

Trump tariffs clash with globalized capitalist production

written by Fred Goldstein
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Autoworkers in Mexico.

The Trump administration is caught between its “America First” super-imperialist, great power chauvinist politics on the one hand, and the capitalist world division of labor on the other hand.

At every turn the contradiction between capitalist private property and world-wide socialized production becomes an obstacle to capitalism itself. In particular, the global interests of U.S. imperialism and the global economic structure of world capitalism today sharply contradict the Trump administration’s political goals.

Trump and his minions want to overturn the political and economic structure built up by the U.S. capitalist class in the past century. They want to realign the relationship of forces in a way that further subordinates the imperialist rivals and economic satellites of Washington and Wall Street.

Trump has taken aim at Germany, France, Britain, and the entire European Union, Japan and China, as well as Canada (a minor imperialist country), Mexico, India, Turkey, Indonesia, and Thailand, among others. China is a special case which will have to be dealt with in a separate article.

Globalization and the socialization of production

The term “globalization” is a useful geographical designation of how workers produce goods and services, that is, commodities, today. It is highly descriptive since production of a single commodity takes place in sequence in different parts of the globe. However, from a Marxist point of view, the more scientific economic designation is the socialization of the productive forces on a global basis.

The capitalist class has forced the world working class into a vast, involuntary division of labor in which workers must cooperate, on pain of losing their means of survival, to produce the world’s commodities. But the economic surplus, the surplus

value that arises from these global production chains of exploitation is reaped by the bosses. Even the workers who have jobs are left with barely enough to live on.

Global chains of exploitation are a modern form of the socialization of production carried on within the framework of private property!

Thus, as Trump proceeds with his economic wrecking ball, he is up against the fundamental contradiction of capitalism — the contradiction between socialized production and private property. Friedrich Engels, a co-founder of Marxism, along with Karl Marx, explained this at the dawn of modern capitalism in his classical work “[Socialism: Utopian and Scientific](#)” (published in 1880, excerpted from his more extensive book, “Anti-Duhring,” published in 1878):

“This contradiction, which gives to the new mode of production its capitalistic character, contains the germ of the whole of the social antagonisms of today. The greater the mastery obtained by the new mode of production over all important fields of production and in all manufacturing countries, the more it reduced individual production to an insignificant residuum, the more clearly was brought out the incompatibility of socialized production with capitalistic appropriation.”

Tariffs: Trump's blunt instrument

Today Trump is using tariffs as a blunt instrument to bully countries around the world to hand over their profits to U.S. capitalism.

What are tariffs? In the imperialist era they are a tax levied on imports by a capitalist class in one country in the struggle against its rivals. The country upon which the taxes are levied suffers a decline in exports and the government of the country levying the tariffs collects the tariffs/taxes in its treasury.

From a working class point of view, tariffs must be seen in the same light as automation. Like automation, tariffs are part of the world competition between

capitalists. Tariffs, like automation, is a tool by which the capitalists fight each other in the world market.

But this fight is carried on at the expense not just of capitalist rivals, but also at the expense of the working class. Workers in the country that has tariffs levied on it loses jobs because this country's exports decline. Workers in the country that levies tariffs pay higher prices because the importing capitalists pass on their extra costs to the workers.

Usually tariffs are met by counter-tariffs. So in a tariff war between the bosses, as in any war, the workers are the real casualties.

'Globalization' and the complexity of socialized production

In his tariff campaign Trump is running afoul of imperialist globalization at every turn; his actions have provoked retaliation from capitalists. The threat, later withdrawn, to levy tariffs on Mexico to get political leverage in his racist struggle against immigrants is a case in point.

Trump threatened to put a 5 percent tariff on Mexican goods and to raise the tariff another 5 percent every month up to 25 percent if the Mexican government failed to prevent immigrants from crossing the border into the United States.

According to [Burgess Everett and James Arkin of Politico](#), at a closed-door lunch with Senate Republicans earlier this week, "White House deputy counsel Pat Philbin and Assistant Attorney General Steve Engel faced brutal push-back from the GOP, according to multiple senators, with some threatening that Trump could actually face a veto-proof majority to overturn the tariffs." (Politico June 5, 2019)

If the Republican Trump loyalists in the Senate rebelled against their leader, it's because the capitalist donors dug in against this. Mexico exports \$345 billion to the U.S., much of it automobiles, automobile parts, agricultural products, clothing, etc.

Other examples of the intricate and interwoven nature of global supply chains apply to Japan and Canada as well.

The Japan Automobile Manufacturers Association (JAMA) says about 8 percent of its members' total annual sales are built in and imported from Mexico by way of U.S. railways, making them susceptible to the tariffs. JAMA represents Japanese exporters, manufacturers and importers in Canada. It represents Toyota, Honda, Nissan, Mazda, Mitsubishi and Subaru.

Canada's largest auto supplier, Magna International, has 32 manufacturing and assembly plants in Mexico, where it employs 29,175 people — more than in either Canada or the United States. (Automotive News, *Canada*, June 5, 2019)

A number of Japanese firms have their production bases in Mexico. Honda Motor Co., for instance, exported around 120,000 vehicles made in Mexico to the United States in 2018, accounting for around 80 percent of the cars it produces in Mexico, which is also home to large assembly plants owned by Toyota Motor Corp., Nissan Motor Co. and Mazda Motor Corp. (Japan Times, May 31, 2019)

There are over 700 Japanese companies employing thousands of workers in Mexico. So Trump could also trigger a trade war with Japan because of his threatened Mexican tariffs.

The bosses experienced Trump's threat against Mexico a threat against them. The Chamber of Commerce threatened the administration with a lawsuit. And the monopoly donors to the Republican Party told the U.S. Senate that they did not want a tariff war with Mexico and Canada.

The tariffs campaign was part of Trump's reelection bid. Trump is desperate to get reelected and avoid prosecution by the various court jurisdictions that may bring charges against him. In his desperation, Trump ignored the complexity of the U.S.

ruling class's broader economic problem.

Trade fight with EU and Asia

The United States is also intensifying its trade fight with the European Union [over aircraft subsidies](#). Washington has proposed additional tariffs on EU goods worth \$4 billion along with another \$21 billion in tariffs it is demanding for European Airbus planes.

The tariffs, [announced](#) on July 1 by the United States Trade Representative, cover 89 products including meat, cheese, pasta, fruits, coffee and whiskey. They could be added to a list of EU Airbus exports that the U.S. Trade Representative (USTR) said in April would be subject to tariffs.

General System of Preferences (GPS) status exempts 3,500 items from U.S. tariffs. GPS status is meant for formerly oppressed and colonial countries, designated as “underdeveloped.”

In its struggle against Asia, the Trump administration has threatened to remove the (GPS) status from India, Thailand and Indonesia. Turkey has already lost its GPS status.

U.S. dairy producers took aim at India and Indonesia, while pork producers targeted Thailand. Medical device manufacturers also filed a petition to exclude India from receiving preferential treatment from the U.S.

All elements of the U.S. ruling class know that they have a compliant friend in the White House who will do their bidding for the most part, even if at times they have to buck him in the Senate or in the courts. They have reaped the benefits of his corporate tax cuts, deregulation campaign, and land giveaway policies for the energy, mining and timber industries.

With the trade war, the Trump administration is striking out in all directions to put economic pressure on the entire capitalist class world-wide. Its goal is to increase the domination of the U.S. imperialist monopolies.

The contradiction of socialized production vs. private appropriation

The contradiction between the socialized character of production and the private appropriation of the products of labor was emphasized by Vladimir Lenin in ["Imperialism, the Highest Stage of Capitalism."](#)

Lenin explained that imperialism was the stage of capitalism that would lead to socialism. Bourgeois economists at the time were evading the nature of imperialism by reducing it to the "interlocking" of corporations. Lenin answered:

"Skilled labor is monopolised, the best engineers are engaged; the means of transport are captured—railways in America, shipping companies in Europe and America. Capitalism in its imperialist stage leads directly to the most comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialisation.

"Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The general framework of formally recognised free competition remains, and the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome and intolerable."

Fast forward to the 21st century. In 2005 New York Times columnist Thomas Friedman wrote about how his Dell computer was made, describing in great detail how workers spread across numerous countries in Asia contributed to its production. He summed up his findings:

“‘The total ‘supply chain’ for this computer, including suppliers of suppliers, came to about 400 companies in North America, Europe, and Asia, mostly the latter, with about thirty prime suppliers.” (“The World Is Flat,” Freidman, 2005, cited in “Low-Wage Capitalism,” Goldstein, 2008)

This author described these supply chains in Marxist terms in “Low-Wage Capitalism” (2008) as follows: “These so-called supply chains, which are really chains of exploitation spread throughout the globe by the giant monopolies, in partnership with finance capital are the business model for all the global capitalists. And the lesser capitalists fit themselves into this framework.”

Capitalism is becoming an obstacle to the survival of the masses

The increasing inequality of wealth in the U.S. is something that the capitalists and financiers are deliriously happy about. That is why Donald Trump and the Republican National Committee raised \$105 million in the last quarter for his reelection bid.

That is why the capitalist media gave Trump a billion dollars worth of free media publicity in 2016 and why they continue to give the widest possible coverage to his every tweet. They care nothing about Trump’s cruelty to immigrants and their children; his enabling and accelerating environmental and planetary destruction; his work, every day in every way, to transform the political structure of capitalism in a right-wing, authoritarian direction.

The U.S. working class is an integral part of the world-wide socialized labor force. Through its hands pass much of the world’s wealth. However, almost none of that wealth stays in the hands of the working class; the lion’s share goes to the exploiting class.

Sooner or later this fact is going to reach the consciousness of the masses. Sooner or

later they will not be able to go on in the old way, suffering the deceptions of the bosses, their politicians in both parties, and the capitalist media. Capitalism is becoming an obstacle to the survival of the workers and oppressed. That obstacle must be removed.

In the long run, no trade war or imposition of tariffs can change the fundamental contradictions of capitalism or stave off its inevitable collapse.

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