

Biden-Harris administration intensifies economic war against China

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The Biden administration has significantly stepped up its high-tech economic warfare against China with the announcement by the Commerce Department on Monday of a ban on the use of Chinese-made software in cars and other vehicles.

The ban to come into effect from 2027 follows an investigation by the department into internet-connected software which is becoming an increasing feature of new auto production.

It was justified on so-called “national security” grounds with National Security Adviser Jake Sullivan issuing a statement outlining the supposed dangers.

“Cars today have cameras, microphones, GPS tracking and other technologies connected to the internet. It doesn’t take much imagination to understand how a foreign adversary with access to this information could pose a serious risk to both our national security and the privacy of US citizens,” he said.

This bellicose announcement was the starting point for Commerce Department secretary Gina Raimondo when she briefed reporters before announcing the ban the following day.

“This is not about trade or economic advantage. This is a strictly national security action,” she told reporters in a conference call. “We are focused on the national security threat, very real threat, that connected vehicles pose to our country and the American people.”

Commercial and economic interests, however, are very much to the fore and are completely intertwined with “national security” as the Biden administration deepens its confrontation against China.

In her briefing Raimondo pointed to the example of Europe where Chinese vehicles are rapidly expanding their market share as a “cautionary tale.” “We know the Chinese playbook, they will subsidise, so we’re not going to wait until our roads are filled with cars and the risk is extremely significant.”

The issue of subsidies is continually raised by the proponents of the US economic warfare to try to cover up

the fact that Chinese-developed technology is often well in advance of that developed in the US and Europe.

As the *New York Times* report on the ban acknowledged: “The proliferation of electronics in cars presents a quandary for policymakers and automakers. China is an important supplier of technology like lidar, which uses light to detect objects and is critical to many driver-assisted systems. Chinese automakers have also developed some of the most advanced autonomous driving systems.”

According to a report in the *Financial Times*, based on data collected by the consultancy firm Gartner, which charts the digital performance of automakers, “global carmakers from Toyota and Volkswagen to General Motors have fallen behind Tesla and Chinese rivals in developing the software to power their vehicles, threatening their ability to secure bigger profits in the electric vehicle era.”

As the Biden administration began stepping up its high-tech bans on China, it claimed that these were confined to strategically important goods and not aimed at the broader economy. The US was attempting to erect a “high fence around a small yard,” it claimed.

This fiction is being rapidly exposed. As the chief executive of the Center for a New American Security, Richard Fontaine, told the *Times*: “On China tech, it’s clear that the ‘small yard’ in growing in size and will continue no matter who wins the election in November.”

The expansion is inherent in the very basis of new technology, connected with the internet and using artificial intelligence. A wide range of products coming on to the market can be deemed to have “national security” implications.

Furthermore, irrespective of the nature of those products, the development by China of what president Xi Jinping has called “high quality productive forces” is regarded as an existential threat to the economic dominance of the US.

Having fallen behind China in the development of more productive means of manufacture because of the financial parasitism of many American firms, ranging from Apple, Boeing and the giant pharmaceutical companies, the US is

resorting to economic nationalism backed by economic warfare and increasing military threats.

This was underscored in a comment by the director of Biden's National Economic Council, Lael Brainard, on the latest decision.

"The Biden-Harris administration believes the future of the auto industry is made in America by American workers," she said. The announcement "ensures that Americans drive the car of their choice safely and securely, free from risks posed by Chinese technologies."

Of course she failed to mention, as was outlined by the whistle blower Edward Snowden, that US citizens are spied on and monitored every day by "American technologies" employed by the NSA.

A Harris administration will extend the economic warfare. After denouncing the tariffs introduced by Trump during its presidency, Biden maintained virtually all of them and developed them much further, with one of its most significant decisions being the imposition of a 100 percent tariff on Chinese electric vehicles earlier this year.

The latest moves by the Commerce Department, which will be finalised after a 30-day period of comment and are intended to be in place before Biden leaves office, are certain to be extended.

Department officials said it was assessing other industries that could warrant similar action, including drones and the infrastructure of cloud computing.

In his campaign for the presidency, Trump has made clear that tariffs are at the centre of his economic agenda, maintaining that further tax cuts for the wealthy and corporations can be financed out of tariff revenue—harking back to the 19th century when tariffs were the main source of government revenue. He has proposed a 10 percent tariffs on all imports, possibly 20 percent and a 60 percent tariff on Chinese imports.

Coupled with his fascist attacks on immigrants, who are viciously scapegoated for all the problems confronting American society, Trump claims his tariff measures will deliver "low taxes, low regulations, low energy costs, low interest rates and low inflation" so that "everyone can afford groceries, a car and a beautiful home."

He continually presents tariffs as a tax on "foreign" producers who have been "ripping off" the US. In fact, they are a tax on consumers who are forced to pay a higher price for the necessities of life.

According to calculations by the Peterson Institute for International Economics, an across-the-board tariff of 20 percent plus a 60 percent tariff on Chinese goods would lead to an increase of \$2,600 a year in what the average household pays on goods and would disproportionately hit the lower-income households Trump claims he is protecting.

Trump's "snake oil" economics, directed to the domestic front, also has a sharp international edge. In a recent stump speech in Wisconsin followed by an address to the Economic Club of New York earlier this month, he focused attention on what is one of the fears of the US political elite on both sides of the aisle.

The concern is that the status of the US dollar as the global currency, which has made it possible to run up debts not possible for any other country, is being undermined.

Trump told his Wisconsin audience those countries which attempted to move away from the dollar in their international transactions—there are a number of them moving in that direction in the BRICS grouping—would be severely hit.

"I'll say, 'you leave the dollar, you're not doing business with the United States. Because we're going to put a 100 percent tariff on your goods.'"

He underscored the importance of maintaining dollar supremacy in his New York address a few days later. "If we lose the dollar as the world currency, I think that would be the equivalent of losing a war," he said.

The aggressive nationalism of Trump has caused concern for at least one of his most ardent supporters, the economist Arthur Laffer. He is the author of the infamous Laffer curve, reputedly laid out on the back of a table napkin at a restaurant in the 1980s, that tax cuts would pay for themselves because they would increase economic growth.

Denounced by George Bush senior as "voodoo economics," it nevertheless became the basis for Reagan's economic program which ramped up US debt and forms the basis of Trump's tax cut plans.

Today, however, Laffer has expressed major concerns about the Trump tariff plan in comments to the *Financial Times*, emphasising the importance of trade, and pointing to where it is leading.

"All of this stuff of sanctions and threats of tariffs and all that stuff is not the right way to go. That's a way of guaranteeing World War Three."

His remarks apply no less to the Democrats, who, as the latest decision reveals, are just as committed as Trump, if not more so, to economic warfare and its potential military consequences.



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