

White House to push ahead on new tariff threats against China

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US Trade Representative Robert Lighthizer has confirmed that the Trump administration will go ahead with the raising of tariffs on \$200 billion worth of Chinese goods from 10 percent to 25 percent on Friday.

The decision, first announced in tweets by Trump on Sunday, has effectively scuppered plans to reach a trade deal with China at talks in Washington later this week. At this stage, China is still planning to send a delegation, but it has been significantly downgraded. It is not clear whether the Chinese vice premier and chief trade negotiator Liu He will even attend.

The tweets by Trump came after a weekend briefing from Lighthizer on the state of the negotiations in which he said they were going backwards. He tweeted the tariff hike and a warning that a 25 percent tariff on all Chinese exports to the US—covering an additional \$325 billion worth of goods—could be imposed “shortly.”

Trump himself upped the ante with a tweet on Monday: “The United States has been losing, for many years, 600 to 800 billion dollars a year on trade... Sorry, we’re not going to be doing that anymore.”

Elaborating on the claim of Chinese backtracking on Monday, Lighthizer told reporters: “Over the course of the last week or so, we’ve seen an erosion in commitments by China, I would say retreating from commitments that have already been made in our judgment.”

Treasury Secretary Steven Mnuchin said some concerns arose last week when he and Lighthizer were in Beijing for talks, and that over the weekend the negotiations went “substantially backward.”

US officials have declined to outline the areas where they consider China has backtracked. Lighthizer only said there was “concern about the form of the agreement and a redrafting of it” that would abandon

previous commitments.

According to reports, based on background briefings, the trigger for the breakdown came when Chinese officials said they would not agree to a trade deal requiring changes in Chinese law. Agreements would be implemented through regulations, which is considered unacceptable by the US because regulations have less force.

Trump’s announcement of the tariff hike brought a sharp reaction on global markets, with the Shanghai market finishing down almost 6 percent yesterday after its worst day for more than three years.

Wall Street opened on Monday significantly down, with the Dow falling by 471 points at one stage before recovering to finish just 66 points down. The recovery came on the belief that Trump’s threats were simply a negotiating ploy and that talks between the two sides would go ahead in some form and the prospects for a trade deal had not been completely overturned.

However, Lighthizer’s announcement that the tariff escalation will go ahead on Friday could result in renewed market turmoil. Apart from indications from the Federal Reserve Board that it will not increase interest rates this year, one of the main reasons for the surge on Wall Street over the past four months has been the belief that the US and China will reach a trade deal.

The Trump administration’s move has placed Chinese negotiators in an impossible position. One of the sticking points in recent negotiations has been the US insistence that the tariffs it has imposed will not be lifted on the signing of a deal. Rather, they will only be reduced to the extent that China is deemed to be complying, with the US reserving the right to impose new tariffs without retaliation from the Chinese side.

From a situation where it was seeking to have existing tariffs reduced, if not completely withdrawn,

China now finds itself confronting new imposts, with the threat hanging over it of still more to come.

While the Trump administration's aggressive actions have played the key role in escalating the trade war, the US confrontation with China did not start there. It was initiated by the Obama administration and its so-called "pivot to Asia." This was aimed at countering the economic rise of China, regarded as an existential threat to the global position of the United States under conditions of the weakening of its economic position within the international capitalist order.

While the Trump administration scrapped aspects of the Obama program, most notably the Trans Pacific Partnership, which was aimed at trying to isolate China economically, the essential thrust has continued and intensified.

The document presented by the Trump administration to Beijing last May laying out its key positions essentially demanded that China cease its industrial and technological development under the "Made in China 2025" plan and become an economic semi-colony of the US.

China could continue to produce consumer goods for the US and other markets, but its efforts to move up the value chain in competition with American goods poses a fundamental threat to US economic dominance. This is why China's agreement to purchase more goods from the US, particularly agricultural products, has not been the centre of the trade negotiations.

Rather, the US has focused on demands that China stop subsidies to state-owned enterprises and take action to halt technological development by means of alleged forced technology transfers and theft of intellectual property, claims China denies.

Whatever their disagreements with the Trump administration over its conduct of the trade war, key sections of the US political and military establishment, and their mouthpieces in both the Democratic and Republican parties, as well as the trade unions, agree that the economic rise of China must be prevented by all available means, including war.

Insofar as they have criticisms, it is that Trump, to boost his electoral prospects, may be prepared to accept a deal that is too "weak" as far as the essential aims of US imperialism are concerned.

The stance of the Democrats was underscored in a tweet from Senate Minority Leader Charles Schumer in

response the latest tariff threat by Trump. "Hang tough on China... Don't back down. Strength is the only way to win with China," he wrote.

The essential reason for the breakdown in the negotiations does not lie in the toing and froing of what was or was not agreed in previous talks, but is rooted in the fundamental incompatibility of the positions of both sides.

Under conditions where its strength has weakened vis à vis its old rivals, including Germany and Japan, US imperialism cannot tolerate the rise of a new one in the form of China.

On the other side, the regime headed by Xi Jinping, representing the Chinese oligarchs, has to press ahead with industrial and technological development to sustain the economic growth on which its political legitimacy depends. It is fearful that any impediment to that process will lead to an eruption of struggles by the 400-million-strong working class, threatening its overthrow.

The inherent objective logic of the situation points directly to the danger of war, as the US seeks a way out of the tightening contradictions that confront it.

The signs of that are clearly in evidence. The South China Sea is already a potential flashpoint, and this week two US warships sailed into waters claimed by China for the third time this year.

At the same time, as it announced the ending of waivers on the bans it imposed on the purchase of Iranian oil—a measure that impacts China—the US sent a battle carrier group and a bomber task force to the Persian Gulf in what US National Security Adviser John Bolton said was a "clear and unmistakable message to the Iranian regime."

As the 1930s so clearly demonstrated, the inherent logic of trade war is military war and this consequence has now come a step closer, posing the necessity for the development of a mass anti-war movement by the international working class.



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