

Trump's crash is coming now - his latest tariff announc...

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As the [New York Times](#) reported yesterday afternoon:

President Trump on Saturday released letters imposing new 30 per cent tariffs on imports from Mexico and the European Union, dashing hopes for deals that would avoid such punishing levies. The tariffs, which are set to take effect Aug. 1, are a significant escalation in Mr. Trump's trade battles, aimed squarely at two of America's closest and most pivotal trading partners.

I have posted this Tweet thread in response:

Trump is now threatening to impose all the tariffs he proposed in April.

Then he backed away and was mocked with TACO – Trump Always Chickens Out

Now, he can't retreat and retain any credibility.

So, when's the inevitable financial crash? A thread...

First, let's clear what's likely to happen.

When Trump imposes tariffs, money will pour out of the USA.

That is what is technically called capital flight.

Those who have saved in the USA — especially from overseas — will rush for the exits.

Second, that loss of faith will have consequences.

Markets will collapse.

Not simply because of tariffs themselves, but because Trump has created countless pinch points — points at which what was once sustainable suddenly and very obviously becomes fragile.

He's created pinch points with:

- * his tariffs and trade wars
- * his disregard for human rights, alienating allies
- * and his boast that America is "great again" as if the rest of the world is something to be dismissed.

Eventually, the rest of the world will conclude it's time to move on from the USA.

Third, the dollar will be at risk.

There's already an open disagreement between Trump and the US Federal Reserve.

Trump wants lower interest rates. The Fed does not.

Whatever happens, confidence in the dollar will fracture.

At that point, investors will ask whether the dollar is still the reserve currency of the world.

Some will switch to euros, yen or pounds.

Some will buy gold.

But they'll look to leave the dollar.

That will force dollar interest rates up, whatever Trump wants.

That will transfer this crisis to the Global South, many of whose debts are denominated in dollars.

And the rest of the world will probably increase rates too.

This will create a global recession.

And US inflation will also rise. Tariffs will drive it.

So too will the loss of trust in the USA.

And that will also spread around the world. Where the US goes on this, the rest follow.

And that is totally unnecessary. This crisis is wholly of Trump's creation.

Then we have the stock market.

Roughly 30% of the entire value of US markets is tied up in just seven companies:

Apple, Amazon, Alphabet, Meta, Microsoft, Nvidia, Tesla.

If confidence in those companies fails, or if they become targets of boycotts in retaliation for Trump's policies, their values will tumble.

They will drag everything else down.

That's how crashes happen.

On any day, only a tiny proportion of shares actually trade.

So, prices are fragile.

Then, when a panic comes, sellers swamp buyers. Prices collapse.

And that panic then feeds on itself.

We've seen it before:

1929, 1987, the dot-com bust in 2000, 2008.

Each time, it was a collapse of confidence that did the real damage.

Trump is creating that same crisis of confidence now.

This time will, however, be a little different.

This time, private equity funds and hedge funds will also be exposed.

And pension funds, including in the UK, where around 10% of pensions are saved in US stocks, will feel compelled to sell.

And this will spread. That will be unavoidable.

Capital flight from the USA won't fund new growth elsewhere.

It will simply cause instability: in the UK, Europe, Japan, Australia, Canada, South Korea and beyond.

So, we need to ask: what are politicians doing to prepare for this?

Trump is seeking to destroy the very idea of government intervention.

Project 2025 makes that clear — it is an explicit plan to dismantle the state's role in the economy.

So we need politicians who understand the opposite:

- * that in a crash, deficits will have to grow to protect livelihoods and public services
 - * that we'll need coordinated responses across countries
 - * that governments must be ready to intervene directly
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Because a crash is now inevitable.

Even if Trump reversed every tariff, confidence has already been lost. Another round of TACO would simply guarantee that.

The question is not whether, but when.

And then, what's next?

It will fall to governments to step in to support demand, protect employment, keep essential services running, and stabilise economies.

If they fail to do so, then this crisis will be far worse than it needs to be.

Governments, central banks, markets, pension funds and all of us might be facing the biggest test since 1929.

There may well be tears, or very much worse, before this is over, and all because a man intent on the destruction he will now deliver got control of the White House.

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [here](#). **One word of warning, though: please do make sure you have got the correct MP. ChatGPT can get it wrong.**