The madness of Trump’s economic war and the necessary socialist response

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The sweeping tariffs imposed by the Trump administration on the rest of the world—friends and foes alike—have been widely characterized as economic madness. And indeed, they are.

They have been carried out under the banner of “Made in America,” which, according to the White House Fact Sheet accompanying Trump’s announcement, is not a “tagline” but the “economic and national security priority of this Administration.”

There is, however, no commodity that can truly be said to be “Made in America” or in any single country. Every item produced today—from the simplest everyday consumer items to automobiles and the most advanced developments in computer technology and artificial intelligence—is the outcome of a global production process within an internationally integrated economic system.

This raises the central question: If this be madness—which it clearly is—what forces are driving the Trump administration’s economic war against the world? The superficial answer, which explains nothing, is to say that it is all a product of the madness of Trump the individual.

History answers this assertion. There is no question that Adolf Hitler was mad and deranged. But he was brought to power by the German ruling class because of a deep crisis of its economy and state. He was the instrument of the ruling class for imperialist expansion and the smashing of the working class, which it saw as the only way out.

Likewise, the rise to power of Trump and his actions are the product of a profound crisis of US imperialism.

It is now widely acknowledged that Trump’s actions have shattered the remnants of the postwar international trading system, established after 1945 primarily under the actions of the United States.

The post-war order was created to regulate and contain the contradictions of the world capitalist system, which had erupted in the first half of the 20th century in the form of two world wars and the Great Depression. Underlying its establishment was the ruling class’s fear that a return of such conditions would provoke socialist revolution.

One of the central features of the post-war system was the recognition that the tariff and currency wars of the 1930s—epitomized by the US Smoot-Hawley Act of 1930—had deepened the Great Depression and played a significant role in creating the conditions for World War II. Given the development of the global economy, Trump’s measures go far beyond those of 95 years ago.

Economically, the post-war settlement was based on the industrial power and capacity of the United States. Over the past 80 years, this dominance has steadily eroded, marked by a series of turning points.

One of the most significant turning points was the scrapping of the Bretton Woods monetary agreement in 1971, when President Nixon removed the gold backing from the US dollar. The growing US balance of trade and payments deficits meant Washington could no longer honor its commitment to redeem dollars for gold at the rate of $35 per ounce.

The dollar continued to function as the basis of international monetary and trade relations, but now as a fiat currency—no longer backed by real value in the form of gold, but solely by the power of the American state.

The global financial crisis of 2008 marked another decisive turning point. It revealed that the foundations of American power rested on quicksand—a financial system that could collapse virtually overnight, corroded by rot and decay from decades of parasitism and speculation, which had steadily replaced industrial production as the primary source of profit accumulation.

In 1928, during the period of US imperialism’s ascendancy, Leon Trotsky explained that its hegemony would assert itself most fully and openly not in a time of boom but in a time of crisis, as it sought to extricate itself from its difficulties and maladies.

These “maladies and difficulties” are expressed in the ballooning trade deficit—nearly $1 trillion last year, up 17 percent from 2023—the ever-mounting government debt, now at $36 trillion, with an annual interest bill of $1 trillion, and growing concerns over the stability of the dollar, reflected in

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the surging price of gold, which continues to hit record highs.

As in the 1930s, the logic of economic war today is the development of a new world war. In 1934, as war clouds gathered, Trotsky observed that while tariffs were economically irrational, they had a definite logic: They were a concentration of "all the economic forces of the nation for the preparation of a new war."

The national concentration of economic forces is the central theme of the White House Fact Sheet on tariffs and Trump's executive order. The document repeatedly raises concerns over "national security," emphasizing the inability of the US to produce sufficient military materiel as a rationale for sweeping protectionist measures.

In his executive order, Trump declared that "large and persistent trade deficits constitute an unusual and extraordinary threat to the national security and economy of the United States." He asserted that these deficits have "led to the hollowing out of our manufacturing base; inhibited our ability to scale advanced domestic manufacturing capacity; undermined critical supply chains; and rendered our defense-industrial base dependent on foreign adversaries."

Emphasising this issue, the order asserted that the persistent annual goods trade deficit and the "concomitant loss of industrial capacity, have compromised military readiness." This "vulnerability," it declared, could only be addressed through "swift and corrective action to rebalance the flow of imports into the United States."

The Fact Sheet declared that "trading partners" could only obtain a reduction in tariffs if they took "significant steps" to "align with the United States on economic and national security matters." In other words: Fall in line with US interests, or you will continue to be hammered.

With China designated as the principal "national security" threat, regarded across the entire US political establishment as the chief obstacle to American global hegemony due to its rapid technological development, a central aim of the tariff edicts is to marshal other powers into an anti-China economic and military offensive.

The new tariff agenda raises tariffs on Beijing to a total of 54 percent—34 percent under the banner of so-called "reciprocal tariffs," on top of a previous 20 percent hike. In an earlier era, such measures—which Bloomberg estimates will lead to a 2.3 percent hit to Chinese economic growth—would have been considered an act of war.

The economic war is also directed against the working class at home, despite Trump's assertions—backed by the United Auto Workers union and other sections of the trade union bureaucracy—that it benefits the American worker.

One of the big lies of the Trump regime is that tariffs are paid by foreign countries. In reality, they are a massive indirect tax on consumers, workers and their families, in the form of higher prices on a range of goods from groceries to consumer durables.

Any relocation of production to the US will not result in an increase in well-paying jobs. New factories will be highly automated, employing as few workers as possible to cut costs. Through the pressure of competition, this will only lead to further job cuts and intensified exploitation in existing plants.

The global war being unleashed by Trump is undoubtedly madness. But it is not the outcome of the madness of "King Donald." It expresses the insanity of the capitalist system, rooted in the contradiction between globally integrated production and the division of the world into rival nation-states, in which private ownership of the means of production and private profit is rooted.

This contradiction is necessarily most sharply expressed in the United States, which seeks to resolve its crisis by crushing its rivals—first through economic war, and then through a new world war.

The working class is impacted by the same crisis in the form of deepening attacks on jobs, wages, social conditions and the evisceration of fundamental democratic rights, as Trump, with growing support from powerful sections of the ruling class, seeks to construct a fascist regime.

The working class must undertake a political struggle for its own independent interests. Workers in the US and around the world must start that fight by opposing all forms of nationalism. Tying themselves in any way to their "own" national ruling class, in whatever side of the tariff war they are on, is, as history has shown, the road to disaster.

The working class has the historic task of resolving the crisis of the capitalist system in a progressive manner, lest it be thrown into barbarism. The Trump tariff war must therefore become the stimulus for the initiation of a political struggle, throughout the working class, for the program of international socialism. The speed of events, above all in the past week, demonstrates there is no time to lose.

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