

Trump escalates Canada-US trade war, as Ottawa prepares class-war budget

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US President Donald Trump has canceled all trade negotiations with Canada and said he is slapping a further 10 percent tariff or tax on Canadian exports to the US.

Trump, as is his wont, imperially announced his escalation of the US-Canada trade war via social media posts, the first tweeted last Thursday evening.

Trump failed to provide the barest of details about the new 10 percent tariff that he announced Saturday, including when it will come into force and what goods will be subjected to it.

As part of his drive to restructure the world economy in American imperialism's favour and rebuild its military-industrial base in preparation for world war, the would-be dictator US president has hit America's second largest trade partner with a barrage of tariffs, impacting huge swathes of Canada's economy.

In line with Trump's global trade war measures, Canadian steel, aluminum and semi-finished copper products are now subject to 50 percent tariffs; furniture 25 percent; auto and auto parts non-compliant with the US-Canada-Mexico trade agreement (USMCA) 25 percent; and all other USMCA non-compliant goods (with the exception of energy and potash) 35 percent. Canada's softwood lumber exports are also subject to various Canada-specific tariffs, meaning they face total tariffs in the order of 45 percent or more.

Trump has also revived his threats to annex Canada, beginning at the extraordinary meeting of all US generals that War Secretary Pete Hegseth convened September 30 as part of the administration's preparations to deploy the military against the American people.

As justification for canceling the trade talks and hitting Canada with an additional 10 percent tariff, Trump has cited an Ontario government ad broadcast on Fox and other far-right US networks that includes clips of Ronald Reagan criticizing tariffs as counterproductive. Trump has absurdly claimed the clips of Reagan, which come from a 1987 speech, may have been generated using AI.

"Their Advertisement," Trump fulminated on his Truth Social platform, "was to be taken down, IMMEDIATELY, but they let it run last night during the World Series, knowing that it was a FRAUD.

"Because of their serious misrepresentation of the facts, and hostile act, I am increasing the Tariff on Canada by 10 per cent over and above what they are paying now."

Lost in all the capitalist media reports about Trump's pique over the ad is the fact that on Thursday, shortly before he began his series of posts railing against it, Ottawa rolled back the exemptions given US-based automakers General Motors and Stellantis under the retaliatory tariffs Canada imposed in response to Trump's auto tariffs.

Trump has repeatedly vowed he will shut down Canada's auto industry, which has been fully integrated with America's since the 1960s. His Commerce Secretary, Howard Lutnick, more generously told a conference on Canada-US relations earlier this month that Canada would be allowed to be "second" after the US in auto production, indicating that it should be

restricted to supplying materials and auto parts for US-assembled vehicles. Whatever the case may be, the drive to destroy Canada's industrial base is a key component of American imperialism's push to make Canada the 51st state.

When Trump's auto tariffs first came into effect last spring, the Detroit Three automakers paused much of their operations in Canada, imposing layoffs and temporary plant closures. Now they are moving to transfer production lines and close facilities, with Stellantis and GM announcing the indefinite shuttering of Ontario assembly plants.

Canadian Prime Minister Mark Carney sought to downplay Trump's scuttling of the Canada-US trade talks. Speaking shortly before departing on an East Asia trip where he will cross paths with Trump at both the ASEAN and APEC summits, Carney said Canada is prepared to return to the negotiations whenever Washington is ready.

He claimed the two sides had been making progress on reaching so-called sectoral agreements under which the US tariffs would be reduced but not totally rescinded. Such agreements would likely include export quotas, after which higher tariffs would apply. The European Union, Britain and Japan have all accepted continuing US quotas as part of agreements leaving in place tariffs far higher than before Trump launched his trade war.

Former Prime Minister Justin Trudeau and Carney during his initial months in office insisted that Canada would accept nothing less than the repeal of all of Trump's tariffs. But Ottawa has now reconciled itself to simply reducing their impact, so as to focus on preserving Canada's broader privileged access to the US market. Trump, for his part, has repeatedly threatened to scuttle USMCA altogether, including when Carney visited the White House earlier this month. During that visit, Carney genuflected before the fascist autocrat, hailing him as a "transformational" president and "peacemaker."

The reality is the close economic and military-security partnership with Washington and Wall Street central to Canadian imperialism's global strategy since the eruption of the Second World War has irreversibly broken down.

Canada and the imperialist scramble to redivide the world

In response, Carney, his Liberal government, and the Canadian ruling class are desperately seeking to reach an accommodation with Trump, while working to strengthen ties with the European and Asian-Pacific imperialist powers.

Carney has offered Washington a new "economic and security" pact, with the aim of ensuring that Canada's strategic interests and prerogatives as a junior imperialist partner of the United States are duly recognized within a Trump-led Fortress North America. In return, Canada would tie

itself still more fully to the US drive to secure control over critical minerals, energy resources, production chains and strategic territories through trade wars, protectionist blocs, aggression and war.

At the same time, Carney has strongly backed Britain, France and Germany's efforts to escalate the NATO-instigated war with Russia over Ukraine, assisting their efforts to sabotage any potential rapprochement between Moscow and the Trump-led US; and he has secured Canada's participation in the European imperialist powers' drive to massively expand armaments production under ReArm Europe.

Carney's East Asia tour is aimed at bolstering Canada's economic and military presence in the world's fastest growing region, especially strengthening military-security ties with Japan and South Korea. While the two north-east Asian states are, like Canada, closely allied with Washington in its strategic confrontation with China, they have their own great-power ambitions. In South Korea, Carney will tour a massive South Korean shipyard, which is competing for a more than \$100 billion contract to equip the Canadian military with a fleet of twelve-attack submarines.

The submarine purchase is an initial down payment on the Carney government's plans to increase military spending by hundreds of billions of dollars over the next decade. To invoke Carney's own words, this is needed to ensure Canada is not "prey," but rather predator in the imperialist drive to redivide the world.

Citing Canada's NATO commitments and Trump's threats, Carney announced in June an immediate \$9.2 billion or 17 percent increase in military spending. Subsequently, at the NATO leaders' summit he pledged Ottawa will triple its military expenditures to 5 percent of GDP or more than \$150 billion per year by 2035.

The intensification of class war

The axis of the government and Canadian ruling class's drive to strengthen Canada's "sovereignty" and economic "resilience" is a dramatic escalation of the assault on the social and democratic rights of the working class. Trump's latest tariff increase and threats to junk USMCA will only accelerate this process.

The military spending increases—as Carney and Finance Minister François-Philippe Champagne have indicated with their vow to deliver a "transformational," "austerity and investment" budget—will be paid for by the working class through massive social spending cuts.

On Wednesday evening, Carney delivered a speech that the Prime Minister's Office billed as a "primetime, pre-budget preview," and which was nationally televised at the government's request.

Carney began his speech with taglines cribbed from the far-right Conservative opposition, affirming "there is no prosperity without security," and touting the government's actions to provide "strong borders," i.e., gut the rights of refugees and immigrants, fight crime, and massively boost military spending.

The budget to be presented November 5 would, the former blue-chip executive and central banker claimed, make "catalytic investments" in the transport and energy infrastructure projects demanded by big business, and otherwise make the Canadian economy more "competitive" by making the public sector more "efficient."

To meet "a more competitive and hostile world," Ottawa, he declared, must make "tough choices" and Canadians sacrifices.

Specifically, he pointed to the government's announcement that Canada Post must end daily and home delivery, i.e., massively cut postal services and eliminate tens of thousands of full-time jobs, as an example of its readiness to make "difficult" and "responsible choices."

"Even with such efficiencies and better management," Carney continued, "we will have to do less of some of the things we want to do, so we can do more of what we must do to build a bigger, better Canada."

True to the traditional political posturing of the Liberals, long the Canadian bourgeoisie's preferred party of national government, Carney tried to cloak the government's class war agenda in phony Canadian nationalist rhetoric. He extolled Canada's supposed shared values of compassion and inclusiveness and claimed all Canadians "are in this together."

The *World Socialist Web Site* and the Socialist Equality Party (Canada) have warned from the very outset of the Canada-US trade war that the Canadian ruling class, with the assistance of the union bureaucracy and the union-sponsored New Democrats, would use Canadian nationalist flag-waving and tub-thumping as the political-ideological spearhead for a massive intensification of the assault on the working class.

Like the capitalist ruling elite of Europe, in so far as the Canadian bourgeoisie opposes Trump, it is only from the standpoint of defending and advancing its own imperialist interests. Like them, it has responded to Trump's drive to violently reassert US global hegemony and erect a presidential dictatorship in accordance with the oligarchical character of American society by stampeding to the right—adopting huge swathes of Trump's social policy, resorting ever more brazenly to authoritarian forms of rule and cultivating the far right.

Over the past 14 months, the Liberal government has arrogated the power to illegalize strikes at will. The first substantive piece of legislation it proposed following the April 28 election would restrict the right of those fleeing repression and war to seek refugee status and expand the powers of the police and national-security apparatus.

The *Globe and Mail*, the traditional mouthpiece of Canada's Bay Street banks, has declared the coming budget a "test" for Carney's minority Liberal government, signalling that if it doesn't move with sufficient speed and intensity against the working class, the *Globe* will renew its push for a Pierre Poilievre-led, far-right Conservative government.

Meanwhile, the unions and NDP remain the biggest promoters of Team Canada, the Carney and Ontario Tory government-led corporatist trade-war alliance. Their only criticism is that Ottawa should be more aggressive in employing counter-tariffs and other protectionist measures whose principal victim will be American workers and Canadian consumers. The two NDP premiers, Manitoba's Wab Kinew and British Columbia's David Eby, are leading advocates of Canada's massive military spending increases, with Eby recently announcing the BC NDP will soon unveil the province's first-ever military-industrial policy.

The role of Canada's labour bureaucrats mirrors that of the United Auto Workers (UAW) and the other US-based trade unions, who are fully on board with Trump's tariffs and American imperialism's global war to redivide the world.

Workers in Canada have every reason to oppose Trump and everything he represents—oligarchy, dictatorship and war. But they can do so only by opposing all factions of the Canadian ruling class, intensifying the class struggle, and forging unity with workers in the US, who, as the October 18 "No Kings" protests demonstrated, are increasingly being propelled into action against Trump.

It is Trump's so-called "enemy within"—the working class—that are the true allies of workers in Canada. In both countries, to oppose austerity, dictatorship and war, workers must build new organizations of genuine class struggle, rank-and-file committees, in opposition to the corporatist trade union apparatuses, and fuse their struggles into a political-industrial counter-offensive for workers' power and a socialist North America.



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