

A dangerous rise in US-China tensions

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The US announcement of a \$6.4 billion arms sale to Taiwan last Friday has provoked sharp opposition from China and a marked increase in tensions between the two major powers. The determination of both sides to take a tougher stance, regardless of the consequences, raises the spectre of an open rift in diplomatic and political relations.

On the part of the US, the decision to announce the arms sale, knowing full well that China would react, is a calculated move aimed at countering Beijing's growing global economic and political influence. An article in the *New York Times* on Monday declared that the Obama administration had "started to push back". By announcing the arms package, the US had "leveled a direct strike at the heart of the most sensitive diplomatic issue that has existed between the two countries since America affirmed the one-China policy in 1972".

The *New York Times* explained that the sale was "doubly infuriating to Beijing, coming so soon after President Bush announced a similar arms deal with Taiwan in 2008, and right as Beijing and Taiwan are in the middle of a détente of sorts in their own relations". The announcement came on the same day as US Secretary of State Hillary Clinton publicly criticised Beijing for not agreeing to new penalties against Iran over its nuclear programs. Washington rubbed further salt in the wound by insisting that a meeting between Obama and the Tibetan Dalai Lama would go ahead despite China's objections.

China's refusal to be bullied into taking a tougher stance against Iran is just one of the issues provoking frustration in Washington. During his visit to Beijing last year, Obama also pressed his Chinese counterparts on revaluing the yuan against the dollar and agreeing to

definite limits on carbon emissions. Not only was the US president rebuffed over currency revaluation, but also lectured on the need for sound economic management. At the Copenhagen climate summit, the Chinese premier pointedly snubbed Obama, sending low-level officials to key, last minute negotiations.

Washington has chosen to "push back" on issues that are particularly sensitive to China. Steve Clemons, foreign policy director at the New America Foundation, told the *New York Times*: "China is feeling very confident these days, but the one thing that the Chinese freak out about consistently are sovereignty issues... So anything related to Taiwan or Tibet will get them going".

Beijing regards Taiwan as a renegade province and has threatened to invade if Taipei ever declares formal independence. Washington backed the Kuomintang dictatorship established on the island after the 1949 Chinese revolution, but in 1972 reached a rapprochement with China. The arrangement was always fraught with contradictions: the US recognised Beijing's control over one-China, including Taiwan, but continued to oppose any forcible reunification and to sell arms to Taipei despite China's objections.

China is particularly sensitive over Taiwan because any move toward independence would encourage separatist movements in other parts of China—including Tibet and among the Uighur population of Xinjiang province. When the US first hinted at the Taiwan arms sale last month, Beijing showed its displeasure by testing its anti-ballistic missile system, destroying a missile sent into outer space.

Following last week's announcement, the Chinese regime took the unprecedented step of threatening

sanctions against US firms involved in the arms sale—a move that would impact on major American corporations such as Boeing, United Technologies, Lockheed Martin and Raytheon. Boeing is worried that it could lose out to rival Airbus in a market estimated at 3,770 new aircraft worth \$400 billion by 2028. China also announced an immediate freeze on military exchanges with the US and summoned the US ambassador in Beijing to issue a formal protest.

Trade tensions between the US and China had already been rising. Beijing has reacted angrily to Washington's imposition of tariffs on Chinese steel product and tyres, threatening retaliation of its own. President Obama, however, is pressing on, telling Senate Democrats this week that his administration would “get much tougher about the enforcement of existing [trade] rules, putting constant pressure on China and other countries to open up their markets in reciprocal ways”. In this heated atmosphere, sanctions by China on Boeing could ignite a full-blown trade war.

The escalating tensions are an expression of deep-going changes in geopolitics. The US, as a declining but still dominant power, faces growing economic and strategic challenges from rising China in every corner of the globe as Beijing seeks secure access to resources and markets. The US is aggressively attempting to consolidate its neo-colonial occupations in Afghanistan and Iraq in an effort to secure a hegemonic position in the key energy-rich regions of the Middle East and Central Asia. China is trying to consolidate its own alliances to keep the US out of what it regards as its Central Asian “backyard” and to guarantee vital oil and gas supplies.

After assuming office a year ago in the midst of the global financial crisis, Obama sought China's assistance. Faced with huge deficits, Obama officials appealed to Beijing to keep purchasing US bonds and brought Beijing into discussions of the crisis through the G20 grouping. Some optimists even speculated about the formation of a G2—the US and China—that would resolve the world's economic and problems in the spirit of cooperation.

The confrontational approach now adopted by the US, and China's determined response, underscore the intractable economic, political and social contradictions facing the capitalist class in both countries. With double-digit unemployment at home and the necessity of making huge budget cutbacks, Obama is aggressively playing the China card to advantage the American economy at China's expense and politically to divert attention from its own responsibility for the deepening social crisis in the United States.

As for China, despite its “booming” growth rate, Beijing confronts rising unemployment and mounting social unrest, which will be further compounded if its key export industries are hit by protectionist measures. The regime's huge stimulus measures have led to an orgy of speculation in shares and real estate, raising fears of a financial collapse. Like Obama, Chinese leaders are playing the chauvinist card, declaring that they will defend China's interests, in order to obscure their role in creating one of the most socially unequal societies in the world.

The very real danger is that Taiwan, Tibet or another issue can become the flashpoint for a rapid breakdown of relations, the eruption of trade war and ultimately military conflict—as occurred during the last great crisis of world capitalism in the 1930s.

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