

Trump slaps new taxes on global trade

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Score settling: Speaking from the White House Rose Garden yesterday, President Trump unveiled a 10% tariff on UK goods and 20% on EU goods in what the BBC called "a watershed moment for global trade". Britain's tariff rate appears to be the lowest of those imposed by the US.

Will ‘Liberation day’ transform the world? Donald Trump has fired the starting gun on what he says will be a new economic age. Some think he is just shooting himself in the foot.

What’s happening?

Yesterday, the US president announced that his country will impose **reciprocal tariffs** on other countries around the world, which amounts to a sweeping increase in taxes on all imports.

Depending on where you stand, this is either a moment of madness, or a bold move.

Find out more

The former argument goes something like this. The whole world economy has been organised for the convenience of the US financial sector. Massive flows of wealth constantly circulate through **Wall Street**. This is one of the most important engines of the US economy.

Trump’s tariffs threaten to blow this system to pieces: investment will drop and trading partners will look to China instead.

The pro-tariff argument begins from the same place. The global system may boost Wall Street, but it has destroyed the manufacturing sector and

cost millions of Americans their jobs. So, this argument goes, Trump’s plan should be seen as a revolution by manufacturing America against financial America.

Trump knows the tariffs will cause economic pain, but thinks it is worth it if in the longer term it means that the US starts making and exporting things again.

Will ‘Liberation day’ transform the world?

Some say

Yes! This move promises to upend a global economic system that has been in place for more than 50 years. We are entering a world that will be unrecognisable for most of us.

Others think

No! This will probably end up being a damp squib. The economy will adapt, and if it does not, Trump will be forced to walk back on his tariffs to avoid losing the midterm elections.

Six steps to discovery

Some people say

1. Connect

"My dream is of a place and a time where America will once again be seen as the last best hope of earth."

Abraham Lincoln (1809 – 1865), 16th US President.

What do you think?

How do you feel about this story? - Do you think the era of global US leadership is over? Or is it just getting started?

2. Wonder

What questions do you have? - For example: Does the US president have too much power? Is it right for one country to dominate the world economy?

3. Investigate

What are the facts? - Pick out one thing we know for certain about this story and one thing we cannot say for sure.

4. Construct

What is your point of view? - You are a top economic adviser to your country's leader. What do you suggest they do in response to Trump's tariffs?

5. Express

What do others believe? - Get in a small group and work together to write down some ways in which your country will be affected by Trump's tariffs. Think about both economic and political impacts.

6. Reflect

What might happen next? - The year is 2035 and you are an economic journalist. You have been asked to write an article about the Trump tariffs 10 years on. Explain to your readers what impact the tariffs had. Did they usher in a new American golden age? Has China taken America's place in the world?

Glossary

Reciprocal - Mutual; from both sides.

Tariffs - A form of tax on imports.

Wall Street - A street in New York City's financial district. The term "Wall Street" is now used to discuss US financial markets as a whole.