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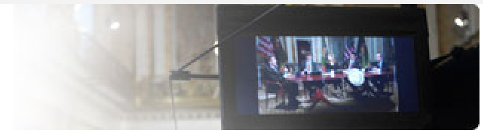

Lew and Osborne Op-Ed: Essential Elements to a G-20 Growth Plan

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WASHINGTON – In an op-ed to be published in the February 9, 2015 edition of The Wall Street Journal Europe, U.S. Treasury Secretary Jacob J. Lew and U.K. Chancellor of the Exchequer George Osborne discuss the importance of supporting strong, sustainable and balanced global growth.

Read the piece online.

Essential Elements to a G-20 Growth Plan

By Jacob J. Lew and George Osborne

Reform, including free trade, should join fiscal and monetary measures on the agenda.

Over the past few years, our two governments have worked to fuel economic growth, create jobs and improve living standards. Our economies are now growing solidly.

However, finance ministers and central-bank governors from the G-20 nations gather on Monday in Istanbul against a backdrop of challenges. Global growth is forecast to slow. Deflationary risks are evident in some regions. There is a shortfall in demand. And we face rising geopolitical risks from Ukraine and the Middle East that require coordinated action.

Our message at the G-20 is this: Governments must use the full set of tools they have at their disposal to support their economies and realize the collective G-20 objective of strong, sustainable and balanced global growth.

Any comprehensive plan must include three crucial ingredients.

First, fiscal policies must maintain a responsible fiscal path while ensuring sufficient resources for education and infrastructure investment for the future. In the U.K. and U.S., fiscal deficits have fallen by half as a share of gross domestic product in the context of stronger economic growth, spending reductions and revenue increases. Precise requirements will differ by country, but all countries need credible plans that can be flexibly implemented.

Crucially, plans must be designed to protect the most growth-enhancing investments. The burden of reducing deficits must be shared fairly. In the U.K. and the U.S., action was taken to ensure that those with the broadest shoulders bear the greatest burden. In addition to prior actions in the U.S., additional measures to bolster the middle class and lower our deficits were contained in President Obama’s budget proposals last week. At an international level, the G-20 must continue eliminating incentives for tax avoidance and cracking down on tax evasion, including through coordination and increased transparency.

Second, central banks are playing a critical role in supporting accommodative credit conditions that encourage business and household spending and counter deflationary pressures. Forceful monetary-policy actions in the U.S. and U.K. were essential in helping our economies recover after the global financial crisis. But central banks cannot do the job alone.

The third ingredient for a comprehensive economic plan must be the implementation of pro-growth structural economic reforms to boost productivity and raise living standards. Domestically that must include better infrastructure, support for small businesses, regulatory reforms that safeguard financial stability and improved education for all. It must also include strong efforts to address impediments that make certain economies structurally less competitive, including the variety of rigidities that constrain growth in several European countries.

We share a common interest with our European partners in seeing Greece sustain and build upon its hard-fought progress on reforms. In close consultation with its European and international partners, it is important that Greece implement a credible and comprehensive approach to reform, recovery and economic growth. At the European level, there needs to be renewed momentum to complete the single market for services and capital. The entire Continent must do more to support growth and jobs, recognizing that countries have varying degrees of fiscal space.

All countries must also honor their G-7, G-20 and International Monetary Fund exchange-rate commitments and obligations. Internationally, we must all strive for further progress on trade agreements that benefit our workers and reflect our values. We are working to conclude a comprehensive EU-U.S. trade deal that would significantly expand trade between our nations and support new opportunities for millions of workers in both Europe and the U.S.

A comprehensive approach utilizing all three ingredients would help dispel uncertainty and inspire the confidence needed for investment and growth.

Finally, the best laid plans can be undone by geopolitical shocks, so we need to contain risks, especially in Ukraine where the situation is of increasing concern. In the end, this crisis needs a political solution. The EU and the U.S. have worked closely together to impose costs on Russia for its actions in Ukraine and must be prepared to do more if the situation deteriorates, while leaving open a diplomatic off-ramp if Russia chooses to change course. At the same time, we need to ensure sufficient financial support for Ukraine, including increased support from the U.S., Europe and international institutions as Ukraine undertakes essential economic reforms.

In an uncertain world there is once again an urgent need for international coordination to confront problems, contain risks and deliver a comprehensive plan for strong, sustainable and balanced growth.

Mr. Lew is the U.S. treasury secretary. Mr. Osborne is the U.K. chancellor of the exchequer.

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