US adopts bellicose posture in advance of state visit by Chinese president

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In the run-up to next week's state visit by Chinese President Hu Jintao, the Obama administration has escalated its diplomatic, economic and military campaign to contain Chinese influence and assert US interests in Asia.

In a speech delivered Wednesday, Treasury Secretary Timothy Geithner broadened the parameters of the ongoing US economic offensive against Beijing, adding to the demand that China more rapidly revalue its currency injunctions to reduce state control over its economy, fully open its markets to US capital, end preferences to Chinese firms, and more forcefully uphold intellectual property rights.

Defense Secretary Robert Gates, speaking Friday in Tokyo after a two-day visit to China, called for Japan to expand its military and collaborate more intensively with US forces operating in the region.

Speaking at Johns Hopkins University's School for Advanced International Studies in Washington DC, Geithner placed the blame for global economic imbalances in general, and rising currency exchange rates and inflation in emerging economies in particular, squarely on China. He simply ignored the central role played by the United States, which is pursuing a cheap dollar policy to obtain an advantage for US exports to the detriment not only of China, but also other exporting nations such as Japan, Germany, Brazil and South Korea.

By debasing the dollar, the leading world trade and reserve currency, the US is flooding global markets with cheap credit, which is wreaking havoc on emerging economies in Asia and Latin America, forcing up the value of their currencies, curtailing their exports and fueling inflation and asset bubbles. The cheap dollar is also driving a surge in food and commodity prices, raising the prospect of another global food crisis.

China has been forced in recent weeks to raise its interest rates twice in an attempt to stem inflation, and South Korea on Friday lifted its interest rates and imposed new controls on capital inflows. Over the past two years, the Brazilian real has risen 39 percent against the dollar, the Chilean peso has soared 25.7 percent, the Columbian peso has surged 19.1 percent, the South African rand has risen 47.6 percent, the Thai baht has gone up 14.8 percent, the South Korean won has increased 22.2 percent, and the Indonesian rupiah has jumped 22.3 percent.

While hailing China's rapid economic development as presenting "enormous opportunities for the United States and for the world," Geithner declared that "its size, the speed of its ascent, and its policies are a growing source of concern in the United States and in many other countries."

In an implied threat to curtail China's access to US markets, Geithner said, "But China's growth was also made possible by the access China enjoyed to the markets, the investments, and the technology of the United States and the other major economies."

Geithner baldly asserted that the Chinese renminbi (or yuan) is "substantially undervalued." Again employing thinly veiled economic blackmail, he added, "We believe it is in China's interest to allow the currency to appreciate more rapidly in response to market forces. And we believe China will do so because the alternative would be too costly—for China and for China's relations with the rest of the world."

He then listed what it would take for China to obtain its objectives, including greater access to high technology products and investment opportunities in the US. "As China reduces the role of the state in the economy," he declared, "reforms policies that discriminate against US companies, removes subsidies and preferences for domestic firms and technology, and allows its exchange rate to reflect market forces, then we will be able to make more progress on China's objectives." This is essentially a prescription for China's transformation into an

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economic colony of the United States.

Speaking Friday at Keio University in Tokyo during the second stop in his three-country tour of East Asia, Defense Secretary Gates said, “I disagree with those who portray China as an inevitable strategic adversary of the United States. We welcome a China that plays a constructive role on the world scene.”

However, to insure that China plays a “constructive” role, Gates outlined a strategy for its military encirclement and implied that the US would intervene on Japan’s side in any armed conflict with Beijing.

Gates claimed that “questions about [China’s] intentions and opaque military modernization program have been a source of concern to its neighbors.” He raised the issue of “territorial disputes” and cited the confrontation between Japan and China that erupted last September when Japanese coast guard vessels arrested the captain of a Chinese fishing boat near the disputed Senkaku islands (known as Diaoyu in China).

He said the incident “served as a reminder of the importance of America’s and Japan’s treaty obligations to one another.” This was a reference to the 1960 US-Japan security treaty, cited by Secretary of State Hillary Clinton at the time, which includes a provision obliging the US to support Japan militarily in the event of a conflict over the islands.

The US staged provocative joint naval maneuvers with Japan following this episode in the East China Sea. Two months later, the US supported South Korea when its military maneuvers in disputed waters with North Korea prompted the latter to fire on an island occupied by South Korea, killing two South Korean civilians and two marines.

The US encouraged South Korea to reject attempts at mediation by China and Russia. Washington used the crisis to accuse China of not doing enough to restrain its North Korean ally and staged a series of naval exercises with South Korea in waters off China, defying Beijing’s protests.

In his Tokyo speech, Gates cited “advances by the Chinese military in cyber and anti-satellite warfare” as a “potential challenge to the ability of our forces to operate and communicate in this part of the Pacific.” He went on to praise Japan’s National Defense Program Guidelines, released last month, for envisioning “a more mobile and deployable force structure; enhanced intelligence, surveillance and reconnaissance capabilities; and a shift in focus to Japan’s southwest islands.”

The last point signifies a shift to regions facing onto China. Gates underlined the significance of this proposal, saying the new guidelines “provide an opportunity for even deeper cooperation between our two countries—and the emphasis on your southwestern islands underscores the important of our alliance’s force posture.”

Gates went on to say that a critical component of the enhanced US-Japanese military alliance was “the forward presence of US military forces in Japan.” Without US troops on the ground in Japan, he warned, “North Korea’s military provocations could be even more outrageous—or worse” and “China might behave more assertively towards its neighbors.”

Gates’ speech came just four days after the Japanese and South Korean defense ministers, at the urging of Washington, held talks in Seoul over the first-ever military agreements between the two countries. The US is pushing for a trilateral military alliance with Japan and South Korea, which would be directed first and foremost against China.

The US has formal military alliances with the Philippines, Japan and South Korea, which, together with Taiwan, constitute an encirclement of the Chinese mainland, from the Yellow Sea to the East China Sea and the South China Sea. The US and NATO also occupy Afghanistan to China’s west, and Washington has established close ties with India, including nuclear technology exchanges.

In Gates’ talks in Beijing, the Chinese defense minister rejected his call for “in-depth strategic dialogue” on nuclear missile defense, space and cyber warfare. The Chinese conducted a successful test of their J-20 stealth fighter jet, an act widely interpreted as a signal of the Chinese military’s anger over US provocations, including Washington’s agreement last January to supply Taiwan with over $6 billion in military hardware.

For its part, the US is deploying the USS nuclear-powered aircraft carrier Carl Vinson and its battle group in joint exercises with the South Korean Navy to coincide with Gates’ arrival in Seoul. The war games are being held in the Yellow Sea in defiance of warnings by Beijing against any deployment of US carriers in those waters.

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