

Crisis still the main subject at Obama-Medvedev talks

By [Global Research](#)

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Economics remains one of the main topics of the Moscow talks. Russia says international financial institutions need revamping. Along with others countries, it also questions dollar's role as the world's reserve currency.

The US and Russia are being hit by the global financial crisis in very different ways.

The US has seen recessions before – but none as big as this since the 1930s. For the new Russia – not even 20 years out of communism – this is terra incognita.

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Konstantin Sonin, from the New Economic School, says coping with the crisis can only mean big changes.

“There could be some really tough questions: whether we keep capitalistic institutions intact and whether we will still move toward a market economy,” Sonin says.

The US is still trying to fathom how far the crisis will hit the dollar. Some say it's in terminal decline as an international currency.

US economic trend forecaster Gerald Celente, the man who many recognize as the first to foresee the crisis, says the greenback's global role is numbered.

“There will be a new reserve currency. The dollar is becoming worthless. In the US, the Federal Reserve has put some \$13 trillion worth of phantom money, printed out of thin air and backed by nothing in the system, so the rest of the world is worried about the devaluation of the dollar,” Celente says.

Russia has suggested the need for change worldwide, and a revamp of institutions like the World Bank and IMF – but also ditching the dollar as the global reserve currency.

And some experts even say that dumping the dollar might, in the end, actually help the US crawl out of the crisis.

“When Russia diversifies reserves, it might actually be much better for the US that not all the countries in the world keep their reserves in dollars,” Sonin believes.

President Obama won office on a promise of change. While perhaps it might not quite be the kind he had in mind, he says plenty more is needed to restore financial health.

“We cannot rebuild this economy on the same pile of sand. We must build our house upon a rock. We must lay a new foundation for growth and prosperity, a foundation that will move us from an era of borrow and spend to one where we save and invest, where we consume less at home and send more exports abroad,” Obama has said.

His trip to Moscow may show what he thinks of his Russian hosts’ view that the world’s financial architecture – and America’s role in it – must change.

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