

IMF expects "real fix" on Greece debt, warning against U.S. fiscal cliff

Managing director of the the International Monetary Fund (IMF) Christine Lagarde (C), Governor of Bank Negara Malaysia Zeti Akhtar Aziz (L) and IMF Asia and Pacific Department Director Anoop Singh attend a press conference in Kuala Lumpur, capital of Malaysia, on Nov. 14, 2012. (Xinhua/Lin Hao)

KUALA LUMPUR, Nov. 14 (Xinhua) -- The International Monetary Fund (IMF) wants "a real fix and not a quick fix" on Greece debt problem and advised the United States to avoid fiscal cliff that would bring its economy to a stand still, IMF chief Christine Lagarde said on Wednesday.

"From the IMF perspective we expect a real fix and not a quick fix that is sustainable, as soon as possible," Lagarde told a press conference in Kuala Lumpur after a eurozone finance ministerial meeting in Brussels.

She had clashed with Eurozone leaders on Monday over the timetable for Greece's bailout. Eurogroup president Jean-Claude Juncker had suggested to lower Greece's debt-to-GDP ratio to 120 percent by 2022, but Lagarde had insisted to keep the targeted year at 2020.

"All partners share the same objectives and have the same concern to make sure that Greece is back on track and returns to economic stability and reaccess market as soon as possible," Lagarde said.

At a public lecture later, she urged eurozone to forge ahead with integration with the priority being a banking union to complement its monetary union.

Lagarde also advised American policymakers to avoid the so- called fiscal cliff at all costs, warning that expiring tax provisions and spending cuts would deter growth.

"If expiring tax provisions and spending cuts were indeed to come into play, growth in the United States would fall to zero or below--and the rest of the world will not be immune. This policy uncertainty must be resolved, and it will require all sides coming together," she said.

She added that the West can learn from Asia's own brush with crisis on how it rebounded strongly and resiliently from the Asian crisis in the 1990's on the back of sound macroeconomic and structural policies.

Since the Asian crisis, corporate debt-equity ratios fell by two-thirds and reliance on foreign funding are also lower.

"Asia's economic foundations became safer, sounder and more resilient but still open to the world and open for business. This has important lessons for the advanced economies currently facing severe challenges," Lagarde said.

Christine Lagarde was in Kuala Lumpur the first leg of her week-long tour in Southeast Asia that includes the Philippines and Cambodia to

improve IMF's cooperation with the region.