

May Day 2025

## Trump's tariff war and the breakdown of global capitalism

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*This speech was given by Nick Beams, a longstanding leader of the International Committee of the Fourth International and an expert on Marxist economics, at the International May Day 2025 Online Rally, held Saturday, May 3.*

Comrades and friends, on this May Day the attention of the international working class must be focused on the historic implications of the tariff war.

On April 2, so-called “liberation day,” US President Trump launched his economic war against the rest of the world. Tariffs against China, the main target, were lifted to 145 percent.

This amounts to an economic blockade, ending all trade between the world's number one and two economies. In essence, it is an act of war.

So-called “reciprocal tariffs,” as high as almost 50 percent, were imposed on a range of countries. Those in Southeast Asia, with close economic ties to China, were a particular target. A 10 percent tariff was imposed on the remaining countries.

There is now a 90-day pause on the “reciprocal tariffs,” supposedly to allow negotiations to take place.

The international trading order set up after World War II, based on lowering tariffs and other restrictions, has been turned on its head.

Nothing like the Trump tariff measures has ever been carried out before. They outstrip, by far, even the infamous Smoot-Hawley tariffs imposed by the US in the 1930s. Those tariffs, based on virulent nationalism, were economic madness. They ultimately produced economic depression, social devastation and World War II.

Today's Trump tariffs, raising economic absurdity to new heights, bring an even greater danger of global

conflagration.

Every commodity today, from the simplest to the most advanced, is the outcome of a complex international division of labour. No commodity is “made in America,” or, for that matter, in any other country.

An “American” SUV, for example, so stamped, has as many as 1,500 parts and components manufactured internationally. Every final product sold anywhere in the world results from a global supply chain.

But Trump's tariff policy, mad as it is, has a logic to it. It aims to “reshape” US industries vital to gearing the national economy for war. In the executive order on “reciprocal tariffs,” Trump declared the US trade deficit had “hollowed out” its industrial base and “made our nation dependent on other countries to meet our key security needs.”

In a very real sense, a global military war by the US is already underway—against Russia in Ukraine, the enabling of Israel's genocide against the Palestinians in Gaza, with the continued threats against Iran.

However, China is the central target as the US seeks to retain its position as the global hegemon. The spectacular economic growth of China—from a backward country 40 years ago to the world's No. 2 economy today—constitutes an existential threat to US dominance. All sections of the US political and military establishment agree it must be crushed.

Under conditions where economic measures cannot bring this about, war looms ever larger as the only viable option.

The Trump tariff war and the consequent market gyrations have brought to the surface a long-developing crisis in the finances of the US imperialist state. Its

financial structure is shot through with debt and parasitism.

This is expressed in the mountain of government debt, accumulated not least by the continued bailout of corporations and banks, along with increased military spending. It is now at \$36 trillion and rising, with an annual interest bill of \$1 trillion.

Any other country in this position would have been declared bankrupt. But the US has continued because of the dollar's supremacy. Now this is being called into question.

Previous periods of financial turbulence have seen a turn to US financial assets as a "safe haven." Today, the dollar is sliding, and the universal call in financial markets is "sell America."

This is a crisis of the entire global capitalist system. It is not the creation of Trump. He is only the personification of its death agony.

Workers have no interest in shoring up their "own" national capitalist class. They will impose on the working class the payment in kind to offset the impact of the tariffs. The interests of workers are to unite with their class brothers in China and globally.

The task before the working class, posed more acutely than ever before, is to put an end to capitalism in the fight for the only viable program, that of world socialist revolution.



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