

# US defense secretary issues military threat against China

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3 June 2019

The US trade war against China, which started just over a year ago, has now escalated to a full-scale economic confrontation backed by the military might of American imperialism.

The rapid acceleration of the US drive against China and its increasingly bellicose character was underscored in a major speech delivered by the acting US Defense Secretary Patrick Shanahan on the weekend.

Over the past month, the US has hiked tariffs on hundreds of billions of dollars worth of Chinese goods, threatened the imposition of new imposts on all Chinese imports and virtually black banned the telecoms giant Huawei from the supply of US-made components in an attempt to cripple its global operations.

Speaking at the annual Shangri-La Dialogue in Singapore, organised by the International Institute for Strategic Studies, which included participants from China, Shanahan delivered a 40-minute blast against Beijing in which he emphasised US readiness to use military power to secure its interests.

The speech coincided with the release of an Indo-Pacific Strategy Report by the US Defense Department accusing China of seeking “Indo-Pacific hegemony in the near-term and, ultimately global pre-eminence in the long-term.”

The report called China a “revisionist” power that sought to undermine the international system from within, attempting to exploit its benefits while eroding the values and principles of the “rules-based order”—the standard reference to US dominance.

While claiming that the US “does not seek conflict,” Shanahan said “we know that having the capability to win wars is the best way to deter them.” The US had already committed \$125 billion for “operational readiness and sustainment” for the next financial year

and is preparing to allocate an additional \$104 billion for research and development of emerging technologies.

“This finding will boost the depth and capacity of our armed forces, and also help expand our training—including with allies and partners—to improve mission readiness critical to meeting this region’s challenges” he said.

The read out of his remarks provided by the Defense Department said the Indo-Pacific was “our priority theatre.” The US Pacific Command had four times more assigned forces than in any other area, with more than 370,000 service members devoted to the region.

The US had “more than 2000 aircraft, providing the ability to project power across the vast distances of this region” together with “more than 200 ships and submarines to ensure freedom of navigation.”

The integrated character of the US offensive—on the economic, diplomatic, political and military fronts—was emphasised in remarks clearly directed against China.

“[Some] actors undermine the system by using indirect, incremental actions and rhetorical devices to exploit others economically and diplomatically, and coerce them militarily. They destabilise the region, seeking to reorder its vibrant and diverse communities towards their exclusive advantage.”

This characterisation most closely fits the actions of the United States, extending over decades—from the dropping of two atomic bombs on Japan in the dying days of World War Two, the launching of the Korean War in 1950 in which an estimated 2.5 million people lost and the Vietnam War in which killed more than three million.

US intervention has not been confined to military action. In the wake of the Asian financial crisis of 1997-98, the International Monetary Fund, at the

direction of Washington, imposed an economic “restructuring” program across the region which plunged it into a crisis, equivalent in scope and depth to the Great Depression of the 1930s.

The enduring image of that intervention is the photograph of IMF managing director Michel Camdessus standing over seated Indonesian president Suharto as he signed a so-called IMF bailout program to impose what was known as the “Washington consensus.”

Economic devastation resulted in Indonesia and across the region as “structural adjustment” was imposed. Indonesian real wages fell by 30 percent, the incidence of poverty doubled and more than 20 million workers were made jobless. Unemployment rates in South Korea and Malaysia tripled.

In the years since then, the IMF policies—directed by the US Treasury Department—have been branded as a “mistake.” They were anything but. The economic firestorm was a consciously directed operation.

At that point the US feared its economic supremacy in the region was being threatened by Japan. When the crisis broke in July 1997, with the devaluation of the Thai baht, setting off currency devaluations and a financial crisis across Southeast Asia, Tokyo intervened with a proposal to set up a \$100 billion Asian Monetary Fund in order to safeguard its economic interests in the region.

This was forcefully rejected at a September 1997 meeting of the IMF and G7 in Hong Kong. Faced with the prospect of a conflict with the US, Japan withdrew its proposal, opening the way for the imposition of Washington’s “restructuring” demands, based on the breaking up of the economic and financial ties between the countries of the region and Japan.

However, the Asian crisis was to bring about a major economic shift in which China was to become the major global manufacturing centre. Following Deng Xiaoping’s southern tour in 1992, foreign capital flowed into the country, secure in the knowledge that, as the Tiananmen Square Massacre of June 1989 and the far broader suppression of the working class in all the major industrial centres had demonstrated, the regime would act as the guarantor of its profit interests.

By the end of the 1990s, China had become integrated into the global circuit of capital and on that basis its entry into the World Trade Organisation

(WTO) was backed by the Clinton administration. After China’s admission into the WTO in 2001, the flow of global capital increased as the regime committed itself to further market opening.

The policy of the US was grounded on the premise that collaboration with China would be encouraged so long as it remained a producer and assembler of consumer goods, boosting the profits of US and other corporations that used it as a base for their manufacturing operations. A new term was coined to describe this collaboration “Chimerica.”

However, the eruption of the global financial crisis in 2008, centred in the US financial system, marked another major turning point, with far-reaching consequences in China as more than 23 million workers lost their jobs. Fearful of an eruption in the working class, the Chinese regime undertook a massive stimulus program, spending more than \$500 billion and opening up credit for the provision of vast infrastructure projects.

This policy, based on a rapid expansion of credit, could not continue indefinitely and under President Xi Jinping a new turn was initiated. In order to maintain economic growth and prevent a crisis that would call into question the legitimacy of the regime, a new policy had to be initiated.

This was the origin of the “Made in China 2025” plan in which China would move up the value chain, not only producing cheap consumer goods and relying on infrastructure spending but also moving into the development of high-tech manufacturing in areas such as telecommunications, health and pharmaceutical products and artificial intelligence.

This, however, is regarded by the US as an existential threat to its global economic and military dominance, which, as the latest strategic report by the Defense Department and the speech by Shanahan has underscored, it is determined to crush by all means necessary including war.



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