

Trump's tariffs and the threat of World War III

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The longer and more intensive Trump's tariff war becomes—new threats being issued almost daily through executive orders and posts on social media—the more clearly is revealed the underlying logic of what appears in the form of economic madness.

The economic war against the world being waged by the US is reproducing, at a higher level, the conditions of the disastrous decade of the 1930s that played a major role in creating the conditions for World War II.

The 1930s Depression was deepened by the formation of currency and trade blocs—the division of the world into rival imperialist camps—which eventually led to the most destructive war in history, resulting in hundreds of millions of deaths and culminating in the use by the US of two atomic bombs against Japan.

While it was couched as a fight for democracy against fascism, whether in German or Japanese form, World War II was an imperialist war waged to determine which of the major capitalist powers would assume global dominance.

The US, due to its industrial capacity and consequent military might, was able to emerge victorious through the defeat of its rivals, Germany and Japan, and ensure that its ally, British imperialism, was placed in a subordinate position, unable to return to the glory days of the Empire.

Now a new world war is in rapid gestation as US imperialism seeks to overcome its protracted decline and reassert its global dominance.

Its elemental driving force is not the personality or political proclivities of Trump. His actions are the expression of a deep-seated crisis in the American economy arising from its transformation from the industrial powerhouse of the world to the epicentre of speculation and parasitism, wracked by continuous financial storms.

Having no economic solution to its decline, US imperialism increasingly turns to “mechanical means”—war—to maintain its position, a process which is necessarily accompanied by ever deeper attacks on the social position of the working class at home, enforced by the evisceration of what remains of bourgeois democracy and the creation of a fascist authoritarian regime.

The dominance of US imperialism in the post-war period has been epitomised in the role of the dollar as the global currency, conferring upon it what has been characterised as “exorbitant privilege.” For the first quarter century after 1945, when the US enjoyed industrial dominance, the dollar was backed by real value in the form of gold.

As that power waned, President Nixon in 1971 was forced to remove the gold backing from the US currency. A new period began in which the dollar maintained its global role but on a different foundation. Now it was a fiat currency backed only by the power of the American financial system and the might of the US state, above all

its military capacity.

But the rise and rise of financialisation—the process by which profit came to be increasingly accumulated by speculative operations—which this new system produced has resulted in a series of crises over the past quarter century.

At the same time because of the dollar's global role, the US state has been able to run up ever increasing debt. The result is the US government debt is now \$36 trillion and is rising at what is universally acknowledged as an “unsustainable” rate, while debt has accumulated to unprecedented levels in the corporate world. The result is that the US is the most indebted country in history.

The ravings of Trump that the previous global economic and financial arrangements have resulted in the US being “ripped off” by the rest of the world through the growth of trade deficits and that it is necessary to Make America Great Again should not be dismissed as those of a lunatic.

In their own way, they reflect objective processes. The post-war economic and financial mechanisms have brought about a decline in the dominant economic position of the US. Trump expresses the insistence by all sections of the US political, military and economic establishment that it must be restored by all methods—economic war against its rivals combined with military means.

When Trump's tariff war began under his first administration, it was primarily directed against China, accompanied by a series of analyses from intelligence agencies and numerous think tanks linked to them that the economic rise of China in and of itself constituted an existential threat to the hegemony of US imperialism.

Reflecting the universality of this assessment in all sections of the US ruling class and the two parties of Wall Street, the Democrats and Republicans, the economic war against China intensified under Biden. The Trump tariffs were largely retained with additional measures banning the export of high-tech products aimed at trying to cripple the next stage of China's economic rise.

While these measures have impacted on China, they have demonstrably failed.

China has continued to make advances in manufacturing—it has become the leading manufacturing power in the world, a position once held by the US—using the most advanced techniques as well as making gains in the crucial field of artificial intelligence as exemplified by the developments made by the Chinese start-up AI firm DeepSeek announced in January.

In the second Trump administration the economic war for US supremacy has now extended as was made clear in the executive order of April 2 announcing the imposition of reciprocal tariffs against the rest of the world.

The order insisted that “the post-war international economic order” was based on “incorrect assumptions.” In other words, it had to be destroyed. Underscoring this perspective an accompanying Fact Sheet said: “Made in America is not just a tagline—it’s an economic and national security priority of this administration.”

The implications of this assessment should be soberly considered.

It must be emphasised that the post-war trading system, based on free trade, and the removal of tariffs and the establishment of the dollar as the global currency to prevent the formation of blocs, was not simply a series of economic measures.

It was no less an attempt to construct an international political system which mitigated against the economic conflicts becoming transformed into wars.

It was based on the conception that if nations, above all the major powers, freely traded goods and services then they would not go to war against each other—a situation which had to be prevented because it had the potential for bringing about socialist revolution following barbarism of the first half of the 20th century.

Of course, the notion that free trade was the antidote to war was always a fiction as evidenced by the fact that prior to World War I there were no two countries more bound together by their trade than Germany and Britain.

But the post-war system did serve to regulate and contain economic conflicts. Now the US is dedicated to its destruction.

Consequently, the economic war waged by the US has gone well beyond China. Trump issues diktats against friends and foes alike—the European Union, Japan, the UK, South Korea, indeed the entire world.

The attack is not only directed at trade deficits but against all domestic policies, such as taxes, regulations, bio-security measures and social services including the provision of subsidised pharmaceutical schemes, deemed to be inimical to the interests of US corporations.

And it is being extended into the political sphere. The announcement by Trump of a 50 percent tariff against Brazil—one of the few countries with which the US enjoys a trade surplus—because of legal proceedings against the former fascistic president Jair Bolsonaro makes this clear.

A crucial feature of all the so-called trade deals, really diktats—Trump has stipulated that what he sets out in a letter is what constitutes a deal—is that those countries wanting an agreement must align themselves with US “national security” interests. These interests are not only the suppression of China, important as that is, but US dominance in every part of the world.

At present Europe and Japan, together with many others are desperately seeking, at least publicly, to accommodate themselves to the US hoping they may get some concessions.

But in the councils and institutions of all the capitalist states—not only in China—there is a recognition that there is no real likelihood of this happening, and the US onslaught is directed against them.

Another response is starting to emerge based on the recognition that at some point they will be forced to confront the US if they wish to avoid being transformed into semi-colonies.

This outlook is reflected in the recent assertions by the European Central Bank president Christine Lagarde that the hour of the euro has struck, and it must play an increased global role. It is expressed in the resistance of Japan and its insistence that it cannot allow rice farmers to be sacrificed in return for concessions in the auto industry.

Other less powerful countries are aligning themselves with the BRICS grouping—originally comprising Brazil, Russia, India, China

and South Africa but now with a membership of 11—which is trying to move away from dollar dependence in international trade, bringing further threats from Trump who has said losing dollar supremacy would be equivalent to losing a war.

No one has a crystal ball which can predict when and under what circumstances a military clash will break out.

But the objective logic of events is unmistakeable. Economic conflict is being accompanied by the rise in military spending to the highest levels in the post war period. In the case of Germany, which twice waged wars against the US in the 20th century, it has risen to levels not seen since the rearmament under Hitler.

Anyone who thinks that Japan and the European imperialist powers are simply going to fade away into the soft good night or that the US is going to let up on its drive for global domination is betting against history.

They have gone to war in the past and all the contradictions of the global capitalist system which precipitated those conflicts not only remain but have intensified.

In 1915, with the outbreak of World War I, Leon Trotsky explained that its source was the contradiction between the development of a global economy and the nation-state system in which the capitalist profit system is rooted.

Capitalist governments sought to resolve this contradiction “through the exploitation of the world’s economic system by the capitalist class of the victorious country; which country is by this war to be transformed from a great power into the world power.”

World War II was rooted in the same contradiction and was the means which the US assumed global hegemony. But the contradictions of capitalism remained and have intensified to an enormous degree with the development of globalised production over the past 50 years.

The perspective which opens up has a dual character. Either the bourgeoisie, now concentrated in the form of an economic and financial oligarchy, remains in the saddle and plunges mankind into unimaginable barbarism or the international working class undertakes a conscious political struggle for the overthrow of capitalism and establishes a higher socio-economic order, international socialism.

There is no third way. No appeals to or protests against Trump or any of the other representatives of the capitalist oligarchs can make them “see reason” because in the final analysis they are driven by objective contradictions rooted in the system over which they preside—a system historically bankrupt and reactionary that must be overthrown if humankind is to progress.

That is the essential meaning of Trump’s tariff and economic war.



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