
Keeping the Titanic Afloat: World Leaders Meet to Discuss Financial Crisis

As Leaders Convene in Washington, Bush Administration Treads Cautiously

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Together, they represent 90 percent of the world's gross national product. Each has been impacted by the global economic crisis and this weekend, the leaders of 19 of the world's wealthiest nations and the European Union come to Washington to discuss the financial crisis.

It is an unusual international effort to address the global financial meltdown. The countries attending include Germany, the United Kingdom and South Korea, along with the so-called "BRIC" countries (the emerging economies of Brazil, Russia, India and China). Representatives of the International Monetary Fund and World Bank will also attend.

The leaders of the "G-20" have not met in 11 years.

"It is a very important symbol, and symbolism is important because one of the issues we are dealing with right now is a general collapse in confidence," said Eswar Prasad, a professor at Cornell University and former IMF official, speaking on a panel today. "Coordinated action on this front can bring about more changes."

The financial crisis has impacted economies around the world: Stock markets are volatile, growth has shrunk and countries like Germany fear that they are already in a recession.

In his weekly radio address, released to the media in advance of its scheduled Saturday broadcast, President George W. Bush called the summit "a decisive moment for the global economy."

While championing moves his administration has made toward thawing the credit markets, the president also warned against what he views as too much intervention into the free market .

"We must recognize that government intervention is not a cure-all," he said. "While reforms in the financial sector are essential, the long-term solution to today's problems is sustained economic growth. And the surest path to that growth is free markets and free people."

A number of world leaders have argued that under-regulation in the United States kicked off the crisis, and they are expected to push for stricter oversight as they meet this weekend.

But experts have warned that playing the blame game and arguing about regulation will not help.

"The least constructive thing the G-20 can do right now is to assign blame," Prasad said.

Short Summit

The entire summit will last less than 24 hours -- with a working dinner Friday night, followed by closed meetings on Saturday.

The White House has repeatedly emphasized that the meeting is simply the first in a series. Adding to the low expectations game, White House spokeswoman Dana Perino said, "nothing is going to be solved overnight."

ABC News political analyst Rick Klein said setting the bar low makes political sense.

"There's a real danger that if they don't get enough done in here and they don't take enough big substantive steps, that the markets will respond negatively and say, 'This is just words. This is not action,'" Klein said.

That could easily make the economy worse.

Experts also concur that promises will have to be made with caution.

"Now is not the time to build Titanic," said Wing Thye Woo, a senior fellow at the Brookings Institution. "Now is the time to keep it from sinking."

Out of Time?

Bush is also working against the clock. With just about two months left in office, much of the world is perhaps more interested in the way his successor plans to govern the economy.

President-elect Barack Obama will not attend the summit. He has dispatched two advisors, former Secretary of State Madeline Albright and former Rep. Jim Leach, D-Iowa, to be on hand in Washington, though they, too, will skip the meetings. The president-elect's transition team has repeatedly said it is important to focus on one president at a time.

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