

Obama at APEC: US steps up economic offensive against China

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The Asia Pacific Economic Cooperation (APEC) summit held in Beijing earlier this week brought into the open the increasingly aggressive drive by the United States against its economic rivals.

Even before the summit got underway, Obama staged a provocation against the host nation, China, by convening a meeting in the US embassy of potential signatories to the US-sponsored Trans-Pacific Partnership, which excludes both China and Russia.

The meeting was organised after an intense lobbying campaign by the US to push back a China-supported plan for the establishment of a Free Trade Area of the Asia Pacific (FTAAP). Having secured agreement by 12 potential TPP participants that the TPP should take priority over APEC's long-standing promotion of the FTAAP, Obama then rubbed salt into the wound in his address to the formal summit meeting. He declared that the TPP, which will cover almost 40 percent of the global economy, was "the model for trade in the 21st century."

The essential strategy underlying Obama's actions at the APEC meeting is outlined in an essay published in the new issue of *Foreign Affairs* by US Trade Representative Michael Froman. The article makes clear that US policy in international economic relations is determined by its campaign to secure global dominance, and that arrangements governing trade, investment and access to markets are inextricably linked to the escalating military drive of the US on both sides of the Eurasian landmass.

The very title of Froman's essay, "The Strategic Logic of Trade," implies that for the US, economic and military issues are two different sides of an overarching strategy that involves nothing less than the assertion of US global hegemony. Leaders and policy makers, Froman notes in the opening paragraph, have

come to understand that the "economic clout" produced by trade is not merely a means of financing "military prowess," but is a "principal means by which countries measure and exercise power."

Citing the remark of economist Thomas Schelling made 40 years ago that "trade policy is national security policy," he writes that in today's world "markets can have as much influence as militaries."

He then goes to the core of the US agenda. Noting that trade attracts investors and manufacturers to the US, which offers a massive market, he continues: "The Obama administration's trade policy seeks to make the United States even more attractive to investors by positioning the country at the center of a web of agreements that will provide unfettered access to two-thirds of the global economy."

This amounts to a repudiation of the entire framework of the post-World War II trading system set in place by the General Agreement on Tariffs and Trade (GATT), which took effect in 1948 and which formed one of the foundations of economic expansion after the devastation of the 1930s.

The principle underlying GATT was the so-called "most favoured nation" policy, according to which trade concessions offered by any country were not to be made selectively, but had to be extended to all. The aim was to prevent the formation of trade blocs, which had contributed to the conflicts of the 1930s that led to the outbreak of World War II. The post-war trading system was not to be a web with a particular economy at the centre, but rather a system grounded on the principle of multilateralism.

The TPP and the related Transatlantic Trade and Investment Partnership (T-TIP), covering economic relations between the US and Europe, are based on an opposed perspective. Repudiating the most favoured

nation principle, they offer concessions and enhanced access to US markets only to those countries that have signed up and agreed to US demands.

The Obama policy to place the US at the centre of a web of global economic relations is a formula for an economic empire, in which all roads lead to Rome, or, in this case, Wall Street.

Froman makes clear that the new agenda represents the scrapping of the post-war framework, even as he acknowledges that the old system had accomplished the goals of its architects to facilitate economic growth. However, in recent years, globalisation, technological change and the rise of emerging economies have reshaped the international landscape. He writes: “As President Obama remarked earlier this year, ‘Just as the world has changed, this architecture must change as well.’”

This begs the question: why? What is it about the former trade system, which the US played a key role in establishing, that now makes it incompatible with US interests after serving them so well in the past?

No direct answer is provided, but Froman does point to the underlying reasons. After noting that “Washington faces unprecedented constraints in crafting trade policy,” he continues: “The United States no longer holds as dominant a position as it did at the end of World War II, and it must build trade coalitions willing to work toward consensus positions.”

This points to the essential problem confronting the US. The post-war trade framework led to the economic expansion of other major powers and brought about the rise of new economic centres, especially in the Asia-Pacific region, thereby undermining the once-dominant economic position of the US.

American imperialism now strives, with increasing urgency, to redress this imbalance not by “consensus,” but rather by a combination of economic and military coercion. It is by no means coincidental that US economic aggressiveness, so openly on display at the APEC summit, has been accompanied by heightened militarism in the Middle East and Europe, amid ongoing preparations for war against China.

Almost 100 years ago in his work *Imperialism*, Lenin outlined the fundamental logic that has led to the present situation. Periods of capitalist “peace,” he explained, could be only temporary, because economic processes themselves would change the balance of

forces on which such periods were initially based. Peace under capitalism could be only the preparation for a new period of war, as the major powers, responding to the changes in their relative economic positions, engaged in a new struggle for the division and re-division of the world. That struggle is well and truly underway.

The outright provocations by the US at the APEC summit and the delineation of the basic strategy underlying them are another clear warning that the struggle against war on the basis of a revolutionary socialist program and perspective is the urgent task confronting the international working class.



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