

Funding the Future

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As [the FT has reported](#) this morning:

Donald Trump hit dozens of US trading partners with tariffs while formalising recent deals with others, including the UK and EU, as he plunged the global economy into a new era of mercantile competition.

Crucial exporters to the US such as Taiwan, the world's most important semiconductor exporter, will incur steep new levies. Trump also raised tariffs on Canada, an ally and major trading partner, to 35 per cent. India was hit with a rate of 25 per cent and Switzerland with 39 per cent.

They added:

The US president's executive order on Thursday announcing the tariffs said they were designed to reduce America's trade deficit with many countries, which it described as an "unusual and extraordinary threat to the national security and economy of the United States".

The rates are quite extraordinary and essentially without precedent in the post-1945 era:

New tariff rates for some of the US's biggest trading partners, %

Country	April 2 rate	New Rate
EU	20	15
Japan	24	15
South Korea	25	15
Taiwan	32	20
Vietnam	46	20
United Kingdom	10	10
India	26	25
Brazil	10	10*
Switzerland	31	39
Thailand	36	19

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As I have said, time and again, tariffs cannot have a good outcome. They will create inflation in the USA. They will harm those in the lowest incomes in that country the most, as they are a regressive sales tax. Other countries will not pay them. The American people will pay them, and we already know the tax cuts are going to the wealthy.

The ramifications are already serious. They will create a disorganised reduction in world trade, when we need an organised one to tackle the impact of climate change. And the downturn they must create will be widespread. You simply cannot make this big a change to trading conditions and not get a reaction, in my opinion, and I am not alone.

So, T (for tariff) Day is, and it is most likely going to be recorded in history as the day when the neoliberal bubble began to burst, as Trump turned it on itself as he signalled the start of the economic march to fascism.