

# As economy contracts, Trump-Musk war escalates

written by Gary Wilson  
June 8, 2025



A very public and escalating feud has unfolded between President Donald Trump and Elon Musk, who until recently served as Trump's head of the Department of Government Efficiency (DOGE). The feud went public when Musk fiercely criticized Trump's signature fiscal plan — the "One Big Beautiful Bill."

The public clash between Trump and Musk lays bare the deepening fractures within the ruling class. While these billionaires battle over how to manage the turmoil, their real conflict isn't about principles — but over which faction of the oligarchy will dictate.

Behind the spectacle of personal insults and retaliatory threats lies a fundamental agreement: that workers must bear the brunt of austerity, wage cuts, and gutted social programs. The dispute is over how aggressively to push the agenda — and who stands to benefit most from it.

### **A symptom of systemic decay**

As the ruling class fights over tax breaks, tariffs, government contracts and how much to cut social services, the real crisis — the exploitation and immiserization of the vast majority — continues unchecked. Their feud is not a break in the system, but a symptom of its decay.

Musk officially departed the Trump administration last Friday, marking the end of his role as a "special government employee" overseeing the Department of Government Efficiency (DOGE), an agency that spearheaded attacks on federal workers and the dismantling of entire government departments and services.

In interviews and social media posts, Musk condemned Trump's "Big, Beautiful Bill," which would extend tax cuts for the wealthy and further gut social programs. While Musk did not object to the tax cuts — unsurprising given his vast fortune — he criticized the bill for its excessive "pork," meaning not deep enough cuts in social

services.

Trump threatened to retaliate against Musk by canceling billions in federal contracts, which coincided with a dramatic 14% drop in Tesla's stock, resulting in a [\\$34 billion loss for Musk](#), the largest single-day loss on record. Trump also withdrew the nomination of Jared Isaacman, a Musk ally, to lead NASA — another blow to Musk's influence over lucrative government contracts.

### **Economic instability fuels the feud**

The dispute touches on broader economic instability.

The U.S. economy contracted more sharply than initially reported in early 2025, with economic output per person falling 0.7% as businesses stockpiled goods ahead of expected tariffs. It's the first economic contraction (as measured by GDP per capita) since 2022, but the situation was worse than the headline numbers suggested. In plain English, this means that conditions are declining for the working class, and people are getting poorer.

Musk has also attacked Trump's tariff policies, which threaten both his own corporate empire — deeply dependent on Chinese markets and supply chains — and the broader global operations of U.S. finance capital. The business press has focused on the surge in gold prices and the weakening U.S. dollar, developments that risk destabilizing Wall Street and the U.S.-dominated global financial system.

### **Ruling class infighting goes public**

Since Trump launched his April 2 "Liberation Day" tariff bomb, the world financial markets crashed, the bond market panicked, and the price of gold soared, the dollar weakened, all leading to a political crisis. Additionally, a cycle of capitalist overproduction, leading to recession, is developing in the background.

Trump immediately pulled back on the tariffs, though only partially. But the internecine fight within the ruling class began then, as Trump appeared to be failing, driving the country toward economic chaos and possible collapse. That fight has now spilled into the open; it's not just Trump and Musk. It's only going to get worse unless there's a mass working-class upsurge, maybe a general strike to shut them down.

