

After the “truce,” what now for the Trump economic war against China?

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Governments, corporations, small US businesses, investors, hedge funds, banks and financial markets all breathed a sigh of relief when the 90-day truce in the tariff war waged by the US against China was announced on Monday.

If the talks between top US and Chinese officials held in Geneva last weekend had resulted in an escalation or even a standoff, it is virtually certain that the downward spiral in financial markets which greeted the April 2 “reciprocal tariffs”—which saw the impost against China rise to 145 percent—would have resumed. Instead, the relief sent Wall Street back up to the levels before so-called “Liberation Day.”

But the pause, truce, détente, or however it may be designated, has not resolved, or even come close to resolving, the existential conflict between the world’s number one and number two economies.

Rather, it signifies that the war waged by the US will, sooner rather than later, enter a new and even more dangerous phase in which it will increasingly resort to military means.

In essence, what took place was that the attempt by the US to batter China into submission by imposing an embargo on it failed because it threatened to blow up the US financial system, and it had to back down. For all Trump’s bluster about a victory, this is widely recognised.

A comment on Bloomberg headlined “Xi Defiance Pays Off as Trump Meets Most of China’s Trade Demands” was typical of many.

The article cited Trey McArver, co-founder of the research firm Trivium China, who said: “This is arguably the best outcome China could have hoped for—the US backed down. Going forward, this will make the Chinese side confident they have the leverage over the US in any negotiations.”

The *Financial Times* referred to “Trump’s tariff climbdown,” as it published an article making clear that the US had “blinked first.”

In an editorial entitled “The Great Trump Tariff Rollback,” the *Wall Street Journal* said: “Rarely has an economic policy been repudiated as soundly, and as quickly as president Trump’s Liberation Day tariffs.”

The prognosis that the collapse of the present phase of the economic war by the US will mean an increased turn to military means does not arise from an examination of what is immediately in the minds of Trump and his officials. No doubt, as always, military options are under discussion.

The increasing danger of their use arises from the objective logic of the conflict which started to develop well before Trump appeared on the scene.

The Trump war against China and the rest of the world has been conducted in the name of bringing down the US trade deficit. But despite Trump’s claims of a “reset” of trade relations with China, the

agreements announced on Monday will go little or nothing towards achieving that goal.

In any case, behind the focus on trade there is a deeper objective. Trump has continually emphasised that the problem with deficits is that they have led to the undermining of US manufacturing capacity, impinging on “national security”—that is, the ability to wage war.

The overt drive against China did not begin with Trump, but had its origins in the “pivot to Asia” initiated by the Obama administration in 2011, with then Secretary of State Hillary Clinton the chief spear-carrier for a new military-based orientation to the Indo-Pacific region.

In the 1990s, following the restoration of capitalism, the US pushed for China to be integrated into the global trading system, in order that its corporations could exploit cheaper labour through the establishment of global supply chains.

The Bill Clinton administration laid the foundation for China to be admitted to the World Trade Organisation, a process that was completed under President George W. Bush in 2001.

But by the end of the first decade of the new century, there were growing concerns in the US—especially after the 2008 financial crisis had revealed the rotting foundations of American capitalism, eaten through by parasitism and speculation—that China was posing an increasing threat to its global dominance.

In 2014, Obama’s Trade Representative Michael Froman wrote an article in *Foreign Affairs* declaring that the Obama administration’s policy aimed to make the US “even more attractive to investors by placing the country at the centre of a web of agreements that will provide unfettered access to two-thirds of the global economy,” and that companies of all sizes would “once again want to make things in the United States and export them all over the world.”

It was not yet “Make America Great Again,” but the essential thrust of the policy was in that direction. The Obama administration sought to achieve these objectives through the Trans-Pacific Partnership. This was scrapped by the incoming Trump administration, but the push against China was intensified through the imposition of tariffs and bans on Chinese high-tech companies, most notably the communications giant Huawei, with the aim of crippling it.

The tariff measures introduced under Trump were largely retained under the Biden administration, and bans on the use of American technology were intensified.

When Trump returned to the White House in 2025, he was determined that his drive against China would not be impeded, as he considered it previously had been by some members of his first administration who were not prepared to completely smash up the system of trade relations of the post-war period.

He had spent his four years out of office by assembling a team of

anti-China hawks led by Peter Navarro, now senior counsellor for trade and manufacturing in the administration. Navarro was one of the chief architects of the economic war that culminated in the April 2 measures, which saw the lifting of tariffs against Beijing to 145 percent.

The new administration confronted a situation in which all the previous efforts to contain China and prevent its advance—bans on the export of technology and tariffs—had failed. Over the previous decade and a half, China had advanced from a position of being a producer merely of cheap consumer goods to a global leader in some of the most advanced production and manufacturing methods, not least in high-tech.

The irony of this situation can be seen in the fact that much of the impetus for this development was provided by US corporations, which to a great extent designed and built the initial complex supply chains.

As an article in the *Wall Street Journal* in April noted: “One reason Apple is so closely tied to China’s electronics supply chain is that the company helped build it.”

It started working with Chinese suppliers more than two decades ago and “in time Apple helped them build an ecosystem of more than 1,000 suppliers in China. The iPhone maker taught them how to operate more efficiently, so they competed with one another, driving down Apple’s costs.”

What took place in phone production has occurred in other industries as well, with the result that, as has happened before in the history of capitalism, the pupil overtook the teacher—the development of post-war Japan being a striking case in point.

Particularly galling for the US is that, despite all the bans and restrictions in high-tech and the difficulties they have created, China has been able to make major advances. Huawei, for example, has recovered from its near-death experience in the first Trump administration to be able to produce high-quality phones using chips it has developed, and is making advances in artificial intelligence.

In the US, it was maintained that it would always enjoy superiority in AI, because of the advanced nature of the chips produced by Nvidia, with its top-of-the-range products denied to China. But this illusion was punctured in January when the Chinese start-up AI firm DeepSeek released an AI application which was on a par with those made in the US and at a much cheaper cost.

The head of Nvidia, Jensen Huang, recently commented that Huawei was “one of the most formidable technology companies in the world.”

In April, *New York Times* columnist Thomas Friedman summed up his view of China’s economic development, after a visit, in an article titled “I Just Saw the Future. It Was Not in America.”

He began by reporting on a campus developed by Huawei.

“Built in just over three years, it consists of 104 individually designed buildings, with manicured lawns, connected by a Disney-like monorail, housing labs for up to 35,000 scientists, engineers and other workers, offering 100 cafes plus fitness centres and other perks designed to attract the best Chinese and foreign technologists.”

He noted that every year China turned out some 3.5 million graduates in the fields of science, technology, engineering and mathematics, which is about equal to the total number of graduates from all disciplines in the US.

He took up those who have maintained that China had somehow “cheated its way to global manufacturing dominance.”

“It did cheat, copy and force technology transfers. But what makes China’s manufacturing juggernaut so powerful today is not just that it makes things cheaper; it makes them cheaper, faster, better, smarter

and increasingly infused with AI,” he wrote. Others have made similar assessments.

The aim of Trump’s tariff war has been to crush the rise of China through economic and financial means.

Trump had the subjective delusion that his executive orders and retaliatory diktats were all-powerful, and that he would be able to do what King Canute could not and turn back the tide.

But he came up against a more powerful objective force—the integrated global economy and financial system. Faced with the prospect that continuation of his measures would lead to the collapse of the financial system on which the US rests, he pulled back—at least for now.

But it would be the worst delusion to believe this means the economic war is over and there will be a return to stability.

On the contrary, the crisis will intensify, not lessen. This is because the existential issue remains—that is, the necessity for the US to maintain its global dominance by the suppression of its chief rival.

The failure of the initial economic offensive means that other measures, based on the use of military force and war, must come increasingly to the fore. This is the objective logic of the present situation.

It was reflected in the previously cited *Wall Street Journal* editorial that there was a “silver lining” to the “tariff fiasco,” in that it was a “timely reminder to Congress to get serious about military deterrence again.”

At present, the Trump administration is engaged in negotiations with countries that have had reciprocal tariffs imposed on them.

The only deal struck so far is with the UK, but it indicates the direction that others will take. The relief given to British steel and cars was only granted on condition that the UK “works promptly to meet US requirements” on supply chain security and the “ownership of relevant production facilities.” US officials have made clear these conditions apply to China and concern the issue of “national security.”

It remains to be seen what form such stipulations take in deals, if any, with other countries. But the US is certain to demand that to receive concessions on trade, the country concerned must align itself with US “national security,” essentially war preparations, regarding China.

No worker anywhere in the world should labour under the delusion that the dangers posed by the Trump economic war have passed with the announcement of the “truce” on Monday. Rather, they have intensified, posing more sharply the threat of war as the Trump administration, pushed back on the economic front, is driven increasingly to the use of military methods.

These heightened dangers can only be combatted with the fight for an international socialist program, aimed at the overthrow of the insanity and destructiveness of the global capitalist system.



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