



World Coordinated Stimulus Needed: White House

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World leaders need to pump more money into the economy in a coordinated effort to boost demand and pull the world out of recession, the White House's chief economic adviser said on Monday.

In an interview with the Financial Times, National Economic Council Director Larry Summers said kickstarting growth should take precedence over ironing out global imbalances.

"The old global imbalances agenda was more demand in China, less demand in America. Nobody thinks that is the right agenda now," Summers said. "There's no place that should be reducing its contribution to global demand right now. It is really the universal demand agenda."

Summer's comments, ahead of next month's G20 summit in London, suggest the U.S. administration wants all industrialised nations to pull together to engineer a demand-led recovery.

That will be music to the ears of British Prime Minister Gordon Brown who has trumpeted internationally-coordinated stimulus measures as the best way to tackle the downturn.

"The right macro-economic focus for the G20 is on global demand and the world needs more global demand," said Summers.

Summers, who served as Treasury secretary under the Clinton administration in the 1980s, said the view that the market was inherently self-stabilising had been dealt a "fatal blow."

"This notion that the economy is self-stabilising is usually right but it is wrong a few times a century. And this is one of those times," he said.

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