

Funding the Future

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I did an interview with New York-based finance podcast host [Jack Farley](#) yesterday.

He had done his research, and the discussion was good. I will share it here when the video and podcast are released. For now, though, I want to highlight one question he asked me.

Jack mentioned a recent conversation he'd had with [Professor Ken Rogoff](#), the noted and even slightly notorious US economist who once claimed that states would collapse into disarray once their debt-to-GDP ratios exceeded 90%. That claim, we now know, rested on a spreadsheet error and proved nothing of the sort. On this occasion, however, Rogoff had suggested that an increase in US tariffs from 3% to 10% or more would not have any significant effect on the American economy. Jack asked me what I thought.

My answer was straightforward. I said this might well reflect the perspective of a comfortable member of upper-middle-class America, of which an established economics professor is almost inevitably a part. For members of such households, the impact of tariffs on consumer prices is unlikely to make any material difference to their overall well-being. They can afford to shrug it off.

But for American families on very low incomes, and with the meagre levels of state support still available, such as food stamps, the situation is entirely different. Tariffs on basic foodstuffs from Mexico, as well as energy costs, could be devastating when they take full effect. Tariffs are, after all, a consumption tax. And consumption taxes are deeply regressive.

Jack, however, suggested that tariffs appeared to be working because billions were being raised. I was tempted to reply by borrowing a line from Bachman-Turner Overdrive (you have to be old enough to get the joke), and say, "You ain't seen nothing yet." Actually, I instead suggested companies may be absorbing the costs of tariffs for now, waiting (almost certainly in vain) for some stability to return to markets so they can raise prices in an orderly fashion, but that situation will not last. Claims that tariffs are "working" are, at best, premature. Prices are bound to be impacted soon.

So too is the idea that Americans can afford what Trump is imposing on them. As I told Jack, tariffs will prove to be a tipping point for many households. What was possible will become impossible. Simply putting food on the table could become incredibly difficult, and mothers who cannot feed their children tend to be very angry indeed. If there is one group in society you do not want to provoke, it is them. They will be the ones who, in the end, will stand up to Trump and all he represents.

Absent fathers might not. Present fathers might not. But, in reality, most household budgets are managed by women. Evidence already shows that women are far more hostile to Trump than men, and I believe this divide will only widen.

We are seeing something similar in the UK, where far more men than women are lining up behind Reform. Politics is becoming increasingly gendered. In the US, as in Britain, it is being shaped not in the abstract world of economic models but in the day-to-day struggles of households for whom the task of managing the household budget is not a metaphor, but a reality.

I look for signs of hope in what otherwise feels like a desperate situation. None of this is good. But I remain hopeful. I believe there will be resistance against misogyny, against the social and class divisions, and against the new rifts opening up across societies. And I believe it will be the practical power of women that does most to bring down the tyranny that is now taking shape in the US, and which threatens to spread elsewhere.

I may be wrong. But I can live in hope.

Two musical codas, as Paul Krugman might describe them, came to mind as I was writing this. One is Bachman-Turner Overdrive.

https://www.youtube.com/watch?v=4cia_v4vxfE?si=ELEJN7H6miAxGcT9

The other, inevitably, is Aretha Franklin and the Eurythmics: *Sisters Are Doin' It for Themselves*. I sincerely hope they do.

https://www.youtube.com/watch?v=drGx7JkFSp4?si=7Gm4kFRteeYm_f_m

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