

Revolution or Repetition? the election that defines 2025

Overview: Donald Trump is set to enter the White House on January 20th to begin his second term as President. However, his first term offers little indication of what the next four years might bring. Compared to a relatively 'tame' initial tenure, his upcoming administration promises to be anything but predictable. His mention of US ownership of Greenland being an 'absolute necessity' alongside his debatable cabinet selections promises a chaotic second tenure. This new chapter in American politics has the potential to not only redefine the nation's identity but significantly influence global dynamics. Though narrowly winning the popular vote, Trump's proposed tariffs and 'America first' mindset present a reduction in UK GDP, potential trade wars with Mexico and China, and a new era of protectionism.

Impact on the UK: Zooming in on the UK, Trump's drive to protect American industries, marked by the imposition of tariffs, is bound to have a significant and lasting impact. Trump has proposed a 20% tariff on UK exports to the US which the National Institute of Economic and Social Research warns could slash the UK's already fragile economic growth in half. This is set to put considerable strain on the UK-US relationship, which has long been regarded as 'special' due to their shared values and history of close cooperation. The true danger lies in the chance of retaliatory tariffs and potential escalation into full-blown trade wars. Proposed tariffs would threaten supply chains and reduce demand for UK exports, which inflicts a severe setback to the already troubled manufacturing sector which towards the end of last year experienced a 6% decrease in domestic sales from Q2. Rachel Reeves has stated that it's 'too early' to gauge the full impact of Trump's tariffs. However, the outlook is far from favourable for the UK, with GDP growth already predicted to decline by 0.7%. Additionally, Trump's sharp criticism of NATO adds further strain to the UK-US 'special relationship'. His demand that NATO allies boost defence spending to hit the 2% GDP target, places the UK in a delicate position, testing its diplomatic footing. Although not all hope should be lost. Bank of England Governor Andrew Bailey highlighted that the UK focuses on trade in services rather than goods meaning negative impacts could be mitigated for the UK. Services now account for 54% of UK exports to the US, including finance, insurance, and education industries. These services that the UK offers, particularly UK cross-border investments into the US, are valued and therefore not susceptible to tariffs as goods would be. For now, the UK's response to the proposed tariffs is one of caution and concern.

Protectionist and America first mindset: Trump's mission to restore American jobs through tariffs is no secret. During his first term, he passed the US-Mexico-Canada Agreement, a deal designed to tilt the scales in favour of US interests through fair trade. This economic nationalism is a preview of what's likely to define his second term. In 2017 Trump

introduced the Tax Cuts and Jobs Act, slashing corporate tax rates from 35% to 21%, a move he's hinted at expanding during his second term. On November 25th, Trump announced plans for an executive order imposing a 25% tariff on all imports from Mexico and Canada unless these nations step up efforts to curb illegal immigration into the US. This is expected to slash cross-border trade between the three nations and hike production costs for key industries. Canada and Mexico are likely to respond with retaliatory tariffs on US exports, targeting sensitive sectors, as seen previously with Canada targeting the US dairy industry. Trump's aggressive trade agenda is set to escalate tensions, affecting not just Mexico and Canada but also China. He has proposed at least a 60% tariff on goods from China, this potential expansion of tariffs including those on electric vehicles could disrupt the automobile industry. Panasonic Energy, a Japanese company that supplies EV batteries to Tesla, has already been working to move more of its supply chain from China to North America to avoid potential cost increases and disruptions that could arise if the batteries are produced in China. This highlights how Trump's protectionist tariffs are already making crucial shifts. Trump's protectionist stance extends to his desire to acquire Greenland, despite its leader rejecting the sale. His Republican allies are pushing the "Make Greenland Great Again Act", which would authorize negotiations with Denmark starting on January 20th. Therefore, Trump's "America First" stance, demonstrated through his tariffs on China, Mexico, and Canada, alongside his bold pursuit of Greenland, is set to shape his 2025 policies and trigger global changes.

Trump's surrounding people: The cabinet nominees Trump has selected will be key players in influencing the course of Trump's policy in 2025, shaping both approaches and public perception. The Republican Party under Trump will have a majority in the Senate, meaning Trump's cabinet nominations will be confirmed easier. Many of Trump's picks have been labelled as controversial, notably, many of his nominees have been associated with sexual offences. While sporting some controversial picks, Trump has also selected significant characters including, Scott Bessent as Secretary of the Treasury, Russ Vought as Director of the Office of Management and Budget, and Pete Hegseth as Defence Secretary. Bessent will be the key organiser of the tariffs and tax cuts that Trump will inevitably put in place. Bessent will support Trump's aggressive trade policies, including potential tariffs on imported goods. He aims to implement a '3-3-3' plan, 3% annual economic growth, increase domestic oil production by 3 million barrels per day, and decrease the federal deficit to 3% of GDP. He will need to manage relationships with international finance ministers who might retaliate against U.S. tariffs. This makes him pivotal in shaping how 2025 looks for the US and preventing increasingly high tariffs globally. Russ Vought is significant because he has growing accusations against him, becoming a key player in the extremely controversial 'Project 2025'. Vought is a key architect and co-author of Project 2025. Despite Trump's

public distancing of Project 2025, Vought was caught on video dismissing these denials as mere political tactics. A key controversial policy of his was impoundment, which allows the president to withhold congressionally approved funds, thus giving Trump much greater control over the highly important budget. Lastly Pete Hegseth, a past Fox News presenter, is important due to his stance on NATO and its allies. He described NATO allies as 'outdated, outgunned, invaded, and impotent'. He criticises European allies for not spending enough on their defense and relying too heavily on the US. This strongly implies that Hegseth will take large strides to reduce spending on European NATO members and a potential further strain on the relationship between the UK and the US.

Conclusion: With Trump's recent unconditional discharge freeing him from jail time, fines, or probation, he is set for a guaranteed turbulent second term with policies that will potentially strain the US-UK relationship, a stray away from the Biden administration's 'Reaffirming of the Transatlantic Alliances'. While his policies may be seen as bold and nationalistic, they also carry the risk of deepening global tensions and economic isolation through his desire for Greenland and vast tariffs.