

# Funding the Future

Article URL

Published: January 12, 2026, 7:03 pm

---

As the [FT noted](#) last night:

*Lesotho's trade minister has warned that the country's textiles industry, a major exporter to brands such as Levi's and Wrangler in the US, risks having to fold if Donald Trump presses ahead with 50 per cent tariffs.*

*Mokhethi Shelile told the Financial Times that a national "state of disaster" declared this week would allow the government to fast track the creation of 60,000 jobs in other sectors over two years, as it prepares for the end to the pause on the so-called liberation day tariffs the US president announced in April.*

I am not, for a moment, going to pretend that Lesotho's garment trade is likely to be undertaken on fair terms, or without exploitation. We all know that the garment trade is riddled with problems, the world over. However, the one thing we can be certain of is that Lesotho is not exploiting the USA when it comes to the garments that it exports to that country. Never, in the history of this trade, has a country in the Global South exploited a country like the USA, to which it exports garments for consumption in that place. To pretend otherwise is to totally distort history and fact. Trump's tariffs on Lesotho are, then, based on that distortion.

They are also based on a myth, which is that the USA can substitute for the import of garments from places like Lesotho when, in fact, around 97% of all garments worn in the USA are now imported. There is, quite simply, almost no US domestic garment manufacturing industry anymore, and nor has there been for a very long time because the rates of pay made to people working in this industry are so low that no one in the USA could profitably manufacture garments at the prices at which they are on sale in that country, or in most other developed countries, like the UK, come to that.

So, whilst I would argue that the terms of trade between Lesotho and the USA almost certainly need reform, the last thing that they require is a tariff to be imposed by the USA on imports from Lesotho, which, for reasons that are hard to explain, is suffering one of the worst penalties under the new tariff regime that Trump is creating.

There are at least five consequences of this tariff, in the first instance.

Firstly, Lesotho will, as the article describes, suffer a "national disaster". The immediate loss of stable employment there will be hard to recover from.

Secondly, that loss will occur because this tariff will increase the price of goods in the USA, reducing demand for goods from Lesotho.

Thirdly, the US consumer will, as a result, also suffer, and the inflation rate in the USA will almost inevitably rise because of the inability of that country to substitute for the products that it is importing.

Fourthly, that increase in US inflation rates will almost certainly result in an increase in US interest rates, and that will impact on Lesotho because it will have foreign debt denominated in dollars, the price of the interest on which will now rise, meaning that it will struggle even more to make its national economy balance. And it cannot create money, like a developed country can, to meet its obligations because it borrows in currencies other than its own.

Fifthly, this inevitably means that both the USA and Lesotho will be significantly worse off as a consequence of the imposition of tariffs. In this case, that will follow like night does day.

So, why is Trump doing this?

Stupidity?

Mendaciousness?

Because he said he would, whatever the consequences?

You take your pick, because whatever option you choose, there is no good one. Trump is pursuing a policy that only has downsides, and that is why [I am worried](#) about the imminent state of the world economy, which is not looking good.