

Trade War : Crisis of Deepening Inter-imperialist Contradictions

One year ago, there was a conflict among the western imperialist countries over the refusal of US to endorse commitment to “resist protectionism”. This phrase had been regularly used by the international financial organizations and the western leaders used to pledge to stand by this.

After one year in June 2018, the US imperialism has imposed tariffs of up to 25 per cent on steel and aluminum imports on EU, Canada and Japan. The EU had imposed retaliatory tariffs.

On July 6, the U.S. imposed 25 per cent tariffs targeting \$34 billion of machinery, electronics and other components imported from China. Trump had threatened to expand the tariffs to target \$200 billion dollars of Chinese exports to the U.S. if China retaliates. China, which is being targeted for not complying with Washington’s Intellectual Property Rights (IPR) regime which stands in the way of facilitating technology transfer to the country, did retaliate by imposing 25 per cent duties on \$34 billion of U.S. imports into the country, including automobiles and agricultural commodities.

In a further escalation of the ongoing trade war between the U.S. and China, the Trump administration is preparing to announce 10% tariffs on an additional \$200 billion worth of Chinese exports to the US, including a variety of consumer goods. The full list of goods on which the tariffs will be imposed is likely to be released later.

Tariffs may also be imposed on another \$16 billion of Chinese goods after a public hearing later this month. China has refused to capitulate to the IPR regime and has promised to retaliate dollar-to-dollar, imposing tariffs on \$16 billion worth of U.S. exports to the country, targeting coal and oil.

Many see these developments as the result of irrational behavior of President Trump and vainly hope somehow Trump can be persuaded to see the reason. It is not the madness of Trump. It is the imperialist interests of US that are dictating these measures which may blow into a full-scale trade war.

While the Democratic Party’s leaders have criticized the imposition of tariffs on their allies like EU, Japan, Canada and others, they loudly praised the US President’s trade war measure against China and even demanded their expansion. This makes it clear that the trade war is not merely a product of Trump, but of the ruling class - financial monopoly capitalists – of US imperialism.

Peter Navarro, Trump’s economic advisor, writing in *The Wall Street Journal* in the third week of June made clear that “Beijing’s audacious plan to dominate emerging technology industries” would not be tolerated, that China’s investment in “strategic technologies” posed “the gravest risk to America’s manufacturing and defense industrial base” and that “economic security is national security”.

Again Dan Coats, Director of National Intelligence Agency, said that China had second largest defence budget, largest standing army, third largest Air Force and a navy with 300 ships and 60 submarines. All this is in the process of modernization and upgradation and this is perceived as a threat to the US security.

Now it is clear that the prime cause for unleashing trade war on China is not the trade deficit of US in bilateral trade. China offered to reduce the trade deficit by importing more from the US and the offer was rejected by the US administration.

China has drawn a plan, *Made in China 2025*, to enhance its industrial and technological capabilities many folds. The US imperialism wants to curb the growth of China as an economic power and to push it back to the stage of a semi colony.

The financial meltdown in 2008 was the severest crisis faced by the world capitalist system since 1930s recession which triggered trade wars among the imperialist powers. The present trade war started by the US imperialism is the outcome of deep rooted and irresolvable contradictions among the imperialist powers, which are contesting to protect and expand their markets and profits and are colluding to subjugate the countries of Asia, Africa and Latin America.

During the last decade since the financial crisis in 2008, the ruling monopoly bourgeoisie of the imperialist countries had imposed harshest austerity measures on the working people to increase their profits and concomitant oppression and repression on the people. This led to deepening of social inequalities. While a handful of rich have become richer and richer, hundreds of millions of working people are thrown into unemployment, poverty and misery.

They are seething with unrest and anger. The ruling classes of western imperialist countries are diverting this anger to national chauvinism by raising the slogans like ‘America First’ and by unleashing anti-immigrant propaganda that immigrant are stealing the jobs. Neo Nazi and national chauvinist forces are allowed to gain popularity and even share the political power in Europe.

As the trade wars are sure to escalate with the imposition of tariffs and counter tariffs, so is the crisis deepens resulting in more austerity and repressive measures on the toiling masses of people of the world.
