GZERO DAILY
by ian bremmer
Presented by: Walmart

Dear Tracy,

This week, I break down **Trump's tariff revolution**, talk to Venezuelan opposition leader Maria Corina Machado about **Venezuela's future**, and answer your questions on the **US-China trade war**, **Trump's Iran plan**, and **Chinese soldiers fighting for Russia in Ukraine**. Plus, your weekly rec from my dog Moose.

Next week's newsletter will be a mailbag edition. Send me your most pressing questions using **this form**, and I'll answer the best ones.

Let's get to it,

- Ian

America just entered its post-globalization era



Globalization helped make the United States the most prosperous nation in history. But many Americans feel they haven't benefited from free trade and voted for Donald Trump to "liberate" them from the system the United States built over the past 80 years. He is delivering.

"Now it is our turn to prosper," President Trump proclaimed on April 2 as he announced sweeping tariffs on almost every US trading partner (plus a few uninhabited territories), ranging from 10% to 50%, that came into full force earlier today. Overnight, the US average effective tariff rate shot up to over 22% (from one of the world's lowest at the beginning of the year), the highest since the turn of the previous century – higher even than the infamous 1930 Smoot-Hawley tariffs, which are widely blamed for starting a global trade war and deepening the Great Depression.

Facing a hit to their economies, many of America's trade partners have been tempted to respond in kind. Most also recognize that trade wars are a losing game, adding the risk of an escalatory spiral to the economic self-harm of tariffs. They have accordingly been playing defense and trying to offer Trump deals in the hopes of securing concessions. The notable exception was China, the one country with the leverage to hit back, which responded with tit-for-tat tariffs on US imports.

Then, in a sudden shift just a few hours ago under massive financial pressure, Trump announced he would immediately bring down tariffs on most countries to a universal 10% for the next 90 days, ostensibly as a reward for not retaliating – but really to stop markets from spiraling out of control. At the same time, he raised tariffs on Chinese exports to 125% after Beijing retaliated twice with duties on US goods totaling 84%. This effectively severs much of the remaining trade between the world's two largest economies, accelerating the decoupling process and forcing global supply chains to reorganize even faster than anticipated. Crucially, a 10% across-the-board rate and 125% rate on China is roughly equal in average applied rate to the policy as of this morning – a 25 percentage point increase overall – with a larger portion of that overall rate made up by Chinese imports.

Faulty math, faulty logic

Trump had described the "liberation day" tariffs as "reciprocal," saying that the United States is only doing onto other countries as they do to the US. But the formula the administration ended up using doesn't consider the tariff rates and nontrade barriers other countries impose on US exports at all. Instead, the calculation

assumes that bilateral goods trade deficits are *necessarily* and *entirely* "unfair," representing "the sum of all cheating."

This is a gross misunderstanding of how trade works. There's no linear correlation between a country's protectionism and its bilateral trade balances. Bilateral surpluses and deficits reflect all sorts of factors unrelated to trade policy – from population size and wealth to differences in resource endowments and comparative advantages, all the way to idiosyncratic preferences for certain products over others. That's why there's nothing inherently bad or unsustainable about bilateral deficits.

But Trump has believed otherwise for as long as he's been a public person. In his view, if a country spends less on goods from America than Americans spend on its goods, the US is necessarily getting "ripped off." The problem is that by targeting all bilateral trade deficits, his new tariffs punish the world's smallest, poorest nations like Lesotho and Madagascar with crippling duties for being unable to spend as much on Tesla Cybertrucks and Boeing jets as 340 million fantastically wealthier Americans spend on their diamonds and vanilla. Yet the core reason these countries have trade deficits with America is not because they protect or discriminate against US exports but because they're poor – something Trump's punitive tariffs will make worse.

Trump's tariffs were never about reciprocity or unfair trade practices. Nor are they intended to force other countries to lower their trade barriers and ultimately lead to freer trade, as some Trump allies insist. Otherwise, Trump wouldn't have levied a 10% duty on countries with which the US has balanced trade and even bilateral surpluses. Trump's tariffs also entirely ignore the growing trade in services, where the United States is the world's export powerhouse to the tune of over $1 trillion a year and runs persistent surpluses with much of the world – $295 billion in 2024. If other countries applied Trump's same "fairness" standard to the US services trade surplus, the "reciprocal" tariffs levied on American services would average 13%.

Decoupling by design

The conclusion is inescapable: The president is committed to walling America off from the world in order to reduce bilateral trade deficits dramatically while using tariff revenue to fund his tax cuts and spending plans. As Vice President JD Vance explained, Trump "believes in economic self-sufficiency."

The White House hopes the tariffs will incentivize consumers to "buy American" and companies to build factories in the United States. But tariffs could only succeed at

reshoring manufacturing over the long term, and only by making imported goods and inputs permanently more expensive for US households and producers. And are there really many Americans willing to forgo relatively well-paid, air-conditioned jobs to sew sneakers and t-shirts in garment factories? If not, what's the point of tariffs against poorer countries like Bangladesh that specialize in low-value-added industries? The same goes for tariffs on countries that export things that the US *can't* make more of at home – think coffee beans, tropical fruits, critical minerals, gemstones, and the like.

History is littered with failed import substitution attempts. Broad-based tariffs are likelier to raise prices, reduce product variety, and hurt US businesses than to lead to a "golden age" of American manufacturing. If the administration expected tariffs to reshore industrial production, it couldn't anticipate raising the trillions of dollars in tariff revenue its fiscal plans rely on.

The cost of 'America alone'

There's no sugarcoating it: Even if he has rolled it back partially, Trump's pursuit of autarky (aka economic self-sufficiency) is the most destructive economic own goal in recent history, akin to what the British did with Brexit but on a global scale. My friend Larry Summers told me on GZERO World that it's the "worst, most consequential self-inflicted wound in US economic policy" since World War II.

Global supply chains will be disrupted. Americans will be forced to pay more for their goods, eroding their purchasing power. Businesses' costs will increase, too, reducing their productivity and driving up prices further. As sticker shock depresses consumer spending, business activity, and exports, unemployment and bankruptcies will rise, and the US may tip into recession – especially if other countries retaliate with tariffs of their own. And that's before you get to the high, persistent uncertainty about both the path and the end-state of policy inherent to the Trump administration, which will weigh on long-term investment and growth whether or not the 90-day tariff pause is extended.

Dug in

Many will see today's pause as evidence that Trump is sensitive to political and economic fallout and imagine he'll back off the remainder of the tariff wall once the pain grows intolerable. After all, launching the largest tax hike in modern US history is a risky bet, and polls already show that very few Americans favor the move. As

tariffs increase prices and slow the economy, voters will blame Trump for making them worse off, and Republicans will suffer in the 2026 midterm elections.

But Trump's political pain tolerance is higher than most think. Unlike eight years ago, he can't run for president again (despite what he may claim). At 78, he cares largely about using whatever time he has left to cement his legacy. Having overcome defeat in 2020, two impeachments, multiple criminal convictions, and near assassination to win both the popular vote and the electoral college, Trump is convinced he has a revolutionary mandate to do everything he wants at home and abroad. "He's at the peak of just not giving a f--- anymore," a White House official told the Washington Post. "Bad news stories? Doesn't give a f---. He's going to do what he's going to do."

Trump also faces far fewer constraints than during his first term. Not only has the president consolidated full control over the Republican Party, but he has surrounded himself with people whose main qualification is unconditional loyalty. The Signalgate scandal confirmed that Trump's cabinet members and senior staffers are unprepared to give him their honest advice or check his most disruptive impulses. With policymaking feedback loops broken and long-standing checks and guardrails on executive power being eroded, he may well double down on his failed policies rather than pivot.

Faced with the prospect of sustained American protectionism, most countries will intensify their efforts to "de-risk" from the United States (though it will be as hard as it sounds) and diversify their economic ties with the rest of the world. While in the near term many will put up protectionist measures against Chinese goods escaping US tariffs and flooding their markets, even strategic US allies in Europe and Asia will be pushed to start reluctantly hedging toward Beijing in the medium to long term. American interests and global influence will be damaged accordingly.

The historian Arnold Toynbee famously observed that civilizations die by suicide, not murder. Trump's "liberation" of America from the greatest engine of peace and prosperity the world has ever seen – globalization, not to be confused with globalism – is the kind of self-destruction Toynbee warned about.

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Walmart strengthens America's workforce



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Why Venezuela "is not a conventional dictatorship"



Venezuela needs more than a healthy dose of democracy to get out of its decades-long mess. That's because the country has gone beyond being just an authoritarian regime, to what opposition leader María Corina Machado calls "the criminal hub of the Americas."

Under dictator Nicolás Maduro, Venezuela has morphed into a state captured by illicit networks: drug cartels, terrorist groups, human traffickers. On **GZERO World**, Machado told me the Maduro regime survives by fueling and feeding off crime. Cutting those revenue streams, she says, is the key to toppling the regime – and she believes international pressure is finally starting to make cracks in the system.

Watch the clip here and catch my full interview with Machado on the latest episode of "GZERO World with Ian Bremmer," also airing on your local public television station.

You ask, I answer



This week, you asked:

- Are the US and China rushing into a trade war?
- With in-person nuclear talks set for Saturday, how confident is Trump that he can rein in Iran's nuclear program?
- Zelensky claims Ukrainian troops have captured two Chinese nationals fighting for Russia. How does it change the dynamics of the war?

Check out my answers to your questions in the latest World in 60 Seconds.

Moose's treat of the week



Bob Woodward's "Fear," the legendary journalist's window into President Trump's decision-making. A timely reminder that his first term defied the gloomiest predictions only because individuals like Gary Cohn were willing to thwart his most

destructive impulses. Trump is still the same man, but he's made sure there are no Garys around him …

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