

Trump's tariffs aren't meant to make economic sense

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The [Guardian had an article yesterday](#) headlined:



I am sure that a sub-editor who wrote the headline thought that it was logical. It was not. Of course they Trump's tariffs do not make sense. These aren't economic weapons, tools, policies or strategies. Instead, they are, at best, weapons of political economic warfare brought into action as Trump seeks to exercise global power via intimidation. At worst, they are just weapons of direct warfare, intended to impose US tyranny on other states without conventional weapons ever being used.

Let me explain, albeit briefly.

The assumption that there is anything economically rational about what Trump is doing is shattered by the fact that it is clear that what is happening is not a tariff war, but a battle being waged by the USA against the economic consequences of it being possessed of the richest and most powerful economy in the world, combined with it being the creator of the world's reserve currency, meaning it has been able, for decades, to fund its excess consumption, from which the people of the USA have benefited enormously, by running trade deficits with countries around the world for which the USA has not needed to make settlement because the world has been willing to take and hold dollars that they never redeem in exchange for massively subsidising the US lifestyle in this way.

The USA has not been ripped off, defrauded or abused by running trade deficits, as

Trump has claimed. It has instead been freeriding on the back of the rest of the world.

Now, Trump wants to end all that. He wants to force Americans to work for the standard of living that they enjoy, when they have been wholly unaccustomed to doing so.

He wants to end the trade imbalances, the result of which will be a massive decline in US living standards, which have been unearned for a long time.

He will, along the way, destroy the hegemonic power of the dollar as the world's reserve currency, because people are very clearly no longer going to want to accept it as a currency of choice. Who knows how the US economy will react to that.

In summary, he is setting out to shatter every economic advantage that the USA has had, has exploited, and has massively benefited from. If anyone can see any sense in that, good luck in trying to do so.

If this were an act of charity to the rest of the world, it might be commendable.

If he was, as a consequence of doing this, trying to regularise the terms of trade, that might be an act to be applauded.

If he wanted the flow of wealth to reverse, so that countries in the global south might, in particular, gain from the reduction in US world economic power that he is intent on delivering, I might be pleased.

But that is not what he is trying to do. He is seeking to drag all states down with the USA, which has no chance of surviving what he is doing unscathed, and maybe intact, or even without civil war, so massive will the consequences be.

There is literally not a shred of rationality to what he is doing. There is no point looking for it. It is not there to be found.

This is precisely why I reiterate my point that the right reaction to what Trump is doing is for the leaders of the rest of the world to make clear that this is the case.

Then they have to say that if the US wishes to enter into an act of total self-destruction, so be it. They are not participating.

As a consequence, they should set up:

- * New free trade zones, as soon as possible.
- * A new world trade organisation to minimise tariffs.
- * A new World Bank, and a new International Monetary Fund
- * They might even think about establishing a new world reserve currency, [as Keynes intended there should be](#).

There is no time to waste on any of this.

Trump has hit the self-destruct button to send the USA into a downward economic spiral. What the rest of the world needs to do is to prevent him from dragging them down with him. This now has to be the highest priority in international political economy.