

G20 Representative Wants Global Economic Balance

By [The Moscow Times](#)

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Russia wants to calm a "currency war" that has flared between the developed and emerging worlds and threatens to dominate Moscow's annual presidency of the Group of 20 forum.

Urging a "positive rebalancing" of the global economy, Russia's G20 coordinator said in an interview that weaker exchange rates in advanced economies trying to escape a debt trap may be justified as part of broader efforts to kick-start growth.

"It's a tradeoff," Ksenia Yudayeva said in advance of a gathering of G20 finance ministers and central bankers in Moscow on Feb. 15 and 16.

Leaders of the G20, which accounts for 90 percent of the world economy and two-thirds of its people, found themselves thrust into crisis-management mode when they first met in the aftermath of the 2008 financial crash.

A summit in London the following year created a massive financial backstop to keep indebted countries afloat.

Now, as Russia takes the G20 helm, the worst appears to have passed. Yet frictions persist.

The new Japanese government's drive to reflate its ailing economy has sparked fears of a renewed currency race to the bottom that would hurt exporters like China or Russia and debase their vast foreign exchange reserves.

A senior Russian central banker, Alexei Ulyukayev, has accused Tokyo of monetary protectionism, joining criticism led by Brazil of competitive devaluations and monetary stimulus orchestrated by developed nations.

Yudayeva, a U.S.-educated former chief economist at Russia's top bank, Sberbank, struck a more conciliatory tone. She said countries generating external surpluses should diversify away from traditional reserve currencies.

"Growth in the United States and Europe is very important for the world," said the Kremlin adviser, appointed by President Vladimir Putin as Russia's G20 "sherpa" last August.

"We may have a stagnating United States with debt at its current value, or a growing United States with slightly depreciated debt," she said. "That's a tradeoff that we need to think about and address."

Russia has laid out a supply-side agenda for its G20 presidency focusing on investment, job creation, innovation and infrastructure that some say fails to address a chronic lack of demand in the global economy.

Yudayeva, 42, pushed back against those suggestions, noting that in addition to efforts to ease the debt burden of struggling states in the periphery of the euro zone, like Greece, crucial labor market reforms had also been implemented.

"We will not jump-start growth without investment," she said.

"When people speak about imbalances, we can discuss them. But they can only be balanced in the long-run through investment.

"We'd like to reach positive rebalancing, which should be through growth and structural changes in the global economy."

Putin hosts the annual G20 summit in St. Petersburg in September, and Yudayeva said she hoped that leaders would commit to "binding but realistic" goals to reduce debts over time.

Moscow is ready for its leadership role, she said.

"Russia, when it was the Soviet Union, was a part of the 'G2' in a sense," Yudayeva said. "So it's used to thinking kind of big."

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