

New York Times lines up with anti-China hawks

By Nick Beams
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As US and Chinese negotiators seek to reach a trade deal, the *New York Times* has weighed in with an editorial, lining up with the views of some of the most virulent anti-China hawks, both within the Trump administration and in key sections of the Democratic party leadership.

The editorial, entitled “Will Trump Trade the Future for a Hill of Beans”—a reference to China’s commitment to buy more US soybeans and other US grains as part of any agreement—warned that “the administration may settle for an ephemeral victory at the expense of America’s long-term economic interests.”

The widely held position in key sections of the US political, military-intelligence and corporate establishment is that “America’s long-term economic interests” centre, not so much on reducing the trade deficit with China—though that is certainly an aim of the trade war—but on imposing measures to impede the Xi Jinping regime’s drive to enhance China’s industrial and technological development.

“President Trump by imposing tariffs on Chinese imports, created an opportunity to improve America’s economic relationship with China. It is a chance that may not come again. The American economy is strong, while the Chinese economy is faltering,” the editorial said, echoing Trump’s oft-used rhetoric.

The reference to the need to “improve” the US economic relationship with China is something of a euphemism. What it means is that the US should block China’s development, especially in high-tech areas, because it is a threat to the global economic, and ultimately military, dominance of the US.

The real agenda was set out more clearly by leading Republican anti-China hawk, Florida Senator Marco Rubio. He recently wrote that those who defended expanded trade with China were assuming that the US would maintain its position on the high end of the global value chain, while China continued to supply it with lower value inputs. “This has not happened for the US economy as a whole. In important areas China has moved up the value chain in relation to the US.”

It is this process that the anti-China hawks are insisting must stop.

The only criticism of the *New York Times* is not with the goal of forcing China into a subservient, semi-colonial, economic status, but with Trump’s decision to “go it alone,” when he should have made common cause with long-standing US allies against China.

The main sticking point in the negotiations is not that China should purchase more US goods—Beijing has agreed to that. The key US demand is that China must make “structural” changes to its economy, including abandoning state subsidies to major industries, which the US claims are “market distorting,” and that it take action against what Washington alleges are forced technology transfers and intellectual property theft.

As a number of commentators and economic historians have pointed out, China’s economic policies are not fundamentally different from those of other countries, including US allies Japan, South Korea and, in an earlier period, of the US itself, in promoting their technological and industrial advances.

However, the US was previously in a position to tolerate such development, because it enjoyed global economic superiority. That has now gone, and so, under conditions of its relative and absolute decline, it regards the rise of China as an existential threat.

China has said it will introduce new laws to protect intellectual property, and has even dropped a reference to the “Made in China 2025” policy in the economic report delivered to the National People’s Congress last week. These moves, however, are regarded as insufficient, because Chinese government spokesmen have indicated that state support for industries in high-tech areas will continue. It is merely a case of old wine in new bottles.

Another key obstacle to an agreement is the US insistence that it should have the unilateral right to impose tariffs and other measures, as part of an “enforcement” mechanism of any deal, while China must agree not to impose any retaliatory measures. In China, this demand is widely

viewed as a 21st century version of the unequal treaties imposed on it in the 19th and 20th centuries.

According to the NYT editorial, “the looming risk ... is that Mr Trump will accept a deal that allows him to claim a superficial victory without forcing China to make enduring changes.”

This is in line with the position of the military-intelligence establishment, which has designated China a “strategic competitor.” It maintains that a new era has dawned, centring on “great power” rivalry, and if the US is to prevail, then China must be suppressed through “enduring changes” in its economy. The logic of this strategic outlook is that if the measures of economic warfare now being employed do not succeed, then other methods, including military ones, will be invoked.

The views of the military-intelligence apparatus are the guiding orientation of the Democratic Party establishment. This includes not only figures such as Senate leader Charles Schumer and House Speaker Nancy Pelosi, who 20 years ago voiced opposition to China joining the World Trade Organisation, but extends to the so-called “left” of the party.

Trump has made a point of praising Bernie Sanders for being “tough” on trade, and, in his testimony to the House Ways and Means Committee last month, US Trade Representative Robert Lighthizer, one of the main anti-China hawks in the administration, emphasised the bi-partisan support for Trump’s trade war actions.

The manner in which the economic decline of the US, and its ever-increasing bellicosity against China, come together is exemplified in the case of the Chinese telecommunications giant Huawei.

Huawei has been all but banned from the US telecom network on “national security” grounds, and the US is waging an international campaign to have other countries exclude it from installing and developing 5G mobile phone networks, on the grounds that this will enable Chinese state spying. In its latest move, the US has warned Germany that if it allows Huawei to take part in the building of that country’s network, the administration will scale back intelligence sharing, in what would amount to a major breach in transatlantic relations.

Responding to the attacks on the company, including the extradition from Canada of its chief financial officer, Meng Wanzhou, to face charges in the US, one of its key executives, Guo Ping, has made the telling point that, in view of the National Security Agency’s policy of “collect it all” with regard to electronic communication, and its close partnership with US communications companies, the real reason for the ban on Huawei is because its networks are more difficult to penetrate.

Another factor, Ping noted, is that having focused on the

development of 5G over the past ten years, Huawei is about a year ahead in the development of this technology, which will revolutionise internet communications. So the “fusillade” against Huawei is a “direct result of Washington’s realisation that the US has fallen behind.”

In a speech in London last week, former Australian prime minister Malcolm Turnbull defended his decision to ban Huawei and called on others to do likewise. But he added that it “beggars belief” that just four companies, two of them Chinese and two European, were capable of building 5G, and that no country in the so-called Five Eyes intelligence network, including the US, could present a “national champion” capable of doing that work.

In the case of the US, the reasons became apparent a year ago, when Trump intervened to block a proposed takeover of Qualcomm by Broadcom, on the grounds that this would assist Chinese firms in developing 5G technology. Broadcom was a darling of Wall Street because of its strategy of taking over firms, using large amounts of debt, and then slashing investment spending to boost “shareholder value.” If that were done to Qualcomm, it would fall even further behind, and so the takeover was blocked.

The case was illustrative of a broader process, in which profit accumulation in the US economy now increasingly depends, not on new investment in the real economy, but on financial speculation and parasitism, leading to its relative decline vis a vis its old rivals, and a new one, in the form of China.

But the US will not simply fade into the economic background. Rather, it is determined to counter its decline by lashing out with trade war measures and, if necessary, military ones.

It is a sign of the increasing bellicosity within the American political establishment that the *New York Times* has indicated its agreement with this agenda.

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