

# U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Remarks by Treasury Secretary Tim Geithner As Prepared for Delivery at the White House Press Briefing in Toronto at the G20 Summit

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We meet over the next two days to advance the goals of growth and reform.

The G-20 leaders come to Canada with a solid track record.

The world economy is now coming out of the fires of the crisis.

Because we acted together, the world economy is now growing again, trade is expanding, and we are repairing the financial damage.

And just in the past few weeks, we have seen additional progress.

The United States is on the verge of enacting the strongest set of financial reforms since those that followed the Great Depression. These reforms, which embrace the broad principles set out by the G-20, will reduce the risk of future crises and help make sure our financial system can better serve the interests of Main Street America. And these reforms will help make sure the United States is a source of strength rather than instability for the world economy in the future.

The leaders of Europe have acted to establish a powerful financial stability program to stand behind its members undertaking reforms to address their financial challenges. And Europe is moving to bring greater transparency and a stronger financial foundation to its banking system.

China is acting to allow its exchange rate to appreciate in response to market forces. This is an important step toward helping China better meet its own challenges and providing a more level playing field for all its trading partners.

These are important steps, but the scars of this crisis are still with us. So, this Summit must be fundamentally about growth. And our challenge, as the G-20, is that we all need to act to strengthen the prospects for growth.

This will require different strategies in different countries. We are coming out of the crisis at different speeds.

These meetings give us the chance to assess how the other major economies of the world are meeting this challenge of growth.

What we share is a recognition that if the world economy is to expand at its potential, if growth is going to be sustainable in the future, then we need to act together to strengthen the recovery and finish the job of repairing the damage of the crisis. And we agree on the need to restore balance to a world economy that got dangerously out of balance.

This recovery now is led by very strong growth in the emerging economies and a solid expansion in the United States. Growth started somewhat later in Europe and Japan, is projected be somewhat slower, and is still excessively dependent on exports to the rest of the world.

The American economy is very resilient. Our strength is that we adjust quickly. And you can see that in the strength of productivity growth, the rapid pace of business investment, and the remarkable pace of innovation in a range of high technology industries in the United States. And we are saving more, recognizing that future growth in the United States cannot be built on a strategy of borrowing to finance consumer spending.

Our growth strategy in the United States has three essential elements:

First, we put in place a very powerful emergency program to support demand and fix what was broken in the financial system.

Second, alongside those actions the President is enacting reforms to support future growth and innovation--from education and healthcare and financial reform, investments in research and development and infrastructure, and incentives for more efficient and cleaner energy technology.

And, finally, the President has outlined actions to reduce our deficits, as the recovery strengthens, to a sustainable position so that they do not harm future economic growth. These actions reduce our deficits by more than half as a share of the economy over the next four years, which is among the steepest declines in the G-7.

These reforms are essential to improving the fundamental strengths of our economy. This strategy reflects the basic lessons that in a crisis you have to act with a commitment that matches the scale of the problem. That the quicker you act, the more effective the response. That growth is not possible without a strong financial system. That markets penalize uncertainty. That the role of government is to create the conditions for the private sector to invest and grow. That you have to focus on the requirements of future growth, including fiscal sustainability, even as you confront the immediate challenge of lifting an economy out of crisis.

These lessons must continue to guide our strategy as we confront the challenges still before us.

In addition to the growth challenge and the financial reform agenda, the Leaders will review progress on other shared priorities, from promoting food security to phasing out fossil fuel subsidies from expanding trade to addressing climate change and enhancing anti-corruption measures.

The world has now seen President Obama move quickly and forcefully to address the challenges we face in the United States and to build a very strong cooperative international response to the challenges facing the world.

The G-20 has made these last 18 months the most effective period of international economic cooperation in generations. And here in Canada, we come together to build on that record.

Thank you.

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