Kingdom Vision Special Report

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The World Reset Part 2: Trump Tariffs and America's Finance Crisis

America has spent trillion on wars, financial industry bailouts, Covid-19 and climate change. Instead of infrastructure, industrialization and education. The radical econ0omic policy of Trump is an emergency attempt to reverse failed economic policies

I conducted research into what America has spent since the crisis of 9/11 on international wars, financial industry bailouts from the 2008 financial crisis, Covid-19 finance bailouts, climate change initiatives. I consider the vast majority of these expenditures a phenomenal waste of money and a chief cause of America's monumental $37 trillion of government debt.

Conclusion: Comparative Spending Analysis

When comparing U.S. federal spending across these three major challenges:

1. **Military Wars and Veterans Support**: Over $8 trillion for post-9/11 wars through FY2022, with an additional $2.2-$2.5 trillion projected for veterans care through 2050[1][2]
2. **COVID-19 Response**: Approximately $5.6 trillion in combined fiscal measures during 2020-2021[4]
3. **Climate Change Initiatives**: Historical spending of approximately $99 billion from 1998-2009[6], with projected spending of over $500 billion in the next decade under recent legislation[7]
4. **2008 Financial Bailouts**

The Federal Reserve's response to the 2008 crisis was extensive, involving various programs to inject liquidity into the financial system. A detailed analysis by the Levy Economics Institute estimated that the Federal Reserve's total bailout commitment exceeded **$29 trillion**. This figure includes loans, asset purchases, and other forms of support provided through various emergency facilities[1].

Peak Lending Programs: Loans outstanding for emergency programs peaked at over **$1 trillion** in late 2008[2]. Specific facilities like the Primary Dealer Credit Facility (PDCF) issued loans totaling approximately **$8.95 trillion**, with heavy usage by major financial institutions[1].

International Support:The Fed also provided over **$5.4 trillion** in foreign exchange swaps in the three months following Lehman Brothers' bankruptcy to stabilize global markets[3].

Quantitative Easing (QE):Through QE programs, the Fed injected more than **$4 trillion** into the financial system by purchasing government debt and troubled private assets[4].

America's Budget and Trade Deficits

Apart from all the above wasteful expenditures and debt creation America has a severe budget and trade deficit. Summary....
America's annual government expenditure this year: $7 trillion
Tax receipts of income: $5 trillion
Currently America adds $1 trillion of debt every 100 days.
Current yearly interest on government debt : $1 trillion

America's trade deficit for 2024 : $1,4 trillion.

Conclusion: The great "American Way of Life" is an illusion financed by debt and other nations willing to supply critical manufactured goods in exchange for American dollars.

How long will this last?

President Trump's Tariff/ New Economy Strategy

I am skeptical that Donald Trump's new economic policy can reverse decades of fruitless debt creation but I can recognize the potential of tariffs as a strategic counter to globalism and the multipolar world led by BRICS – Brazil, Russia, India, China, and South Africa.

I am also skeptical that the average American who is used to and expects "the American Way of Life" which is based on other nations savings, work and investment, has the patience to give enough time for Trump's new economic policy to show positive results.

Nevertheless let me give a positive summary of president Trump's new policy....

Tariffs are taxes levied on goods imported into the United States, paid by American importers rather than foreign governments. For example, if a company imports Chinese steel subject to a tariff, it incurs an additional cost at US Customs, often passed on to consumers through higher prices. Trump utilized tariffs extensively – targeting steel, aluminum, and numerous Chinese goods – to protect US industries, promote domestic production, and curb the expansive reach of globalism, which has reduced some nations to mere transit points for multinational corporations. Tariffs also address the significant US trade deficit, where imports vastly outstrip exports. By raising the cost of foreign goods, they could bolster American manufacturing and diminish that disparity.

Historically, the US relied exclusively on tariffs to finance its government, a practice dominant in the 18th and 19th centuries when income taxes were nonexistent. Before the 16th Amendment in 1913, tariffs funded federal operations – roads, defense, and administration – without taxing individual earnings, a system Trump's tariff-heavy approach partially revives to support economic objectives. This reduces reliance on creditors like China, which holds a substantial share of US debt. Many, however, conflate tariffs with sanctions, assuming a punitive intent. Under Trump, tariffs are distinctly an economic tool, advancing his America First agenda by prioritizing US interests, marking a shift from a globalist system under US leadership – where international cooperation and institutions prevailed – toward a US-centric imperialism that asserts dominance through economic might, potentially paving the way for a multipolar world defined by competing spheres of influence.

The US holds a formidable advantage: its market represents a critical portion of many countries' exports, granting significant leverage. Nations such as Canada, Mexico, and China depend heavily on American consumers – far more than the US relies on their markets. When Trump imposed tariffs on Canadian steel, Canada faced immediate pressure to adapt, as losing US trade was untenable. Mexico acquiesced during trade negotiations under tariff threats, and South Korea would likely face similar constraints. This asymmetry enhances tariffs' coercive power, compelling smaller economies to adjust rather than resist.

In recent years, tariffs have generated considerable revenue, echoing their historical role as the sole federal income source in earlier eras, offering funds that could establish a sovereign wealth fund – potentially invested in gold or cryptocurrencies – to strengthen US economic autonomy, counter inflation, or leverage digital advancements. Strategically, this enhances national security by reducing dependence on states Washington deems adversarial, like Russia and China, protecting against disruptions in vital supplies such as rare earths or energy. For critics of globalism, tariffs offer a means to reclaim sovereignty, augmented by financial gains. They also suggest a potential exit from supranational bodies like the World Trade Organization (WTO), which Trump views as restrictive. Disregarding WTO rules could presage a withdrawal from global trade frameworks, possibly unsettling the European Union, where divergent interests – such as those between Germany and Italy – might intensify divisions. This may mark America's final effort to counter the rise of BRICS, resisting a shift from US-led globalism to a multipolar order with distinct spheres of influence.

The US dollar's status as the world's reserve currency is crucial, facilitating low-cost borrowing, effective sanctions, and trade dominance. Tariffs reinforce this by tackling the trade deficit and financing sovereign initiatives, yet BRICS' de-dollarization efforts – promoting alternative currencies – threaten its foundation. Should the dollar's preeminence falter, funding a wealth fund or industrial revival becomes problematic, foreign investment wanes, and US influence diminishes. Against the multipolar vision of BRICS, tariffs are a vital bid to preserve economic power; losing dollar hegemony would render this approach unviable.

The drawbacks, however, are considerable. Inflation increases as higher import costs elevate prices for goods like clothing, electronics, and vehicles, compounding prior price pressures in the US. Supply chains, already complex, suffer further disruption, leading to delays and shortages. Industries reliant on foreign components – such as automakers needing semiconductors – face challenges, while smaller firms struggle to cope. Retaliatory actions exacerbate the situation: China has targeted US agricultural exports, and Europe has reciprocated. A dearth of STEM professionals – engineers and technologists – impedes swift industrial redevelopment. Certain products, like smartphones or rare-earth-dependent technologies, would be exorbitantly costly to produce domestically due to high labor expenses and limited resources. Reindustrialization requires immense investments in infrastructure, training, and time – new facilities like steel mills demand years to develop.

For opponents of globalism, tariffs reduce the trade deficit, finance sovereignty in a manner reminiscent of the tariff-exclusive funding of old, and contest WTO authority while opposing BRICS' momentum toward a multipolar world of regional powers. America's export leverage – evident in its influence over Canada and Mexico – fortifies its stance. Withdrawal from the WTO could emancipate American policy, potentially deepening EU rifts, such as between France and Poland. Yet, shortages of skilled workers, elevated costs, and extended timelines pose risks. Inflation rises, supply chains falter, and trade disputes escalate – China's responses are deliberate, and the EU remains steadfast. The deficit may lessen, but at the cost of pricier goods and reduced availability. The dollar's dominance is indispensable; de-dollarization undermines this strategy.

The appeal is substantial: tariffs generate revenue, address the deficit, counter adversaries, and leverage US market influence against BRICS, aligning with Trump's economic America First strategy – shifting from globalist cooperation to imperial assertion – rather than punitive sanctions. This revenue, recalling an era when tariffs alone sustained the government before income taxes existed, holds promise – gold for stability, cryptocurrencies for innovation. Yet, execution is formidable. Inflation pressures intensify, supply disruptions persist, and businesses – especially smaller ones – suffer, while larger entities adapt slowly. The trade deficit may improve, with nations like Canada and Mexico yielding to US pressure. An exit from the WTO could disrupt global trade norms, and EU divisions might widen, signaling a multipolar shift. In resisting BRICS, the dollar's role is paramount – its decline would spell failure. Security may strengthen, but economic stability could weaken. For globalism's opponents, this offers control, resources, and defiance. For the US it is a high-stakes endeavor: promising if successful, perilous if it falters. As the multipolar era advances, with spheres of influence emerging, this may represent its final counterstroke.

My prediction:

Before the Tariffs can work and bring in the new factories and new production from industrialization the international bond markets will punish the American bond market with massive withdrawals. This will cause the crucial 10 year bond yield to spike upwards.

The US Fed will have to enter the market and buy up bonds monetizing the debt and causing massive inflation.

I don't think this will work.