

Trump Escalates Economic Confrontation with China

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*On Friday, as world leaders gathered in France for this weekend's G7 summit, US **President Donald Trump** unleashed a barrage of invective all but declaring economic war on China.*

Trump called Chinese **President Xi Jinping** an "enemy," announced massive tariff increases on all US imports from China, and "hereby ordered" American companies to stop doing business in the country.

Shortly before noon, Trump condemned what he said were insufficient actions by the Federal Reserve to devalue the US currency and make American exports more competitive against China and other countries.

"My only question is, who is our bigger enemy, [Federal Reserve head] Jay Powell or Chairman Xi Jinping," Trump said on Twitter in an extraordinary condemnation of both an American official and the head of a sovereign state.

This outburst, along with previous statements, amounts to a demand that the United States weaponize the dollar, the primary reserve currency of the global economy, as part of a currency war that threatens the foundations of every institution of economic and political life all over the world.

The American president continued:

"We don't need China and, frankly, would be far better off without them... Our great American companies are hereby ordered to immediately start looking for an alternative to China, including bringing... your companies HOME and making your products in the USA."

The rising trade war comes amid rapidly escalating military threats and provocations against China by the US. Just hours before Trump's Twitter outburst, the United States sent a warship through the Taiwan Strait, following a major new US arms sale to Taiwan. Washington has also vowed to stand by Vietnam in its escalating conflict with Beijing over disputed territory in the South China Sea.

Earlier this month, after the United States officially pulled out of the INF treaty that restricted the production of certain nuclear missiles, **Defense Secretary Mark Esper** said that he would like to begin deploying medium-range missiles near China within a matter of "months."

This week, Esper said the Pentagon must focus on preparing for "high-intensity conflicts

against competitors such as Russia and China,” declaring that the US production of weapons banned by the INF treaty is necessary to “deter Chinese bad behavior.”

Trump’s “order” for American companies to leave China marks a milestone in the global eruption of economic nationalism, protectionism, and preparations for military conflict. This process finds its most direct expression in the clash between the two largest economies: The United States, with a GDP of \$20 trillion, and China, with a GDP of \$13 trillion.

Since the crushing of the Tiananmen Square protests in 1989, the American corporate oligarchy has used China as a giant sweatshop, extracting profits from its massive working class while using the threat of “offshoring” to drive down wages within the US and internationally.

But the entry of China-based companies into high-value-added industries—such as semiconductor design and production, cell phones, high-end machine tools, medical devices, and optics—has placed them in direct competition with US-based companies, threatening their control of the pool of profits sweated out of the international working class.

The US president’s rantings ultimately reflect the desire of American capitalism to secure its flagging dominance through threats, and, when required, by the use of military force.

Trump, in his brutal and thuggish worship of power, threats and violence, represents the essential characteristics of the American ruling elite: its endless greed, its brutality and its belief that “force works.”

Earlier this month, **Secretary of State Mike Pompeo** made an extremely revealing statement.

“I’ll hear folks talk about trade and economic issues as separate from national security,” Pompeo said. “Let’s make no mistake about it, China’s capacity, the People’s Liberation Army’s capacity... is a direct result of trade relationships that they built.”

In other words, China’s economic growth is seen by Washington as a military threat to be countered by anything from trade conflict to full-scale war.

Pompeo’s words are in keeping with the doctrine of great-power rivalry against Russia and China embraced by the Pentagon last year, which declared that “Great power competition—not terrorism—is now the primary focus of US national security.”

The waging of such “great-power” conflicts will require a “whole-of-society” approach, the Pentagon declared, referring to what is more conventionally called total war.

This starkly poses the significance of Trump’s “order” for American companies to leave China. Under normal circumstances, American presidents have no such power. But in wartime, presidents have asserted sweeping powers to mobilize the economy, and Trump’s statements have such dictatorial overtones. In this context, his repeated references to extending his presidency beyond constitutionally-mandated term limits and his “jokes” about cancelling the 2020 election take on an air of plausibility.

Trump's outbursts and escalation of trade war clearly rattled financial markets, with the Dow Jones Industrial Average plunging more than 600 points. His bitter denunciation of the Federal Reserve chairman can only intensify the sense within significant sections of the ruling elite, and not only within the United States, that Trump's policies are leading to a disaster.

However, despite the deep divisions that exist within the American ruling class, the confrontation with China would not end even if he were replaced. While there may be differences with Trump's methods, there exists a broad anti-China consensus, based on the global interests of American imperialism.

What makes the situation exceedingly dangerous, however, is that there exists no politically articulated opposition to Trump's policies, which are bringing the United States on a collision course with the world's most populous country.

For three years in a row, the Democrats have voted for Trump's record military spending increases, raising defense spending from \$619 billion in 2016 to \$738 billion in 2020.

The *New York Times*, the unofficial house organ of the Democratic Party, has demanded that he take a harder line against Chinese technology companies Huawei and ZTE. An op-ed this year blustered that "we need to untie the American economy from China." *Times* columnist Bret Stephens wrote an op-ed titled "The U.S. Needs More Nukes" that fully backed the White House's violation of the INF treaty and its nuclear buildup against China.

As **Steve Bannon**, the far-right ideologue credited with masterminding Trump's 2016 victory, commented:

"The Democrats are just as hard on [China] as the Republicans."

Or, as Robert Daly of the Kissinger Institute, put it

"There is a bipartisan consensus that China is America's greatest long-term strategic challenge."

Virulent nationalism, xenophobia, protectionism, dictatorship—all the filth that characterized fascism in the 20th century—is spewing out of every orifice of American capitalism.

No one should have any illusions. It was not hollow rhetoric when Defense Secretary Esper asserted that the Pentagon is preparing for "high-intensity conflicts against competitors such as Russia and China." American imperialism, armed to the teeth with nuclear weapons, is on the warpath.

But the American working class, whose sons and daughters would go off to fight abroad, and who would die in the smoldering ruins of America's cities in a nuclear holocaust, do not want war. And they, along with workers in China, Russia and internationally, are the only social force that can stop it.

As the International Committee of the Fourth International wrote in its 2016 statement, ["Socialism and the Fight Against War"](#):

- The struggle against war must be based on the working class, the great revolutionary force in society, uniting behind it all progressive elements in the population.
- The new anti-war movement must be anti-capitalist and socialist, since there can be no serious struggle against war except in the fight to end the dictatorship of finance capital and put an end to the economic system that is the fundamental cause of militarism and war.
- The new anti-war movement must therefore, of necessity, be completely and unequivocally independent of, and hostile to, all political parties and organizations of the capitalist class.
- The new anti-war movement must, above all, be international, mobilizing the vast power of the working class in a unified global struggle against imperialism.

Since the publication of that statement, the working class has entered into struggle all over the world: from China and India, to the “yellow vest” protests in France, to the fight for democratic rights in Hong Kong and Puerto Rico, to the strike of auto parts workers in Mexico, and, in just a matter of weeks, an explosive battle by American autoworkers for decent jobs, wages and conditions.

It is the vast and immensely powerful social force of the international working class that must be mobilized to stop the war plans and dictatorial schemes of the capitalist ruling elites.

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