

# UK's Brown says G8 needs to wake up, pursue growth

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By Sumeet Desai

LONDON (Reuters) - The world needs to wake up to the scale of the downturn and stay focused on restarting growth in recession-hit economies, British Prime Minister Gordon Brown told Reuters on the eve of the G8 summit.

Giving short shrift to talk there would be much discussion of a new global currency to replace the dollar, Brown said the immediate concern was getting out of recession and the dangers posed by high oil prices, protectionism and a lack of credit.

He refused to rule out curbs on speculative trading in oil

and said leaders of the G8 rich nations and leading developing countries meeting this week should work toward getting agreement to cut carbon emissions and restarting trade talks.

"This is a second wake-up call for us," Brown said in an interview nine months after he led the world response to the banking crisis. "We have to deal with the challenge of resuming growth in the world economy.

"Banks must lend, trade must resume with protectionism exposed wherever it is happening and we must keep commodity prices that are at a level that enables growth."

Brown believes it would be wrong to start considering taking out the massive amount of fiscal and monetary stimulus thrown into major economies over the last year - an idea that was being advocated most vocally by Germany.

"We should start to prepare exit strategies but we start implementing them when you are sure you have got a recovery that is entrenched and self-sustaining and I don't think anyone is saying we are at that point yet," one British official said.

Brown, whose Labour Party is well behind in the polls and desperately needs economic recovery before an election expected next May, said this was no time for complacency and that he remained vigilant on the financial system.

## PASSING THE BUCK

The run-up to the three-day summit in Italy has been dominated by speculation that China and Russia want to discuss getting rid of the U.S. dollar as the world's reserve currency.

Asked about this, Brown said: "Countries are free to put forward any proposals they have got but I would have thought people are more interested in the detail of how we can get growth going now."

"That demands we look at the relationship between surplus and deficit countries but it also demands that we tackle commodity prices, stop protectionism, that we can start banks lending again."

Brown, who hosted the G20 summit in April, said the G8 had to work together to get oil prices down and did not rule out putting in place curbs on excessive speculation such as the bans on short-selling imposed in equity markets earlier.

"Where there is unfair speculation in the market or abuse of the market then we would be prepared to act," he said. "We continue to look at these measures."

## TWO DEGREES?

The leaders are also expected to discuss the threat of climate change but Brown offered little hope of an immediate binding agreement on cutting carbon emissions, though they might say they want to limit rising global temperatures to 2 degrees above pre-industrial levels.

"The general cut that is required in carbon emissions to keep below 2 is less than 80 percent but there may be some scientific disagreement on that.

"But what we must do is agree at some point in the next few months on a figure and then it has to look at what the intermediate targets of the individual countries can be to make progress to getting to that figure in the 2020s."

Similarly, nothing immediate was expected on trade. "The rising number of protectionist tendencies -- either people banning imports or putting tariffs on imports -- are a difficulty for the world economy," he said.

"More pressure needs to be brought to bear to get the trade talks moving again."

Further progress on reforming tax havens so they can be brought into the regulatory net is also likely to wait until September when the G20 group meets in the United States.

Reform of the international institutions will also probably be pushed out to September.

"The case for more representation on the international institutions from developing countries is very strong indeed. We support that and are prepared to make it possible for developing countries to have greater representation," Brown said.

Brown is also keen to make sure the world recession does not mean that the G8 forgets its commitments to the developing world and said there would be a big focus on making sure people don't go hungry and providing funds to invest in agriculture.

"We used to have the song feed the world -- as if it was about feeding Africa. In future years Africa can feed the world if we can give it the agricultural investment."

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