

Biden escalates economic war against China

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In a presidential executive order issued on Wednesday, the Biden administration has announced sweeping measures to block US investment in high-tech Chinese companies together with bans on Americans working in collaboration with them.

The order is aimed at reinforcing the bans on exports of high-grade computer chips and other advanced technology to China imposed last October and shortly to be further enhanced.

The aim of both measures, enacted on the grounds of protecting US “national security,” is nothing less than crippling the rise of the Chinese economy, the world’s second largest, which the US regards as the greatest threat to its global dominance.

It also requires that American citizens doing business in China inform the US government about investment in artificial intelligence and work in the production of advanced semiconductors.

The executive order did not specifically name China. It referred to “countries of concern,” but an appendix named only three: China and the territories of Hong Kong and Macau.

According to the order, these “countries of concern,” that is, China, “eliminate barriers between civilian and commercial sectors and military and defence sectors, not just through research and development, but also by acquiring and diverting the world’s cutting-edge technologies, for the purposes of achieving military dominance. Rapid advancement in semiconductors, quantum information technologies, and artificial intelligence capabilities by these countries significantly advance their ability to conduct activities that threaten the national security of the United States.”

This implies that, far from the claims being advanced by the US that the bans will be limited, as the Biden administration pursues what national security adviser Jake Sullivan has called a “small yard, high fence” strategy, they will be extended across the board.

This is because there are no barriers which have to be eliminated. All developments in the design and manufacture of semiconductors and artificial intelligence by their very nature have military applications.

And as for the convergence of the commercial and military sectors, which the US maintains is the hallmark of China’s economy, there is no country where this process has been more developed than the US. The term “military-industrial complex” was coined more than 60 years ago to characterise the economic development of the US, above all in high-tech areas.

The executive order claims the US is in favour of open capital flows that “create valuable economic opportunities and promote competitiveness, innovation, and productivity, and the United States supports cross-border investment, where not inconsistent with the protection of United States national security interests.”

But these interests are not just immediate military developments. As multiple reports, both by official government bodies and influential think tanks, have made clear, the economic rise of China, the continuation of which depends on high tech, is in and of itself an existential threat to the economic position of the US and thus endangers its “national security.”

The broad scope of the order is indicated in a stipulation that the Treasury secretary shall identify transactions that “pose a particularly acute national security threat because of their potential to significantly advance the military, intelligence, surveillance, or cyber-enabled capabilities of countries of concern” and US citizens will be prohibited from engaging, directly or indirectly, in such transactions.

Virtually every development in these areas has, by its very nature, the potential to enhance military capacities.

The executive order seeks to extend its scope beyond US firms requiring notification to the Treasury Department of “any transaction by a foreign entity”

controlled by a US person “that would be a notifiable transaction engaged in by the United States person.”

But in imposing its technology and now investment bans on China, the US is confronted with an objective economic problem. The development of every commodity today, and above all high-tech commodities, is the product of a complex international division of labour extending across the world.

Chip design is carried out in one country, very often the US, the equipment for the laser writing of the complex electronic circuits is manufactured in another, the Netherlands, the production of the most highly developed chips is carried out in Taiwan, manufacturing processes integral to the production of chips and computers take place in South Korea and so on.

Concerns are now being raised in other countries about where the US is heading and the impact of its sanctions and restrictions on high-tech production. They were given voice in an interview conducted by the *Financial Times* with Yang Hyang-ja, a former chip engineer and Samsung executive, now a member of the South Korean parliament.

In a warning to Washington, she said that if it “continues to try to punish other nations and to pass bills and implement ‘America First’ policies in an unpredictable manner, other countries could form an alliance against the US.”

So far, she said, the US “tech war” measures had not harmed South Korea but indicated that could change.

“The more the US sanctions China, the harder China will try to make rapid technological progress. China will provide more national support for the goal. Then it will pose a crisis to South Korea, given China’s abundant talent and raw materials. The US should abandon its current approach of trying to get something out of shaking and breaking the global value chain.”

The US has no intention of doing any such thing. The executive order contains a provision that it may add to the list of products which affect national security, while in Washington there are calls for even more severe measures.

Republicans have criticised the order for not going far enough. Nikki Haley, former US ambassador to the UN in the Trump administration and now a presidential aspirant for the Republican party, said it was “not even a half measure.”

“To stop funding China’s military, we have to stop all US investment in China’s critical technology and military companies, period,” she said.

The inexorable logic of the US measures against China, aimed at bringing high-tech production back to its shores or confining it to what it regards as its closest and most reliable allies, is military war, to which the lessons of history speak loud and clear.

The lead-up to Pearl Harbor in December 1941 was the oil embargo imposed on Japan on July 26, 1941. In today’s world, high tech is just as much the lifeblood of the capitalist economy as was oil at that time.

Accordingly, the economic warfare against China is being accompanied by a relentless military buildup, the efforts to create anti-China alliances, the increased involvement of NATO in Indo-Pacific affairs, the virtual scrapping of the One China policy as it attempts to goad China into some kind of military response in relation to Taiwan, the same kind of provocation that set off the US-NATO war in Ukraine.

There is only one way to counter this war drive and that is the mobilisation of the international working class on a socialist anti-war program. Imperialist war, of which the latest moves by the Biden administration are a component, arises from the fundamental contradiction between global economy and the nation-state system, a contradiction which assumes an excruciating form in the development of high tech.

The US proposes to resolve this contradiction by ensuring that it remains the dominant economic and military power, threatening in pursuit of that goal to plunge humankind into a nuclear holocaust.

The working class must resolve it by advancing its political struggle for world socialist revolution, not as some kind of far-off perspective, but as the only realistic program of the day.



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