

OECD Forum 2009

The Crisis And Beyond: For A Stronger, Cleaner Fairer

Economy

June 23 – 24, 2009

Us Deputy Secretary Of State Jacob Lew

Opening Panel Remarks

It is an honor to be here, particularly at a time when the OECD's role in fostering common action is of such clear importance. Let me begin by agreeing with the basic outlines of this year's *Economic Outlook*: thanks in large part to aggressive and well-coordinated action by governments and multilateral bodies around the world, we have recently seen reason for positivity. The decline in GDP in many OECD economies is slowing. Growth is starting to pick up in many emerging economies. And markets are beginning to again show confidence in the financial system.

The *Outlook* is right to stress that the positive developments so far owe much to aggressive government action. A critically important aspect of that action has been close coordination across the globe. We recognized early on that we

must do together what we cannot do alone. We should not lose sight of the power of such cooperation going forward, which is why this OECD Ministerial meeting – as well as this opportunity to engage in a Forum discussion with this larger, interested audience -- is so timely.

The stimulus package put forward by President Obama in the early days of his administration is the largest in U.S. history. According to OECD estimates, the U.S. fiscal stimulus over the period 2008-2010 amounts to 5.6 percent of one year's U.S. GDP. Across all OECD countries, stimulus measures have a weighted average of nearly 4 percent of GDP – a common effort we should applaud.

But we need to be careful not to applaud too quickly because there is a danger that the recovery will not continue if we declare victory too soon. While we must maintain stimulus long enough for the recovery to be strong, we also must look toward the horizon to ensure that we chart a long-term path back to fiscal discipline going forward. Strategic investments in critical reforms that address the foundations of our global economy and make our world stronger, cleaner and fairer, as the

title of today's session suggests, will not only stimulate short-term growth but will pay even larger dividends in the future.

As we work toward building a stronger world, the United States is building a new foundation for long-term growth – both at home and abroad. Last week, President Obama announced a comprehensive plan for regulatory reform. Because risk does not respect borders, we also put forward several proposals to raise standards globally. Creating a more balanced and stable world financial system will require dramatic changes to economic policy and financial regulation. But, without consistent global standards, financial firms will simply migrate toward the weakest jurisdictions – spurring a new race to the bottom and generating the same systemic risk.

We are also addressing the issue of health care reform. The Obama Administration has recognized that doing nothing puts our economic footing and entire health care system at risk: without meaningful reform, one fifth of our economy is projected to be tied up in our health care system in 10 years even while millions more Americans go without insurance. As President Obama said just yesterday, “reform is not a luxury, it's a necessity.”

The Administration's health care reform concept has two components: cost containment provisions and expanded coverage. In the near term, expanded coverage will temporarily increase government spending. But, over time, we will ensure that our reforms bring down the crushing cost of health care and control the skyrocketing costs that are driving families, businesses, and our government into greater and greater debt. And, we will find the money through savings and efficiencies within the health care system -- some of which we've already announced -- so that health care reform will not add to our deficits over the next decade but instead helps us to lay a new foundation for economic growth and lasting prosperity.

When it comes to building a cleaner world, we are redoubling our efforts to eradicate bribery and corruption, which remain scourges of the developing and developed worlds alike. Now is the moment to cement our shared responsibilities and raise our common standards, in line with the OECD Anti-Bribery Convention and the UN Convention Against Corruption.

We would also like to work together on another "clean" issue, climate change. In partnership with private entities, NGOs, and international fora, we are ready for a serious effort to

address global warming – not only for the long-term health of the world, but also for the long-term health of our own economy.

And among a range of efforts to build a fairer world – including significant increases in development aid – is our initiative on food security. Government and multilateral initiatives can have a massive effect on reducing hunger – by spurring innovation, leveraging key investments, developing markets, and spreading knowledge. The United States is devoting significant new resources to building strong and sustainable agricultural systems around the world, requesting \$3.3 billion for emergency food assistance, local and regional procurement, and agriculture for fiscal year 2010. We are committed to working with all of you move toward a world without hunger.

Those are only a few of the challenges that demand unprecedented and immediate cooperation. Combating extremism, climate change, poverty and hunger – all these fights depend on the ability of everyone here to work together. And I don't mean governments alone. I look forward to participating in the upcoming OECD ministerial meeting, but this forum is the

place to stress that the scope of these challenges and the demands of this moment go far beyond government policy. We need to engage in a broader public conversation.

Secretary Clinton recently talked about “21st-century statecraft ... carried out beyond the halls of government – in barrios and rural villages, in corporate boardrooms ... church basements, hospitals, union halls, civic and cultural centers.” In other words, it will take new kinds of partnership among all of us here – public and private, government and nongovernment – to meet the extraordinary challenges that stand between us and that stronger, cleaner, and fairer world we envision.

On behalf of the Obama Administration, we look forward to working with you. Thank you.