

# Trump is scaring the people of the USA. They're not goi...

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Scared people do not spend. This is a fact of economic life. Once somebody is worried about their economic future, they begin to save, and that means Trump is heading the US into a recession.

<https://www.youtube.com/watch?v=GXRhm36h7BU&si=YVHtiUULUKlJ4Z8u>

This is the audio version:

[https://www.podbean.com/player-v2/?i=dvdpb-187f990-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=&logo\\_link=episode\\_page&btn-skin=c73a3a](https://www.podbean.com/player-v2/?i=dvdpb-187f990-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=&logo_link=episode_page&btn-skin=c73a3a)

This is the transcript:

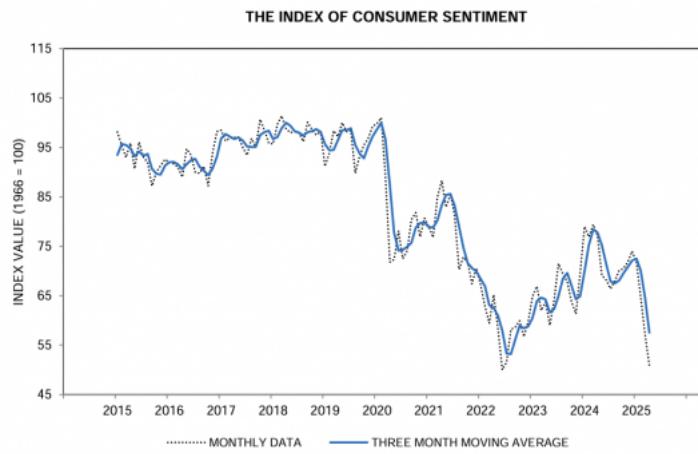
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Scared people do not spend. This is a fact of economic life. It's known throughout the world, and it's glaringly obvious. Once somebody is worried about their economic future, they begin to save because that is the only way they have available to them to guarantee that they might have money to be able to continue to provide for their security and well-being from now until whenever they hope things get better.

That surely should be understood, but it isn't. How do I know that? Because Donald Trump has threatened the well-being, security, and safety of the people of the USA, and he now seems to be surprised that they have reacted. How do I know that they've reacted? Look at this chart is produced by the University of Michigan, and what it shows

is consumer confidence in the USA.

That Consumer Confidence index has dropped to 52% at present, which, [as you can see from the chart](#) - and it's the black dot line we are looking at - is just about as low as this chart has got.



And even if you go back into history, and this has been running for decades, this is as low as it's ever been recorded in the USA.

Now, 2022 was bad, and that was because of inflation. But we've reached that point again, and the chart is heading down with no obvious indication as to why that should change.

In other words, Trump has undoubtedly destroyed consumer confidence in the USA, and the result is that people are not going to spend in that country.

What's the consequence of that? There will, of course, be a recession. That's what happens when people stop spending.

But things will get worse still because when there's a recession, or when businesses understand that's going to be the case, they also stop spending.

Why?

They see no reason to invest because there is nobody to buy the products that they're going to create as a consequence of that investment. So why bother to make the investment in the first place? It is a very simple and straightforward reason that they literally keep cash in their bank account to ensure their own survival rather than risk it on developing new plant, machinery, products, services, whatever else it might be.

So we're going to see businesses also contracting in the USA. That's going to compound this recession because there's gonna be less employment because investment is what drives employment figures upwards. And when businesses stop investing, employment

figures go downwards. That will therefore make the consumer feeling that has been created by Trump only worse, because people will also know that jobs are now at risk, and they will be.

What's more, there is going to be no impact on imports from what Trump has done, but there will be a most dramatic impact on exports.

There's no impact on imports because there are no substitutes for most of the things that the USA imports from its overseas suppliers. For example, the USA has to import rare earths from China.

It has to import 97% of its garments from outside the USA because nobody makes garments in that country anymore.

It has to import a hundred per cent of its cameras from outside the USA because there's not a single company in the USA who now makes cameras, and I could go on.

There are no alternatives to these things. Therefore, imports are not going to decline, at least not in any significant amount, but exports are definitely going to fall.

Why? Because people are already avoiding US products. Not only is the US exporting recession around the world, and it will, it's also exporting anti-US sentiment around the world, fueled absolutely deliberately by Trump, who is not Making America Great Again. He's making America look foolish again. In which case, people are not going to buy its products.

So, if we look at the formula for what defines the gross domestic product or income of a country, it looks like this.

The national income equals  $C$ , which stands for consumer spending, plus  $I$ , and  $I$  stands for investment, plus  $G$ , which is government spending, plus  $X$ , which is exports, less imports.

Now, of those variables, consumer spending is going fall, and investment is going to fall, and exports are going to fall.

Will government spending fall? Yes, we know that's going to fall as well. Why? Because Elon Musk has been trying to slash the levels of government expenditure by as much as he possibly can, so  $G$  is going to fall as well.

And imports aren't probably going to fall by very much.

It is absolutely certain as a consequence that we will end up with a situation where the USA will move into a recession and maybe even into depression, so bad is what Donald Trump is doing.

In that case, he has some choices.

He could completely abandon the tariff strategy.

He could actually begin to reverse everything and start to spend more government money.

He could take action as Joe Biden did to encourage investment in the USA. But that would require him to reverse everything he had to say about Biden and his IRA Act.

He could take action to increase exports, which would mean basically cutting the tariffs that exist on imports in the USA to encourage others to do likewise around the world so that they will buy more US product.

But this would require a total change of strategy from Trump.

Is Trump going to totally change his strategy?

I don't know.

I don't believe he will.

I think he's too stupid to do that.

I don't think he's too unintelligent to do that. I believe that he thinks he's always entitled to what he wants, and he wants this strategy, which is going to deliver disaster, and he's therefore going to pursue it.

But the consequence is clear and unambiguous. The USA is heading for a recession. Nothing else is possible without that change of strategy.

We are in real trouble, not just in the USA, where some of the viewers of this video might be, but around the world, because where the US goes, the rest of us follow. Donald Trump might be the biggest economic disaster the world has ever seen.