

Funding the Future

Article URL

Published: January 12, 2026, 5:05 pm

Donald Trump has slapped a 39% tariff on Toblerone from Switzerland – but this isn't really about chocolate. It's about a dangerous trade war targeting allies and enemies alike. In this video, I explain how tariffs work, who really pays for them, and why Trump's economic nationalism will mean higher prices, job losses, and global instability. Fair trade matters – and this isn't it.

<https://www.youtube.com/watch?v=b5-UeUgvD04?si=OLTuaphAU-OUpSBE>

This is the audio version:

https://www.podbean.com/player-v2/?i=a9v86-192aeaf-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

You may not know this, but the Toblerone War of 2025 has broken out.

Right now, in the USA, in August 2025, you should think twice about buying a Toblerone because Toblerone are very famously made in Switzerland, and anything from Switzerland is now going to be subject to a 39% import tariff tax when it goes into the USA, which is bound to increase the price of Toblerone in the USA in the future. That's why I say the Toblerone War has broken out.

But let's be just a little bit less specific. The fact that Toblerone has a 39% tariff on it is, in fact, simply indicative of the fact that Donald Trump has now slapped his new tariffs

on vast numbers of countries around the world, and some of those tariff rates, like that on goods from Switzerland, are out of all proportion to anything that we've seen before.

So let's talk about the economic consequences of this.

Toblerone is just an example, but it's part of a wider protectionist agenda that is being promoted by Donald Trump.

Of course, this trade war is not about chocolate as such; it is about everything that is being imported into the USA from outside it. Trump has declared trade war on Europe, on China, on Vietnam, on India, on most countries in South America, on South Africa, and many other countries around the world as well.

He's using tariffs as a weapon, not as a tool for macroeconomic management, and not as at all to protect very specific industries, which does sometimes justify tariffs, but he's just using them as a blunt economic weapon, and allies are being treated as if they are enemies as a consequence.

Switzerland and the USA, as far as I know, have not been at war for a very long time, largely because, as far as I know, Switzerland hasn't been at war with anyone for centuries, until now, that is, because the USA has declared trade war on the country.

He is effectively saying, "We, the USA, do not like you as a country and what you are doing, and we are going to use our powers to impose a nationalist ethos upon the economy, and your imports are no longer welcome here." What else can a tariff of 39% mean?

Trump is saying the US must make everything at home, but there's a slight problem with that. Firstly, the USA doesn't grow cocoa, and he might not have noticed this, but cocoa is a major component in the manufacturing of Toblerone. And secondly, the US doesn't make Toblerone.

Now, his argument is that Toblerone should therefore set up a factory in the USA if they want to sell in the US. But that's pretty illogical because for every large company to try to set up a factory in every country in which they operate is clearly not efficient. This is not the way you try to run markets, in particular in an era where global trade exists on the basis of specialisation.

Now you can argue whether that's right or not, but it is how the world is organised at present, and announcing tariffs at very short notice in denial of the economic truth that we are living in an era of totally integrated global supply chains makes no sense at all, or implies that we have a president of the USA who is totally out of touch with reality.

He might have strong nationalist fantasies, but they don't feed, nor do they serve, the US population.

So let's talk about who's going to pay the tariff or import tax, because let's give it its proper name, which is going to be charged on the import of goods from Switzerland, but also the UK, France, Brazil, Argentina and everywhere else.

It's not going to be paid by Swiss companies; they can't pay it.

The tariff has to be paid by the importer into the USA, and the importer into the USA will have suffered a significant price increase, and there is only one possible reaction to that which they are going to have to make once these tariffs become permanent, and that now appears to be the case. This tariff hike is going to end up being reflected in the prices charged in US supermarkets.

The result is inflation and not protection. American people are going to pay more for their goods and services, and they're actually going to be able to afford to buy less because there is no compensation for the vast majority of Americans inside Donald Trump's 'Big Beautiful Bill' that gave enormous tax cuts to wealthy Americans, but if anything, penalized, most lower income Americans, including those who need protection to ensure that they can have Medicaid and other such things.

So the damage that flows from what Trump is doing is going to hit importers, retailers, and logistics firms. It's going to hit the smaller businesses who rely on international trade, and the retaliatory tariffs that threaten US exports will also have an impact on the US economy, because whatever Donald Trump says, that's bound to be the case.

And even if there wasn't a tariff imposed on US exports, just look at the consumer reaction to what Elon Musk did with Tesla. His sales are down over 30%.

People don't like the US as an aggressor. So this policy from Trump risks jobs, and what it most certainly does not do is save them.

Cars, cheese, machinery, medicines, IT, you name it - all of those products are going to be hit and be more expensive in the US. And I watch a lot of camera videos, largely because we became a bit techie when we started making YouTubes, and the US makers of these are just living in a perpetual era of uncertainty, now. They say "the price today for this product is, but it might be something different tomorrow because of tariffs", and they're right.

That is the other issue here. Not only will US manufacturers and farmers feel the pain from tariffs because they will not be able to export, and Europeans will feel the impact of tariffs because they won't be able to export, and global supply chains will be disrupted as a result, having knock-on effects for people in that sector, but this policy of economic nationalism is going to have a consequence by creating uncertainty for everyone. And this is perhaps the most damaging outcome of all from this political posturing. It won't create prosperity. What it will create as a consequence of economic nationalism is an era of isolation and division, and, bluntly, impoverishment.

Trade should not be a tool to be used as a threat. Trade has, by and large, been a tool which has been used as a basis for cooperation and although there are significant problems, in particular with regard to the share of global trade benefits that go to developing countries- I acknowledge all of that - the fact is that, by and large, trade policy has improved the well-being of most people in the world.

If we are to undermine that and, in particular, we're going to undermine that by destroying trust, then there are going to be wider consequences, which will not just be higher prices and slower growth and rising tensions, but there will be a loss of trust in the international arena. In other words, countries that are being victimised by the USA will cease to want to cooperate with it.

The economic warfare that Trump is promoting is deeply personal. It is, for example, in the case of Switzerland. The rate applied is much higher than that in other countries around it, and people will feel like they're being punished, and of course, there will be a backlash. Let's not pretend otherwise.

Turning allies into adversaries in pursuit of votes is a very bad idea.

So what should we demand? Fair trade and not trade war, and I stress the fair trade bit. We do need to make sure that profits along supply chains are fairly allocated so that, in particular, countries in the global south get a bigger proportion of the gain. But we do need to trade and global cooperation on creating shared rules that give that outcome is also vital, and Trump is undermining all of that.

We need policies that benefit people and not political egos, and an end to economic nationalism, before it destroys us all.

So what do you think?

We've put a poll below.

The questions are quite straightforward. Do you think Trump is right? Should he have imposed tariffs, or should we try to avoid tariffs? Should we try to actually create fair trade? And should we give a greater share to the global south, the countries who need more income, more than most in the world?

What do you think?

Let us know, and thanks for watching.

Poll

[poll id="177"]

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