

# World leaders threaten tariff war

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**Trump v Thatcher:** Margaret Thatcher dominated British life in the 1980s, acting as prime minister from 1979 to 1990. She was Britain's first female leader.

**Is the free market era over? World leaders are turning against the US after Donald Trump's trade tariffs.**

## What's happening?

Twenty-five percent on goods from Mexico and Canada, with an extra 10% on Canadian energy. Then 25% on all steel and aluminium **imports**. Finally, another 25% on foreign-made cars.

These are just some of the **tariffs Donald Trump** has placed on goods imported into America.

Now, world leaders are hitting back with tariffs of their own.

## Find out more

A tariff is a form of tax on imports. They make imported goods more costly to buy. The aim is to make customers buy from American companies, and encourage American companies to make all their goods in the USA, boosting jobs.

But now a tit-for-tat race has begun. China, Canada and the **EU** have struck back with their own tariffs. The world could be stuck in a **trade war**.

It would mark the shocking end of an idea which has ruled much of the world for decades: the **free market**.

This is the idea that **governments** should leave the economy alone. Wealth comes when you give people the freedom to buy and sell what they want.

It became popular in the 1980s, under British prime minister **Margaret Thatcher**.

When Thatcher came to power, the government controlled an enormous amount of the **economy**. The country owned resources like water, electricity and ports.

Thatcher decided to sell everything off and let private companies run them. The whole country would become a marketplace. Companies would compete to provide the best offer.

These ideas were taken up around the world.

But the free market quickly created its own problems. Some companies prioritised profits over services. Others moved their work to countries with cheap labour.

Trump's tariffs aim to stop this. But for now, nobody knows how successful he will be.

## Is the free market era over?

### Some say

Yes! The free market has been criticised for many years. Now Donald Trump seems to be doing all he can to destroy it.

### Others think

No! Donald Trump's tariffs will not work. It could cause major problems for the world economy. Americans will face higher prices in shops. Soon, people will go back to the free market.

### Some people say

*"The only certainty is that nothing is certain."*

**Pliny the Elder (23 – 79), Ancient Roman naturalist and commander**

*What do you think?*

### Six steps to discovery

#### 1. Connect

**How do you feel about this story?** - Do you feel US politics has a big impact on your life?

#### 2. Wonder

**What questions do you have?** - For example: What other countries currently run tariffs?

#### 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?** - If you were the leader of your country, would you impose tariffs on US imports?

#### 5. Express

**What do others believe?** - "Smaller countries should stand up to the US now." Discuss in groups.

#### 6. Reflect

**What might happen next?** - Is your country friendly with the USA? Do you think this will change in the next four years? Write down your answer with a reason.

### Glossary

**Imports** - Goods or services bought in one country that were produced in another.

**Tariffs** - A form of tax on imports.

**Donald Trump** - An American politician, media personality, and businessman serving as the 47th president of the United States since January 2025. A member of the Republican Party, he previously served as the 45th president from 2017 to 2021.

**EU** - European Union. An economic and political union of 27 countries.

**Trade war** - When countries try to damage each other's trades. They can do this by placing tariffs (taxes) on goods or quota restrictions.

**Free market** - When the government does not interfere with the economy, and the laws of supply and demand dictate trading.

**Governments** - Groups of people who govern - or lead - countries.

**Margaret Thatcher** - Britain's first female prime minister and the longest-serving prime minister of the modern era.

**Economy** - The way that money flows through a country, which affects wages and the cost of living.