

Taiwan's social democrats and Stalinists counter Trump tariff hikes with calls for closer China-Taiwan trade relations

Shih-Yu Chou
24 April 2025

In response to the Trump administration's 32 percent "reciprocal tariffs" imposed on Taiwan, the country declared a series of measures to balance the US trade deficit. This included expanding arms purchases and imports from the US, eliminating existing tariffs on imports from the US, removing non-tariff barriers to trade (e.g., health and sanitary regulations), and further increasing Taiwan's direct investment in the US.

Prior to "Liberation Day" announced by US President Donald Trump, Taiwan Semiconductor Manufacturing Company Limited had already pledged to invest US\$165 billion in the US, the largest foreign direct investment in US history.

Taiwan's economy is highly dependent on exports to the US. The ruling Democratic Progressive Party's abject capitulation to Washington makes clear that working people will be made to bear the burden of escalating economic warfare.

On April 9, the DPP government further pitched its capitulation to Trump's demands as "Leaving China, Entering the North" by proclaiming that Taiwan would "capitalize on every geopolitical and economic shift to advance its economic development", with the goal of decoupling from China and integrating the island's economy with Washington-led "democratic allies" of the Global North.

In his opinion piece titled "Taiwan Has a Roadmap for Deeper US Trade Ties" published in *Bloomberg* on April 10, Lai Ching-te, President of the Republic of China (ROC), elsewhere referred to as Taiwan, simply reiterated his previous stance on "reciprocal tariffs".

Wu Yong-Yi, a seasoned trade unionist and Taiwanese scholar, responded to his *Bloomberg* piece on April 14. He criticized that not only had Lai made no request for tariff reductions from the White House, he was also prepared to go to any length to "win over" the Trump administration.

Wu has played an instrumental role in organizing a group of professors, social democrats and Stalinists, to oppose the DPP government's anti-China stance and rhetoric. He is renowned as an anti-imperialist. It is worth examining the actual content of his group's struggle against Trump's "America First" policies.

Wu accused Lai of "betraying the national interests of the Republic of China" and turning over Taiwan to "deliver blood transfusions" to the US economy.

Wu insisted that an opinion piece outlining the "national interests of the ROC" by the president should have been "carefully worded" to recognize "the goodwill" displayed to Taiwan by previous US administrations. Lai, he complained, did nothing of the sort. Following the election debacle for the Democrats, he simply consigned into oblivion their contributions to Taiwan, including the visit of US House Speaker Nancy Pelosi and the numerous arms sales to the island that were made possible by the Biden administration.

After aligning himself firmly with the Democrats, which he clearly views as pursuing a more carefully calculated anti-China policy that benefitted Taiwan, he characterized Lai's groveling before Trump as "stupid, ignorant, rude, snobbish and ruthless."

When one examines the response to Trump's global economic warfare by Wu and the group he represents, it is clear that they differ tactically from the DPP government only in terms of Taiwanese national capitalism's geostrategic orientation.

In a press conference held by Wu on April 9, social democrats and trade unionists laid out a blueprint for defending Taiwan's access to markets and profits, namely South-South cooperation as an alternative to the policy of "Leaving China, Entering the North".

Trump's maneuvers to re-shore manufacturing jobs had drastically eroded Taiwan's industrial base, they argued. The DPP should have acted as "a genuine ruling party" rather than as a subordinate of the US government, which aimed to hollow out Taiwan's manufacturing capacity. The island must shore up its economy by integrating into the Belt and Road Initiative (BRI), establishing "a division of labor" between Taiwan and the mainland and "tapping into China's market".

Social democrats and Stalinists painted a rosy picture of China's export-oriented economy while turning the defense of countries oppressed by US imperialism into political support for their own bourgeois state's "fair share" of capitalist exploitation.

There can be no reformist or national solution to a deepening breakdown of the global capitalist system, of which the US-China rivalry is a malignant expression.

Since Washington's escalation of its trade war on a global scale, it has made enormous efforts to prevent BRI countries from tilting toward China. As the *Wall Street Journal* reported, the Trump administration is bent on "pressur[ing] US trading partners to limit their dealings with China" through respective tariff negotiations.

Furthermore, South-South trade proposed by Taiwan's social democrats, Stalinists and trade unionists has never escaped capitalist production relations. According to David Goldman, economist and Deputy Editor of *Asia Times*, while China's direct exports to the US had fallen from 8 percent of GDP in 2007 to 2.3 percent in 2024, China's indirect reliance on the US market had remained quite substantial. Between 2020 and 2023, China's exports to the Global South surged from approximately US\$60 billion each month to US\$120 billion each month. During this period, US imports from the Global South increased from over US\$40 billion per month in 2020 to almost US\$80 billion per month by 2023.

As US imports from the Global South rose in proportion to China's exports to the region, Goldman explained that China's exports to the Global South were contingent on that region's exports to the US.

Personal consumption expenditures accounted for 84 percent of US GDP growth over the last decade, he pointed out.

Phrased differently, the acceleration of South-South cooperation will not compensate for Trump's global economic warfare that removes the US as China's consumer of last resort.

Moreover, China's economy has faced huge demographic challenges. According to the Brookings Institution, China's "working-age population... peaked in 2011 at more than 900 million". It would decline "by nearly a quarter, to some 700 million, by mid-century."

This demographic trend coupled with China's rapid technological breakthroughs contributes to the country's increasing use of automation and robotics in production processes.

Dandan Zhang, Professor in Economics at Peking University, stated in February 2025, "the demand for labor in manufacturing industries", particularly computers, communications, and consumer electronics, gave rise to "a production model with specific Chinese characteristics, combining high-tech and gig economy". There were around "40 million just-in-time workers" in these industries, accounting for 31.12 percent of the total workforce in these sectors.

Zhang's research showed that smart manufacturing technologies like industrial robots, artificial intelligence, big data, and the Internet of Things not only increased productivity but also paved the way for the decimation of manufacturing jobs and the rise of gig employment in this sector. "Job vacancies in major manufacturing hubs like the Yangtze River Delta and Pearl River Delta required merely familiarity with 26 English letters." No educational qualifications or prior work experience were needed.

To compound the problem, the ability of labor recruitment platforms to hire just-in-time gig workers made it possible for cyclical fluctuations in exports and changing demand for labor to "match seamlessly". This enabled Chinese corporations to drive down labor costs by depriving gig workers of social security, medical insurance and pensions.

Zhang claimed these platforms have created job opportunities for workers by "giving them greater autonomy and flexibility." "By 2021, China's flexible workforce had grown to 200 million, accounting for 43 percent of urban employment" including non-manufacturing sectors.

As Karl Marx powerfully explained in *Capital, Volume 1*, the use of machinery and technology is never intended to lighten workers' toil under capitalism. Rather, it is a means for capital valorization.

Like every other instrument for increasing the productivity of labour, machinery is intended to cheapen commodities and, by shortening the part of the working day in which the worker works for himself, to lengthen the other part, the part he gives to the capitalist for nothing.

Marx further explains:

the advance in the productivity of social labour undergoes a complete inversion, and is expressed thus: the higher the productivity of labour, the greater is the pressure of the workers on the means of employment, the more precarious therefore becomes the condition for their existence, namely the sale of their own labour-power for the increase of alien wealth, or in other words the self-valorization of capital.

China's large-scale automation in manufacturing exemplifies Marx's insight. It should be underlined that Zhang is Deputy Dean at the National

School of Development and Deputy Dean of the Institute of South-South Cooperation and Development, Peking University. Her study was intended to assess the true scale of gig workers in China's key manufacturing sectors while simultaneously promoting "the sustainable growth of gig workers" and policies supposedly assisting them to achieve "common prosperity".

It is another telling example of professors for "labor rights" rallying workers behind the ruling elite to defend the frontiers of the capitalist state. These academics have no qualms whatsoever about making the toiling masses pay for China's spectacular economic rise.

In 1866, Marx explained to working people that as capital transcended national boundaries it would be impossible for trade unions to fight for workers' jobs and rights on a national basis under capitalism. He indicated:

Apart from their original purposes, they must now learn to act deliberately as organising centres of the working class in the broad interest of its *complete emancipation*. They must aid every social and political movement tending in that direction. [...] They must look carefully after the interests of the worst paid trades.... They must convince the world at large that their efforts, far from being narrow and selfish, aim at the emancipation of the downtrodden millions.

One must reasonably ask the following questions: Whether those who speak in the name of "national interests" are primarily concerned about the "interests" of the national bourgeoisies of Taiwan and China to accumulate profit under capitalism? Whose "national" interests and "division of labor" do those social democrats, Stalinists and trade unionists embody? Why, similar to the Chinese Stalinist regime, is this patriotic front of Taiwan so utterly oblivious to the plight of the Chinese downtrodden millions?

There is no doubt that the relentless economic warfare and onslaught on jobs and living conditions launched by the Trump regime pose a threat to the US working class and to workers internationally. The Taiwanese and Chinese toiling masses, if they remain isolated, can never defeat this onslaught on their own. The global trade war is a symptom of the breakdown of the world capitalist economy and a key component of the US war drive against China, Russia and Iran. The fight against "America First" policies hence must not be channelled back into the political dead end of bourgeois "democracy".

As the ruling classes try to accelerate tensions between China and the rest of the world, working class opposition to this global social counter-revolution must be mobilized independently from and in opposition to both our "own" ruling establishment and all factions of the bourgeoisie.

To the capitalist division of the world into rival nations and blocs, we must counterpose the unity of the international working class in the fight for the socialist revolution and the overthrow of capitalism.

We urge workers, youth and principled scholars who aspire to real peace and equality among nations to contact the International Committee of the Fourth International and take up the fight to abolish capitalism, the root cause of class exploitation, national oppression, oligarchy, fascism and war.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact