

Amid worsening trade war, Chinese president calls for new “Long March”

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With the Trump administration ratcheting up its economic war against China, President Xi Jinping has called for a new “Long March,” saying the country had to prepare for “difficult situations.” Xi’s comments are another indication that any prospect of an agreement to end the escalating trade conflict is remote.

The Long March refers to the tortuous retreat by the Chinese Communist Party (CCP) and its Red Army during the country’s civil war to escape their encirclement by the Nationalist army of Chiang Kai-shek. The march of 9,000 kilometres through remote and difficult areas of western China began in 1934 and lasted more than a year. According to one estimate, of the 100,000 soldiers who set out, just 7,000 survived the cold, disease and fighting to reach Shaanxi province.

Xi visited the monument at the start of the Long March in Jiangxi province on Monday in a bid to revive the CCP’s image. A week before, the CCP Politburo voted to launch a propaganda campaign to try to convince the public that the party remained true to its original aspirations.

The CCP long ago abandoned any adherence to the Marxist principles of socialist internationalism, basing itself instead on the nationalist Stalinist perspective of “Socialism in One Country.” From the 1970s, moreover, it presided over the restoration of capitalism, leading to a widening gulf between rich and poor, and a CCP apparatus that defends the interests of the super-rich.

Xi has not ruled out further trade talks. He spoke in vague terms and did not name Donald Trump or the United States. Invoking the Long March, however, he said the country “must be conscious of the long-term and complex nature of various unfavourable factors at home and abroad, and properly prepare for various

difficult situations.”

Above all, the remarks were aimed at rallying the CCP bureaucracy. China faces global economic and financial instability, aggressive US tariffs and increasingly frequent US naval provocations in the South China Sea and the Taiwan Strait. Domestically, the regime fears the growing signs of unrest in the working class as the economy continues to slow.

Xi was accompanied on his three-day tour of Jiangxi province by Vice Premier Liu He, China’s chief trade negotiator with the US. The latest talks in Washington broke up on May 10 after Trump imposed tariffs on an additional \$200 billion worth of Chinese goods. No date was set for another meeting.

The Trump administration dramatically heightened the economic war last week by barring the use of telecommunications equipment manufactured by the Chinese tech giant Huawei and placing the company on a “restricted entity list,” citing national security concerns. Major American corporations, such as Google, Qualcomm, Broadcom and Intel, joined the embargo, declaring they would no longer allow Huawei access to critical software and hardware components.

The moves against Huawei provoked angry responses in China. On Wednesday, Foreign Minister Wang Yi branded Washington’s actions a “classic case of economic bullying.” He accused the US of wanting to “block the development path of China” and using “unwarranted charges and national power to suppress a private Chinese enterprise like Huawei.”

Wang’s comments go to the heart of the intractable issues in the trade talks. The US is determined to prevent China from becoming an economic challenger in key hi-tech areas and is prepared to use every means to achieve that end. That is why it is accusing China of intellectual property theft and providing illegitimate

subsidies to Chinese corporations.

As part of his Jiangxi tour, Xi visited one of China's rare earth mining and processing facilities, sparking speculation that Beijing could use a ban on rare earth exports to hit back at the US.

Rare earths, while quite abundant, are essential to the production of a wide range of items, including smartphones, lasers, missile systems and superconductors. China accounts for 90 percent of global production and the US depends on China for 80 percent of its rare earth imports.

Xi made no reference to the trade war during his visit to the JL MAG Rare Earth factory in Ganzhou, which specialises in magnetic rare-earth elements. However, the presence of China's top trade negotiator at his side spoke volumes. In 2010, amid a tense standoff with Japan over disputed islets in the East China Sea, China banned rare earth exports to that country, forcing concessions.

More hawkish voices in China have publicly called for similar measures against the US. The state-owned *Global Times* hailed Xi's visit to the factory and declared that US demand for rare earth minerals was "an ace in Beijing's hand." The US would require years to rebuild its rare earth industry, enabling China to "control the life-blood of the US high-technology industry" and "win a trade war against the US."

The *South China Morning Post* reported on an article last week by Jin Canrong, who suggested that China ban rare earth exports to the US as part of a strategy to counter Washington's measures. Jin also called for Beijing to consider dumping its holdings of US treasuries, currently estimated at \$1.13 trillion. Such a move would not only hit the US financial system but generate financial instability globally. As well, Jin suggested that China close its markets to major American corporations such as General Motors and Apple.

A CNN article entitled "China's latest trade war card isn't as strong as Beijing thinks" indicates that the Trump administration and the US military and state apparatus are preparing for such eventualities. China's ban on exports to Japan in 2010 provoked alarm in Washington and led to a congressional hearing to discuss "China's monopoly on rare earths: Implications for US foreign and security policy."

More recently, in February 2018, the US Department

of the Interior listed rare earths as a separate category on a draft list of minerals critical for "security and economic prosperity." The US undoubtedly has increased its stockpiles of rare earths and other vital raw materials and drawn up plans for alternative sources.

Trump's aggressive moves against Huawei and President Xi's muted, but nevertheless pointed, response signal a new stage in the descent into trade war. While both sides continue to talk about talking, they are preparing strategies that would lead to spiralling economic warfare and ultimately military conflict.

Speaking at a disarmament forum in Geneva on Wednesday, China's disarmament ambassador Li Song warned of the dangerous consequences of the "unilateral and bullying practices" of the US. He said treating countries as rivals risked turning them into enemies, even if that was not intended.



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