

Funding the Future

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Trump was slow to get going in his first presidency. This time he's planning on an impact from day one, and that impact could be horrible, and the repercussions terrible.

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This is the transcript:

What does Trump want? No one, of course, knows for sure, and we won't for a while, I hope, because he isn't president until five o'clock this afternoon in the UK, midday in the USA, and after that, well literally, who knows what will happen next? Trump has promised a great deal to his followers, and many of those things are contradictory. But let's pull out three things that he has definitely said he was going to start doing on day one of his presidency.

He said he was going to start imposing tariffs: tariffs on countries that immediately border the USA, like Mexico and Canada, but also on the European Union and, of course, on China.

What his supporters did not appear to work out before the election in November was that the tariffs payable on the goods that they supply to people in America are not paid

by the country that exports the goods. They are paid by the American consumer who buys the goods, and this is going to have a massive impact, of course, on the American economy given that they do import a significant quantity of goods, and in particular things like tech and cars, as well as quite a lot of fuel - surprisingly - and that comes mainly from Canada.

This is going to be deeply disruptive for the US economy. What is more, it's going to increase taxes, and maybe significantly, because this is like having an end consumer VAT imposed right across the USA, and they don't have a value added tax at present.

So, therefore, there's going to be inflation in the USA. By how much? We don't know because we don't know what the tariffs are going to be and what they're going to be on as yet. But without a doubt, one of the things that Trump promised to his supporters was lower inflation. And one of the things that, at present, it looks like he will deliver will be higher inflation. How are they going to react? Who knows? There are so many imponderables that I am presenting to you in this video, and that's fair because I don't think Trump knows what he's doing either.

The same is exactly true of another of his promises. He said he's going to start today - later today - expelling people from the USA if they are not legal migrants into that country. And what we know is that there are around 11 million people in the USA who do not have official paperwork but who, nonetheless, live and work there.

He says he's going to round these people up. He says he's going to use force if necessary. He's going to put them in deportation camps if required, and he is going to expel them from the country. It's an interesting prospect, except for the horrific humanitarian aspects to it, which are going to be utterly disastrous in their consequences for the people involved.

It's also going to be utterly disastrous for the US economy, and in particular for the comfortable people in the USA who are very inclined to outsource their domestic services.

All the people who cut the grass in the USA are likely to be undocumented workers.

So are many of the people who are doing DIY, and those who are walking the dogs, or cleaning the cars, and so many other jobs of that sort, where documentation is not required because the people providing the services are not in employment, and cannot, therefore, be checked in the way that an employee can be.

The American service economy is dependent on a very large scale on the existence of those 11 million people.

Another dimension, which is not commonly mentioned but which I'm talking about, is that there is an enormous tutoring market in America for kids who need help to get the

right grades to get into their colleges or whatever else. Those tutors are the are very often undocumented migrants. Well-educated people are willing to sell their services at an undervalue, and they are going to be expelled.

The backlash from the economy is going to be significant.

The human chaos is going to be enormous.

The protests are going to be at a level which I think is frankly unimaginable because almost everyone in America is going to know someone who's going to be impacted by this programme.

And that is going to create a world that, well, Trump just doesn't really understand.

And what else is Trump going to do? According to him, he and Elon Musk are going to cut the federal budget in the USA.

And what else are they going to do? Trump and his current ally, Elon Musk, have promised cuts to the federal budget. Now we don't, again, know how much they're talking about. Whatever they've said in advance of the election could be complete baloney, and they will deny they said it anyway, whatever the documentation to prove otherwise might be, because that's the sort of people they are.

But the suggestion is that they might try to cut out up to \$2 trillion from the US federal budget of \$7 trillion. Can they do that? In theory, they could.

They could stop paying interest, for example, on the US national debt. But that isn't going to go down well with those who hold it.

They could cut out the American military. But again, that's not going to go down well with the MAGA, the Make America Great Again crowd, who love the military.

They could cut out all support for Medicare and the related medical programs that are funded by the US federal state to provide medicine and medical care to about 25 per cent of the US population who would otherwise go without.

And they could cut out support for a lot of educational programs.

Of those, what are the most likely to be cut? Medicine and education. Those are the obvious areas. There is nothing else that can achieve anything like the scale of cuts that Musk is talking about.

So is that what he's going to do? Is he actually going to leave or a quarter of the USA without medical support in a country where you cannot get free medicine? Maybe, but what are the social consequences of that going to be?

And is he really going to cut the support for education programs in the most deprived areas of the USA, many of which, by the way, are in Republican states? I doubt it.

So, Trump comes into office with a whole line of promises which look to be utterly unsustainable and undeliverable.

Oh, and when I talk about sustainability, let's remember, he's going to pull the USA out of every programme which will tackle climate change because he doesn't believe in it. That is another area where he is going to come into conflict with the people of the USA because whilst undoubtedly there are climate change deniers in that country, probably in greater proportion than most, the young people of the USA will realise that managing climate change is vital.

In other words, this Trump presidency is not going to be like the last one. The first Trump presidency literally reached the point of conflict on the last effective day when he had a chance to do anything about it, which was 6th January 2021, when he, of course, encouraged the coup, which almost toppled the power in the Senate, but that failed.

This time. I think he's going to bring forward this crisis, this conflict, this direct aggression, which will be the basis of his policy much earlier. We could see it by Tuesday. He could literally be passing presidential orders that are directing, for example, American forces internally in the USA to begin rounding up people for expulsion by Tuesday morning.

He could be announcing tariffs by Tuesday morning.

If he does, as I say, this will be in marked contrast to his first presidency, where, relatively speaking, he started walking quite slowly until he worked out what the whole game was about. This time, that's not going to happen. Trump is going to hit the ground running.

But hit the ground is what he's going to do. And the bounce is going to be horribly uncomfortable. And the repercussions will be terrible.

Trump is here for better or worse. And I can't find a better, but I can see a lot of things that are going to be worse.