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China/US

# Trump's strategy to reassert U.S. dominance

- Features -

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**Despite all the chaos, confusion, and faction fights, the Trump administration is united behind one project—escalating Washington's imperial rivalry with China. Originally published in two parts on [Tempest](#).**

The Trump administration has taken a sledgehammer to the existing domestic and international order. All the damage it has done can appear to be just a cynical smash and grab operation for Donald Trump and his fellow lumpen capitalist cronies. It is that, but it is not just that.

The rational core of Trump's project is laid out by the Heritage Foundation in its *Mandate for Leadership* and *The Prioritization Imperative: A Strategy to Defend America's Interests in a More Dangerous World*. These have provided him with a blueprint to implement an authoritarian nationalist strategy to reassert U.S. dominance in global capitalism.

Trump is abandoning Washington's post-Cold War project of superintending a neoliberal order of free trade globalization. Instead, he is trying to accomplish his oft-repeated goal of "Making America Great Again" by putting "America First" against both friends and foes. He is downgrading or abandoning multilateral institutions, imposing tariffs on scores of countries, and threatening to annex Greenland, Panama, and even Canada.

While far more coherent than Trump 1.0, Trump 2.0 is an administration still riven by conflicts best exemplified by the apocalyptic breakup of the president's bad bromance with Elon Musk over the so-called Big Beautiful Bill. It is one of many splits, including Trump's battle with the Federalist Society, which helped stack the courts with friendly judges, over its support of the Court of International Trade's ruling against his ability to impose tariffs. Another is the enormous one between Trump and his MAGA base over releasing Jeffrey Epstein's client list of people with whom he trafficked women and girls.

Despite all the chaos, confusion, and faction fights, Trump's administration is united behind one project—escalating Washington's imperial rivalry with China.

*Mandate for Leadership* identifies China as "a totalitarian enemy of the United States, not a strategic partner or fair competitor." The administration is trying to extricate itself from wars in Ukraine and Gaza, compel allies to take up the burden of their own security, and thereby free itself up to prioritize its great power rivalry with Beijing.

In response, China has made clear its determination to go toe to toe against the U.S. trade war, as well as its geopolitical threats and military buildup in Asia. Faced with such opposition from Beijing, Trump has backed off his most extreme measures, relaxing, for example, restrictions on exports of Nvidia's computer chips and dialing down the unprecedented tariffs he initially imposed.

But the growing competition between the two powers will disrupt such temporary measures. With their interimperial rivalry in danger of superheating, the Left must do everything in our power to build international solidarity to stop this conflict triggering a catastrophic war between nuclear powers.

## The capitalist roots of imperial rivalry

To be clear, this rivalry is not the result of the policies of the Trump or Biden administrations nor that of Xi Jinping's regime in China. It is the product of capitalism's laws of uneven and combined development, crises, and competition between states over the division and redivision of the world market for their corporations.

This economic competition drives states toward geopolitical rivalry and war. The result of those conflicts creates a dynamic hierarchy of states—with the imperialist powers at the top, regional powers in the middle, and oppressed nations and peoples at the bottom. All these capitalist states are riven by internal class and social divisions.

No order of states is permanent. The system's booms, busts, rivalries, wars, and domestic struggles upset and reshuffle the state system, with established powers declining and new ones rising. We have witnessed a sequence of imperialist orders over the last century—the multipolar colonial period of the 19th century through World Wars I and II, the bipolar Cold War, and Washington's unrivalled hegemony after the collapse of the Soviet Union.

The United States hoped to maintain that unipolar order by integrating all states into its so-called “rules based order” of free trade globalization. It tried to block the rise of any potential peer competitor, to demolish any “rogue state” like Iraq, and to police states destabilized by Washington's neoliberal policies and interventions like Haiti.

## The relative decline of U.S. Imperialism

Four developments led to the relative decline of the United States and the end of the unipolar order. First and foremost, the neoliberal boom from the early 1980s up through the 2008 Great Recession led to the rise of new centers of capital accumulation, most importantly China, but also Russia, Brazil, Saudi Arabia, and many others.

Second, Washington's attempt to lock in its hegemony over the Middle East and its energy reserves through its wars in Afghanistan and Iraq ended in disastrous defeat, preoccupying it in brutal occupations and counter-insurgencies. With Washington bogged down, China, Russia, and various regional powers became increasingly assertive in the state system.

Third, the Great Recession brought an end to the neoliberal boom, ushering a global slump of alternating recessions and weak recoveries. Sluggish growth and declining rates of profit have driven states to protect their own corporations, slowing global trade and exacerbating geopolitical rivalry.

Finally, the pandemic, its disruption of global supply chains, and the accompanying recession exposed Washington's relative decline, as well as its dependence on China. Together these developments ushered in today's asymmetric multipolar order.

The United States still stands atop the system with the largest economy and military, as well as unparalleled geopolitical influence, but it now faces imperialist rivals; most importantly China, but also Russia. In addition to these, there are a host of regional powers that jockey for position between the biggest powers over oppressed nations and peoples.

With none of the imperialist powers able to overcome the global slump, the ruling elites of each have turned to austerity and authoritarian repression of resistance at home and beggar thy neighbor policies like dumping and protectionism abroad.

In this new order, the key rivalry is between the United States and China. They had been strategic partners with increasingly integrated economies in the heyday of neoliberal globalization under Bill Clinton's administration. But no longer.

Today, China is the world's largest capitalist manufacturer, exercises growing geopolitical influence, and has the ability to enforce its will with the second largest military. Washington now views China as a potential peer competitor it must contain. As a result, the two powers are at loggerheads on everything from economics to geopolitics and military expansion, particularly in the Asia Pacific region.

## The new Washington Consensus

In this asymmetric multipolar world order, successive U.S. administrations abandoned the old strategy of superintending global capitalism to adopt the new Washington Consensus of great power conflict with China. Up until the last decade, the United States had pursued a strategy of "con-gagement" with Beijing, a combination of containment and engagement. The Obama administration's Pivot to Asia was its last gasp.

The first Trump administration decisively shifted U.S. grand strategy to rivalry with China and Russia. It aimed to downgrade multilateral alliances in favor of unilateral assertions of U.S. power, banning high tech exports to China, imposing tariffs to reindustrialize the United States, boosting the U.S. military budget, and reorienting U.S. armed forces towards Asia.

But Trump's erratic swings, his administration's deep internal divisions, and opposition from the state bureaucracy hampered the implementation of the new approach. In the end, he accelerated Washington's relative decline and, in the words of two Obama administration officials, managed to "embolden China, distress Europe and leave all American allies and foes wondering about the durability of our commitments and the credibility of our threats."

The Biden administration retained Trump's focus on great power rivalry with China and Russia but replaced its predecessor's America First approach with muscular multilateralism. It aimed to refurbish U.S. capitalism by implementing a new industrial policy in high tech, to maintain Trump's tariff regime with a high fence around a small yard of strategic technology to block China's progress, especially in advanced microchips, and to rebuild and expand Washington's alliances, turning them against Beijing and Moscow.

After a shambolic U.S. withdrawal from Afghanistan, the Biden administration exploited Russia's imperialist invasion of Ukraine to rally its allies, not only against Moscow, but also against Beijing. It convinced NATO to declare China a global security challenge.

But Biden fundamentally undermined his moralistic claims that the United States was defending its so-called rules-based international order with his support for Israel's genocidal war on Gaza. That enabled China and Russia to expose Washington's hypocrisy and rally other states around them under the banner of "multipolarity."

Nonetheless, no one should be under any illusions that Beijing or Moscow are allies of Palestinian liberation. In the case of China, despite its rhetorical opposition to Israel's genocide, it is the second largest trade partner with Israel, its state-owned Shanghai International Port Group built and operates Haifa's \$1.7 billion port, one of its other companies is building Tel Aviv's light rail system, and another, Hikvision, sells surveillance technology to Israel to police Palestinians in the West Bank.

# Xi makes China great again

Faced with Washington's new great power strategy to contain China's rise, Beijing had no choice but to respond with aggressive countermeasures of its own. Xi Jinping broke with his predecessors' cautious foreign policy, promising to carry out a "national rejuvenation" to fulfill "the Chinese Dream" of reclaiming the country's status as a great power.

But Xi confronts innumerable challenges of his own. China's economy has slowed from around 10 percent annual growth in the 2000s to now about 5 percent, and it's plagued with overproduction, a burst real estate bubble, massive debt, corruption, an aging and shrinking workforce, and high youth unemployment. China's regime has also faced waves of class and social struggle from strikes and mass protests in the 2000s to the democratic uprising in Hong Kong, Uyghur resistance to Han settler colonialism in Xinjiang, and insurrectionary job actions and mass marches against its brutal Zero-Covid lockdowns.

To maintain his rule against bureaucratic rivals and resistance from below, Xi has turned to authoritarian repression. He has purged dissident and corrupt bureaucrats, banned labor NGOs, carried out cultural genocide and mass incarceration of Uyghurs in Xinjiang, crushed the movement in Hong Kong, and ramped up the oppression of women and LGBTQ people as part of the regime's pro-natalist drive to raise the birth rate and replenish its labor force.

Xi paired that repression with massive new investment in the economy, with two goals in mind—shoring up domestic support with the promise of a better life and fending off Washington's attempt to block China's rise. The regime enacted an enormous stimulus plan to sustain economic growth after the Great Recession and amid the global slump.

In 2015, Xi inaugurated Made in China 2025, a state-funded industrial policy to develop the country's high tech companies, ensure they're self-sufficient, and position them to outcompete their multinational rivals. By any measure it has been a smashing success. China now boasts world class chip design and manufacturing companies like HiSilicon and SMIC, the world's largest EV company, BYD, the world's leading battery maker, CATL, the dominant manufacturer of solar panels, JinkoSolar, pathbreaking AI innovators like DeepSeek, robotics makers that have automated factory labor at a higher rate than Europe and the United States, and a near monopoly on rare earth processing plants and magnet manufacturers that supply the world's high tech industry.

China has started not only to catch up, but in some cases surpass U.S. high tech industries. As two influential economists argue,

According to the Australian Strategic Policy Institute, an independent think tank funded by the Australian Department of Defense, the United States led China in 60 of 64 frontier technologies, such as A.I. and cryptography, between 2003 and 2007, while China led the United States in just three. In the most recent report, covering 2019 through 2023, the rankings were flipped on their head. China led in 57 of 64 key technologies, and the United States held the lead in only seven.

In reality, Washington's bans on tech exports to China backfired, driving Chinese corporations to develop their own capacity that is now challenging, and in some cases surpassing, those of its rivals in the advanced capitalist world. That led Nvidia CEO Jensen Huang to declare Washington's tech bans on China a "failure" that "only strengthens foreign rivals" and "weakens America's position."

Competing for markets

All this government stimulus has not saved China from capitalism's global slump. It has instead produced a crisis of overinvestment, cut throat competition between state and private capitalist corporations, declining profitability, deflation, and overcapacity.

This in turn led capital to flow into speculative investment in housing, creating a giant bubble that popped with the collapse of the world's largest real estate corporation, Evergrande. That exacerbated the country's debt crisis, hammered the household wealth of the country's middle class, and undercut consumer demand.

Even after China partially stabilized this crisis, it has not solved its problem of overproduction. In fact, the regime exacerbated it with a new stimulus package to drag its economy out of the pandemic recession. As a result, China produces more of everything—from concrete to steel, solar panels, and EVs—than it can sell domestically at high enough profits.

The Chinese ruling class had hoped that its Belt and Road Initiative (BRI), launched in 2013, could help China export its excess industrial capacity. BRI was planned as a \$1 trillion infrastructure development project that builds roads, railway networks, and ports mainly in the Global South.

Participating states have taken out loans from Chinese banks to pay for the construction, making China the world's largest debt collector. And, in a classic imperialist pattern, the transport systems built through BRI are more often than not designed to deliver raw materials from developing countries' extractivist industries to China for its manufacturing system.

China has also ramped up exports, triggering protectionist responses from capitalist states, not just the U.S., but also the European Union and various states in the Global South. They have all started to complain about China dumping its surplus in their markets and undercutting their less competitive corporations.

The export splurge has had a negative impact on Beijing's nominal allies. For example, it has exacerbated the deindustrialization of Brazil, increasingly reducing its economy to the export of raw materials and agricultural produce to China, a classic dependency trap.

Beijing's diversification of its export markets is also intended to insulate its economy from Washington's increasing tariffs and bans. As part of that effort, it has decreased its holding of U.S. treasuries and increasingly conducted trade with other countries like Russia in its own currency.

But there is no way China can replace the U.S. market entirely. So, to evade U.S. tariffs, it relocated plants to countries like Vietnam and Mexico to use them as export processing platforms.

At the same time, the regime realized that it had to develop its own internal market. To accomplish this goal, it launched its dual circulation strategy, which invests in state-owned enterprises producing for its domestic market while maintaining a parallel export-oriented economy.

As part of that strategy, Xi has repeatedly promised to raise domestic demand by increasing workers income, bolstering the state's minimal safety net, and stabilizing the real estate market. But such proposals for "common prosperity" have died on the vine in the past.

Why? Because China's economic growth has been entirely premised on exploitation of cheap, migrant labor. It therefore refrains from increasing these workers wages and its social spending. That's why Xi has opposed

“egalitarianism” and “welfarism” that reward “the lazy.” As a result, China still remains dependent on its export economy.

# Forging alliances in a multipolar world

To maintain and expand its access to the world market, China has forged multilateral and bilateral political pacts. It established the Shanghai Cooperation Organization, which brings together Eurasian as well as Middle Eastern states, most importantly China and Russia, in an economic, political, and security alliance.

Even more importantly, China set up the BRICS alliance, made up of Brazil, Russia, India, China, and South Africa, as well as a growing list of other countries, but in which Beijing is by far the dominant player. China has used this alliance to advance political and economic initiatives, including The New Development Bank and Asian Infrastructure Investment Bank, establish economic relations with countries in the Global South, and attempt to lead them in a challenge to Washington's unipolar order in order to establish a multipolar one.

China doubled down on its most important geopolitical alliance with Russia when Xi and Vladimir Putin inked their “friendship without limits” at the Beijing Olympics in 2022, right on the eve of Russia's imperialist invasion of Ukraine. As the dominant player, China has increased exports to Moscow—including so-called dual-use technology for its military industry, to prevent Russia from collapsing under U.S. and EU sanctions—and inked deals with Russia to import oil, natural gas, and coal.

But these powers do not form a coherent bloc of states, nor are they forging an “Axis of Upheaval” against the United States. They are internally divided by their distinct and sometimes competing interests.

There are countless examples of their schisms. India, for example, is in the BRICS alliance with China, but is also in the QUAD along with the United States, Australia, and Japan against China. India and China just recently clashed over disputed border claims. And Russia and China abandoned Iran, another member of the BRICS, when it was attacked by the United States and Israel.

Nor are Beijing's pacts breaking from the neoliberal order the United States has established. For instance, the BRICS' New Development Bank declared support for “the multilateral trading system with the World Trade Organization (WTO) at its core.” In fact, China has used its alliances to advance its interests within the neoliberal order of free trade globalization that the United States built.

# Flexing military power

To back up its economic and geopolitical assertion of power, China has modernized its military. It has increased annual military spending for thirty years in the row to a whopping \$296 billion in 2023, the second largest in the world but still just a third of what the U.S. spent at over \$916 billion in 2023.

It has developed a blue water navy boasting more ships than any other power, including three aircraft carriers, with a fourth now under construction. And it is expanding its air force, nuclear arsenal, and battery of intercontinental ballistic and hypersonic missiles at a rapid pace.

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China has flexed its military might in the South China Sea. It has deployed its navy to protect shipping lanes, asserted control over fisheries, and staked claims to undersea oil and natural gas reserves. That has brought it into conflict with several countries in the region over rival claims to islands, including the Philippines and Japan and behind them the United States, Asia's overlord.

Most importantly, China has deployed its military in increasingly aggressive exercises around Taiwan, which it considers a renegade province that it aims to assimilate by force if necessary. The United States has armed the island nation and maintained "strategic ambiguity" as to whether it would defend it in the case of a Chinese invasion.

The stakes of the standoff are not only geopolitical, but also economic. Taiwan produces 90 percent of the world's most advanced microchips, which are essential to everything from computers to high tech fighter bombers like Lockheed Martin's F-35. The United States and China are at odds over Taiwan, each using it as a pawn in their rivalry while overriding the nation's right to self-determination in the process.

## **"Making America Great Again" again**

To fend off China's challenge to U.S. hegemony, Trump is carrying out a radical break with Washington's post-Cold War grand strategy of superintending global capitalism through multilateral economic, political, and military alliances. In place of that, he is implementing the Heritage Foundation's authoritarian nationalist strategy.

At home, Trump has launched a neoliberal class war. He hopes that austerity, tax cuts, and deregulation will stimulate capitalist investment in manufacturing, restore U.S. economic independence, and bolster competitiveness in general and specifically against China.

He is carrying this assault in authoritarian fashion, using executive orders, overriding and in some cases smashing the federal bureaucracy, and testing the boundaries of the U.S. Constitution. He has dismantled whole sections of the so-called deep state that obstructed him in his first term, shredded the welfare state, and fired federal workers. To divide and conquer working class resistance, he has scapegoated migrants, trans people, people of color, and Palestine solidarity activists.

Abroad, Trump is implementing "America First" unilateralism. It is not isolationist, despite mainstream commentators' repeated and mistaken claims. He is determined to intervene economically, politically, and militarily throughout the world to advance U.S. interests at the cost of both allies and adversaries, especially China.

His bombing of Iran's nuclear facilities proves this. The attack was intended to send a message to powers throughout the world, especially China, that the administration is more than willing to use its powerful arsenal of destruction to pursue its aims.

Nor is his strategy to forge a new "Concert of Great Powers," dividing global capitalism up into spheres of influence overseen by the United States, China, Russia, and other great powers. Whatever deals he has offered to Putin and Xi, their potential spheres of influence overlap and contradict one another.

The United States, for example, will not relinquish Asia to China, nor will it abandon Europe to Russia. No Yalta 2.0 is



in the offing. Trump is asserting U.S. dominance throughout the entire world against both allies and antagonists.

24 July 2025

## Part 2

Amid all his regime's chaos, Donald Trump is implementing the unilateralist strategy laid out bluntly in The Prioritization Imperative of focusing on Washington's great power rivalry with China. First, the administration declared it will no longer be the global policeman, backing up allies against external and internal opposition.

Trump has attempted to extricate the United States from the wars in Gaza and Ukraine, if unsuccessfully. Despite his failures, he seems determined to shift attention from these crises and convince U.S. allies to shoulder the burden of managing them.

In the case of Europe, Vice President J. D. Vance warned allies even before his election that "the United States has to focus more on east Asia. That is going to be the future of U.S. foreign policy for the next 40 years, and Europe has to wake up to that fact."

In keeping with that, Trump has secured an agreement with NATO members to increase their defense spending to 5 percent of their GDP to deter Russian imperialism, triggering an arms race in Europe. Germany went so far as to suspend its constitutional restrictions on deficit spending to plow money into rearmament, while slashing social welfare spending, and to assert itself as an imperialist power in its own right.

## Putting China first

By trying to clear Washington's portfolio, Trump attempted to prioritize Washington's conflict with China. He imposed new tariffs on Beijing, escalated the chip war with new bans on semiconductors and software sales, suspended the sale of tech and software essential to China's manufacture of jet engines, and threatened to subject all Chinese foreign students' visa applications to heightened scrutiny and deny visas to members of the Communist Party.

Trump has backed this economic assault with geopolitical pressure on Beijing. He dispatched Defense Secretary Pete Hegseth throughout Asia to shore up alliances against China. At Singapore's Shangri-La Dialogue, Hegseth told allies that China's threat "is real, and it could be imminent" to all of them, particularly Taiwan.

He promised to support them on the condition that they raise their defense expenditures. That pressure, combined with conflicts between various Asian states and China, is fueling a new arms race unlike anything in the region since World War II. Secretary of State Marc Rubio reinforced that message in his own follow-up trip to Asia.

Finally, the administration is jacking up its own military budget. Trump has increased the Pentagon's budget to \$1 trillion, with its top priority being, in the words of Hegseth, "detering aggression by Communist China."

The U.S. is backing up this rhetoric with increasingly aggressive demonstrations of military power in the Asia-Pacific, most recently with the U.S.-led 19-nation biennial exercise named Talisman Saber, the largest one yet, specifically

designed to rehearse war with China.

In addition, the administration has promised to spend upwards of half a trillion dollars on its Golden Dome defense system to intercept advanced missiles developed by China. Such a system, if it gets built and if it actually works, would enable the United States to strike without facing retaliation, undermining the deterrent of mutually assured destruction, predisposing both Washington and Beijing to strike first and ask questions later, thereby jeopardizing all life on earth.

## Obstacles to prioritization

The Trump administration faces both objective and subjective obstacles to implementing its prioritization strategy. Most obviously, as world history's largest informal empire, with vested economic interests, geopolitical alliances, and 800 military bases in every corner of the earth, it will find it objectively difficult to extricate itself from its role as global cop to focus on Beijing.

On top of that, the administration's subjective problems—its internal conflicts, incoherence, and MAGA-driven idiocy—compromise its prioritization strategy. These will further weaken U.S. capitalism and undercut its imperial dominance.

Trump is being pulled in different directions. Protectionists like trade advisor Peter Navarro and MAGA leader Steve Bannon advocate total decoupling with China. Treasury Secretary Steve Bessent and the chair of Trump's Council of Economic Advisers, Stephen Mirran, oppose that and simply want a better deal—a Mar-a-Lago Accord—to rebalance trade within the current neoliberal capitalist order. And the tech capitalists like Nvidia's Jensen Huang and Elon Musk support free trade, including with China.

The ever transactional and mercurial Trump balances between these factions. Their conflict exploded over economic policy, with Navarro pushing the most extreme reciprocal tariffs, Musk opposing them and denouncing Navarro as “a moron” and “dumber than a sack of bricks,” Bessent dialing them all back in the hopes of reaching bilateral pacts with dozens of countries, and Trump boasting that all of this chaos was an example of his “art of the deal.”

These conflicts have created contradictions in the regime's offensive against China, most obviously in its new tariff policies. After indulging the China hawks and playing hardball with record tariffs, he then backed off in a concession to pro-free traders like Nvidia's Huang, allowing the sale of the company's chips to Beijing.

Huang has argued for a different strategy for the United States to maintain dominance in high tech and specifically Artificial Intelligence (AI). He contends that Washington should keep China dependent on Nvidia's less powerful chips to prevent it from developing its own. That way Washington can both protect its monopoly on the most advanced chips and prevent Beijing from creating its own competing AI infrastructure that could supplant that of the United States. But that strategy is unlikely to succeed, given that China is determined to build exactly such an infrastructure.

The administration's China hawks have also warned that Beijing having access to even the less advanced chips will enable it to copy them and accelerate its own program. The outcome of this strategic debate remains unclear, but neither is likely to succeed in stopping China's rapid development of its own chips, high-tech companies, and AI programs.

## TACO Don's confusing messages

Similar contradictions have emerged in Trump's treatment of Washington's allies and vassals. Trump is jacking up levies to discipline all states in the world to bow to U.S. interests and against China. For instance, his new accord with Vietnam blocks its use by China as a base for transshipping goods to the United States to avoid tariffs.

But such bullying alienates the very states Trump needs to form a bloc against China. It made little sense to start a tariff war with Washington's semi-colony, Mexico and its junior imperialist partner, Canada, which are both utterly integrated with the U.S. economy.

It made even less sense to impose blanket tariffs on foes, allies, and economically insignificant islands inhabited only by penguins and seals. All that did was drive allies to put their interests before those of the United States, disrupting the formation of a bloc of imperialist states to confront and contain China.

Trump added more confusion in his tariff policy by giving multinationals like Apple carve-outs, and then drawing down all of the reciprocal tariffs to 10 percent—still a level without precedent in recent years—and promising further reductions in bilateral negotiations with countries all around the world. That earned the president the insulting moniker, TACO, short for “Trump Always Chickens Out.”

His brief spiraling tariff war with China was equally ham-fisted and counterproductive. When the United States imposed 145 percent levies on Chinese exports, China countered with 125 percent ones, disrupting supply chains, slowing both economies, and leading to shortages at factories and retail shelves in the United States. Yet again, TACO Don backed down, cutting a “gentleman's agreement” in Geneva to lower tariffs on China to 30 percent, while Beijing dropped theirs to 20 percent.

Trump's erratic tariff war with China has alienated U.S. capitalists who depend on China's supply chain and sell in its market. The Business Roundtable, Chamber of Commerce, big multinationals like Apple, and scores of small businesses all lobbied Trump for carve-outs and decreased levies.

On top of that, the stock and bond markets registered their opposition. Stocks dropped while investors sold off bonds, driving up yields and with them long-term interest rates. That left Trump no choice but to relent, making “Tariff Man's” bark look far worse than his bite.

His new round of tariff increases is shot through with the same contradiction. On the one hand, he has written stern letters to countries, again both friend and foe, threatening new levies, but on the other, he has extended the deadline for trade deals to August 1.

## Making Stagflation Great Again

Trump's so-called Big Beautiful Bill will compound U.S. capitalism's problems, undermining his attempt to reassert its dominance. Despite brutal austerity measures against the working class, it will drive up spending overall with big increases in border enforcement and defense, while cutting taxes on the rich and corporations. This will drive up the deficit and debt.

Musk denounced the bill as “a disgusting abomination,” staged a social media war with TACO Don, and then

launched a third party to unseat Republicans who voted for it. Moody's agreed with Musk, downgrading Washington's credit rating, increasing the likelihood of increased interest rates for loans for everyone from capitalists to small business owners, professionals, and workers.

Trump's assault on migrants will further exacerbate the U.S. economy's problems. His bill includes a \$170 billion increase in immigration enforcement to bring ICE's annual spending to almost \$40 billion—a sum that would make it the 16th largest military budget in the world. He has already shut down the border and started raids throughout the country, triggering resistance in Los Angeles and across the country.

Trump responded to this opposition by deploying 4,000 National Guard troops, along with 700 Marines, to join the Los Angeles Police Department in protecting ICE's reign of terror against migrants. But the workers he's targeting for deportation are essential to the U.S. economy in everything from meatpacking to construction and agriculture.

Any decrease in participation of these vital sections of the workforce will drive up wages, causing shortages, increasing prices, and hiking up inflation. In a sign of desperation, Agricultural Secretary Brooke Rollins floated a sadistic, boondoggle proposal to use new workfare requirements to force Medicaid recipients to replace millions of deported workers.

Faced with the threat of losing its workforce, agribusiness, hotel barons, construction companies, and other capitalists lobbied Trump to back down, which he did, promising to dial back workplace raids and focus on "criminals." But then, under pressure from his far-right major domo, Stephen Miller, he promised to continue the raids, despite a majority of people now opposing them and 79 percent viewing immigration as a "good thing."

Economists are worried that Trump's policies will weaken U.S. growth, if not trigger a recession. Instead of fueling new manufacturing in the United States, Trump's erratic tariff policy and ugly bill have led to a contraction in investment and freeze in hiring, slowing an already stagnant economy amid persistent and, because of his disruption of Chinese supply chains, potentially higher inflation. That has renewed fears of another cycle of the 1970s nightmare of stagflation, weakening U.S. capitalism.

## MAGA idiocy

Trump's ideologically driven war on the state bureaucracy, social institutions, and agencies of imperial soft power will further compromise U.S. dominance. He's eliminating, cutting, and purging key ministries from the FBI to the CIA, military brass, and State Department to get rid of any guardrails that block his authoritarian rule.

In the process, he is incapacitating key parts of the state that enforce and win consent for U.S. dominance. For example, he gutted the Voice of America, a key media outlet the United States has historically used to spread propaganda against its opponents and seduce their domestic opposition to mistakenly see Washington as an ally in their struggles.

China and Russia have celebrated. The former editor of China's Global Times declared it "really gratifying," while the editor of Russia's RT called it an "awesome decision." Beijing and Moscow are pumping more money to fill the vacuum and win greater global influence.

Trump's all-out assault on higher education, especially elite institutions like Harvard, will also undermine U.S. supremacy. He and especially Vance, who infamously gave a speech entitled "Universities Are the Enemy," despise

these institutions for reproducing the liberal capitalist establishment, which they view as their mortal enemy.

Trump has justified the assault based on false charges of these institutions' antisemitism and supposed hesitancy in crushing the Palestine solidarity movement. With that cover story, he has cut their funding, demanded they rewrite their curriculum, and called for them to abolish their diversity, equity, and inclusion programs.

This assault on higher education will weaken U.S. imperialism. It will disrupt the reproduction of the ruling class, its ideologists, and professionals. And it will prevent the training of the skilled working class, essential for the United States to dominate its high-tech competitors.

These institutions are central to the military industrial complex, especially in the STEM (science, technology, engineering, and mathematics) fields. Cutting their funding will undercut U.S. efforts to win "the chip war" with China. The repercussions will not only be borne by the elite schools and their wealthy students in blue states, but also by public universities and working-class students in red states.

Even worse for U.S. imperialism, Trump's witch hunt against foreign students, Chinese ones in particular, as well as international researchers, will drive them out of the country, depriving universities and corporations of a key source of international talent, especially in STEM fields. Already, Washington's competitors from Europe to China are recruiting Chinese students with offers of funding and lucrative jobs, leading the ruling class to panic about a brain drain.

Trump's onslaught on science will similarly compromise U.S. supremacy. He is not only defunding scientific research in higher education, but also at the National Science Foundation, National Institutes of Health, Environmental Protection Agency, National Oceanic and Atmospheric Administration, National Weather Service, and Federal Emergency Management Agency (FEMA).

Such cuts will cripple research essential not only to corporations, but also to public safety and health, destabilizing U.S. society in the process. With FEMA and other agencies incapacitated, tragedies caused by climate change, like the drowning of over a hundred people in the recent flash flood in Central Texas, which could have been avoided with proper regulations, precautions, and alerts, will multiply throughout the country.

Trump's destruction of USAID, as well as withdrawal from most multilateral institutions and agreements—including the World Health Organization, the Paris Climate Accords, and almost every United Nations agency—fundamentally compromises Washington's soft power and ability to win allies and subjects to its imperial project against China. Instead, it will isolate and discredit the United States and make even more states view the United States with suspicion.

Trump's "America First" policies have already led powers to chart their own course, putting their economic, political, and military interests first. That, in turn, will lead to greater conflict between states throughout the world. It will also make it harder for the United States to pressure its nominal allies, like Europe and Japan, to limit their trade with China. As a result, all the Trump regime will be left with is hard power, economic and military bullying.

Rather than restoring U.S. dominance, the regime's incoherent implementation of the prioritization strategy will likely accelerate its relative decline. Fiona Hill, who served in the first Trump administration, went so far as to compare her former boss to Boris Yeltsin, who oversaw the collapse of the Soviet Union in 1991, declaring, "Trump is deconstructing the United States, just as Yeltsin deconstructed the Soviet Union."

# China goes toe-to-toe with Trump

Sensing its position of strength against the United States, China stood up to Trump's belligerence and exploited his administration's contradictions. It called his bluff on tariffs, matching each of his increases with ones of its own, including those designed to target Republican states.

It played the ace up its sleeve—its near monopoly on processing rare earth minerals and magnets that are essential components to everything from cars to U.S. fighter bombers like the F-35. It halted their export, paralyzing both civilian and military manufacturing.

China drove Trump to strike the “gentleman's agreement” for a 90-day pause to allow talks to secure a trade deal. While he blinked, so did Xi Jinping. With the economy already struggling to maintain growth, Xi Jinping could ill afford the near-total cessation of trade with the United States. Despite increased exports to Europe and Southeast Asia and modest growth overall, the loss of markets in the United States disrupted businesses in China.

But their agreement fell apart with China limiting the release of rare earth metals and the United States retaliating with bans on the export of chips, essential software, and parts for Chinese airline construction. With their economies imperiled, they both again blinked, promising to reinstate their agreement and continue bilateral trade talks for a final deal. Nevertheless, China demonstrated Trump's weakness.

Xi has exploited the new administration's abandonment of superintending the neoliberal order of free trade globalization by posturing as its defender. He pledged to be, unlike Washington, a reliable trade partner to the rest of the world.

Of course, this was hardly disinterested, since China has been one of the main beneficiaries of that order and desperately needs access to international markets to export its capital and products. Indeed, China made up for the loss of markets in the United States by diverting exports throughout the world, achieving a record trade surplus of \$586 billion.

Xi has also taken advantage of Trump's foolish decision to launch his trade war on all countries at once by extending diplomatic and trade offers to states in Asia, Latin America, Africa, and Europe. But the response of states throughout the world has been contradictory. They have both welcomed China's offers and expressed concern that it will use them to export its surplus into their markets, undercutting their corporations.

Brazil recently embraced China in a common defense of free trade, but just last year investigated Beijing for dumping, while its steel companies demanded increased tariffs to protect their industry and market share.

Finally, Xi has responded to Trump's increased militarism with aggressive assertions of China's own hard power. China increased exercises around Taiwan, sent ships to Australia in an unprecedented naval exercise, escalated its conflicts with the Philippines and other states in the South China Sea over contested islands, and even deployed two aircraft carriers in Japan's economic waters.

## Escalating global rivalry

The rivalry between the United States and China is engulfing the entire world, from Greenland to Panama, the Arctic,

Antarctica, and even outer space. They are locked in competition in key conflicts and theaters in Europe, the Middle East, Africa, and Latin America.

In Europe, Trump had hoped to cut a deal with Vladimir Putin for the partition of Ukraine, perhaps with the aim of peeling Russia away from its alliance with China. But his proposal has been rejected by Moscow, which seems intent on annexing as much territory as possible, no matter its cost to Russian and Ukrainian lives.

China remains committed to its "friendship without limits" with Russia, sustaining its economy against the sanction regime. For its part, Kyiv has opposed the partition of its country, refused to accept any settlement without security guarantees, continues to defend its sovereignty in the face of unrelenting Russian aggression, and has succeeded in launching a drone strike against Moscow's fighter bomber fleet.

But Trump has made some gains, most importantly pressuring his NATO allies to increase their defense spending to 5 percent of their GDP and rearm at a frightening pace. As a result, Ukraine will continue to be a source of inter-imperial conflict over a national liberation struggle that could metastasize into a war involving several great powers.

In the Middle East, the United States had been the unrivalled hegemon, but China is a rising power. Because Beijing depends on the region's oil and natural gas for energy and its petrochemical industry, it has established political and economic relations with everyone from Iran to the Gulf States and Israel.

Biden and now Trump have used Israel's genocidal war to reassert U.S. power in the region and weaken the so-called Axis of Resistance, decimating Hezbollah, weakening Iran, and cutting deals with the rebels that toppled Syria's dictatorship. Trump had hoped to consolidate U.S. dominance with a "final solution" in Gaza, economic agreements with Arab states, expansion of the Abraham Accords to normalize their relations with Israel, and a new nuclear pact with Iran, so that it can prioritize China.

However, Palestinian resistance remains unbowed, and the region's Arab masses oppose normalization and are hostile to their rulers for living in luxury amid their growing poverty. When the nuclear talks with Iran stalled, Israel took the opportunity to launch its blitzkrieg, not only against Tehran's nuclear facilities, but also its leadership, military, and scientists.

Trump pivoted to support the attack and then dropped several of the U.S. military's largest conventional bombs, the Massive Ordnance Penetrator, to decimate Iran's nuclear facilities including the one at Fordow, which lies buried deep under a mountain. Trump, however, restricted action to a one-off attack, instead of an attempt at regime change, something that would have trapped Trump in an enormous war and undercut support from his isolationist MAGA base.

Trump has now pledged to restart talks with Iran, in the hope of reaching an agreement over its nuclear program. It remains to be seen whether the Iranian regime, which is torn between those who want to make a bomb and those who would prefer a deal, will agree to stop their program on U.S. terms.

While the United States seems to have scored major victories, the region remains a site of interstate conflicts, as well as resistance from below. China, which stood by while its Iranian ally was pummeled, will use any setbacks to U.S. interests to advance its own in the region, guaranteeing that its state conflicts and rebellions will be an occasion for imperial jockeying for advantage.

Latin America is another area of growing contestation. While the United States has been the regional hegemon, China has used its Belt and Road Initiative to become a major investor in the region and South America's leading trade partner. That has enabled it to pull middling powers like Brazil into its orbit through the BRICS alliance.

The United States has responded by reasserting its power against Beijing's influence. Trump has used the charge that China secretly controls the Panama Canal to threaten to annex it, and ramped up tariffs on countries that depend on exports to the U.S. market to impose Washington's dictates.

The two powers are also engaged in nothing less than a new scramble for Africa. China has become the largest investor in the continent, with a focus on mining, particularly of rare earth minerals. Trump has responded by using investment, tariffs, and geopolitical pressure to bully nations to tilt toward the United States.

For instance, during peace negotiations between Rwanda and Congo, he pressured Congo to allow U.S. extraction of rare earth minerals, instead of China. This is but one of many proxy conflicts between Washington and Beijing in Africa. These will escalate as China seeks to expand its extractivist monopoly in rare earths and the United States seeks to break it.

## Flashpoints in the struggle for hegemony in Asia

By far, the region most prone to conflict between the United States and China, though, is Asia. There are several pivotal flashpoints that could trigger a war despite their declared intention to avoid one.

Already, the United States and China engaged in a quasi-proxy war over Kashmir with Beijing backing Pakistan and Washington supporting India. Both great powers carefully analyzed the performance of their planes, missiles, and defense systems against the others.

Even more ominous is South and North Korea. The United States, which maintains massive bases in South Korea, has tried to block any peace deal with the North, pressure Seoul to spend more on its military and forge a military pact with Japan against China. That will only antagonize Pyongyang and Beijing, heating up a conflict involving three nuclear powers.

China's standoff with the Philippines over contested islands in the South China Sea is just as ominous. Trump has established friendly relations with the Philippines' new government of Ferdinand "Bong Bong" Marcos, the son of the notorious dictator, and dispatched Hegseth there on his first foreign mission in Asia.

Hegseth promised to uphold Washington's "ironclad alliance" with the Philippines "in the face of communist China's aggression in the region." He declared U.S. intentions to increase military aid, stage more joint operations, and pre-position U.S. military hardware for operations in the Asia Pacific.

The greatest and most explosive conflict is over Taiwan. As noted above, the stakes are not just geopolitical, but economic, because of Taipei's advanced microchip industry. Xi has ordered his military to be prepared to annex the country by 2027, while the United States has made defense of the island its top priority.

As a result, imperial and regional conflict is heating up throughout the Asia Pacific with states arming themselves to



the teeth.

## Against imperialist nationalism

In this ominous conjuncture, the Left must do everything in our power to stop inter-imperial rivalry from triggering another world war. In the United States, our first and foremost task is to oppose our own imperialist state, which remains the most dangerous power in the world.

The key site to build opposition is the broad resistance to the Trump regime. The emerging movement includes a wide range of forces, from explicitly pro-Democratic Party NGOs like Indivisible, to the Palestine solidarity movement, and trade unions grouped around May Day Strong. The Left must argue for an independent working-class movement that stands against all of Trump's divide-and-rule attacks on the oppressed and opposes U.S. imperialism in all its forms—economic, geopolitical, and military.

We have to make several pivotal arguments. The resistance needs to oppose Trump's siren song of nationalism, protectionism, and xenophobic attacks on Chinese international students and researchers in the United States and Chinese workers in the mainland as a threat. Both Teamsters' Sean O'Brien and the United Autoworkers' Shawn Fain fell prey to that temptation, expressing support for tariffs as a way to save jobs.

Trump, a corrupt real estate boss who starred in a reality TV show with a tag line "you're fired," doesn't care about workers. Moreover, contrary to union officials' claims, the vast bulk of job losses have not been caused by globalization but by corporations' imposition of lean production and plant relocation within the United States from the unionized north to the non-union south.

Blaming globalization lets bosses off the hook. It also sows racist, anti-immigrant divisions within the multiracial, multinational U.S. working class and between U.S. workers and workers in other countries, especially China. Such bigotry will disrupt the solidarity necessary to organize against capitalism's international system of production, transport, and sale.

Economic nationalism had deadly consequences in the 1980s, when two laid-off auto workers, who blamed their unemployment on Japan, killed a Chinese American, Vincent Chin, whom they mistook for Japanese. It can have equally deadly consequences today, with Trump targeting Chinese international students and researchers and whipping up anti-Chinese racism and anti-Asian racism in general.

Even worse, nationalist bigotry weds the working class to U.S. imperialism. Trump and the Democrats will exploit such allegiance to con us into accepting austerity to pay for increased ICE and military budgets, as well as to kill and die to preserve U.S. dominance over China and other rivals, not to improve workers' lives.

At the same time, we should oppose the Democrats' defense of the existing neoliberal order of free trade globalization. That was a vehicle for U.S. imperial hegemony over global capitalism at the expense of the workers who were forced to compete in a global race to the bottom for our rulers' benefit.

## The enemy of my enemy is not my friend

We also need to argue against those on the Left who support Washington's rivals like China or Russia as some kind of alternative. They are not. They are capitalist and imperialist states. Beijing proved its predatory and brutal nature in Xinjiang and Hong Kong, while Moscow has done the same in Ukraine.

The multipolar order that Washington rivals aim for is also no alternative. Of course, unipolarity—the unrivalled hegemony of U.S. imperialism—was horrific, as Iraq proved, but a multipolar order of competing imperial powers will be no better and potentially far more deadly. Remember that the last multipolar order ended in two world wars.

When sections of the Left support the Chinese or Russian state, they inevitably betray international solidarity with the liberation struggle of the nations and peoples those states oppress and the workers they exploit. In their view, such struggles threaten Beijing and Moscow and their ability to stand up to the United States. They trade working-class internationalism for great power nationalism in reverse.

Even worse, holding up those states as some kind of alternative will only discredit the Left in the eyes of most working people. No one wants to live in police states like those in China and Russia, just like no one wants to live under Trump's increasingly authoritarian rule here in the United States.

## For internationalist anti-imperialism

The alternative to the dead end of great power nationalism is internationalism. It comes in two forms. One common one, which seems on the surface appealing and realistic, is internationalism from above. Often put forward by pacifists and reformists, it argues for international cooperation between imperialist rivals as a path to cooperation and peace.

In the early 20th century, Karl Kautsky held out the promise of such a “golden international” only to see such hopes dashed by World War I. Today, leftists oriented on the Democratic Party hope to convince or elect its leadership to pursue a policy of great power collaboration.

That strategy is no more likely today to lead to success than it was in Kautsky's time. Why? Because it fails to grasp that inter-imperial rivalries are not a mere product of governmental policy but of the capitalist competition that drives great powers into conflict over the division of the world market.

Moreover, the chosen vehicle to accomplish the fantasy of cooperation, the Democratic Party, has shown itself impervious to left-wing influence. Remember, despite the Left's attempt to use the Democrats for anti-imperialist aims, they started most of the wars in the 20th century, from World War I to Vietnam and Israel's genocide in Gaza. And, while Democrats may have grumbled about wars like Iraq started by Republicans, they went along with them anyway, voting for military budgets to carry them out.

Instead, we need anti-imperialist internationalism from below. That entails opposing our own imperialist state, the United States, first and foremost, and in all its forms, from its economic policies (whether protectionist or free trade) to its geopolitical bullying and wars.

Washington's heretofore imperial partners like the European Union, Britain, Canada, Japan, and Australia do not offer any kind of progressive option, as their histories of colonialism, conquest, and economic exploitation prove. Today, amid the decomposition of U.S. hegemony, they are only out for their own capitalist advantage.

At the same time, we should have no illusions about U.S. imperial rivals, most importantly China. We must oppose Beijing and defend the right of self-determination of nations like Taiwan and national minorities like the Uyghurs they oppress. And, just as importantly, we have to oppose Washington's cynical weaponization of these national and popular struggles for its own imperial purposes.

# Workers against rivalry and war

Our main project must be to build international solidarity between the working classes in all the imperial and regional powers as well as oppressed nations. This is now more possible than ever. Globalization has interlocked the destinies of workers throughout the world.

Nowhere is this more clear than in the United States, Canada, and Mexico, where the regionalization of production and migration of people has bound the fate of the North American working class together. Either we stand together as one, or we will be divided and conquered separately.

The same is true of U.S., Chinese, and Taiwanese workers who are bound together by global production, supply, and retail chains. For example, Apple designs products in California, subcontracts their manufacture to Taiwan's Foxconn, and in turn employs Chinese migrant workers to make iPhones and other devices in China, which are flown by FedEx's workers to the United States to be sold either directly to customers or by retail shop workers.

Thus, even in the case of Taiwan, the world's most dangerous flashpoint in the rivalry between the United States and China, the international working class shares common interests against the three ruling classes collaborating in exploiting us.

Given our power to shut down their system, we have the potential to unite and oppose their rivalry and slide toward war. The most important way the labor movement can do that today is by opposing Trump's witch hunt against Chinese international students, graduate students, and scientists. This is essential in order to build fighting unity within the U.S. working class, in which Chinese graduate students in particular play a significant role in organizing unions in higher education.

If the labor movement can unite against Sinophobia here in the United States, it would send a strong signal to Chinese workers that workers here are their natural allies. And, Chinese international students, graduate students, and scientists can help establish connections across borders, making international solidarity concrete.

We have the chance to forge such unity amid the struggles provoked by capitalism's global slump, our rulers' increasing authoritarianism, and the austerity measures they are imposing on us all. Over the last fifteen years, we have witnessed an unprecedented wave of mass struggle all around the world, including in the United States with Occupy, Black Lives Matter, the Red State Teachers Revolt, and the Palestine solidarity movement.

Similar struggles have erupted in China. Migrant workers have gone on strike, Hong Kongers staged a mass democratic uprising, and Chinese people rose up in mass protests and strikes against the regime's brutal Covid lockdowns.

Washington and Beijing's rivalry will provoke yet more working-class struggle. Trump's brutal class war at home to transfer wealth from workers to the billionaires and the Pentagon war machine has already triggered a national resistance.

Likewise, Xi will make the Chinese working class pay to challenge the United States, forcing them, in the words of one official during Trump's last term, to get through the trade war "by eating grass for a year." Such austerity will stoke rising levels of struggle in China.

Amid the resistance in both countries, our task is to find every way possible to link our common struggles. We can and must put forward Marx and Engels' slogan "Workers of all countries, unite.... The proletarians have nothing to lose but their chains." Today, that is not a utopian slogan but a realistic possibility and indeed a necessity.

*1 August 2025*

### [Part 1](#)

### [Part 2](#)

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