

US imposes 25 percent tariffs against Canada and Mexico

# Trump's expanding global trade war will mean mass layoffs and punishing price hikes for workers

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US President Donald Trump has expanded his trade war against the rest of the world. Just after midnight Monday, the US imposed tariffs of 25 percent on almost all imports from Canada and Mexico, and doubled to 20 percent the additional tariffs imposed last month on all imports from China.

The trade war targeting America's three largest trading partners is part of the Trump administration's drive to reshore production and secure its dominance over the Americas in preparation for world war against its adversaries and nominal allies alike. It has an eerie resemblance to the trade war measures implemented by all of the imperialist powers in the 1930s that served as the antechamber to World War II.

At the beginning of last month, Trump issued executive orders imposing 25 percent tariffs on all imports from Mexico and Canada—with the exception of Canadian energy products which were to be subject to a 10 percent tariff—and an additional 10 percent import tax on all Chinese goods. The new tariff against China went ahead as planned on February 4, but Trump reached 11th-hour deals with Canada's Prime Minister, Justin Trudeau, and Mexican President Claudia Sheinbaum to "pause" the tariffs on their respective countries for 30 days.

As this "pause" was coming to an end Monday afternoon, Trump announced there was "no room" for a further reprieve.

Shortly after the US tariffs took effect, China and Canada announced retaliatory tariffs. Beijing has imposed a 15 percent tariff on a range of American foodstuffs and 10 percent on other products. These tariffs are in addition to the 10 percent retaliatory tariff that China adopted in February.

Ottawa has slapped tariffs on goods that account for C\$30 billion (US\$20.8 billion) worth of US imports annually, rising to C\$155 billion after three weeks if no truce is brokered.

These are only the initial stages of Trump's global trade war. Tariffs of 25 percent on all steel and aluminum imports are due to come into force March 12. Washington is also committed to enforcing a 25 percent tariff against imports from the European Union, which Trump has said he wants to destroy. As of early April, Trump has vowed to introduce so-called reciprocal tariffs on all imports, which will see US tariffs rise in line with those charged by the exporting country.

Tariffs are a charge paid by the importer on goods they purchase from the targeted country, but it is workers in both countries that ultimately pay the price. This is because the importer will either pass the higher costs onto consumers, who will thus pay for the tariff through price inflation, or cancel the order, resulting in layoffs due to production cutbacks.

These facts are deliberately concealed by all sides in the trade war, who are focused on whipping up vile nationalism to misdirect the anger of workers—fuelled by decades of declining living standards and growing

social inequality—behind the interests of their "own" ruling class. For Trump and the American oligarchy, the goal is to return key production to the United States and strengthen Washington's economic dominance over its near abroad. As he wrote on his Truth Social platform Tuesday, "If companies move to the United States, there are no tariffs!!!"

Trump has repeatedly declared that this strategy includes using economic or military force to retake control of the Panama Canal, seize Greenland, an autonomous territory that is part of Denmark, and transform Canada into the 51st state of the United States. That this is the agenda the Trump administration is pursuing was openly acknowledged by Trudeau, who sought to explain the motivation behind the tariffs by telling a press conference Tuesday morning that Trump wants "a total collapse of the Canadian economy because he thinks that will make it easier to annex us."

Trudeau and the rest of the Canadian political establishment do not oppose Trump's extortionary and violent methods. They are merely outraged that he has turned them against them, threatening their profits and privileges. Canadian imperialism has for over eight decades pursued its predatory global interests in the closest alliance with US imperialism. Its leaders in Ottawa want to continue this partnership, including the US-NATO war to subjugate Russia and plunder its resource wealth. Thus Trudeau, echoing the US Democratic Party's highly selective criticisms of Trump, opened his Tuesday press conference by saying, "So today, the US launched a trade war against Canada, their closest partner and ally, their closest friend. At the same time, they're talking about working positively with Russia, appeasing Putin, a lying, murderous dictator."

The Trudeau government and Canada's provincial governments are now moving to implement retaliatory tariffs and other countermeasures, including potentially energy export taxes or even embargoes. This is backed by a foul nationalist campaign that is just as reactionary as Trump's. They hope that by wrapping themselves in the Maple Leaf, they can disguise from the working class the fact that they are just as determined as Trump and his backers in the US oligarchy to offload through austerity, real wage cuts, and layoffs the costs of trade war onto the backs of the working class.

Trump responded to the Canadian counter-tariffs by threatening to match them, declaring, "Please tell Governor Trudeau ... our Reciprocal Tariff will immediately increase by a like amount!"

Mexico, which is even more dependent on US trade than Canada, has, for its part, said it is delaying taking any retaliatory tariffs until after a Thursday phone call between Sheinbaum, her aides and the White House. Like Canada, Mexico has surged security forces to the border it shares with the US, in response to Trump's spurious claims the tariffs are motivated by "national security" concerns about a cross-border

“invasion” of fentanyl and migrants, but all to no avail.

## Washington and Ottawa make workers pay for trade war

The trade war unleashed by Trump and fuelled by the Canadian ruling elite’s bellicose response will severely impact the lives of millions of workers across North America and further afield. The auto and other manufacturing industries have developed over decades integrated continental supply chains, along which components and semi-built vehicles cross national borders on multiple occasions before they are completed. Companies in these industries will therefore face total tariffs many times higher than just 25 percent.

Industry experts predict that tens of thousands of lay-offs will occur at auto and parts plants, with a report by Barclays stating that the tariffs “could effectively wipe out all profits” for Ford, GM, and Stellantis. Ontario Premier Doug Ford suggested that Canada’s auto industry, which employs about 18,000 workers at the Detroit Three and tens of thousands more at suppliers and other automakers, could shut down within 10 days.

Layoffs have already begun. In early January, the *World Socialist Web Site* carried a statement by the National Steel Car Rank-and-File Committee reporting on the layoff of about two-thirds of the Hamilton, Ontario, plant’s 1,400-strong workforce due to a collapse in orders from American customers.

A worker at GM’s CAMI assembly plant in Ingersoll, Ontario, told the WWSW Tuesday that the 80 workers with the least seniority were laid off February 10 due to the looming tariffs. “Everyone else is laid off for the next two weeks minimum,” the worker continued.

“It’s looking bleak. It’s never a good sign when you are warned by your leadership to not make any big purchases over the next three to six months. We, who made it through the first round of layoffs Feb 10, won’t make it through the next round. Or if the plant goes to one shift, that will be 540 more jobs cut or laid off until the end of our new short contract.”

A worker interviewed by the WWSW outside the Jeep plant in Toledo, Ohio, Tuesday said: “There is much uncertainty already. I believe these tariffs will be detrimental to the auto industry. I anticipate layoffs.”

Germany’s stock exchange plunged by 3.5 percent in trading Tuesday, with carmakers and parts suppliers leading the decline. Continental’s stock fell by 11.6 percent, while BMW was down 5.9 percent and Daimler Trucks dropped 7.8 percent. All three companies are heavily exposed to the North American market. Even those more focused on European and other markets are preparing or have announced layoffs in expectation of Trump’s imposition of tariffs on the EU. A German economic think tank projects that the German economy could see its projected growth fall by 0.5 percent this year if tariffs come into force, leading to further job cuts.

Workers will also be hit hard by inflation. If the tariffs last beyond a few weeks, they will add thousands of dollars to the price of a car, and more than \$10,000 to some pick-up trucks, analysts warn. Power providers in New England and New York have estimated that electricity bills would rise annually by \$165 million and “tens of millions” respectively if the 10 percent tariff on US power imports from Ontario and Quebec applies. Prices could skyrocket even higher if Ontario Premier Ford carries out his threat to cut off energy supplies to the US in retaliation for the US tariffs, an action which the Canadian nationalist demagogue pledged Monday he would perform with “a smile” on his face.

The CEOs of Target and Best Buy, two major US retailers, said prices for groceries and other household goods could rise as early as this week. Corie Barry of Best Buy said price increases were “highly likely,” while Target’s Brian Cornell told CNBC that fruits and vegetables could be hit first.

## Union bureaucracies serve as labour lieutenants in trade war

The most committed drill sergeants mobilizing workers to join the trade war in the name of “national unity” are the trade union bureaucracies. After decades of developing corporatist relations with the state and business executives, through which they have helped impose job cuts and massive concessions, the union apparatuses in the US and Canada defend nothing so vociferously as the profit interests of “their” ruling class.

A statement from the United Auto Workers that would not have looked out of place alongside declarations of Trump’s fascist advisers declared, “Tariffs are a powerful tool in the toolbox for undoing the injustice of anti-worker trade deals. We are glad to see an American president take aggressive action on ending the free trade disaster that has dropped like a bomb on the working class.”

The UAW, the statement continued, is “in active negotiations with the Trump administration” to shape his planned additional tariffs on auto imports that are due to come into force in April. “We want to see serious action that will incentivize companies to change their behavior, reinvest in America, and stop cheating the American worker, the American consumer, and the American taxpayer.”

Not to be outdone, Lana Payne, the president of Canada’s largest private-sector union, Unifor, issued an “economic call to arms.” “Every Canadian politician, business leader, worker and resident must fight back. Trump has seriously misjudged the resolve and unity of Canadians, and he has misjudged how damaging this trade war will be for American workers,” stated Payne. It is appropriate to recall following this filthy nationalist outburst that Unifor’s predecessor organization, the Canadian Auto Workers, was formed in a nationalist split with the UAW in 1985.

Workers across North America cannot defend their jobs or fight for their interests by backing any of the ruling-class factions engaged in this trade war. Rejecting the unions’ efforts to pit workers against each other along nationalist lines, American, Canadian, and Mexican workers, whose daily activities on the job are already linked in a unified cross-border production process, must wage a common struggle to defend the jobs, living standards, and social and democratic rights of *all* workers. To do so, they must build independent organizations of class struggle—rank-and-file committees—that correspond to the objective social position of workers as a class that owes no allegiance to any capitalist nation-state. This fight must be fused with the mounting opposition in the working class on the basis of a socialist and internationalist program to put an end to capitalism, the root cause of trade warfare and imperialist war.



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