

China's High Speed Rail. Profit-Driven New Cold War Against China

Report by Corporate-Funded Think-Tank. The same report paradoxically acknowledges the failure of the economic model the U.S. has tried to impose on the rest of the world

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A new report published in [Railway Age magazine](#) and written by the Information Technology Innovation Foundation (ITIF) has sounded the alarm about China's growing high-speed rail sector. The report comes amid escalations in the U.S.'s New Cold War against China, of which technology is a key component.

China is by far the world leader in high-speed rail investment and development, sporting more than 35,000 kilometers (21,700 miles) of high-speed rail, or 68 percent of the world's total. The ITIF itself [admits to China's rapid success](#) in this sector since its first high-speed rail line was completed in 2008:

Since then, China has opened thousands of kilometers of high-speed lines with speeds ranging from 200 to 350 kph. To do this, China spent hundreds of billions of dollars on the world's most expensive public-works project since President Eisenhower's Interstate Highway System of the 1950s.

The United States might learn from China's success in investing in high-speed rail and try and emulate it; however, according to the ITIF, China's high-speed rail policies damage “innovation” by privileging domestic market development and state-owned enterprises over the interests of private, foreign firms primarily residing in the West. China is accused of employing a form of “mercantilism” to manipulate the global market at the expense of the superior capabilities of Western, Japanese, and American investors.

The term “mercantilism” has been used by big business interests in the U.S. and West to portray China's policy of indigenous development as a high crime against the free market. In fact, the ITIF has been sounding the alarm about China's prioritization of its own tech sector [since 2013](#).

It lamented that China was no longer keeping its promise “to be a low-cost production platform for foreign multinational corporations (MNCs).” As if the Chinese government's

function was to serve the latter's needs and not that of its own people.

The ITIF's latest report focusing on China's high-speed rail sector comes amid escalating U.S. attacks on China's tech sector. Most associate this "tech war" with the Trump administration's sanctions on China's [Huawei Corporation](#) and social media apps such as [WeChat and TikTok](#). However, the Biden administration and its allies have been just as aggressive in their attempts to forestall China's technological development.

Biden has proclaimed that the U.S. is in a battle against China to "win the 21st century" and has expanded the list of Chinese telecommunications and supercomputing companies on the [U.S.'s blacklist](#). In a recent speech to the UK-funded Chatham House, neo-con hawk and twice-failed presidential candidate Hillary Clinton passionately claimed that the U.S. is at "the mercy of China" and demanded that the U.S. ["take back the means of production."](#)

The U.S. war on China's tech sector therefore shares widespread bipartisan support. As this analysis will demonstrate, far from calling for more public investment in the needs of an increasingly destitute U.S. workforce, the ITIF's new warnings about China's high-speed rail sector reveal how powerful economic interests are pushing for a new Cold War with China alongside the perpetuation of neoliberal economic policies that prioritize the interests of multi-national corporations.

Who Is behind ITIF?

Richard Haass, the President of the Council on Foreign Relations noted in a 2002 speech at the State Department that [think tanks serve as an important bridge between policy and action](#), and have been shaping U.S. foreign policy for over 100 years.

What Haass leaves out is that the majority are funded by corporate and military interests to help condition the public and skew public policy in a direction that favors capitalist elites and not the public at large.

The Information Technology Innovation Foundation (ITIF) claims to be an independent public policy think-tank based in Washington, D.C. However, a closer look into its background demonstrates that ITIF is a pillar of free-market fundamentalism and the military and corporate domination in world affairs required to maintain the U.S.-led neoliberal order.

Currently, it is one of several players driving a false and demonized view of China that may very well provoke a new world war.

The ITIF receives the vast majority of its funding from U.S. corporations in every sector of the economy. This includes the two largest employers in the United States, Walmart and Amazon.

More notable in the realm of technology and militarism is the host of donors from the defense and U.S. big-tech industries. Northrop Grumman, Boeing, and leading Silicon Valley corporations as well as the Charles Koch Institute join an alliance of U.S. monopolies and industry associations [backing the ITIF](#).

The same corporations backing the ITIF have led the charge in pressuring Washington to take a hostile approach to China's tech sector, whose success threatens them. Amazon and Northrop Grumman, the major arms manufacturer also [are top sponsors](#) of the Australian Strategic Policy Institute (ASPI).



[Source: antinuclear.net]

ASPI has produced several dubious reports on China's supposed repression of Uyghurs in Xinjiang. Some of these reports attack journalists who have challenged the official narrative, notably at [the Grayzone project](#). ASPI publications have generally been used by Washington to enhance sanctions against China over ["human rights" claims](#).



Cover of ASPI report on the persecution of Uyghurs in China's Xinjiang province. Military-funded think-tanks are playing up China's alleged human rights abuses in Xinjiang to mobilize public opinion against China. [Source: saveuighur.org]

ITIF founder and President Robert D. Atkinson is a champion of global neoliberalism who is regarded highly in elite circles as a tech policy guru.

Prior to founding the ITIF, Atkinson served as Vice President of the Progressive Policy

Institute, a think-tank of the Bill Clinton-led Democratic Leadership Council (DLC) that sports initiatives [such as the Neoliberal Project](#). Atkinson has served as an adviser for every U.S. administration from [Bill Clinton to Donald Trump](#).

Atkinson currently holds a post as an adviser for the Minister of Science, Research, and Innovation in the UK. He also serves on the [Markle Foundation's Task Force on National Security](#), which helped write the *9/11 Commission Report* and regularly lobbies for the privatization of the national security state in Congress on behalf of the Foundation's president, Zoë Baird, Bill Clinton's failed Attorney General nominee.

In a testament to his commitment to Clinton-era neoliberalism, Atkinson argued in a 2011 article that progressives should drop social welfare policies and instead ["support corporations"](#) in their fight against "foreign mercantilism."

More recently he has been [warning about the China "threat"](#) which he [uses as a pretext for promoting the implementation of his conservative economic ideals](#).

China's High-Speed Rail Ascendancy a Nightmare for Neoliberalism

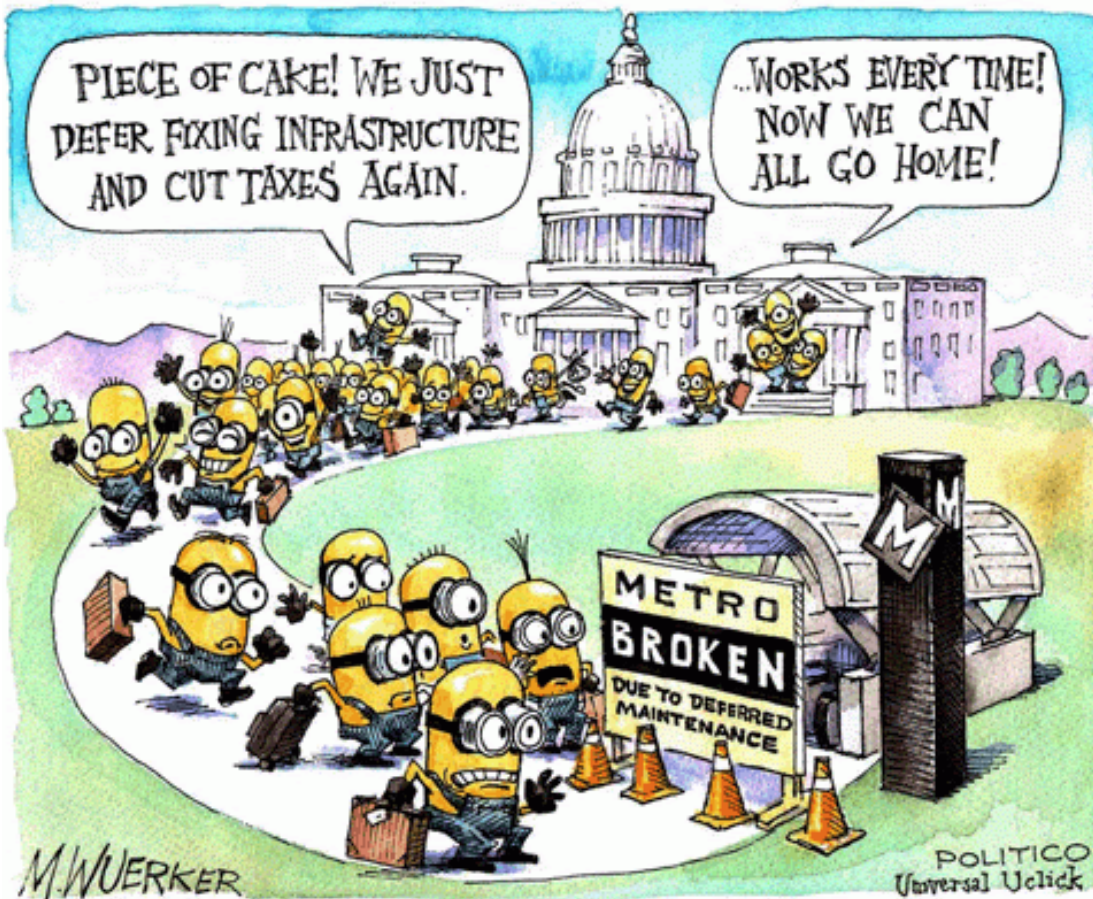
Given Atkinson's history, it should come as little surprise that the ITIF's report *Heading Off Track: The Impact of China's Mercantilist Policies on Global High-Speed Rail Innovation* reads like a cartoonish screed against public investment.

Authored by Nigel Cory, the report provides an inside look into the nightmare that China's high-speed rail presents to the global order of neoliberalism.

Mercantilism is a derogatory word devised by free-market fundamentalists to describe the prioritization of domestic market development. According to the report, China's largest rail manufacturer, the CRRC, is state owned and "has the largest share of the global high-speed rail market due to its dominance of the Chinese market."

What is particularly troublesome to the ITIF is that China's early reliance on foreign technology to develop its high-speed rail sector has been gradually replaced with domestic alternatives.

The report blames China's dominance over its own market for the failures of European, Japanese, and U.S. rail manufacturers to keep up with high-speed rail production. European firms such as Alstom or Japanese firms such as Hitachi are described as "innovative" more than a dozen times yet have seen their market share in the industry decrease as much as fifty percent since 2007. The United States does not have a single high-speed rail firm capable of developing high-speed rail and has thus fallen the furthest behind.



[Source: ushsr.net]

That more “innovative” firms in the U.S. orbit have fallen behind China is an obvious contradiction. To explain away failure, the ITIF outlines measures China has taken to unfairly keep foreign corporations out of the Chinese market. Many of these claims are contradicted in the report itself.

“Forced technology transfer” is a particular sore point for the ITIF and forms the basis of claims of “stolen” intellectual property constantly made by the United States and its allies. China is accused of forcing foreign firms to share technology on an unequal basis. Yet so-called “forced” technology transfers are not forced at all. Rather, as the report explains:

China’s ongoing requirement for 100 percent Chinese-owned technology in many procurement contracts, combined with foreign firms having to engage with majority-Chinese owned JVs [joint ventures] in order to submit a bid, amounts to a de facto mandate to transfer technology to local partners. Foreign firms continue to capitulate because they have no choice—they either give up their technology or lose out to other competitors in the growing Chinese market.

Describing this scenario as “forced” obscures the actual problem: that China does not allow its high-speed rail market to be controlled and dominated by foreign, mainly U.S. and European, firms. Rather, China allows foreign firms to invest in rail development only if Chinese firms maintain majority ownership and are allowed access to information which allows them to develop the technology domestically.

While the ITIF claims foreign rail firms had “no choice” in doing business with China, it also admits that these same firms entered into such agreements willingly in part because China

was not expected to catch up to its foreign peers so fast.

Another particularly sore point for the ITIF is China's bidding process. Foreign rail firms must partner with a Chinese firm just to hold a license to operate and compete for procurement contracts in the Chinese market. Foreign firms are allowed no more than forty-nine percent of the shares in any joint venture.

As the report laments, only a limited number of entirely state-owned companies are allowed to contract for projects in China, thereby ensuring little flexibility in the way revenue is spread between foreign and Chinese partners.

A huge fear among the industrial and financial magnates that fund ITIF is that China's model for infrastructure development in the high-speed rail sector will spread globally. The report expresses anguish over the Belt and Road Initiative directly, the [massive government-led global infrastructure plan](#) that China hopes will create sustained trade relations between itself and nations along the old Silk Road.

China has appointed CRRC, its foremost state-owned rail company, to develop rail projects abroad such as the [Sino-Laos railway](#) set to debut before 2021's end.

The global expansion of China's high-speed rail sector is particularly problematic because of its disregard for profit. High-speed rail is a costly endeavor which requires massive investments in research and development and components that can range from \$17 to \$21 million per kilometer of rail. The report quotes an unnamed executive who makes clear that foreign firms lack "the full weight and money of the state behind them in the way the Chinese rail companies do."

In sum, China is accused by the ITIF of unfairly gobbling up market share from foreign firms by "stealing" intellectual property and "forcing" technology transfer. No proof is provided by the ITIF that verifies either claim. More importantly, the report simultaneously admits that foreign (read U.S. and EU) firms are unable to compete with China in large part because high-speed rail requires massive public investment rather than the prioritization of private profit.

Sanctions: Economic Weapon of the New Cold War

To punish China's public investment in high-speed rail, the ITIF recommends first and foremost that foreign competitors, principally the United States and Europe, pursue sanctions against China. Thirty-nine countries around the world currently suffer from [starvation sanctions](#) imposed by the U.S. or EU. Sanctions are an act of war that cuts off a country's access to the international market and, in the cases of [Iran](#) and [Venezuela](#), prevent the import of crucial supplies necessary to sustain human life.



CodePink activist protests U.S. worldwide sanctions.

The ITIF specifically calls on the EU and the United States to work together to prevent Chinese acquisition of rail firms and contracts abroad. This would amount to a de facto blockade of China's access to European and U.S. technology required for the development of high-speed rail and is not dissimilar to existing U.S. sanctions [on the semiconductor industry](#) meant to slow China's progress in the realm of "smart" technology.

The ITIF also suggests that U.S. and European governments adopt higher prices for public procurement contracts for foreign investment in rail projects and more stringent screening processes to essentially prevent China's high-speed rail sector from expanding into the industrialized world.

Perhaps most damning is the ITIF's inclusion of the demand that the World Bank withdraw financial support to China. Historically, the World Bank has operated alongside the IMF as an enforcer of [global privatization](#), particularly in the Global South.

Structural adjustment programs implemented in countries across Asia, Latin America, and Africa have reinforced [neocolonialism](#) and massively increased extreme poverty around the world to the benefit of financial elites in the U.S. and Europe. That the ITIF would demand the withdrawal of World Bank funds from Chinese-backed high-speed rail projects demonstrates the lengths the U.S. and its allies will go to contain the rise of China.

Sanctions are indisputably the economic weapon of choice in the U.S.-led New Cold War on China. While many who politically identify as "left" in the U.S. and West see China as a "capitalist" country, it is clear that the U.S. and its allies employ targeted sanctions not on capitalist firms but on socialist development in China and elsewhere.

The ITIF specifically targets state-owned enterprises in China for sanctions in the same manner that the U.S. currently enforces targeted sanctions on state-owned enterprises in [Belarus](#) and [Myanmar](#).

Regardless of whether the justification is "human rights" or "competition," the effect of

sanctions is to starve countries of their capacity to meet the needs of their people in the hopes that they will either “play ball” with U.S. and EU hegemony or see their political systems replaced with more compliant regimes.

China does not “play ball” with U.S. hegemony. China maintains public ownership over key sectors of the economy such as high-speed rail and disregards U.S. and European sanctions placed on poor nations across the Global South. This is evidenced by China’s massive bilateral relationships with [Iran](#) and [Russia](#). China is also Europe’s, Latin America’s, and Africa’s largest trading partner.

Furthermore, high-speed rail marks only one area where China has surpassed the U.S. and European powers technologically. China leads the world in artificial intelligence, regenerative medicine, and [a host of other sectors](#) that once were dominated by private U.S. and European firms.



Visitors check their phones behind the screen advertising facial recognition software during the Global Mobile Internet Conference (GMIC) at the National Convention in Beijing, China, April 27, 2018. [Source: [pri.org](#)]

Sanctions are thus deemed necessary to arrest the development of China’s large publicly driven tech sector from taking the reins as the foremost economic power. The ITIF published a follow-up article [authored by Robert Atkinson](#) himself which anguished over the reality that Chinese state-driven development is fast becoming *the* engine of the global economy.

This article appeared to reflect a tacit admission of the failure of the economic model Atkinson and his ilk have tried to impose on the rest of the world, and reaffirmation of China’s policies.

Free-Market Fundamentalism Spells Doom for Humanity

The ITIF not only calls for sanctions but also for direct public investment to spur “innovation” and make the U.S. and its allies competitive again. The U.S. Senate Commerce Committee has followed these recommendations by approving [\\$110 billion in basic research](#) in the tech sector.

Still, there is an obvious contradiction in the demonization of China's state-owned economy and the U.S.'s decision to increase government spending in tech research to counter China. This contradiction is unlikely to be resolved given that the New Cold War is predicated upon the religion of free-market fundamentalism—an ideology which is foundational to U.S.-led neoliberal capitalism.

As economist [Michael Hudson remarks](#), the New Cold War on China is essentially a clash of two systems:

Today's Cold War 2.0 aims to deter China and potentially other countries from socializing their financial systems, land and natural resources, and keeping infrastructure utilities public to prevent their being monopolized in private hands to siphon off economic rents at the expense of productive investment in economic growth.

Free-market fundamentalism spells doom for humanity. It is that which Secretary of State Tony Blinken chastised China when he said they were not following the “rules-based international order.”

Free-market fundamentalism is behind the massive bailouts and stock buybacks Biden supported under the Obama administration and the massively bloated U.S. military budgets, which pad the profits of private weapons manufacturers.

Abroad, free-market fundamentalism inspired the 1973 CIA-backed [coup in Chile](#), sanctions on Zimbabwe for its [engagement in land reform](#), and the dozens of societies destroyed by the U.S. in the name of “freedom” and “democracy.”

China's high-speed rail sector is now under fire from the U.S.-led neoliberal order precisely because the titans of big tech and finance cannot imagine development that does not place the massive profits of capitalists such as Jeff Bezos and Bill Gates in command of international politics.

Think-tanks such as the ITIF serve as mouthpieces for their Wall Street and Silicon Valley funders. It is quite clear from ITIF's report on high-speed rail that, beneath the bellicose rhetoric and policies of the U.S.-led New Cold War on China, is a very real attempt to stymie the progress of alternative economic arrangements to neoliberalism on the world stage.

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