

New US tariffs escalate trade war with Europe

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The Trump Administration announced on October 2 that it would impose \$7.5 billion in punitive tariffs on European Union exports to America, based on a World Trade Organization (WTO) ruling against EU subsidies to Airbus. After Washington imposed \$200 billion in tariffs on Chinese exports and a 25 percent tariff on EU steel last year, to which China and the EU replied with billions in retaliatory tariffs, this new move sets the world's major economies on a course to all-out trade war.

Trump called it a “big win for the United States.” US officials, who are also preparing sanctions on EU auto exports, said they would impose a 10 percent tariff on Airbus aircraft and 25 percent tariffs on various EU agricultural and industrial goods. US aircraft manufacturer Boeing had called for a 100 percent tariff on Airbus planes, apparently trying to lock Airbus out of the US markets.

EU officials, who have brought a similar WTO suit against US subsidies for Boeing and are waiting for a ruling authorizing tariffs against US products, threatened to retaliate. EU Trade Commissioner Cecilia Malmström declared, “Our readiness to find a fair settlement remains unchanged. But if the US decides to impose WTO-authorized countermeasures, it will be pushing the EU into a situation where we will have no other option than do the same.”

In an article titled “Europe can do more than Trump realizes,” the *Sueddeutsche Zeitung* warned that US tariffs on \$40 billion in EU auto exports “could sink Germany into an economic crisis.” However, it threatened, “America in 2018 sold products worth 270 billion euros to Europe, three times more than it did to China. Does Trump really want to endanger this, a year before his re-election bid? Retaliation from Brussels could do serious damage to the US economy.”

Governments on both sides of the Atlantic are acting with staggering recklessness. After the 2008 Wall Street crash, the dominant factions of the ruling class still recognized that trade war policies in the last great capitalist economic collapse, the Great Depression of the 1930s, had disastrous economic and military consequences. The Davos Economic Forum noted, “Protectionist policies helped precipitate the collapse of international trade in the 1930s, and this trade shrinkage was a plausible seed of World War II.”

A decade later, however, both sides are stoking the same economic rivalries—even though, twice in the 20th century, these exploded into world war between US and European capitalism.

The potential dangers in terms of job losses and economic dislocation are incalculable. In today's world of transnational production, the imposition of tariff barriers on international trade not only threatens to eliminate millions of jobs involved in assembling finished aircraft, cars or other manufactured products that are then exported across national borders. It also threatens to wreak havoc across the supply chain of each manufacturing corporation, whose activities depend on rapidly and cheaply assembling products from parts made around the world.

The last year has seen a wave of warnings, as the various tariffs went into effect, that they could tip the economy back into a recession like the 2008 Wall Street crash. The World Bank's 2018 Global Economic Prospects report noted: “A broad-based increase in tariffs worldwide would have major adverse consequences for global trade and activity. An escalation of tariffs up to legally-allowed bound rates could translate into a decline in global trade flows amounting to 9 percent, similar to the drop seen during the global financial crisis in 2008-09.”

The blow would be particularly serious amid signs that world capitalism is already falling back into its first coordinated global recession since 2008. With US manufacturing contracting and Germany sinking into recession, world trade growth will sink to only 1.2 percent this year, according to WTO estimates, the slowest since 2008.

Whatever the immediate outcome of the various US-EU tariff disputes, there will be no peaceful long-term settlement of these conflicts. Rather, global relationships and institutions that have formed the framework of world economy for decades are disintegrating in the face of historically rooted, objective contradictions of the capitalist system.

Trump said as a presidential candidate that nuclear war in Europe was not “off the table” and called the NATO alliance with Europe “obsolete” upon his election—to which the EU powers replied by pledging to spend hundreds of billions of euros to build their own independent military forces. Since then, Washington and the EU have imposed escalating tariffs, causing the failure of last year’s G7 summit, and clashed over US threats of a new neo-colonial war on Iran. With the latest tariff ruling, these intractable economic and military conflicts are reaching a new, even greater intensity.

Shortly after the establishment of the EU in 1992, one of its main founders, French President François Mitterrand, told a journalist in a moment of candor: “France does not know it, but we are at war with America—yes, a permanent, rival, economic war without any obvious casualties. Yes, the Americans are very brutal, voracious, they want an unlimited domination over the world. It is an unknown war, a permanent war, without visible dead yet a war to the death.”

The year before, the Stalinist bureaucracy had restored capitalism in the Soviet Union and Eastern Europe. But the elimination of the Soviet Union as a military and political counterweight to the imperialist powers has only intensified the contradictions of capitalism that underlay the world wars and social revolutions of the 20th century: between world economy and the nation state system, and between socialized production and private appropriation of profit. After three decades of escalating inter-imperialist economic rivalry, the world is yet again

teetering on the brink.

The antipode to the growth of nationalism, trade war and militarism is the resurgence of the international class struggle. From the mass strikes of auto workers and teachers across North America, to “yellow vest” protests in France, mass movements against military regimes in Sudan and Algeria, and the mass protests in Hong Kong, anger against social inequality is mounting among workers. The economic crisis presents this emerging movement with vast revolutionary tasks.

Writing in 1934, as he fought to mobilize the working class against the approaching danger of World War II, the Russian Marxist Leon Trotsky warned: “The national state with its borders, passports, monetary system, customs and the army for the protection of customs has become a frightful impediment to the economic and cultural development of humanity.” The task facing the working class, he stressed, was “not to bind itself to the national state in time of war, to follow not the war map, but the map of the class struggle.”

Averting a new relapse into economic depression and war requires an international revolutionary struggle to take state power out of the hands of the financial aristocracies that are driving the trade war, expropriate their ill-gotten wealth, and build a socialist society on a global scale.



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