

# The Trump-Navarro blueprint for global economic warfare

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US president Trump's latest escalation of his global economic war was outlined last week under the banner of "reciprocal tariffs." It extends far beyond what this designation seems to imply.

It is not the imposition of tariffs on goods coming into the US equivalent to the tariffs which the exporting country imposes on its imports from America. That is just a small part of the overall battle plan which involves retaliation by the US against any tariffs, regulations, taxes or subsidies by any country which it deems to be detrimental to the interests of American corporations.

The economic war agenda has been drawn up largely by Peter Navarro who has been designated as Trump's senior counsellor on trade and manufacturing policy where he will work in close collaboration with the designated commerce secretary Howard Lutnick and Trump's nominee for trade representative Jamieson Greer.

Navarro, who is known as a ferocious anti-China hawk—as far back as 2011 he wrote a book titled *Death by China*—served in the first Trump administration. But there he was reportedly somewhat constrained by other members, including treasury secretary Steven Mnuchin and National Economic Council director Gary Cohn.

Last year Navarro was jailed for four months for contempt of Congress after he refused to give testimony to an investigation into the January 6, 2021, attempted coup. His defiance of Congress in defence of Trump, and his vociferous backing of Trump's measures, particularly those directed against China, elevated him to the status of what has been called "MAGA royalty."

Citing the words of an unnamed source who it said had observed Navarro for decades, the *Financial Times*

(FT) reported: "He's a guy who basically sees an existential threat to the US economically, militarily, geopolitically from China. He is a guy who is super focused on that."

Free of the constraints on him in the first Trump administration, Navarro has now been let loose. The results are evident in the White House document entitled "Reciprocal Trade and Tariffs" issued on February 13.

It begins with the familiar refrain that the US has been treated unfairly, leading to a persistent and large annual trade deficit, while American industries bear the brunt of unfair practices and limited access to foreign markets.

This is a well-established pattern. Imperialist powers planning aggressive action always seek to present themselves as a "victim" of the actions of others—Hitler certainly drew heavily from this playbook.

The document makes clear that while tariffs are raised as the first item to which the US will respond, the retaliation will extend far more broadly.

Measures requiring reciprocal action include "unfair, discriminatory, or extraterritorial taxes imposed by our trading partners on United States businesses, workers and consumers, including a value-added tax."

Extraterritorial taxes refer to the attempts by government to capture some of the revenue generated by the tech giants in their country such as through a digital services tax.

The issue of the value added tax (VAT), which is imposed in Europe, has been a particular target of Navarro. He has said that the European Union's VAT is the "poster child" for the kind of measures that would be tackled by the imposition of "reciprocal" US tariffs.

According to Navarro, the VAT "almost triples the

EU's tariff rate on American exports, even as it heavily subsidizes the EU's exports."

The document specifies that the Trump administration will investigate "costs to US businesses, workers and consumers arising from nontariff barriers or measures and unfair practices, including subsidies, and burdensome regulatory requirements in United States businesses operating in other countries."

The definition of a "nontariff barrier" or "measure" underscores the broad range of the reciprocal tariff retaliatory regime.

Included in the definition are "any government-imposed measures or policy or nonmonetary barrier that restricts, prevents, or impedes international trade in goods, including import policies, sanitary and phytosanitary measures, technical barriers to trade, government procurement, export subsidies, lack of intellectual property protection, digital trade barriers, and government tolerated anticompetitive conduct of state-owned or private firms."

In other words, the internal domestic policies of any government will be the pretext for the imposition of crippling tariffs if these policies are deemed in any way to adversely impact on US corporations. This goes far beyond anything that has been seen in economic history.

Currency values will also be under scrutiny and possibly made the basis for action if there are policies which cause them to "deviate from their market value to the detriment of Americans."

And then just to make sure that all bases are covered, the document makes clear that "any other action that in the judgement" of the US administration "imposes any unfair limitation on market access or any structural impediment to fair competition with the market economy of the United States" will be the subject of action.

It says the plan will factor in losses resulting from "measures that disadvantage the United States as applied, regardless of what they are called or whether they are written or unwritten."

US agencies including the commerce department, the Treasury, the US trade representative, as well as Navarro in his capacity as senior counsellor for trade and manufacturing will report to Trump on April 1.

Even before the report is delivered, Trump is stepping up the tariff war. Earlier this week he said he was

considering imposing tariffs of around 25 percent on the imports of cars, drugs and computer chips.

"It'll be 25 percent and higher and it'll go substantially higher over the course of the year," Trump stated in reference to chips and drugs. Trump said he wanted to give companies "a little bit of a chance" to relocate their operations to the US.

Within the financial press, at least, there is no doubt about the real meaning of "reciprocity."

As Alan Beattie, the trade correspondent for the FT wrote: "'Reciprocity' is simply what Trump and Navarro say it is. The US is giving itself multiple tools to impose whatever tariffs it likes for whatever reason it can make up on a highly flexible, legal basis, with a series of arbitrary and eminently mutable deadlines."

The point has been made that the Trump measures and plans completely upend the global trading system which has existed since the end of World War II. It is even more serious than that.

The post-war global trading order was put in place to end the system of currency blocs, trading blocs and tariff wars of the 1930s, of which the US 1930 Smoot-Hawley Act was a major component, that played no small role in creating the conditions for World War II.

The Trump perspective—an economic war against the rest of the world—goes even beyond the measures of the 1930s and brings ever closer the potential for the eruption of a third world war.



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