

Clinton says budget deal critical to U.S. global role, security

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SINGAPORE (Reuters) – U.S. Secretary of State Hillary Clinton said on Saturday that reaching a deal to resolve America’s budget crisis is critical to its global leadership and national security and would bolster efforts to project U.S. economic power around the world.

Speaking in Singapore during a tour of Asia and Australia, Clinton said that when she was in Asia last year during the height of debate about the U.S. debt ceiling, leaders from across the region asked her if the U.S. Congress would actually allow the United States to default on its debt.

“Let’s be clear,” she said. “The full faith and credit of the United States should never be in question.”

However, Clinton, who spoke at Singapore Management University, said that with Washington gearing up for another round of budget negotiations, she was “again hearing concerns about the global implications of America’s economic choices”.

Clinton, who says she will step down as secretary of state early next year and has ruled out running again for the U.S. presidency in 2016, said she was now “out of politics”.

She said that despite all the differences between the U.S. political parties, “we are united in our commitment to protect American leadership and bolster our national security”.

“Reaching a meaningful budget deal is a critical to both,” she said. “It would shore up our ability to project economic power around the globe, strengthen our position in the competition of ideas shaping the global marketplace, and remind all nations that we remain a steady and dependable partner.”



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“For us, this is a moment to once again prove the resilience of our economic system and reaffirm America’s leadership in the world,” Clinton said, stressing that U.S. leadership depended on its economic strength.

“Global leadership is not a birthright for the United States or any nation. It must be constantly tended and earned anew.”

U.S. President Barack Obama and his Republican rivals are in talks aimed at avoiding what has been dubbed a “fiscal cliff” at the year-end, which experts say could push the U.S. economy back into recession.

If Congress cannot agree to less extreme steps, from January 2, about \$600 billion worth of tax increases and spending reductions, including \$109 billion in cuts to domestic and defense programs, will begin to kick in.

Both sides are eager to reassure the public that Washington will not see a repeat of the white-knuckle budget standoff that spooked consumers and investors last year, and Republican and Democratic congressional leaders emerged from a meeting with Obama on Friday pledging to find common ground to avert the fiscal cliff.

“HISTORY BEING WRITTEN”

Clinton said responding to threats would remain central to U.S. foreign policy, but could not be Washington’s only foreign policy.

Maintaining U.S. strength would require following through on a policy of intensified engagement with the Asia-Pacific region and elevating the role of economics in foreign relations.

Clinton said the visit of Obama to Asia from Sunday – within days of his November 6 reelection – showed the importance of the region in U.S. eyes. Obama will visit Thailand, Cambodia to attend an East Asian summit, and Myanmar.

“Why is the American president spending all this time in Asia so soon after winning reelection?” Clinton asked. “Because so much of the history of the 21st century is being written here.”

Clinton said the United States was making progress in talks with countries on both sides of the Pacific towards finalizing a Trans-Pacific Partnership (TPP) trade pact, which would lower barriers and raise regulatory standards in a region accounting for 40 percent of world trade.

“We will continue to work with Japan and we are offering to assist with capacity building so that every country in ASEAN can eventually join,” she said, referring to the 10-member Association of Southeast Asian Nations.



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Clinton said the United States would welcome the interest of any country willing to meet the standards of the TPP – including China, where some view the pact with suspicion and as a U.S. attempt to contain China’s rapid growth, something U.S. officials deny.

In Beijing, an official said China had not been asked to join.

“We have looked at and continue to look at the contents of the TPP,” Liang Wentao, deputy head of the Commerce Ministry’s Asia Department, told reporters.

“We think there are many advanced elements to it we should study. As to whether we should join, we have not been invited.”

The United States, Australia, New Zealand, Chile, Peru, Singapore, Vietnam, Malaysia and Brunei agreed this year to let Mexico and Canada into negotiations on the TPP, which could reach a conclusion next year. Japan’s prime minister said this month he wants to enshrine backing for the pact in his party’s election platform.

Clinton said that with the U.S. government working to bring down trade barriers and create a level playing field for U.S. firms, it was also up to them to raise their game abroad.

“Too many are sitting on the sidelines,” she said. “I hear it over and over when I travel: ‘Where are the American businesses?’ At a time when America’s domestic growth depends more than ever on our ability to compete internationally, this has to change.”

(Additional reporting by Ben Blanchard in Beijing; Editing by Robert Birsell)