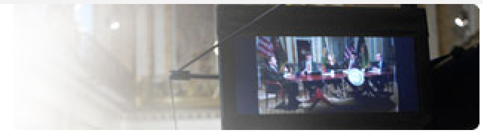

Statement by Secretary Geithner at the G-20 Meeting of Finance Ministers and Central Bank Governors

11/7/2009

I want to start with the state of the global economic recovery.

Yesterday's jobs numbers in the United States reinforced that this is still a very tough economic environment. The pace of job losses has slowed sharply, but unemployment is very high and still rising. Millions of Americans are out of work, or working less than they would like. The crisis caused enormous damage, and that damage has left consumers and businesses still cautious and tentative about the future.

We need a period of sustained economic growth to bring the unemployment rate down.

And that process of growth is now beginning. The U.S. economy and the global economy are growing again. Businesses are starting to invest. And consumers are spending. Business and consumer confidence has improved. Global trade is expanding at an encouraging pace.

As the crisis has receded, the value of savings around the world has risen. The cost of credit has fallen. Confidence in the stability of the financial system has been reestablished. These improvements have been more rapid and more broad-based than many anticipated.

At the start of this year, the world was confronting the very real risk of a great depression, global deflation, and financial collapse. Now, the forceful policy response of governments and central banks around the world has put out most of the financial fire and restarted growth in private activity.

Banks in the United States are repaying the government's investments with interest. We have wound down the broad-based guarantees and large scale capital programs for banks that were essential to break the financial panic of last fall.

The consensus of private forecasts now anticipates global growth in the range of three percent next year.

With growth now underway and the financial fires winding down, the policy challenge is changing.

The first stage was the emergency rescue, providing tax cuts to boost personal and business income and public investments to help offset the fall in private demand.
The next stage is about catalyzing private demand and business investment. This will require continued policy support.

This is why the recovery programs put in place in the United States and around the world were designed to provide support for growth over a two year period, and this is why governments around the world are committed to continue to reinforce the recovery now underway, before we shift to restraint.

That is why President Obama signed legislation on Friday expanding and extending tax cuts for businesses and supporting workers who are struggling to find jobs.
That is why we are continuing to provide targeted support for small businesses and small banks to make sure we repair and open up the financial pipes that provide credit.

That is why we will continue to support the stabilization of the housing market.
That is why we are working to build consensus with our major trading partners on ways to open global markets.

That is why we are providing very substantial incentives for basic science, research and development, for job training and education, for new energy technologies.
And that is why we are trying to reduce the costs and burdens our existing health care system imposes on American families and businesses.

Government policy has to provide a bridge to growth led by the private sector. We're now in the middle span of that bridge.

As growth strengthens and financial headwinds diminish, we will be able to begin the essential process of restoring balance to public finances and fully removing the broad backstop still in place for credit markets.

This will require a delicate balance.

If we put the brakes on too quickly, we will weaken the economy and the financial system, unemployment will rise, more businesses will fail, budget deficits will rise, and the ultimate cost of the crisis will be greater.

Our citizens and businesses and investors around the world must be confident that we will find the political will to restore fiscal responsibility and balance when recovery is in place. If that confidence ebbs, the recovery will be weaker, and we will have less flexibility to provide the reinforcement that the economy and the financial system may still require in the near term.

We need to reinforce growth to create jobs and get businesses investing again to underpin the recovery in the housing market and to repair the credit markets. It is too early to start to lean against recovery. The classic mistake in past crises was to put on the brakes too quickly. But we all recognize that confidence in our ability to reduce future deficits and to exit from the extraordinary monetary policy and financial emergency measures is very important to confidence in the sustainability of recovery.

Today's G-20 statement reflects a very broad consensus that growth remains the dominant policy imperative across our economies. And we are bringing the same commitment to cooperation and coordination we demonstrated in the crisis to the agenda of reforms we outlined in London and Pittsburgh.

These reforms are directed at the critical priorities of laying the foundation for stronger, more balanced and more sustainable growth, at financial reforms that will create a more stable system with stronger rules to constrain risk-taking and at building stronger international financial institutions.

These are all global challenges. They are important to our national economic interest, but they cannot be addressed by the United States alone.
We made important progress on all these fronts today and look forward to advancing these reforms in the months ahead.

Let me conclude by thanking Prime Minister Brown, Chancellor Darling and his colleagues for bringing us to this beautiful country and for their leadership of the G-20 this year. That role now moves to Canada and Korea.

Thank you.

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