

# Funding the Future

Article URL

Published: January 12, 2026, 7:33 pm

---

As the [New York Times](#) has reported this morning:

*President Trump said on Wednesday that he would impose a 25 percent tariff on cars and car parts that were imported into the United States, a move that is likely to raise prices for American consumers and throw supply chains into disarray as the president seeks to bolster U.S. manufacturing.*

As it also noted, almost half of all US cars are imported.

They also noted that an even higher proportion of car parts are imported than are completed cars. One industry insider suggested US car production could fall by 20 per cent or more as a result, at least for some time.

There are two obvious dimensions to consider.

The first is that this is where Trump is going to run into trouble. The US runs on the car. It is the symbol of independence above all else. And Trump is going to increase the price of access to that symbol, and make it much harder to get.

How long is it before people get fed up with that?

The second is for the UK. We do export cars to the US. That is going to have a knock-on effect. [As the Office for Budget Responsibility said](#) in its report yesterday:

*And if global trade disputes escalate to include 20 percentage point rises in tariffs between the USA and the rest of the world, this could reduce UK GDP by a peak of 1 per cent and reduce the current surplus in the target year to almost zero.*

They did not allow for this in their forecasts, which was absurd. Reeves' hopes are all dashed as a result. That headroom will be disappearing. Trump is intent on imposing tariffs. Why she and the OBR pretended otherwise is hard to work out if either was competent, but what doing now means is that yesterday's claims are all exposed as a facade and a charade.

In the real world in which she should have been operating, Rachel Reeve should have

admitted that when the facts change, she is willing to change her mind - but she did not. She battened down on unbreakable fiscal rules. Those will be what send her out of office.