

# US-China dialogue in shambles

John Chan  
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Last week's US-China Strategic and Economic Dialogue (S&ED) highlighted the rapid souring of relations since Chinese President Xi Jinping met with President Obama for a much-publicised, informal summit at the Sunnylands estate in California last month. President Xi had called for a "new model of great power relations" to ease tensions.

The dialogue, an annual event, was this year held in the US and attended by top officials such as American Vice President Joe Biden and Chinese State Councillor Yang Jieche. They produced a statement that boasted of reaching 91 "outcomes", ranging from climate change to North Korea's nuclear programs. A close look at the statement, however, indicates that there were no significant breakthroughs on any of the issues mentioned.

Chinese officials were attempting to appease the US by indicating that Beijing would proceed with a new round of extensive pro-market restructuring, opening up state-dominated sections of the Chinese economy to foreign investors. Biden, who opened the talks, declared: "The next steps that China needs to take for its own economy happen to be in the interests of the United States as well."

However, the discussions quickly descended into disagreements, especially over issues such as cyber security and intellectual property. Cyber security was a major issue at the Xi-Obama summit, which set up a Cyber Working Group. The group's first meeting was described as "candid, in-depth, and constructive", but it announced no agreement beyond the promise of a future meeting.

No doubt behind closed doors, the "candid" talks involved bitter, vitriolic exchanges. For months, the US had been accusing the Chinese government of being directly involved via the military of "stealing" the commercial secrets of major American corporations. Without directly naming China, Biden declared:

"Outright cyber-enabling theft that US companies are experiencing now must be viewed as out-of-bounds and needs to stop."

Over the past month, however, whistleblower Edward Snowden has exposed the vast spying operations of the National Security Agency (NSA) in the United States and internationally. At the dialogue, Chinese officials denied any involvement in cyber hacking and pointed to Snowden's revelations to demonstrate that China was a major victim of cyberattacks by the US and other countries.

A US official involved in the cyber security talks told Reuters that the Obama administration insisted "there is a vast distinction between intelligence-gathering activities that all countries do and the theft of intellectual property for the benefit of businesses." But as Snowden has revealed, the NSA was involved in hacking private corporations, as well as government and military targets, including in China, Hong Kong and Germany.

After a meeting with Chinese officials held at the same time as the dialogue, President Obama added to the rancour when he voiced "disappointment and concern" that Snowden had been allowed to leave Hong Kong for Russia. Deputy Secretary of State William Burns told reporters that the decision on "was not consistent with the spirit of Sunnylands or with the type of relationship—the new model—that we both seek to build."

The US policy towards China has nothing to do with fostering cooperation. The Obama administration's "pivot to Asia" has been an offensive on all fronts—diplomatic, economic and military—aimed at undermining China and ensuring continued US dominance. The NSA's extensive cyber spying is part of the US build-up and preparations for war against China.

As the US-China dialogue was proceeding, Russia

and China held their largest-ever joint naval exercises in the Sea of Japan, pointedly aimed at the US-Japan alliance. Provocatively, the US held joint air drills with Japan in the same region.

Economic talks involving Treasury Secretary Jack Lew and Chinese Vice Premier Wang Yang also exposed worsening relations. While Lew welcomed China's new pro-market measures, he quickly turned to a list of US demands for "an economic relationship where our firms and workers operate on a level-playing field and where the rights of those who participate in the global economy—including innovators and the holders of intellectual property—are preserved and protected from government-sponsored cyber intrusion."

In reality, the super-profits of major American corporations are based on a parasitic monopoly of brands and technology that ensures China remains a vast cheap labour platform, supplying goods at low cost to companies such as Apple and Wal-Mart. At the same time, Washington is pressuring Beijing to further open up the Chinese economy to American companies and goods.

Lew declared that China had to move quickly to revalue its yuan against the dollar. Given the slump in the Chinese exports industries, the revaluation would trigger a wave of factory closures and job losses. Wang rejected the demand, warning: "Like the United States, we will never accept views, however presented, that undermine our basic system or national interests."

Amid rising tensions between the US and China, tactical differences have emerged in the American foreign policy establishment about the dangers of driving China towards Russia and of confrontation and war. Writing in the *New York Times*, Jeffrey Mankoff, a Center for Strategic and International Studies analyst, last Thursday advised that "giving Beijing and Moscow more of stake in the running of the world might be uncomfortable, but the alternative is bringing the Chinese-Russian axis that US policy makers fear closer to reality."

Former Secretary of State Henry Kissinger, who has similar views to those of Mankoff, had held out great hopes for last month's Obama-Xi summit. Kissinger was instrumental in the forging President Nixon's rapprochement with China in 1972 that was aimed at undermining the Soviet Union. While suggesting a more conciliatory approach, Kissinger, and others like

him, leaves no doubt that he ultimately backs the use of force to support the interests of US imperialism.

Other figures argue that making US concessions to China is unrealistic. A *New York Times* article earlier this month entitled, "A New Anti-American Axis?", by Leslie Gelb and Dimitri Simes, warned: "Russia and China appear to have decided that, to better advance their own interests, they need to knock Washington down a peg or two... Both countries are seeking greater diplomatic clout that they apparently reckon they can acquire only by constraining the United States."

The reality is, far from making concessions, over the past two decades the US has embarked an aggressive militarist agenda against its potential rivals. The bitter exchanges at the latest US-China dialogue are another warning that American imperialism is dragging the world even deeper into conflict and war.



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