one. China has one. India has one. So many countries have them. They have had a checkered history, I would say, in the past. So, they don't always work, but they can work and so maybe that will be something that we'll talk about a little bit more.

*Patrick Fine:* So, that would be maybe not new instruments but using other instruments, instruments that exist but strengthening them and seeing them play a higher role like enterprise development funds?

*Homi Kharas:* Yeah. I think so. And, thinking about the way in which the public sector can partner with the private sector in more effective ways. One of the things I think that we've seen is that simple reliance on the private sector might bring efficiency, but it doesn't bring robustness and resilience. Countries will notice that in just the last couple of months we've had \$100 billion of private capital flowing out of developing countries.



*Patrick Fine:* Uh-huh.

*Homi Kharas:* That's an entire one year's worth of total aid ...

*Patrick Fine:* Right.

*Homi Kharas:* ... that goes to countries in two months. Private capital is not in the business of development. It's in the business of ...

[Crosstalk]

*Patrick Fine:* Profit.

*Homi Kharas:* ... trying to – profits. So, it's very efficient, but it's not something that is reliable. It can be volatile. And, there are then costs to managing that volatility that a country has to face. And, so I think that countries will now start to think about: How do I really manage this in a better way?

*Patrick Fine:* You know, going back to your point about the recent IMF World Bank's spring meetings, where the issue was really about debt relief, so it was looking at essentially emergency measures to deal with a global economic downturn, if debt is not going to be an available instrument in the next few years and private equity is not going to be a robust instrument, it won't disappear, but it's not going to be playing the role that it has been playing and that we've projected it to grow and play, and domestic resource mobilization won't be there because the economies are in a downturn in a recession, do you think some formulation of plans for more grant resources that are designed to take in public funding and use them like an enterprise development fund essentially at concessionary rates in order to jump-start economic activity and to deal with the social aftershocks as well for that matter?

*Homi Kharas:* So, I think that internationally I don't see much appetite for an expansion of aid. So, I don't think that there will be anyone is relying on a large recovery or a large surge of new financial assistance. And, just to give you one example, so far, the U.S. has already passed what some people call three and a half emergency stimulus bills.

*Patrick Fine:* Yeah.

*Homi Kharas:* The issue of foreign aid hasn't come up yet. In fact, the U.S. is still heavily in arrears to the tune of probably something like \$2 billion to multilateral aid agencies for things that it had committed to long ago but just hasn't paid for. So, I don't anticipate there being a big expansion of aid.

What I do think will happen and which we're already seeing happening is that in many developing countries, just like the U.S. and Europe, that had been skittish about fiscal deficits and domestically financed fiscal deficits, are relaxing all of their rules about the amount of public debt that their governments will be able to take on, mostly in local currency terms.

*Patrick Fine:* But, is that going to risk a massive global inflationary spiral?

*Homi Kharas:* I don't think that right now we should be really worried about inflation. There's no signs of it and there are plenty of signs of the pandemic [*laughter*]. So, let's, you know, let's keep shifting the balance until we suddenly see that expansion of inflation. But, you know, places like India for example, India had explicit restrictions on the Central Bank essentially lending to the government. They lifted that and they permitted a much more expansion stance. And, I think you're going to see this in many countries.

Exactly how that will play out depends a lot on the situation in each country, their ability to attract the resources, what happens to their currencies. I mean, you can't have big expansions of money supply and have a fixed domestic exchange rate.

*Patrick Fine:* Right.

*Homi Kharas:* So, the exchange rate will need to float. In some countries, that influences prices by more than other countries. We don't really know. And, one of the things that's keeping prices down, of course, is the collapse in the price of commodities and all raw materials. Look at what's happened to oil prices these days. There are offsetting factors, I would say, that open up the policy space for a little bit more monetary expansion. And, I would imagine that we'll see more monetary expansion in many, many countries.

*Patrick Fine:* One of the things that that perspective makes me think of is how important governance is willing to become. I mean you mentioned earlier that we've seen examples of, you know, strong public-sector intervention and then examples of governments that are corrupt

and don't serve the interest of their people. Going back to that concept of the comprehensive approach that's required, one of the areas that I don't hear mentioned very often these days is the importance of governance. What you're describing emphasizes, in my mind, that is the financial instruments get put in place and the initiatives to respond to the economic and social aftershocks, both at a country level and then at an international level, governance and good governance is going to become central to the prospects of millions of people.

*Homi Kharas:* Absolutely, because as we've been discussing, the public sector is going to basically take charge of spending of much more money. And, it does not have the same kind of oversight mechanisms as, say, a private business.

*Patrick Fine:* Right.

*Homi Kharas:* You don't have shareholders breathing down their neck. So, a lot of government contracts in various ways are done in either explicitly or implicitly ways that makes it easy to divert those monies into companies which for whatever reason the government quote unquote prefers or directly in the most blatant cases into the pockets of decision makers themselves. But, there will be large amounts of public money. There will be an emphasis on speed. There is a use of an institutional framework which is not used to dealing with very large amounts of contracts and monies. All of those create a beautiful environment for poor governance. As we think about development finance and how governments do it, it is one of the things that people who are interested in public policy have to think about. How do we put in place a system of improved governance that can deal with this short run imperative because these governments are going to be trying to spend money in the short run? In fact that's the whole purpose. The idea is to get the money out the door very fast.

*Patrick Fine:* Right.

*Homi Kharas:* So, where you have existing safety nets in Pakistan, for example, you have the Benazir Income Support Program. This is Benazir Bhutto, the former Prime Minister. It's essentially a digital-based program where a number of people have been identified as poor people and you can transfer money electronically to support them. That is actually a very easy thing to expand with limited

opportunities for dilution. Because it's digital, there's a footprint of ...

*Patrick Fine:* Sure.

*Homi Kharas:* ... where the money goes. So, to the extent that we have those kinds of mechanisms already in place that can be scaled up, those are the things that can be used very efficiently. There are going to be other areas where you don't have the ability to scale up or people don't have already these kinds of safety nets in place. Those are going to be the places where things will be much more challenging.

*Patrick Fine:* Right. And, the corollary is that as interventions and initiatives are designed, they should include specific provision for oversight and accountability. We're going to need new instruments or we're going to need to take existing instruments and use them in new ways. Part of that will be explicitly having the oversight mechanisms. We do have more tools now, as you pointed out, so there's just much more transparency.

*Homi Kharas:* I agree, but I think this is also an area where international collaboration has a lot to offer and a lot to do. We've often thought about governance as being just a problem of: If only developing countries could put in place, greater transparency, greater accountability. The fact of the matter is that all of this money that gets stolen actually gets channeled and deposited in those countries that supposedly have good governance. Where does all that money go? It all ends up in deposits in rich countries with so-called good governance.

*Patrick Fine:* Uh-huh.

*Homi Kharas:* And, until we have a mechanism and agreement that those countries are also going to more rigorously ask the question where did your money come from and can you demonstrate that you got this legally, it's going to be very hard to just stop it at source with governments who are the least capable of actually enforcing that kind of mechanism. So, you know, we've had these discussions. The OECD was very close before the crisis to an agreement on something called base erosion and profit shifting. It's a device about how multinationals could be taxed. It's slightly different from what we've just been talking about, but many of the same kinds of principles, but essentially we have to realize that when

money flows, there are always two parts to it. It's where it comes from and where it's going.

*Patrick Fine:* Right.

*Homi Kharas:* And, both of those authorities need to be cooperating together in order to make sure that we've got a fair and equitable outcome.

*Patrick Fine:* In terms of the international response, do you see the IMF and the World Bank providing the leadership that is going to put together the coalitions of nations and then bring some coordination and some vision to how we address a worldwide pandemic? I was recently talking to somebody who said a worldwide pandemic requires a worldwide response. Will those international institutions that have been the bedrock of the global financial system provide the leadership?

*Homi Kharas:* So, I think that they have been very effective in trying to push as far as they can on the boundaries of the mandates that they currently have. But, let me also say that they have been constrained by their shareholders. So, many years ago, the IMF sought to put in place something that they called a sovereign debt restructuring mechanism that would have given them the authority to think about efficient ways of resolving countries' debt problems in a way that a normal bankruptcy court does ...

*Patrick Fine:* Right.

*Homi Kharas:* ... which is to say, by considering all types of debt together.

*Patrick Fine:* Uh-huh.

*Homi Kharas:* Shareholders basically rejected that proposition. So, now when the IMF comes forward what they can do is say well, we can try to get an agreement amongst our shareholders on what they will do with official debt. But, it doesn't touch the private-sector debt. They don't have the authority over that.

*Patrick Fine:* Right.

*Homi Kharas:* And, unfortunately, it turns out that private-sector debt service, even in what's called low-income, either-eligible sub-Saharan African countries, the debt service owed to private creditors is

about 40 percent of the total. Well, you can't really have a debt relief package if 40 percent is outside of the package.

*Patrick Fine:* Do you think this crisis will be severe enough to cause rethinking there?

*Homi Kharas:* I don't. I don't think there's any appetite for doing it. And so, I think we are going to be in a situation where things will have to muddle through in a not very effective way. The other place where the IMF and the World Bank were not successful in really making that many inroads was on the whole issue of middle-income countries. So, their proposal was on this is what we can do in low-income countries and of course low-income countries have much smaller economies. And so, the sums of money we're talking about are much smaller and therefore within the orders of magnitude of the kinds of money that these institutions can mobilize and marshal. Whereas when it comes to middle-income countries, you're suddenly starting to talk about much, much larger numbers and countries that have all kinds of different regime types and different situations, a lot of diversity.

So, you know there are still some big holes in what one might call the financial safety net. So, the middle-income countries still don't have a real game plan or leadership about what they should be doing. And, for the low-income countries, it's quite unclear what's going to happen to their private-sector debt. So, there are still I would say quite a few gaps.

*Patrick Fine:* It may just get to the point where they default on the debt?

*Homi Kharas:* Well, the trouble with default as we have seen in the past is that it then ends up being a very messy process both for creditors and for debtors. Everyone gets taken to court. Everything gets held up. You can't trade because if you start to trade your assets can be seized. It's very much of a lose-lose situation. So, to the extent that we can avoid it, I think that that would really be beneficial.

And, let me say even on the private-sector side I think they would be for the most part quite happy to be part of such a process, but they worry that if there are just a few people who hold out, those are the people who end up getting a disproportionate benefit. And, we have the unfortunate case of the New York Vulture Funds Holdings of some Argentina bonds in the past where literally a small group that held no more than 5 percent of the remaining debt

basically held the remaining 95 percent hostage. So, that's the kind of thing that one needs to avoid in future.

*Patrick Fine:*

So, an optimistic point of view would see this as a catalyzing event that would mobilize governments and policymakers, both public policy and private-sector leaders, to support reforms to address some of the gaping holes that you've described and that will certainly be exposed by the economic and social aftershocks of this pandemic.

So, let me ask you, Homi, as you look to the future, now a future that's being shaped by this global pandemic, are you optimistic about our ability as a world community to deal with this and to continue to make progress on the SDGs, or do you see it as a giant setback and you're pessimistic at what the consequences will be?

*Homi Kharas:*

I'm optimistic that we can now have conversations of a type that we were unable to have before. I'm optimistic that people now understand that the costs of inaction are huge. I'm optimistic that people have a greater appreciation of tail risk and so will not simply look blindly at climate change or cyber security or some of the other threats that have been discussed in public policy circles and dismiss them as just being oh, we can deal with that in the future and it's all being overblown by these so-called experts and let's just get on with it.

The conversation has really shifted. Where I'm much less optimistic is that the level of trust in the world has declined to a degree that makes progress much harder to make. Even if one has an agreement amongst one group of people, what's to say that after the next elections in any one country, a different group might not just say well, we're not interested in that and take it off in a different direction. I'm not optimistic about the amount of resources that will be made available to actually put in place the kinds of changes that we might need.

One of the things that came out of the great financial crisis was that after that immediate kind of infusion of funds, people started to retrench. You had fiscal retrenchment in all of the advanced economies. They got so scared. If we go back to then saying now that we've done all of this for the pandemic, we've got to really pull back and we pull back way too early, that would be a real setback for the SDGs.

*Patrick Fine:* Uh-huh.

*Homi Kharas:* So, I think we have opportunities. We're having conversations that are quite different, but the world environment is very different from what it was before. And, I think that that will make progress more difficult because we no longer have the amount of resources and the degree of trust and confidence that we once had. All of that said, let me just end on the note of saying there's only one way that we will get through this pandemic, and that's if science, technology and innovation show us the way forward.

*Patrick Fine:* Uh-huh.

*Homi Kharas:* That's true in health. It's going to be true in all of these other things that I was talking about. It's going to be true in finance. It's going to be true in economics, and hopefully it's going to be true in the way in which we think about our societies. And, if we can think about these ways of using innovation and science to really address some of the issues that have been festering for a very long time and understand that what we need to do is really build not just stronger growth but stronger, more sustainable, more inclusive and more resilient or robust growth, then I think we'll end up in a much better place.

*Patrick Fine:* So, I love the combination of optimism on many issues, some pessimism on others. Thank you so much for sharing your realistic insights with where we are now and where we're likely to be going over the coming years. This has been a fantastic conversation. Thank you so much, Homi.

*Homi Kharas:* Thank you. It's been fun.

*Patrick Fine:* Listeners, thank you for joining us for this really terrific conversation. I'd love to hear your thoughts. I know Homi would as well, so send in comments. Send in questions. Send in reactions about where you see the economic trends coming, where you see some of these big, really megatrends that we've talked about from climate change to governance to global finance. Rate the podcast and join us next month for another episode of *A Deeper Look*.

*Homi Kharas:* Thank you, Patrick.

*[Music]*