

Shock waves of Trump trade war spreading

Nick Beams
3 February 2025

The shockwaves from the unleashing of a tariff war by US President Trump are ripping through the world as companies, governments, central banks, financial investors, and major think tanks try to weigh up the implications of the drive by the US to assert global dominance.

The last-minute delay of 30 days on the implementation of a 25 percent tariff against Mexico and Canada, which had been scheduled to be imposed at 12:01 this morning, has not assuaged fears that the entire international trading system is being upended.

Trump suspended the Mexican tariff for a month after securing a commitment from President Claudia Sheinbaum that she would send 10,000 National Guard troops to the border to combat the flow of fentanyl into the US—the pretext on which the tariff hike was launched.

The announcement on Mexico was followed by a similar decision on Canada. In a post on X, Canadian Prime Minister Justin Trudeau said that after a discussion with Trump, the “proposed tariffs would be paused for at least 30 days while we work together.”

Trudeau said Canada was implementing a \$1.3 billion plan to reinforce the border, devoting “increased resources to the flow of fentanyl.”

The pretext for the tariff imposition is graphically exposed with regard to Canada because very little fentanyl comes across the US-Canada border.

The threatened tariffs against Mexico and Canada are completely irrational from an economic standpoint—the three economies are tightly integrated, especially in the auto industry, and in food production. But there is a method in the madness.

The driving force of Trump’s actions is the formation of a North American economic bloc, under the domination of the United States, through which it can prosecute its central global objective, the subjugation of China.

When Trump first raised the prospect of Canada becoming the 51st state, it was regarded in some circles as a joke. But as the *World Socialist Web Site* explained, it had parallels with the takeover (*Anschluss*) of Austria by Nazi Germany in 1938, the prelude to Hitler’s ultimate objective, the conquest of the Soviet Union.

Likewise, Trump is seeking to secure America’s near neighbours in preparation for conflict with rivals further afield, not only China but also Russia and Europe. The tariff wars, together with the demands for US control of the Panama Canal to counter the influence of China and the threat to annex Greenland, form an integral component of this perspective.

In one of his social media posts, he directly linked the 51st state perspective to the tariff war.

“We pay hundreds of billions of dollars to subsidize Canada. Why? There is no reason. We don’t need anything they have. We have unlimited energy, should make our own cars, and have more lumber than we can ever use. Without this massive subsidy, Canada ceases to exist as a viable country. Harsh but true! Therefore, Canada should become our cherished 51st state. Much lower taxes, and far better military protection for the people of Canada—and no tariffs.”

The development of a North American bloc to prosecute economic warfare, and if necessary to initiate military war, is reflected in Trump’s response to domestic criticism of his tariff measures, which have been condemned by large sections of business that see them as irrational and inimical to their immediate profit interests.

John Murphy, senior vice president of the US Chamber of Commerce, the largest US business group, said: “The president is right to focus on major problems like our broken border and the scourge of fentanyl, but the imposition of tariffs... won’t solve these problems and will only raise prices for American families.”

Matt Blunt, president of the American Automotive Policy Council, said that US carmakers “should not have their competitiveness undermined by tariffs that will raise the cost of building vehicles in the US and stymie investment in the American workforce.”

These criticisms were summed up in a *Wall Street Journal* editorial that called the proposed tariff measures against Mexico and Canada “the dumbest trade war in history” as it detailed the integration of the three economies, especially in the auto industry.

Trump’s response was significant. On Sunday, he accused “the Fake News Wall Street Journal” of opposing tariffs because they are “controlled by China, or other foreign or domestic companies.”

In another post, he denounced the “globalist, and always wrong, Wall Street Journal” which was “working hard to justify countries like Canada, Mexico, China, and too many others to name” to “continue the decades-long rip-off of America, both with regard to trade, crime, and poisonous drugs that are allowed to flow so freely into America. Those days are over.”

“Make your product in America and there are no tariffs,” he continued.

There are two aspects to these outbursts. They are immediately aimed at firing up the small, but significant, outright fascist base of his MAGA movement. In the longer term, they are aimed at preparing for the ground for accusations of “treason” against any domestic opponent to his trade war measures on the grounds that they are serving the interests of China or some other “foreign” power.

It would be a grave underestimation of the situation to consider that the 30-day delay on the Mexican and Canadian tariffs represents some kind of climb down by Trump because the fentanyl issue is being addressed.

Nor is it about the so-called “invasion” of immigrants. The use of this term has been to provide the pseudo-legal basis for the invocation of sweeping emergency powers and the use of the military on the basis that the “national security” of the US is being threatened.

The tariff measures are being brought in under the International Emergency Powers Act of 1977. It has never been used before to apply tariff levies.

Mexico and Canada are only the initial targets. Europe, which not even Trump has claimed is the

source of a drug or “illegal” immigrant problem, is very much next in line as the US strives for global domination.

Speaking to reporters on his measures, Trump said tariffs were “going to make us very rich, and very strong.” So subservient is the so-called mainstream media that no one pointed out that the “strength” of any capitalist economy is its capacity to produce goods and services at a lower cost and that tariffs will make American production more expensive.

Outlining his perspective for Europe in a social media post, he said: “Am I going to impose tariffs on the European Union?... Absolutely. They don’t take our cars, they don’t take our farm products, essentially, they don’t take almost anything. And we have a tremendous deficit with the European Union. So we will be doing something very substantial with the European Union.”

In an editorial comment on the trade war, the *Financial Times* (FT) noted it was “symptomatic of a larger issue in Trump’s America.” While it did not use the word, the FT was pointing to the development of dictatorship.

“The president alone decides which issues are important, exaggerates the diagnosis, and chooses the medicine. As with his attempts to impose his own priorities by firing federal workers and freezing grants, the tools are often blunt. His trade war threatens to be disastrous, but the chaos will not end there.”

It went no further. But the kind of “chaos” to which it was referring is very much evident from history. In the 1930s, the initiation of trade wars, not least by the US Smoot-Hawley Act of 1930, was the prelude to the outbreak of World War in 1939.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact