



Honorary doctorate for Christine Lagarde

29 October 2012

Remarks by Christine Lagarde, Managing Director of the IMF in Acceptance of an Honorary Doctorate Awarded by KU Leuven

Introduction

- Professors, students, distinguished guests: Good evening. Bonsoir. Goedenavond. I am absolutely delighted to be here this evening.
- First, let me thank Rector Jan Beirlant, Rector Mark Waer, and Vice-rector Filip Abraham for their warm and generous remarks.
- I would also like to thank the Major of Kortrijk, Stefaan De Clerck, for his tremendous hospitality in hosting us tonight at your magnificent City Hall.
- I am truly humbled and overwhelmed to accept this honorary doctorate [in recognition of outstanding and internationally recognized leadership during the crisis] from Katholieke Universiteit Leuven—KU Leuven.
- This is not the occasion to talk about the finer points of economic policy. I have had plenty of opportunities to do that, and I will have many more! Tonight, I would like to share with you some more personal reflections on leadership during a crisis.
- Specifically, I will talk about three things:
 - A. Why Leuven is such an appropriate venue to address these issues.
 - B. Some reflections on economic crisis in a world of interconnections.
 - C. My personal take on effective leadership in today's world.

The Spirit of Leuven

- As you all know, KU Leuven is one of Belgium's largest and oldest universities. Your student body is an astonishing 16 times the size of the IMF! It is also one of the most distinguished and internationally acclaimed institutions. You should be justifiably proud.
- This university has been around for a long time. It has seen a lot over the years, the centuries, the passage of time. It has an incredible wealth of history and a rich expanse of knowledge.
- The university has its roots in the Middle Ages, approved in a papal decree by Pope Martin V in the 15th century. Here is an interesting historical fact: Martin V was the pope who ended the Great Western Schism in the Catholic Church [1378 to 1417], a rift that tore the continent apart. Before Martin was elected, there were three rival popes, each claiming the allegiance of different rulers in Europe!
- Why do I mention this? Because I believe that, at its very core, KU Leuven still embodies that foundational spirit of building bridges and bringing people together.
- I see this same spirit in the individuals who have received honorary doctorates over the years. There have been so many inspiring choices over the years. Just as a couple of examples: Chancellors Helmut Kohl and Helmut Schmidt built bridges between east and west. Patriarch Bartholomew I of Constantinople and Archbishop Rowan Williams are leaders of inter-religious dialogue. I feel deeply humbled to be included in this company.
- And let me also look to another symbol—the university seal—the medieval statue of Sedes Sapientiae. Appropriately, Our Lady of Louvain. She is the 'Seat of Wisdom'. At its core, KU Leuven is dedicated to the pursuit of wisdom. Everything flows from that source.
- This combination—bringing people together plus wisdom—is exactly what we need in the world today, especially to tackle the worst financial crisis since the Great Depression.

Economic crisis in an interconnected world

- On that note, let me turn to my second point and reflect for a moment on the global financial crisis. This crisis defines us. Yet, even more, our response to the crisis will define us for generations to come.
- The social and human costs of the crisis have been far-reaching and devastating. Around the world today there are 200 million unemployed people. 75 million of them are young people—like the students here at KU Leuven. In some countries of southern Europe, one out of every two young people cannot find work. The crisis is testing the very social fabric of our society.
- So, when we talk about securing a global economic recovery, it is not just about ending the crisis and restoring economic growth. It is about restoring hope, opportunity and dignity. It is about our futures, and the future of our children and grandchildren.
- I remember well when the crisis hit. I remember hearing about the collapse of Lehman Brothers. And I remember all too well that it was after the fact!
- I had been French Finance Minister for little more than a year. Yet, I long had a sense of foreboding and the worry that we were not prepared—and we were not doing all that was needed to be prepared.
- I was right to worry. The global community had too little appreciation of how deeply intertwined our economies really were. Just look at the dizzying mosaic of interconnections that marks our world:
 - Over the past three decades, the volume of world trade has increased fivefold.
 - By the time of the crisis, global capital flows were more than triple the level of 1995.
 - Global companies like Nokia, Nestle and Philips earn only 1-2 percent of total sales from their home countries .Belgium has plenty of large global companies of its own, like Stella, Godiva and Solvay.

- By 2020, more than 1.6 billion people will travel internationally, up from 25 million in 1950.
 - There are more phones in the world than people – 5.6 billion cellphones, 1.3 billion landlines.
 - Over the past 20 years, international mail service fell by half. Today, 3 million emails are sent per second. Nearly 3 billion people are connected to each other by the internet. Nearly 1 billion are on Facebook.
- We did not take enough account of these interconnections—how the actions of a small number of people can reverberate across the whole world, often in an instant and in unexpected ways. We did not place enough faith in the value of coming together. We had too little wisdom and too little prudence.
 - Here is the issue: people can easily get lost or forgotten in a world of dizzying interconnections. The fabric can wrap us safely together or—as it did with the crisis—it can unravel, leaving each and every one of us exposed and vulnerable.
 - So we must pay heed to these interconnections, and we must keep the human dimension at the forefront of the agenda.

Effective leadership in crisis

- This brings me to my last point: effective leadership in times of crisis. Whole books could be written on this topic—and indeed they have been! But I would just like to touch on three areas that are rather personal to me: (i) mentors and education; (ii) leadership through diversity; (iii) leadership through collaboration.

First, the value of mentors and education

- None of us reach our destination alone. I have been incredibly fortunate in my life and my career. I stand here today on the shoulders of those who have helped and inspired me along the way: my teachers and mentors.
- Our teachers pass on knowledge—a spirit deeply rooted in the values of KU Leuven—and in doing so, they open the door of opportunity. Our mentors guide us and have faith in us.
- Together, they give us the tools, the confidence, and the resolve we need to face even the most daunting challenges and global leadership responsibilities.

Second, more effective leadership through diversity

- I believe diversity is essential for better informed and more effective leadership.
- Of course, gender balance is an important aspect of this. A little less testosterone-fueled risk taking in the financial sector would have been good thing. I have often thought that if Lehman Brothers had been a bit more Lehman Sisters ... we would not have had the same degree of tragedy!
- And, let me just say, that I am impressed by the gender balance of KU Leuven—women represent almost 55% of the student population!
- Yet, I am thinking more broadly than gender. Diversity is a multifaceted concept, encompassing nationality, religion, sexual orientation—and also culture, education, and work and life experience. Drawing on that will make us better and richer.

- One of your most esteemed alumni, President Van Rompuy recognized this too. Following his selection as EC President he said, “Even if our unity remains our strength, our diversity remains our wealth.”

- There is tremendous value in looking beyond the narrow horizons of our own minds. If we seek out a diversity of ideas, we have a better chance of finding better answers.

- We need people in the room who see problems from different perspectives and offer different solutions. It also helps build a spirit of tolerance, understanding, and mutual respect.

Third, leadership through teamwork and collaboration

- My leadership style is about opening up, engaging people, working as a team. This is incredibly important to me. We need a strong culture of collaboration.

- For 20 or so years, I was a partner in a large international law firm. I understood very well that the firm could only achieve its goals through teamwork. 30 countries, 60 offices, 600 partners. It could have been a mess, right?

- Yet we knew that together we could be greater than sum of our parts. We knew that anybody’s success could—and should—be everybody’s success.

- Collaboration is also absolutely essential within countries and between countries. I already mentioned the social strains of the crisis, so we must restore the bonds, the trust, the social compact between people. Social partnership is the only way to successfully navigate the uncertain road ahead.

- And in today’s interconnected world, going it alone simply is not an option. We need more global collaboration—through a sustained spirit of multilateralism. We need global citizenship for a globalized world. I take this seriously as the head of a multilateral organization that has 188 member countries.

Conclusion

- Let me conclude. Leadership is not about any one individual. It is about how we successfully come together, guided by a common cause, united in a common goal.
- As the great humanist scholar Desiderius Erasmus once said: “Give light and the darkness will disappear of itself”. How appropriate that Erasmus was an alumnus of this university!
- This is the lesson we need for responding to the crisis and defining a future of lasting recovery and shared prosperity.
- And so, it is in that great Leuven spirit of bringing people together and harnessing their collective wisdom that I feel deeply privileged to accept this honorary doctorate.
- Thank you very much! Zeer bedankt!