

Australia: Trump tariff threats trigger corporate demands for deeper attacks on workers

Mike Head
3 March 2025

Confronted by the potentially devastating impact of the Trump administration's global tariff and trade war, including on the Australian economy, the country's corporate elite is escalating its insistence on wholesale economic restructuring at the expense of the working class, no matter which party forms the next government after the looming federal election.

The Trump White House's "Make America Great Again" agenda means punishing tariffs, not just on Canada, Mexico and China, but also directed against any perceived threat to US dominance, including Australian exports of aluminium to the US and iron ore to China.

This has already sent the Australian dollar sliding and triggered what has become a drumbeat of media and big-business calls for measures, such as company tax cuts and draconian workplace relations changes, to emulate Trump's fascistic program of gutting social spending, along with hundreds of thousands of public sector jobs.

Shivers were sent through the country's corporate and media establishment by an aggressive article last Friday by Peter Navarro, the White House senior counsellor for trade and manufacturing. Navarro, one of Trump's advisers, targeted Australia's "close ties to China." He accused Australia of dumping subsidised, below-cost aluminium into the United States, "abusing" exemptions from tariffs when Trump was last in office.

"The era of unchecked imports undermining American industry is over. The United States will no longer be a dumping ground for heavily subsidised and unfairly traded aluminum," Navarro wrote in the *USA Today* article that was later shared by the White House.

This missive came just days after Treasurer Jim Chalmers had rushed to Washington to unsuccessfully plead the Albanese Labor government's case for a carve-out from 25 percent tariffs on steel and aluminium.

On Sunday, Chalmers played down the prospect of Australia getting an exemption from the tariffs following his meeting with US Treasury Secretary Scott Bessent. "We're under no illusions it will be hard," Chalmers admitted to *Sky News*.

Navarro's broadside exposed the emptiness of Prime Minister Anthony Albanese's claims to have won favourable "great consideration" by Trump of tariff exemptions in a pleading phone call with the US president shortly after Trump's inauguration.

Even if Australian capitalism was to be spared from direct US

tariffs, its fortunes are likely to take a fundamental hit from the US tariffs—now lifted to 20 percent—on China, which is by far Australia's largest export market and the source of its billionaire mining magnates' super-profits over the past three decades.

Navarro declared that Washington's trade war was not confined to "strategic competitors like China and Russia." He wrote: "Nations considered US allies also have been a big part of the problem. Consider Australia. Its heavily subsidised smelters operate below cost, giving them an unfair dumping advantage, while Australia's close ties to China further distort global aluminum trade."

Trump's trade advisor bracketed Australia in a long list of US trade war targets, including China, Russia, Canada, Mexico, India, Argentina, the United Arab Emirates, the European Union and the United Kingdom.

Navarro's article underscored the fact that there are no exceptions to the drive for US global supremacy, by both economic and military means. "The era of unchecked imports undermining American industry is over," he said.

"President Trump is now writing a new story for the United States. With one stroke of Trump's pen, the Biden era of idled smelters and declining capacity utilization will come to an end as a golden age of American aluminum production regains its rightful place as a pillar of national security and economic strength."

Navarro specifically linked the tariffs to the US aggression against China, which successive American administrations have nominated as the greatest threat to US hegemony. He accused Alcoa and Rio Tinto, which dominate both Canadian and Australian aluminum markets, of strategically shifting exports to the US for "the two countries to maximise profits." He said Rio Tinto's biggest shareholder was China. (The state-owned Chinalco owns 10.3 percent of the company.)

The shock waves were reflected in an *Australian Financial Review* (AFR) column today by Professor Susan Stone, under the headline: "Trump's tariff puts Australia in hard place between iron ore and China." She noted that "more than 80 percent of Australian iron ore goes to China, as a major input to that country's steel production." She added: "And here is where things get tricky for Australia." It was caught between its biggest market and "a critical defence ally."

Editorials in the AFR and the Murdoch media's national

flagship, the *Australian*, seized upon the US threats to ramp up their demands for drastic economic “reform” and vent their frustration that neither the Labor government nor the Liberal-National Coalition had a political “appetite” for what the AFR called a “tax, workplace and deregulation agenda.”

This message was accompanied by further expressions of nervousness that the election, which must be held by May 17, will produce an unstable minority Labor or Coalition-led government that will be unable to impose the required brutal measures on the working class amid mounting political disaffection. Media polls continue to show collapsing support for Labor but with no corresponding swing to the right-wing Coalition.

Sounding an alarm, today’s AFR editorial declared: “The age of uncertainty calls for a new reform era.” It stated: “Australia’s political class must contend with disruption on every front: geopolitical volatility, economic instability, technological change turbocharged by artificial intelligence, a challenged green energy transition, weakening social cohesion and a gnawing distrust of public institutions.”

The editorial warned: “Australia now faces a decade of deficits and has the lowest rate of growth since the early 1990s recession, and living standards have gone backwards for the past seven quarters. It’s a bleak picture, and the outlook is worsened by China’s economic slowdown, which could hit the budget’s bottom line.” That was compounded by “Trump’s trade war” and “America-first foreign policy” that would “force Australia to increase its defence spending.”

Significantly, the editorial said its agenda required a return to the offensive conducted against the working class by the Hawke and Keating Labor governments, which worked hand-in-glove with the trade union apparatuses. It hailed the “most important era of policy reform in Australia’s history in the 1980s and ’90s, which opened up the economy and was focused on international competitiveness. The Hawke-Keating Labor governments deregulated financial markets, floated the dollar, cut tariffs, and privatised public enterprises such as Qantas.”

Today’s *Australian* editorial set out a blueprint for any incoming government. It featured “lowering taxes to ensure the nation remains competitive,” “deregulating retail trading hours and simplifying planning and zoning” and “an ongoing process to cut red tape, repealing restrictive workplace laws.”

This barrage follows last week’s release of the government’s own Productivity Commission “Annual productivity bulletin” which declared that “productivity growth” had been “almost non-existent” in recent years. It particularly blamed poor “labour productivity,” which measures output per worker.

In the same vein, the *Australian* published an “exclusive” interview with ex-Reserve Bank of Australia governor Phillip Lowe, who now heads a corporate investment fund. Lowe insisted, ludicrously, that the historic cost-of-living and housing affordability crisis suffered by working-class households over the past three years was due to “lack of productivity,” not the central bank’s 13 consecutive interest rate rises from May 2022 to late 2023.

These hikes were part of a deliberate program, supported by the Labor government, to drive down real wages and consumer

spending.

Lowe’s assertion also denies the impact of the global economic crisis and massive corporate bailouts fuelled by the COVID pandemic and the war against Russia in Ukraine.

Speaking on behalf of the financial elite, Lowe deplored the “political problem” that “our society has lost the ability to form coalitions to implement difficult things that in the short run will hurt some people.”

In reality, the benefits from “difficult things,” including ramped-up productivity, flow overwhelmingly to the capitalist class, not the workers who produce the social wealth.

The Labor government’s response has been to seek to outdo the Liberal-National opposition in accommodating itself to Trump’s fascistic program. That includes pledging to step up its commitment to US militarism, particularly the AUKUS submarine, weaponry and basing pact directed against China, as well as Trump’s backing for the Israeli genocide in Palestine, while refusing to comment on Trump’s naked grab for Ukraine’s mineral resources.

Domestically, this program requires an all-out assault on working-class conditions and basic democratic rights, in line with that being instigated by the Trump White House. This will be unleashed as soon as the election is out of the way, together with all its false promises, regardless of who forms the next government.

While there are differences between the two ruling parties of Australian capitalism, they are tactical and secondary. They agree that the fundamental task of any future government is the slashing of all expenditure which hinders the profit accumulation of the corporations, banks and businesses they each represent. Both have responded to the sharp shift in global relations produced by the Trump administration by pledging greater outlays on the military, which can only come from social spending.

The dilemma facing any such government is that polling predicts a “hung” parliament, thus leaving the political system teetering, depending on unstable arrangements with the Greens and/or “teal” MPs or other “independents.” To achieve the required increase in unemployment, wage cuts and intolerable working conditions to produce increased productivity, the ruling class will rely on the pernicious role of the trade union bureaucracy to impose such conditions. The capitalist class will demand the suppression of wage and industrial struggles in every industry.

That is why the Socialist Equality Party’s name is being kept off ballot papers by an anti-democratic decision by the Australian Electoral Commission. The SEP is the only party offering a genuine socialist and revolutionary alternative perspective against Trump-style authoritarianism and its agenda of mass sackings and deportations, social devastation, genocide in Palestine and war against China.



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