

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Secretary Jacob J. Lew Statement at the 2016 Annual Meetings of the IMF and World Bank

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WASHINGTON – I would first like to thank Director Lagarde and President Kim for a successful series of meetings. Through their vision and stewardship, the international community has achieved a great deal together over this and past Spring and Annual Meetings, and I'm grateful for their dedication and partnership in the service of others.

Over the past several years, working together with colleagues from around the world, we have overcome the worst economic crisis since the Great Depression. In the process, we have stabilized the global economic system; put the global economy back on track for growth and built a stronger foundation for the long term.

I have stressed the importance of strong, sustainable, balanced, and inclusive global growth – so that the benefits of that growth are shared more broadly within each of our countries and throughout the world. When I became Treasury Secretary almost four years ago there was a pretty heated debate about austerity versus growth. Today, we're seeing a much different approach. You look in the last six months not only have we seen communication to use all policy tools, but you see the actions that governments have taken. From China to Canada to Japan and South Korea to Europe, you're seeing more willingness to use fiscal space. And as we discussed throughout the G-20 Leaders Summit in Hangzhou, there is a greater push for inclusive growth than ever before. Broader access to, and participation in, the financial system can directly help people manage risk, absorb financial shocks, and build assets. It also has positive impacts on issues like growth and inequality.

We have made important progress in the United States – including the longest streak of total job growth on record and sustained real wage growth in recent years. But there remains much more work to do.

The global economy faces challenges, and over the past several days, I continued to press for aggressive use of all tools to support growth – continued monetary accommodation, further demand-strengthening fiscal policies, and demand-supportive structural reforms.

Near-term fiscal support continues to be essential, and is especially appropriate in countries with fiscal space – which nearly every country has.

Japan has appropriately delayed its consumption tax hike and announced new fiscal stimulus in an effort to support activity in the near term.

In China, fiscal policy can effectively buffer the short-term impacts of its structural reform agenda, particularly should growth slow significantly. Fiscal support complements structural reforms and supports domestic demand, particularly consumption.

Germany once again came in with a larger-than-expected federal budget surplus in the first half of the year. The spending that Europe has been burdened with to deal with the refugee crisis has quite self-consciously not come at the expense of other spending but rather has been additive.

And while we welcome new spending in Korea's supplemental budget, Korea can do more to support growth and reduce its large external surplus.

In discussions with my European colleagues this week and since the British Referendum, I have emphasized that an outcome that produces a highly integrated relationship between the EU and the UK is in the best interests of Europe, the United States and the global economy.

I also emphasized the importance of Greece continuing to implement the reform measures that have already been passed and making headway on the milestones due in October and on the next set of measures under the second review. This includes following through on privatization plans and moving forward with critical financial sector reforms. Progress on reforms is vital to European leaders beginning the discussions that the Eurogroup committed to in May with the IMF on both the timing and details of meaningful debt relief.

Other important topics have remained a significant focus during this week's meetings. For one, I have continued to emphasize that it is critical that exchange rate policy commitments be honored and that countries not engage in beggar-thy-neighbor policies. And I have continued to press for action on excess capacity, most notably in the steel industry, where excess capacity distorts markets and the environment; harms our workers; and runs counter to our efforts to achieve strong, sustainable, and balanced growth.

And notably, we used these meetings to call on the G-20 for leadership in combating the financing of terrorism. This includes prosecuting terrorist financiers; using targeted financial sanctions to designate terrorist facilitators and freeze their assets; and ensuring our domestic authorities are well-resourced to support this action.

Again, let me thank our hosts at the IMF and World Bank for a successful series of meetings, and I look forward to taking a few questions.

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