

Funding the Future

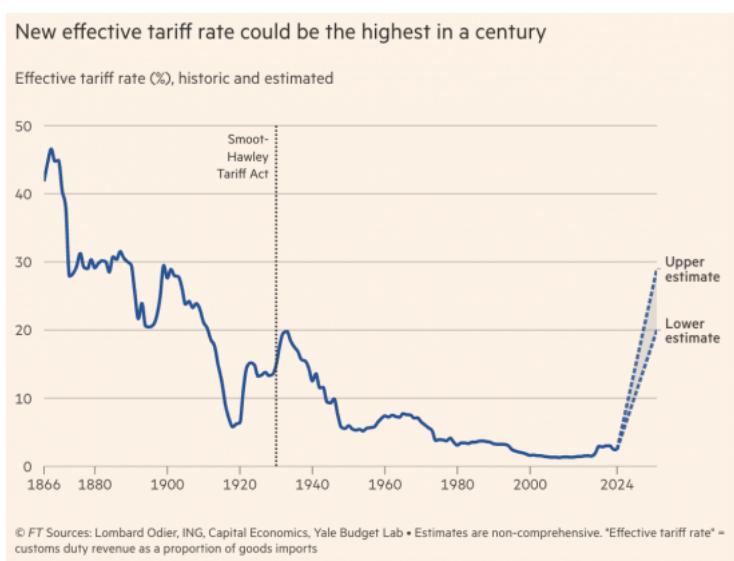
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Trump did, for once, deliver on his promises. He said he would impose tariffs, and he did.

The tariffs in question are at exceptional levels, [as this chart from the FT](#), which reflects the uncertainty in their impact, shows:



All we know about tariffs at the rate Trump is proposing is that the last time they were tried, we headed for the Great Depression of the 1930s. That might happen this time, too. That depends on the reactions of other states.

What is certain is that these tariffs will not benefit the people of the USA. I very much doubt that they are designed to. I [explain my logic for that in today's video](#). They will most likely hit those on the lowest incomes in the USA hardest.

Bizarrely, this will also be true internationally. The richest country in the world, by far, is imposing the highest tariffs on some of the poorest ones, as this FT chart shows:



Rarely has international effort to increase inequality been so obvious, but that appears to be at least a part of the motivation for these tariffs.

The real question is what to do now. There are a number of routes, from responding in kind to cold-shouldering the USA. A combination is most likely, with the most obvious required response being to create a widely flung free trade bloc to protect as much of the rest of the world as possible from the impact of tariffs.

The obvious immediate members would be the EU, Canada, Mexico and the UK. I suggest them simply because they have more experience of such things. The moves would have to be made to bring in other major trading nations, whilst also seeking to protect developing countries. In effect, a new form of World Trade Organisation is required as a matter of urgency, with the US excluded. Special measures to protect some of the countries hit hardest, such as Cambodia, Vietnam, South Africa, Bangladesh, and others, would be high on the agenda.

Negotiations with China and Japan would be necessary.

Is that possible?

The answer is that anything is possible, of course. This is all about political will.

The possibility is that, however, the combined will of these nations might be challenged by one outlier, deliberately created by Trump, no doubt to preserve the chance of his state visit to see King Charles. That is the UK. If we refuse to cooperate because of our 'special relationship' with the USA, and our desperation for a trade deal with its despotic regime, which would be profoundly harmful to the UK's best interests, we could do considerable harm to the chances of coordinated world responses to Trump's trade war.

The world would not forgive us for that.

Starmer's robotic pro-USA, anti-EU responses cannot work now. We are in a new world this morning. What is he going to do? What is worst for the UK, I suspect. That's where his instincts lie.