

# Trump's tariff pull-back and the class character of the capitalist state

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Donald Trump is the US president, but he rules on behalf of a capitalist oligarchy. That is a basic political conclusion to be drawn from the events of the past 48 hours.

The basic outline of events is clear. Trump initiated his plan to impose drastic tariffs on virtually every country in the world, declared that there would be no retreat, scoffed at the plunging markets and maintained that now is a “great time to invest.”

Only hours later, Trump was huddled with two billionaire advisers, Treasury Secretary Scott Bessent and Commerce Secretary Howard Lutnick, who conveyed the consensus on Wall Street that a financial catastrophe was imminent. As they pressed the case, Trump issued a statement on his Truth Social media platform, announcing a 90-day “pause” in his tariff war, except with China.

That exception is of critical importance, as the administration ramps up its economic warfare against China, the precursor to more direct forms of aggression. The temporary delay of most other tariffs, however, was a clear reversal on Trump's part.

As the *Financial Times* headlined its editorial on Thursday, “Donald Trump bends to the power of the markets.”

Prior to the reversal, a two-day selloff on the stock market wiped out more than \$6 trillion, with Apple alone losing \$600 billion in market value, and other tech companies, which manufacture the bulk of their products in South and East Asia, suffering equivalent losses. There was widespread denunciation of the tariffs by corporate America, but Trump and his top aides declared that the crisis would abate and that the ultimate result of the tariff policy would be Trump's proclaimed “new golden age” for American capitalism.

Even more significant than the plunge in stock prices

was the spread of the financial panic into the bond market on Monday and Tuesday, with the tariffs set to actually take effect on Wednesday morning. Particularly critical was the impact on the market for US treasury bills—at \$28 trillion the world's largest and the benchmark for financial transactions worldwide.

Trump watched the bond market fall Tuesday, saying, “I saw last night where people were getting a little queasy.” He acknowledged watching an interview Wednesday morning given by JPMorgan Chase CEO Jamie Dimon to Maria Bartiromo on Fox Business, in which Dimon said that a recession was a “likely outcome” of the tariff hikes. “I'm taking a calm view, but it could get worse,” Dimon warned.

There were blunter comments. Thomas Lee, a managing partner and the head of research at Fundstrat Global Advisors, sent a memo Wednesday, quoted on Quartz, that many fund managers worried that the White House was not acting rationally. “Some even fear that this may not even be ideology,” Lee wrote. “A few have quietly wondered if the President might be insane.”

There was considerable concern that the Fed would have to step in this week to deal with a crisis, not caused by a bank panic or a virus pandemic, but by a policy decision of the US president, one which called into question not merely the value of this or that investment, but the stability of the US government and the role of the US dollar as the foundation of global capitalism.

An editorial in the *Washington Post* warned:

In times of panic, these bonds usually attract investors. Their failure to do so this time reflected declining confidence that the U.S.

government would repay its debts.

The newspaper, owned by billionaire Amazon founder Jeff Bezos, cited the “cautionary tale” of the 2022 collapse of the British government after Prime Minister Liz Truss pushed through a program combining tax cuts and heavy borrowing. This touched off a financial panic that threatened the collapse of pension funds and forced her to retract her program. A few weeks later she was out of office altogether.

The events of the past week provide a searing exposure of the class foundations of the capitalist state. The “invincible” Trump crumbled in the face of the demands of the bond market and Jamie Dimon. Wall Street needed a course correction, and it got one. The trillions in market losses and the tremors in the Treasury market were enough to force a sudden, if temporary, retreat.

The Democratic Party has portrayed Trump as an unstoppable political colossus. It pleads helplessness in the face of his dismantling of democratic rights, his trade war policies, his fascist proclamations. Why? Because they share the same class interests. The Democrats, no less than the Republicans, serve the financial oligarchy and will not mount any genuine opposition to policies that defend its wealth and global position.

This reality was made even more stark by the contrast between Wall Street’s influence and the utter disregard shown to the mass demonstrations that swept the country on April 5. Millions took to the streets to oppose Trump’s authoritarianism, his war drive, his attacks on immigrants, workers and the Constitution itself. While the movements on the markets are the subject of endless commentary, the mass protests were treated by the media as a minor, even local issue, which quickly disappeared as if they never happened.

The Trump administration is not the personal creation of one man, but the political instrument of a capitalist oligarchy. The destruction of democratic rights is not merely the outcome of Trump’s authoritarian impulses, but the conscious reconfiguration of the state to reflect the social reality of class rule by a tiny elite.

There are fierce conflicts within the ruling class—but they are conflicts within the oligarchy, over how best to preserve its dominance and suppress rising social

opposition. From the class character of the capitalist state flows an inescapable conclusion: The working class must break with all factions of the ruling class and take up the fight to overthrow it.

New forms and structures of genuine participatory democracy—arising in the course of revolutionary mass struggles and representative of the working class majority—must be developed as the foundations of a workers’ government. That is, a government of the workers, by the workers and for the workers, in the US and throughout the world, as the basis for the socialist reorganization of economic life.



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