

Trump denies any paring back of tariff plan

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Incoming US president Trump has hit out at a report claiming his transition team was discussing paring back his sweeping tariff plans to cover only selected items or critical imports as “fake news.”

The report, published in the *Washington Post* on Monday, cited three anonymous people “familiar with the matter,” who said that rather than blanket tariff coverage, discussions were centred on “imposing them only on certain sectors deemed to be critical to national or economic security.” This would represent a shift from the announcements in Trump’s election campaign.

The sources said no final decisions had been made and the planning was in flux.

Trump has threatened tariffs of between 10 and 20 percent on all imports and a 60 percent tariff on goods coming from China.

The *Post* report said, while the “emerging plan” would be less than the most sweeping aspects of the Trump agenda, it would “still be likely to upend global trade and carry major consequences for the US economy and consumers.”

Responding to the article on his Truth Social site, Trump said the so-called anonymous sources did not exist. The article “incorrectly states that my tariff policy will be pared back. That is wrong. The *Washington Post* knows it’s wrong. It’s just another example of Fake News.”

During his election campaign, Trump said “tariff” was the “most beautiful word in the dictionary” and he has sustained this rhetoric since his victory. Last week he posted on his social media site: “The Tariffs, and Tariffs alone, created this vast wealth for our Country ... Tariffs will pay off our debt, and MAKE AMERICA WEALTHY AGAIN.”

There is a broad understanding in economic and financial circles, including among the growing sections of the financial and corporate oligarchy backing Trump,

that this is nonsense. There can be no return to the tariff policies of president McKinley in the 1890s whom Trump has extolled as his model.

For a start, at least 50 percent of imports into the US are component parts of the final product. Some goods may pass across the borders of the US as many as seven or eight times during their manufacture. In other words, the Trump measures would be equivalent to imposing an impost on a component as it passed from one area of a factory to another were manufacturing operations conducted under the one roof.

Moreover, rather than paying down debt, tariffs will act to push up prices and thereby constrain the Federal Reserve from making further interest rate cuts. With the rise in rates initiated from 2022, the annual interest bill on government debt, now at just under \$36 trillion, is rapidly approaching \$1 trillion.

According to one estimate, a universal tariff of 20 percent would raise \$3.3 trillion from 2025 to 2034. That is, it would not even cover the interest bill on government debt incurred over that period, let alone reduce the debt mountain.

However, Trump’s snake oil pronouncements on the wonders of tariffs serve a definite political purpose. They are aimed at firing up the outright fascist elements in his base with the assertion that America has been robbed by the rest of the world and deluding the tens of millions more who voted for him because of their hostility to the Democrats.

While they are well aware that his tariff pronouncements are totally irrational, corporate and financial powers, all of whom, from Elon Musk down, are involved in complex, interconnected global economic and financial operations, are swinging behind Trump because they know he is an instrument for carrying out what they regard as a necessary agenda.

The program of Making America Great Again has two interconnected components: the undertaking of

economic warfare against US rivals in global markets and the prosecution of class war against the working class at home.

Even before Trump is inaugurated, the tariff threats are having a major impact. While officially remaining silent for the most part, European Union officials are engaged in intense discussions and making calculations as to how they should respond—whether to pursue appeasement by offering to buy more American goods or undertake retaliation.

Corporations are frantically trying to make adjustments. In a report at the end of last year, Bloomberg noted that the mere threat of universal tariffs is “sparking a scramble that is leaving the global trading system prone to bottlenecks, saddled with higher costs and vulnerable to disruptions should an economic shock come along.”

It noted a finding by an Oxford Economics survey of 156 major businesses conducted at the beginning of December. Some 65 percent of respondents said a global trade war presented a very significant risk to the global economy over the next two years compared to 38 percent who pointed to a direct Russia-NATO showdown and 14 percent who cited a China-Taiwan conflict.

The fears over what Trump Mark 2 will bring are most sharply reflected in China. Leading officials of stock exchanges have held meetings with major international investors seeking to reassure them about the stability of the economy. The central bank has reaffirmed its determination to keep the currency stable despite the dramatic increase in tariffs threatened by Trump.

As the *World Socialist Web Site* has explained, the coming to power of Trump is not an aberration but has deep objective roots in a fundamental realignment of the political superstructure with the underlying class and economic relations of society—the total domination by a handful of oligarchs.

Their wealth, however, is based on the enormous growth of financial parasitism, reflected in the rise and rise of the stock market to unprecedented highs. The US markets have experienced a more than 40 percent increase in the past two years and the market capitalisation of Wall Street now accounts for 75 percent of the global total.

This fabulous wealth comprises, in the main,

fictitious capital. That is, it is not an increase in real wealth as such but a claim on the source of real wealth which is the surplus value extracted from the working class.

A collapse in this house of cards will therefore trigger major class confrontations. The shock delivered to the working class by the crisis of 2008 was but a preview. The response of the oligarchy to such a crisis will be to demand the implementation of dictatorial measures against the working class, which, together with economic war against the rest of the world, Trump has made the central plank of his administration.



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