

# USA Rebuffed at G20. G-20 rejects U.S. push on China currency

By [Global Research](#)

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## USA Rebuffed at G20 Meetings, Gary Rumor

<http://garyrumor.com/?p=773>

It seems that the midterm elections have had reverberations internationally. Obama is being rebuffed by trade partners around the world. This is placing the USA in a tougher spot internationally with the British, Germans, Chinese and Brazilians critical. But it is the situation vis-a-vis the Chinese that is most essential and will determine the immediate future in international trade relations.

The Chinese media seem to be happy with the results. After all China is in a relatively good position and its leadership not needing to face a demanding electorate can afford to be patient.

Ultimately it is the citizenry of the world that pay one way or another for the decisions being made by the leaders. As Capitalism reaches new heights in its crisis of overproduction the inclusion of the entire world in determining how to allocate the market share for each nation becomes more and more critical as national and corporate interests become increasingly intertwined.

It is interesting that national interests still complicate the issue for capital. There are surplus populations in every country that have to be fed and kept busy to prevent social disruption. We can see how in Europe as austerity measures lead to protests, and the lack of jobs in the USA has led to a turn to the neo-fascist right.

Capital itself is only concerned with maximizing profits and therefore has little concern with the national interests except that the nations protect the ability of capital to function. When it fails as we saw in the recent recession then the nation states duty is to rescue capital. Thus we see how nations are captive to the interests of capital in the west.

It is interesting to see how the Chinese have been able to harness capital to develop their economy but still retain a centralized state control. One wonders at what point the Chinese will discover that the horse has taken the bit in its teeth.

The interplay of capital and the state has led to an interesting series of attempts by world leaders to harness the horse of capital, but when capital has thoroughly infiltrated the state as in the USA, it is hard to say when the interests of the people of the world will be able to predominate and impose social control over capital development. We can only see these efforts such as the G20 as prefiguring a day when we have true socialism and not this capitalist jockeying for a place at the world market trough.

## **This is from Foreign Affairs**

### G-20 rejects U.S. push on China currency

Top news: Meeting in Seoul, the G-20 agreed on a broad set of economic guidelines but rejected a U.S. push to pressure China to revalue its currency. The final agreement commits G20 nations to curb deficits and move toward more flexible exchange rates.

The final language did not include a pledge to refrain from “competitive undervaluation” of currencies, a phrase that the United States had wanted included to show that the body was taking a strong stand against China’s currency policies. It also included a suggestion to countries with widely used currencies like the United States to “be vigilant against excess volatility,” a warning against loose monetary policy.

U.S. President Barack Obama said the agreement showed that the G-20 countries are in “broad agreement on the way forward.” Acknowledging the watered-down nature of the final proposal, he said, “Instead of hitting home runs sometimes we’re gonna hit singles. But they’re really important singles.”

It has been a tough visit for Obama, who also failed to secure a free trade agreement with South Korea on Thursday. The president now heads to Japan for the Asia-Pacific Economic Cooperation summit, the final stop on his Asian tour.

## **This is from the New York Times**

### **Obama’s Trade Strategy Runs Into Stiff Resistance**

**By SEWELL CHAN, SHERYL GAY STOLBERG and DAVID E. SANGER**

**Published: November 11, 2010**

SEOUL, South Korea — President Obama’s hopes of emerging from his Asia trip with the twin victories of a free trade agreement with South Korea and a unified approach to spurring economic growth around the world ran into resistance on all fronts on Thursday, putting Mr. Obama at odds with his key allies and largest trading partners.

The differences with Mr. Cameron and Mrs. Merkel were particularly striking because during Mr. Obama’s first Group of 20 meetings — in London, Pittsburgh and Toronto — he managed to get all of the major economies to pursue something of a coordinated stimulus strategy.

But that consensus began fracturing at the June meeting in Toronto. While the administration had warned that rolling back fiscal stimulus programs too quickly could endanger the fragile recovery, the pressure on European nations to slash their deficits was becoming overwhelming. Ultimately the Group of 20 countries committed to cutting government deficits in half by 2013, a goal the United States insists it will meet.

But much has now changed. Mr. Cameron is following his conservative instincts and has made budget-cutting a signature issue. Mrs. Merkel is credited with avoiding spending heavily on stimulus programs and emerging with the most successful recovery in Europe.

Similarly, accusations that China has manipulated its currency for its own advantage — and now the countercharge that the Fed is doing the same — are part of what Mr. Frieden calls an argument over “who will bear the burden of adjustment.”

“Will it be the creditor or debtor countries?” he said. “Who’s going to take a hit for our debt?”

Indeed, the struggle for advantage, which ultimately may be a struggle to set the rules for a new global financial order, was the unspoken subtext of the meeting between Mr. Obama and Mr. Hu.

Mr. Hu, in the most indirect terms, told Mr. Obama that Beijing was focused on the Fed’s role in pushing down interest rates, and its effect on weakening the dollar. The code words were obvious. For days Chinese officials have characterized the Fed’s actions as an effort to drive “hot money” to developing nations, pushing up their currencies and their interest rates, and perhaps fueling inflation. Mr. Obama had hoped to make the meeting about a related subject: China’s continuing refusal to allow rapid appreciation of its currency, which fuels its huge trade surplus.

For more of this see NY Times 11/12/2010

### **From Xinhua News**

China sees positive results at G20 Seoul summit

English.news.cn 2010-11-12

SEOUL, Nov. 12 (Xinhua) — The Group of 20 (G20) summit that ended here Friday has achieved positive results with concerted efforts from all participating nations, Chinese delegation spokesman Ma Zhaoxu said.

Firstly, all member countries vowed to strengthen the role of the G20, and properly deal with the new risks and new challenges in the international financial sector so as to jointly boost the positive, sustainable and balanced growth of the global economy, Ma said.

Secondly, G20 leaders agreed to further promote reform of international financial institutions, and confirmed the 6-percent shift of quota shares to emerging economies in the International Monetary Fund (IMF), he said.

Thirdly, G20 leaders for the first time listed the issue of development as a major topic, and the summit endorsed the Multi-year Action Plan on Development over the medium term, Ma said.

And fourthly, based on the achievements made in previous summits, G20 leaders pledged continuous efforts to intensify financial regulation and combat trade-protectionism, and put forward a series of new measures and steps which will be conducive to the long-term healthy and steady development of the world economy, he said.

“We should support the IMF in its effort to strengthen the monitoring and early warning of capital flows... and address the systemic and fundamental problems in the international financial system,” Ma quoted President Hu as saying.

This is from the BBC

G20 summit disappoints world media  
12 November 2010

The media in some of the world's main economic players have been strongly reflecting their own countries' interests in their coverage of the G20 summit that ended in Seoul on 12 November.

The Chinese press voiced fury at perceived US attempts to devalue the dollar, while in Russia, there was praise for moves to boost emerging economies' voting rights at the IMF.

Indian papers focused on relations with Britain and Delhi's bid for a UN Security Council seat, and German commentators praised Chancellor Angela Merkel for rebuffing US initiatives to counter trade imbalances.

Everywhere, however, there was a strong sense that little of substance had been achieved on the underlying problems of the world economy.

### Currency war

Chinese press comment on the G20 summit on 12 November overwhelmingly focused on sharp criticism of US monetary policy and Western countries' approach in general.

In an article in the Communist Party paper China Daily, the head of China's central bank, Xiao Gang, attacked the US Federal Reserve for seeking to devalue the dollar by starting a second wave of quantitative easing (known as QE2), and urged the Americans to return to the spirit of cooperation during the crisis of 2008.

"The US needs to refrain from the QE2 policy," Xiao said, warning against a "currency war in which there can be no winner".

A report in the Communist Youth League newspaper Zhongguo Qingnian Bao (China Youth Daily) accused the US of "igniting war" at the G20 with its quantitative easing. "The summit is facing a situation where conflicts of interest are reaching an unprecedented white-hot state, and an exchange rate war is strongly testing the sincerity of countries to cooperate with each other", the paper said.

Many commentators said the US' behaviour highlighted the need for global regulation of countries' fiscal policies. "The world should come up with a powerful tool to bridle the US dollar and the people managing it," an editorial in the English-language state paper Global Times said.

Commentators, however, were also relieved that anger at the United States' quantitative easing had blunted what was believed to have been a planned US-led assault on China's perceived reluctance to allow its currency to rise substantially.

### No breakthrough

One of Russia's main pro-government channels, NTV, gave the impression that the summit had been good for Russia, focusing on comments by President Dmitriy Medvedev that he was "satisfied" that a "plan of action for the near future" had been passed.

Medvedev was also shown saying that the BRIC countries (Brazil, Russia, India and China) are now "confidently making progress" within the G20.

However, a report in the Nezavisimaya Gazeta daily said summit was "closing on a

pessimistic note". "No concrete measures to prevent currency wars have been adopted," the paper said, blaming disagreements between the US and China.

In the Indian press, coverage of the summit was low-key in nature, with reports restricted to the business pages.

One paper to devote extensive coverage was the business daily The Financial Express, carrying the story on its front page, along with a special report inside that said the summit would "ink a new world order with emerging power houses like India and China".

### Economic Olympics

The consensus among the French media was that little of substance had been achieved. France Inter radio spoke of "good resolutions", France Info of "no last-minute miracles" and "declarations of intent", while Radio France Internationale said there was "no significant progress on either currency rates or trade imbalances".

Europe 1 radio was more positive, saying that "G20 leaders are still on the same wavelength to work together for the prosperity of the planet".

On RTL radio, one correspondent compared the G20 to a disorganized Olympics. "Each team comes to defend its flag, with the difference that the Olympics have their rules whereas at the world level, there aren't any rules for organizing this vast economic competition," the reporter said.

### Fighting elephants

In Germany, an article headlined "Merkel puts the brakes on Obama" in the Frankfurter Rundschau daily reported that the country had joined other export-heavy economies like China and Japan in blocking a US proposal to put a cap on trade deficits.

Die Welt praised Merkel for "fighting valiantly against protectionism". While acknowledging that Obama had "good reasons" to criticize Germany's trade surplus with the US, the daily said the German leader was showing "far-sightedness" in viewing the US proposals as the slippery slope towards protectionism.

The Frankfurter Allgemeine Zeitung agreed. "The chancellor is right: The US demand that limits be put on balance of payment surpluses does not tally with a free global economy".

In South Africa, the Business Day daily was downbeat, predicting an inconclusive outcome as a result of disagreements between the US and China. "An old proverb says: 'When elephants fight, it's the grass that suffers.' In this case, smaller developing economies such as South Africa are likely to be in the foliage."

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