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Made in chaos

The industrial heartlands of the Global South are bracing for impact. Trump's tariff gamble might spark the fiercest class struggles in decades

There are two strategic implications that can be drawn from Donald Trump's decision to declare a tariff war on the rest of the world. One is that he intends to restructure the entire global economy around US interests, destroying the export models of numerous emerging and Global South economies and plunging the world into a recession. A second implication is that, under threat of the above, he merely hopes to extract concessions on the domestic economic policies of rival countries that are favourable to the US and the dollar, but non-catastrophic for the rest.

In geopolitics, we've already faced the same kind of dilemma. After Trump sent Pete Hegseth and JD Vance to blow up the Rammstein Group and then the Munich Security Conference in February, European security chiefs asked themselves: does Trump mean to walk away from collective security altogether? Or is this a ploy to force us to spend more money on defence, take on more of the burden of European security and support for Ukraine? The fact that, in the parallel worlds of defence and trade, policymakers are facing the same cognitive challenge tells us something significant about the Trump administration. It has decided to achieve things through uncertainty.

Actions rather than words

Over the past six weeks, I have asked every policymaker I met who has access to intelligence: do you know what Trump's endgame is? Most have confessed ignorance. Some speculate that, when it comes to defence, Washington is factionally divided between a group that only wants to reorient toward confronting China and another that – in order to do so – is willing to make a strategic deal with Russia, carving Europe out of the peace talks over Ukraine, out of access to the Arctic, and allowing Putin to menace his next targets in the Baltic, the high North, or the Black Sea.

Even in macroeconomics, a harder science than geopolitics, I have analyst

notes on my desk saying there's a good chance that the tariffs are gestural and may be withdrawn, with all the soaraway consequences for stock markets that would presage. Since Trump came back to power, my watchword with the MAGA crowd has been: focus on what they do, not what they say. Their outpourings of invective, insult and disinformation are – as far as modern statecraft is concerned – a distraction technique, nothing more.

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But we do now have a consistent and observable pattern of action: the Trump administration is prepared to take actions that destabilise their allies, both economically and in security terms, and to use uncertainty and disinformation as weapons to achieve this end. In response, there is one rational course of action for European liberals, Greens and social democrats: prepare for American autarky and isolationism and pursue European greatness. It would be irresponsible to do anything less.

The EU, together with the CPTPP countries, South Korea, and Norway, represent 35 per cent of global import demand, while America accounts for 15 per cent. These countries also wield immense fiscal firepower and institutional strength. But we face a challenge. Whatever first-order measures we take – which could be retaliatory tariffs, industrial strategies that re-shore production, or, in the defence sphere, seeking technological sovereignty – it is the second-order effects of Trump's actions, our reaction, and the reaction of China that will ultimately shape the mid-21st century.

In 1930, for example, when the Smoot-Hawley Act raised US tariff barriers against the world, neither Britain nor France retaliated. The UK was determined to remain the last free trade power standing. But as its exports to America collapsed by a third in the space of a year and its balance of payments went negative, the Labour government of Ramsay MacDonald was forced into an austerity programme which led to a naval mutiny, a back-bench rebellion and summary collapse. The National Government that replaced Labour was forced to abandon both the Gold Standard and free trade because the second-order effects of Smoot-Hawley – the surge of cheap imports into the unprotected British economy – were unstoppable.

Imagining a new order

So, the facts have changed, and, as John Maynard Keynes put it, we must change our minds. Social democrats in Europe are looking at the combined prospect of having to rearm rapidly and doing so in conditions of rapidly restructured global supply chains. As we address these tasks, it is vital that Europeans do so proactively, asking – as Keynes' generation did during the Second World War – what does the world look like when we win? The most fatal stance we could adopt is that of the passive victim, mourning the death of the rules-based order while reacting to other countries' agency but never using our own.

'Winning' can no longer mean defending the status quo. It means imagining a new status quo to be attained once the Trump experiment has crashed and burned. It means assembling a coalition of countries whose voters still want to live in a world governed by international law and universal concepts of right and justice. And it means an appeal to the working people of the world – whose factories in countries like Cambodia, Sri Lanka and Nicaragua may soon be shuttered – to join us in a new project of free and fair trade, human rights and labour rights. The global working class is bigger than it has ever been, and its industrial heartlands will now become landscapes of class struggle at an intensity not seen in the era of globalisation.

What Trump has done since taking power – both on the security agenda and on trade – is an expression of pure national self-interest: blowing up the game because America was losing. From now on, European liberalism, centrist conservatism and social democracy should converge on a project not just to defend their welfare states, the Single Market and collective security. They should seek the widest cooperation from like-minded democratic countries to extend and solidify their open and progressive systems across continents and oceans.

Fighting for what is right

Europe does not have to be a rule taker from Trump, whether on digital services, abortion rights, hate speech or chlorinated chicken. And if it chooses to continue making its own rules according to the liberal internationalist values it was founded on, the European Union will need to make the UK an offer it cannot refuse. Sure, there are billionaire-backed pro-Trump media outlets trying to set the UK's agenda; and there is Musk and X; and relentless Russian hybrid operations in British civil society. But none of that is strong enough to force the UK into an act of strategic self-harm – which is what aligning with Trump would constitute. I don't think even the Conservative Party, which is now full

of MAGA fanboys and girls, could stomach seeing the UK become Trump's economic colony.

Europe has the muscle memory of state direction and, in the Nordic countries, active expertise in state-led industrial strategies. It has strong national and pan-national institutions. It has, above all, a population whose majority is for now resistant to ethno-nationalism and prepared to see the continental project as the greater good. Thus, both on trade and security, it falls to Europe to reorganise the world around its own strategic self-interest, and for the UK to become part of the project, not part of the problem.

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I think we will see the economic impacts of Trump's tariffs happen fast. The financial impacts – as in 2008 – will only be predictable when we see how much risk has been hidden within the global shadow banking system and how exposed it is to trade. What nobody has properly focused on, however, is the class struggles that could ensue. Behind every prediction of a slump in US imports is a factory in Bangladesh, Sri Lanka, Honduras, or even China that is going to close. And in an information economy, it is unthinkable that the trade war will fail to spill over into the world of brands, social media platforms, intellectual property and free speech laws.

If Trump really did just press the demolition button on globalisation, then the positive-sum game the world has been playing is over. That means, in the short term, adapting social democracy to a zero-sum world. To create a new positive-sum game between the consumers of Europe and the producers of the Global South requires this generation of centre-left politicians to do something they weren't trained for: to fight and win a systemic conflict – first against Russia in Ukraine, second against America over tariffs, and third against the CCP over democracy.

Absolute clarity in the selection of these goals is what I want to see from those in power in Europe.

This is a joint column with Social Europe.



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