

Yellen's China visit a tactical manoeuvre

Nick Beams
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US Treasury Secretary Janet Yellen begins a four-day visit to China today supposedly to ease tensions between the world's two major economic powers. However, the trip is very much a tactical manoeuvre by the US in its ongoing economic warfare against China waged under the banner of protecting "national security."

While media reports and official statements will perhaps refer to productive discussions and even olive branches, the real agenda of the US, spelled out on numerous occasions, is that China must submit to the so-called "rules-based" international order it determines.

The Yellen visit is part of a broader US operation to be seen as lessening conflict and follows on the heels of Secretary of State Anthony Blinken's visit to Beijing last month.

The Blinken visit, which was put on hold in February after the accusations that a Chinese weather balloon was engaged in spy operations, now admitted by the US not to have taken place, was aimed at seeking to ease tensions somewhat while the US-NATO war in the Ukraine is stepped up.

Yellen's visit has the same aim. It is also intended to placate fears in many nations, particularly those in the South-Asian region that have close economic ties with China, that US actions may cause them major economic problems.

Another longer-term issue is concern in the US that China will step up retaliatory action over the lengthening list of US technology and trade restrictions implemented against it, disrupting supply chains before alternative sources have been put in place.

In announcing the visit, the Treasury Department referred to the major speech by Yellen delivered in April in which she outlined the basis of the US actions on China.

Yellen claimed in that address the US was seeking a

"constructive and fair economic relationship" with China. But, as the *World Socialist Web Site* noted at the time, it amounted to a declaration of economic war.

While insisting that the US did not want to "decouple" from China and that a "full separation" of the two economies would "disastrous," Yellen made it clear that "our national security" is an area where the US "will not compromise," along with upholding "human rights," the hypocritical invocation of which has become a key ideological component of ever-increasing US militarism.

National security has been invoked to impose a series of sweeping technology bans aimed at crippling China's development in this crucial area. As virtually all technological advancement has potential military applications this means the bans are continually broadening.

On the eve of the visit the *Wall Street Journal* (WSJ) reported that "according to people familiar with the situation"—generally a euphemism for a government leak—the Biden administration is "preparing to restrict Chinese companies' access to cloud-computing services."

The new rule, if adopted, would require that companies such as Amazon and Microsoft obtain government permission before they provided cloud-computing services that use advanced artificial intelligence chips to Chinese customers.

The report said the proposed restrictions were aimed at closing a loophole, identified by national security analysts, by which Chinese AI companies may have been able to bypass current export controls by using the services and that the Commerce Department would announce the intended action as part of the export control policy implemented by the administration last October.

The basic economic strategy of the US was outlined in another WSJ article previewing the Yellen visit.

“The Biden administration,” it said, “has been preparing an executive order for months that will aim to cut off some US investment into Chinese technology sectors perceived as risks to national security. It is also weighing additional restrictions on exporting semiconductors to China, a step designed to crimp Beijing’s ability to develop advanced artificial intelligence. And Yellen has repeatedly called for multinational companies to shift their supply chains outside of China, while Congress has created new subsidies motivating them to do so.”

One of aims of the visit will be to push back Chinese measures directed against the US while it is still dependent on China in many areas of the economy. According to a Treasury official, cited by the *Financial Times*, Yellen would raise a new anti-espionage law that gives Beijing more power to retaliate against US actions and those of other western nations.

“We’re concerned about what kind of implications that would potentially have for all foreign firms or ... US firms in particular,” the official said.

The ban imposed by China against the US chipmaker Micron may also come up for discussion.

The overall aim of the Yellen visit is clear. It is to lay down the law to Beijing on US national security, if not in public, then behind closed doors, while trying to push back as much as it can against any retaliatory actions which would adversely impact on the US.

One thing it is not about is taking any meaningful measures to ease the tensions. This can be seen from the record. Immediately after Blinken’s visit, Biden poured petrol on the fire by labelling Chinese president Xi Jinping a “dictator.” And while he was in Beijing, Blinken made allegations of Chinese spying from an intelligence base in Cuba.

On the economic front everything is going in the same direction. Not only have all the sanctions and tariffs imposed under Trump been retained, but new ones have been regularly added.

This is in line with the central thrust of US national security analysis that, irrespective of military measures, the very economic expansion of China, particularly in the crucial area of high-tech, constitutes in and of itself an existential threat to US global economic dominance.

If the US were genuinely interested in relaxing tensions, then some concessions would be offered as a kind of olive branch. But even the most minimal moves

in that direction have been rejected.

Last year Yellen suggested that it might assist the easing of inflationary pressures in the US if some of the tariffs imposed on \$350 billion worth of Chinese goods were relaxed, a regular request of China. Not even by the wildest stretch can these measures be deemed to have anything directly to do with “national security.”

However, any relaxation was virtually ruled out in May when Yellen said in an interview, “My sense is the general feeling in the administration is that it’s not appropriate to lower the tariffs.”

Yellen is not going to Beijing to negotiate but to dictate.



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