International Monetary and Financial Committee

Thirty-Eighth Meeting
October 12–13, 2018

Statement No. 38-19

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United States

United States IMFC Statement
October 2018

I am pleased to have the opportunity to discuss global economic developments at the IMF and World Bank Annual meetings in Bali. Global growth is stronger than it has been since the financial crisis, and our challenge now is to both build on that momentum and help ensure growth brings prosperity to all of our citizens. Countries should take steps to address underlying vulnerabilities amid global financial conditions that have increasingly divergent effects on their economies.

Strong U.S. growth has been a key contributor to the current global economic expansion. Real GDP growth has averaged nearly 3 percent over the past three quarters. The U.S. economy is set to exhibit strong growth in the year as a whole and maintain its momentum going forward, based on sound underlying fundamentals. Business confidence is at an all-time high, and growth in business investment over the last six months is the fastest since 2012. Consumer confidence reached its highest level since 2000. Personal consumption expenditure and business investment are growing, workers in a tightening labor market are seeing wage gains, and stock markets have reached new highs. Core inflation remains relatively stable, near 2 percent. Importantly, real median household income has been growing, rising by more than $1,000 last year to reach a post-recession high.

Increasingly, the benefits of the Administration's tax reforms and deregulation are reshaping the economy. The American economy this year has grown at a rate above most predictions, and the unemployment rate has fallen to match the lowest level in nearly 50 years. The new tax code, designed to boost economic growth, has accelerated business fixed investment. Looking ahead, regulatory relief and other pro-growth initiatives will further improve the business climate. The Administration's economic policies are designed to spur greater private sector investment in facilities and workers, boost productivity and wage growth, and draw more workers into the labor force. These structural reforms will lift the U.S. economy to a higher sustained growth path.

Bolstered by the United States' strong economic performance, global growth has remained solid this year. However, some emerging markets face challenging conditions amid rising interest rates and debt levels. To that end, we urge all members to act decisively to strengthen economic policy frameworks and pursue sound monetary policies to address macroeconomic and financial vulnerabilities.

In order to put in place a secure foundation for strong and broad-based growth across the global economy, countries need to undertake fiscal and structural reforms that will bring inflation to target, rebuild buffers, enhance financial sector resilience, raise growth potential, and reduce persistent trade and current account surpluses. We highlight again our strong concern with Europe's consideration of unilateral digital taxes. Within the OECD, we have worked hard to advance tax discussions on this issue, and we urge EU Finance Ministers to finish that process with us.

For our part, the United States is undertaking efforts to address restrictive trade practices around the world that are impeding stronger and more balanced U.S. and global growth. We are working with a number of key allies to achieve more free, fair, and reciprocal trade and to ensure a level playing field for U.S. firms. We encourage other countries to examine their policies and take steps to help rebalance global trading relationships and continue the momentum toward stronger and sustainable global growth. The Administration is committed to achieving a fair and reciprocal trading and investment relationship with all of our partners, including China. We welcome the IMF's work on tariff and non-tariff barriers, and we encourage the IMF to focus on less open trade regimes in order to play a constructive role in promoting global solutions.

Global trade and current account imbalances, which remain elevated and are increasingly concentrated in advanced economies, can impede future growth and threaten financial stability. Without policy action to reduce excessive imbalances, they will pose an ongoing threat to global economic and financial stability. Last year, the IMFC concluded that strong fundamentals, sound policies, and a resilient international monetary system are essential to the stability of exchange rates, contributing to strong and sustainable growth and investment. It is important that major economies pursue this vision more vigorously.

The IMF plays a critical role in advising, informing, and helping member countries achieve global economic stability and strong and balanced economic growth. We encourage the IMF to clearly indicate where its members continue to employ macroeconomic, foreign exchange, and trade policies that contribute to unfair competitive advantages. In that vein, we welcome the elevation of the IMF's External Sector Report (ESR) to a flagship report and the revisions to the External Balance Assessment methodology, which will yield more robust and transparent results for key variables. We urge the IMF to be a more forceful advocate in making clear policy recommendations to narrow external imbalances, including by providing precise policy advice for countries with large surpluses, in pursuit of more balanced global growth. We also call on the IMF to firmly press for greater transparency amongst all members on foreign exchange intervention and reserves.

Importantly, the IMF has also highlighted the potentially destabilizing effects of rising public debt in a number of developing economies. Rising debt levels and debt service burdens, especially from emergent creditors through non-concessional, poorly coordinated, and non-transparent arrangements, are deepening the fiscal and financial strains on low-income and developing countries, which will lower growth and prosperity in these countries. To that end, the international financial institutions can play critical roles in enhancing debt transparency in, and supporting sustainable borrowing and lending practices by, its member countries.

The IMF is both a key repository of debt data and an advisor to borrowing countries on debt policy and management, chiefly through its debt sustainability frameworks for low-income and market-access countries and its technical assistance. We strongly support the IMF and World Bank's multi-pronged work agenda on enhancing debt transparency and sustainability and urge both institutions to move forward with implementation of the agenda. On the borrower side, the IMF and World Bank should make efforts to obtain a comprehensive picture of members' debt positions in both its bilateral surveillance and as part of its lending programs, with the goal of improving debt sustainability. In particular, the institutions should improve the public disclosure of a broad range of sovereign debt statistics, including publicly guaranteed and contingent liabilities, by member countries so as to reduce debt surprises. The IMF also has a role to play in engaging creditors, in particular non-traditional creditors such as China, whose lending frequently falls short of international standards for sustainable development finance and integrity in international business. IMF lending should reinforce the need for transparency, debt sustainability, and responsible burden-sharing in debt resolution, which in turn will help reduce opportunities for corruption. Finally, the IMF plays a key role in promoting orderly sovereign debt workouts, and we urge the IMF to maintain a comprehensive and up-to-date policy on lending to a member that is in arrears to the private sector.

The IMF must also advance lending programs that have, as a goal, higher median incomes and that help incentivize the market-based allocation of capital. To achieve these aims, we urge the IMF to improve the design of lending programs so that they have a clear emphasis on promoting growth through focused and prioritized policies. A very good recent example of this is the IMF Stand By Arrangement with Argentina, which focuses on policies that can help bolster macroeconomic stability and market confidence. We welcome the strong monetary and fiscal policy adjustments proposed by the Argentine government in its recent staff-level agreement with the IMF. We strongly support President Macri's enhanced policy efforts and the new monetary policy initiative aimed at lowering interest rates and inflation and placing the Argentine economy and currency on a path to stability.

The IMF is an important part of the global financial safety net. Countries now have many more sources of liquidity and financial support, including bilateral swap lines and regional financing arrangements. At the same time, global growth continues to expand, providing space for members to rebuild buffers and strengthen their resilience to future global shocks.