

Trump's trade war threats trigger alarm in Australian ruling circles

Mike Head
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As is the case internationally, US President Donald Trump's threats of tariffs against Canada, Mexico and China, even if temporarily "paused" against Canada and Mexico, have produced nervousness in the Australian ruling class.

While Trump has not yet specifically targeted imports from Australia, his drive to "Make America Great Again" at the expense of every other country, and workers in the US and worldwide, has profoundly destabilising economic and political implications, with Australia no exception.

This has exacerbated fears in ruling circles that the coming federal election, which must be held before May 17, will produce an unstable minority government that might prove unable to impose the drastic cuts to working-class conditions and social programs needed to match those being pursued by Trump and his fellow oligarchs, such as Elon Musk.

Tuesday's *Australian Financial Review* (AFR) editorial provided a glimpse of the nervousness within the corporate elite. It was headlined: "Trump's trade war could hit inflation, rates, and growth in Australia."

Of the most immediate concern, the AFR editorial said, was the likely "global inflation fallout" from Trump's tariffs and retaliatory measures by other governments. This could end hopes that the Reserve Bank of Australia will this month start reducing punitive interest rates. Rate hikes have already generated an historic rise in household financial stress over the past three years, particularly in working-class areas, fuelling discontent with the current Labor government.

More fundamentally, the financial newspaper warned that "the resort to beggar-thy-neighbour trade policies" marked "the end of the era of generally free movement of goods between the US, Canada and Mexico that dates back to the North American Free Trade Agreement struck by Bill Clinton in 1994."

The editorial said the turn to international trade wars had serious implications for Australia's "export-oriented economy," which depends heavily on iron ore, coal, gas and other mineral exports, notably to China, Australian

capitalism's largest market by far.

First, tariffs would fuel inflation in Australia by flowing through to higher import prices, and by making it more expensive to produce goods and services within the country.

Second, Australian exports to the US also "risk getting caught up in the trade war." These included the blood plasma made in Victoria by biotech giant CSL, which were among Australia's \$1.7 billion a year pharmaceutical exports.

Third, there were further knock-on effects to consider. Disruptions to international trade that slowed the world economy would drag on "Australia's sluggish 0.3 annual rate of GDP growth." The repercussions could include the acceleration of the economic slowdown in China.

Trump also declared last week he would impose tariffs on computer chips, pharmaceuticals, steel, aluminium, copper, oil and gas imports as soon as mid-February. According to the AFR's political editor Phillip Coorey, this has "heightened the sense of concern in Canberra, given they could be applied directly to Australian aluminium and pharmaceutical exports."

The Labor government's response has been to seek to outdo the Liberal-National opposition in accommodating and ingratiating itself with Trump's offensive. That includes pledging to step up its commitment to US militarism, particularly the AUKUS submarine, weaponry and basing pact directed against China, as well as Trump's backing for the Israeli genocide in Palestine.

Deputy Prime Minister Richard Marles will visit the United States this week to shore up the military relationship with the Trump administration by meeting with the recently-confirmed US Defence Secretary Pete Hegseth, a fascistic former Fox News host who has openly defended US war crimes.

This follows Foreign Minister Penny Wong's attendance at Trump's inauguration, which she described as "an honour and a privilege," and participation in a Washington meeting of foreign ministers from the Quadrilateral Security Dialogue (Quad), a US-led alliance against China that

includes Japan and India.

Notably, the AFR editorial concluded by demanding that the next government, whether led by Labor or the Coalition, must slash social spending, corporate taxes, working conditions and government regulations to compete in the “looming trade war,” and by expressing anxiety that the incoming government would not be up to the task.

“Australia is already facing economic stagnation because of the political class’ failure to undertake the budget, tax, workplace, and regulatory reforms needed to boost investment, lift productivity, grow real wages and increase living standards,” it declared, insisting that “the reform agenda that neither Labor nor the Coalition have engaged with so far needs to be a key issue at the forthcoming election.”

Far from lifting workers’ real wages and living standards, this program requires an all-out assault on working-class conditions and basic democratic rights, in line with that being instigated by the Trump White House.

In this context, an article in the Murdoch media’s *Australian* on Tuesday, written by its chief political correspondent Geoff Chambers, drew attention to “third-party campaigns” being bankrolled and ratcheted up. Media polls indicate that the election could result in a hung parliament, making the next government dependent on the votes of minor parties and independents.

The article focussed on the business lobbyists pouring into Canberra this week for what could be the last parliamentary session before the election, and the “campaign blitzes” being prepared, financed by “multimillion-dollar warchests.”

Chambers featured a 30-strong delegation of corporate CEO members of the Business Council of Australia (BCA) to meet with Labor and Coalition leaders and nominally independent members of parliament to discuss the BCA’s election platform, which largely corresponds to the demands of the AFR.

Chambers also reported that the Master Builders Association, representing the major construction companies, had compiled “a seat-by-seat database drilling down into Statistical Area 2 data that helps narrow electorate-wide advertising and messaging.” This is an intensive effort to track, and if possible divert, the disaffection in working-class areas.

Political donations data for 2023–24, belatedly released this week by the Australian Electoral Commission, provided a further picture of how big business has been pouring money into all the possible participants in the next government, including the Greens and the Climate 200-financed “Teal independents,” who picked up eight seats at the May 2022 election.

The statistics showed that some of Australia’s wealthiest

and prominent billionaires were donating to either Labor or the Coalition, evidently expecting either to do their bidding. Packaging baron Anthony Pratt, a public supporter of Trump, donated \$1 million to Labor. Another Trump enthusiast, mining magnate Gina Rinehart, gave half a million dollars to the Coalition, as did property tycoon Harry Triguboff.

The Greens and Teals, who might be called upon to prop up a minority government, also received corporate backing. The Greens’ biggest donation came from Duncan Turpie, described by the media as a long-time Greens backer, “high-end gambler” and “professional poker player.”

The top three donors also included two Teals backers. Share trader Robert Keldoulis gave \$1.1 million to Climate 200 to disperse among an expected 30 “community” candidates it is promising to fund. Climate and energy market-focused trader Marcus Catsaras donated just under \$1 million to Climate 200. Simon Holmes à Court, another wealthy businessman, heads Climate 200, representing the interests of “clean energy” investors.

The Labor government is trying to push new electoral laws through parliament this fortnight, formally setting some donation limits. These will impose heavy administrative burdens on small parties, but do nothing to halt the growing dominance of billionaire oligarchs and their corporations over economic and political life.

These developments point to a crisis of the entire political establishment, produced by widespread discontent with the attack on living and working conditions and the bipartisan alignment behind US militarism, including the Gaza genocide.

Trump’s ascension is sending shockwaves that are intensifying this turmoil, which will deepen as the assault on workers’ jobs, living conditions, public services and democratic rights provokes major class battles.



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