

Anti-China rhetoric raises threat of war

Patrick Martin
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The bill that was poised for passage in the US Senate Thursday with bipartisan support, mandating a US currency war with China, is a cynical diversion. Amid a rising tide of protest directed against Wall Street, the Democrats are taking the lead in an effort to provide a foreign scapegoat for the crisis of American capitalism.

The bill was introduced by Senator Sherrod Brown of Ohio, one of the states hardest hit by the collapse of US manufacturing, and it had the fervent support of other industrial-state Democrats like Debbie Stabenow of Michigan, Charles Schumer of New York and Robert Casey of Pennsylvania.

Twelve Republican senators joined with most of the Democrats to provide the 62-38 margin to invoke cloture and end debate on the bill. These include some of the most notorious reactionaries in the Senate, including six from southern states devastated by textile mill shutdowns: Richard Burr of North Carolina, Thad Cochran of Mississippi, Saxby Chambliss and Johnny Isakson of Georgia, and Jefferson Sessions and Richard Shelby of Alabama.

One of the arch-warmongers in Congress, Republican Lindsey Graham of South Carolina, backed the bill in a 79-19 procedural vote Monday to bring it to the floor of the Senate. Graham was one of nearly two dozen Republicans who support the bill but voted against cloture in an effort to add several reactionary amendments.

Democrats and Republicans vied to make the most strident denunciations of China for allegedly predatory currency and trade policies—as though American corporations and banks were innocent lambs, rather than the most rapacious and ruthless organizations on the planet.

Brown responded to warnings that the bill would spark a trade war with disastrous consequences for the world economy by declaring, “We have been in a trade war for a decade.” Schumer added, “Critics of our bill say it would

start a trade war with China. Well, I have news for them. We’re already in a trade war with China—and it’s not going that well.”

Federal Reserve Board Chairman Ben Bernanke appeared to throw his weight behind the bill as well—abandoning the usual hands-off posture of the Fed towards currency markets. “Right now, our concern is that the Chinese currency policy is blocking what might be a more normal recovery process in the global economy,” he said. “It is to some extent hurting the recovery.”

Bills to punish China for supposed currency manipulation have been a stock in trade of congressional Democrats, particularly those with close ties to manufacturing industries and the union bureaucrats who serve those industries, like the United Auto Workers and United Steelworkers.

Obama gave verbal support to the anti-China campaign at his Thursday press conference, declaring that China “has been very aggressive in gaming the trading system to its advantage,” adding that “currency manipulation is one example of it.” He went on to say, however, that there was no point in Congress adopting legislation that would run afoul of World Trade Organization rules that prohibit such protectionist actions.

The White House, together with much of corporate America, sees the value in using anti-China demagogic to divert popular anger over the economic crisis away from Wall Street and towards a foreign scapegoat. But the American financial aristocracy recognizes that escalating from verbal brickbats to direct action against China would undermine the global trading system, exacerbate the world economic and financial crisis, and, perhaps most importantly from the standpoint of American imperialism, alienate its chief creditor.

If such legislation were adopted, trade war with China would do nothing to reverse the decline of American manufacturing and the living standards of American

workers, which is the product of the global crisis of the capitalist system, not the policies of a single country. The shock effects on the world economy would actually destroy jobs, not create them.

Even more dangerously, such an action would be a dramatic step towards outright military conflict with China, a rising military as well as economic power, which represents a threat to the longstanding domination of American imperialism in the Asian-Pacific region.

But the fact that US trade war measures contain such dangers does not rule out their implementation. The idea that “rational” considerations will prevail ignores the lessons of history. After all, numerous arguments were advanced prior to World War I that Germany and Britain would never go to war because of their close economic ties.

International relations are not governed by rationality but by material interests. Since it took office, the Obama administration has pursued a series of measures against China. And in the case of trade it is being urged on by influential voices in the liberal establishment.

New York Times columnist Paul Krugman, who is well aware of the role played by trade conflicts in creating the conditions for World War 2, has been one of those urging measures against China. In a column published on October 2 entitled “Holding China to Account” he insisted that “we can and should take action against countries that are keeping their currencies undervalued ... [and] that above all means China.”

Krugman acknowledged that “getting tough” with China might “unleash trade war” but said such risks were “exaggerated.”

While Krugman and Senate Democrats are beating the drums for economic warfare, House Republicans are conjuring up Red Scare stereotypes of “communist China” engaging in escalating military preparations and systematic espionage against the United States. The chairman of the House Intelligence Committee, Republican Mike Rogers of Michigan, told a hearing Tuesday that cyber-espionage by Beijing has “reached an intolerable level” and he called for combined US and European action “to put an end to this scourge.”

A Pentagon report issued this week spotlighted the dependence of the US weapons manufacturing base on rare-earth metals only available from Chinese suppliers. China currently produces 95 percent of rare-earth oxides, 17

elements that play a critical role in high-tech electrical products vital to modern warfare. The report, issued Tuesday, said it was “essential that a stable non-Chinese source” of such metals be established.

Previous Pentagon reports have focused on the alleged threat of China’s economic growth and military buildup, particularly for US dominance of the vast island territories to the south and east of the Asian mainland, from Australia and Indonesia to Japan. American imperialism cannot tolerate indefinitely the growth of such a rival, and it will use the alleged threat to “American jobs” as part of a propaganda campaign to mobilize popular support for military action.

In this context, the most dangerous role is played by the unbridled chauvinism of Democrats. Senator Schumer is perhaps the most brazen, declaring in one statement, “I for one, am not prepared to raise the white flag on American manufacturing and American jobs.”

“I know that American manufacturing can successfully compete against Chinese competition at home, in China, and around the world—but only if the playing field is level,” he claimed. The implications of this line of argument are deeply reactionary, and not only because it leads to support for imperialist war.

Schumer’s call for a “level playing field” means lowering the wages and living standards of American workers to the level of those in China. That is what American corporate bosses mean by making American companies “competitive” with their overseas rivals.

The only alternative to such a policy of competitive lowering of wages is the international unity of the working class—American, Chinese, European, Japanese and throughout the world—in a common struggle to raise living standards of all working people to a decent level. This is only possible through the struggle to put an end to capitalism and to the nation-state system itself, and create a world socialist society with genuine equality in living standards and jobs for all.

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