

From April 1, 2009, *New York Times* Room for Debate "The Art of Persuasion at the G-20 Summit"

## **Valid Complaints About Spending**

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The Group of 20 crisis meeting is significant. It is the first for President Obama and only the second for the other leaders. A show of unity would benefit the world economy.

Yet heated disagreements persist. The Obama administration is pushing a fiscal policy that will raise the U.S. deficit and debt to unprecedented levels. Other countries, from China to Germany, are raising serious doubts about the U.S. approach, either because it risks the value of their dollar investments or because similar policies will not stimulate their economies.

How do we address the doubts raised by China and Germany about Obama's fiscal strategy, which would raise U.S. debt to unprecedented levels?

They have a point. This financial crisis was caused and prolonged largely by government excesses in the fiscal and monetary policy areas, and continued excess as far as the eye can see will neither end the crisis nor prevent further ones.

A natural show of unity, therefore, would be for President Obama to move toward the position of the others, perhaps in exchange for their dropping proposals for a new world financial stability authority or a new world currency. If this is a step too far, then a second best compromise would simply be for all countries to lay out concrete plans now to control their fiscal and monetary excesses after the crisis is over.

They could call on their finance ministers to provide concrete plans to balance the budget no later than three years after the crisis is over, and to work with central banks to prepare transparent exit strategies from ongoing unconventional monetary actions. And they should agree on a process to hold each other accountable.

A starting point at this meeting would be to hold accountable the 17 countries that have already enacted harmful protectionist measures just after having pledged not to do so at their last meeting in December. Since the United States is one of the 17, it could underscore a new spirit of unity by offering to go first.