

# Accelerated US protectionism rooted in preparations for war

**Nick Beams****28 March 2024**

Almost every day there is an escalation of US protectionist measures, perhaps more accurately characterised as economic warfare, not just against China, designated as a “strategic competitor,” but also against American allies.

New technologies, associated with the development of green energy as well as artificial intelligence, which will play a key role in shaping the economic future, are front and centre. But older industries such as steel and shipbuilding are also involved.

This week US treasury secretary Janet Yellen issued a warning to China not to flood the world with cheap clean energy products that would distort global markets. Delivered on the eve of a visit to China, Yellen said she planned to make so-called Chinese dumping a “key issue” in discussions” there.

Yellen’s comments, issued with the claim that China’s actions were detrimental to American workers, underscored the total irrationality of the world capitalist system in which every major power seeks to advance its profit interests against its rivals, no matter what the consequences.

Under conditions where the world is facing an ever-deepening crisis resulting from global warming, rationality and reason would suggest that the capacity of China to produce green energy products at a lower cost would be welcomed. Not so, in a system where everything is subordinated to the demands of corporations for increased profit and the national interests of the imperialist powers.

Yellen declared that China’s “overcapacity” in the supply of clean energy products such as solar panels, electric vehicles, the lithium-ion batteries—that is ability to produce these products in greater quantity and at a lower cost than US corporations—“distorts global prices and productions and hurts American workers.”

Her invocation of the interests of American workers is bogus. It is directed towards the trade union bureaucracy and its reactionary nationalist campaign to subordinate the working class to the central concern of the Biden administration – the protection of US corporate profit and the geo-strategic interests of the imperialist state.

The US measures on clean energy are not just directed against China. The Biden administration’s Inflation Reduction Act, which involves huge tax breaks and subsidies to US corporations which develop green energy projects, has been widely criticised by its European allies as protectionist.

The legislation is based on exactly what the US accuses China of doing, that is, providing state subsidies to corporations to aid their struggle to win greater market share.

And more than that, the protectionism is intimately bound up with the escalation of war, which is at the very centre of US foreign policy.

The ongoing and ever-extending bans on the export of high-tech computer chips and other technologies to China is aimed at trying to thwart its economic development which the US regards as the greatest threat to its economic development.

The immediate connection of these measures to war preparations is exemplified in the fact that the bans are being invoked on the grounds of “national security.”

In February Biden directed the commerce department to begin an investigation into whether Chinese “connected” vehicles, including electric cars, posed a security risk to the US because they were akin to a “smart phone on wheels.”

Announcing the investigation he said: “China’s policies could flood our markets with its vehicles, posing risks to our national security. I’m not going to

let that happen on my watch.”

The protectionist measures go beyond high-tech industries. Earlier this month, Biden declared his opposition to the proposed \$14.9 billion purchase of US Steel by the Japanese firm Nippon Steel, organised last December, saying it was “vital” the company remained “domestically owned and operated.”

The deal is under investigation by the Committee for Foreign Investment in the US (Cfius) which examines foreign investment deals for national security threats.

It had been expected that Cfius would clear the deal but with Biden’s intervention that has been called into question.

According to Emily Kilcrease, a Cfius expert at the Center for a New American Security think tank, Biden’s statement opposing the deal meant that “Cfius is potentially in the uncomfortable position of having to reverse engineer their risk assessment to fit a politically determined outcome.”

Biden’s intervention came in response to pressure from the United Steelworkers union bureaucracy. It has been active on another front as well and, together with other unions, has called on the president to open an investigation into alleged unfair economic practices by China in ship building.

The unions are reported to have lodged a petition with the US Trade Representative under Section 301 of the 1974 Trade Act, the legislation used by former president Trump in launching trade war measures against China in 2018.

A comment published in the *Financial Times* earlier this month by Michael Strain, a leading figure in the right-wing, free market, American Enterprise Institute, focused attention on the Nippon Steel takeover and the departure from what used to be the policy of key sections of the US ruling class.

“An American president opposing investment by a staunch ally in a US manufacturing company is a sign that protectionism has run amok,” he wrote.

Strain was not opposed to the US war drive against China. His concern is that Biden’s actions are weakening its position.

“Japan is an increasingly important Pacific ally as the US’s relationship with China becomes more adversarial. Biden should be using economic policy to strengthen this partnership, not to weaken it by treating a Japanese company as a security threat.”

Citing the statement by Trump that he would block the Nippon deal instantaneously should he become president, Strain said this was an example of the “Biden-Trump consensus against sound economic policy.”

If what was regarded as “sound policy” in the past has gone by the board, as it clearly has, there must be deeper reasons beyond the proclivities and personalities of Trump and Biden and their efforts to drum up electoral support with the bogus claim they are “protecting” American workers.

The driving forces of the protectionism, invoked on the basis of “national security,” are rooted in the protracted decline of US capitalism that has now reached a critical turning point. Increasingly, the US ruling class sees no way out of its historic crisis other than the turn to the one area in which it remains dominant—the use of military might.

For class conscious workers, the crucial and immediate issue is to warn their co-workers that the nationalist program of the trade unions is aimed at tying the working class the catastrophe of world war, with potential nuclear consequences threatening civilisation itself, and develop the fight for a socialist program as the only viable way forward.



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