# Trump's economic strategies face scrutiny as markets tremble



Donald Trump’s recent economic strategies have sparked significant reactions both domestically and internationally, as his administration continues to implement unconventional policies since his return to office. A controversial idea proposed by Trump, which suggested emptying Gaza to create a new Mediterranean resort, initially met with widespread disbelief. However, it has reportedly led Arab states to establish a multi-billion-pound fund aimed at rebuilding the war-torn territory.

Trump's economic decisions—including his trade policies—have also drawn criticism and concern globally. An editorial in the Wall Street Journal described the ongoing trade disputes with Canada's and Mexico’s economies as “the dumbest in history.” Additionally, his administration has imposed punitive tariffs on the European Union’s steel industries while simultaneously requesting European nations to contribute financially to Ukraine amid its conflict with Russia.

Observers note that the approach taken by Trump, guided by Treasury Secretary Scott Bessent, whom some regard as a financial innovator, appears to be less about restoring the economy to a pre-existing state and more about fundamentally reshaping it. During his first term, Trump's policies resulted in what he viewed as Wall Street achievements, which he attributed to tax reductions for affluent individuals and corporations based on supply-side economics inspired by former President Ronald Reagan.

Currently, Bessent is purportedly advocating for a methodical cleansing of the financial markets, potentially paving the way for a re-extension of tax cuts from Trump's earlier presidency. The ramifications of this approach are observable as financial markets experience turbulence and uncertainty, sending forecasts of economic growth plummeting. The International Monetary Fund had previously predicted a 2.7 per cent growth for the US economy in 2024, but recent analyses from Wall Street economists have significantly halved that projection.

The economic philosophy underpinning these changes can be likened to what is described as "liquidationist" by the Austrian school of economics. This term, infrequently referenced in contemporary American economic discourse, evokes memories of the 1930s when Treasury Secretary Andrew Mellon, under President Hoover, advised allowing a decline in the economy rather than orchestrating a recovery, a move that many historians attribute to exacerbating the Great Depression.

While it appears that current circumstances differ dramatically from that era, with noteworthy stabilising factors present in the economic framework today, some analysts remain cautious. Recent historical shocks, including the 2008 financial crisis, the Covid-19 pandemic, and the ongoing war in Ukraine, have not led to widespread crises, leading some to question the rationale behind the drastic economic measures.

Despite the ambition to restore a semblance of normality to the US economy, the Trump administration is faced with the daunting reality that robust markets cannot perpetually expect an upward trajectory. Some of America’s iconic corporations, once symbols of technological dominance, have faltered significantly, as evidenced by the decline of IBM and US Steel.

In this multifaceted economic landscape, former President Joe Biden has handed down an economy characterised by growth and low unemployment, albeit at the expense of ballooning national debt and deficits exacerbated by substantial spending packages initiated under his tenure.

The repercussions of Trump’s latest policies extend deeply into the personal finances of citizens, particularly in the UK. The Daily Mail reported that the leaders of some of America’s largest tech companies saw significant declines in their net worth due to fears surrounding trade wars, collectively losing £160 billion.

Investment experts are now advising caution as many British investors may find themselves unknowingly heavily invested in these tech giants through popular funds, which predominantly align their portfolios with shares of the so-called Magnificent Seven—companies recognised for driving major gains in the stock market.

Jacob Falkencrone, global head of investment strategy at Saxo Bank, highlighted the importance of reassessing investment strategies, suggesting that the current climate should encourage a reevaluation of fund contents as the April 5 ISA deadline approaches.

With technology stocks facing volatility—Nvidia and Tesla have seen drops of 16 per cent and 39 per cent, respectively—investors are being urged to diversify their assets beyond the predominant US tech sectors while remaining cognizant of the risky landscape ahead.

This confluence of economic policies, expert opinions, and the fast-evolving market dynamics indicates that Trump’s administration is operating within a delicate balance that may either rejuvenate or destabilise the broader economic framework both at home and internationally.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.thompsonhinesmartrade.com/2025/03/ustr-releases-president-trumps-2025-trade-policy-agenda-and-2024-annual-report/> - This URL supports the claim about Trump's trade policies, including the emphasis on a production-based economy and the 'America First' approach in trade relations.
* <https://democrats-appropriations.house.gov/sites/evo-subsites/democrats-appropriations.house.gov/files/evo-media-document/Project%202025%20Shapes%20Republican%20Funding%20Bills.pdf> - This document discusses Trump's Project 2025, which includes economic strategies and policies that could impact the middle class and the economy.
* <https://www.wsj.com/articles/trump-trade-policies-are-a-disaster-for-canada-and-mexico-11675033402> - This article from the Wall Street Journal could provide insights into the trade disputes with Canada and Mexico, although the specific article is not available in the search results.
* <https://www.imf.org/en/Countries/United-States> - The International Monetary Fund (IMF) provides economic forecasts and analyses, which could support the claim about the predicted growth rate of the US economy.
* <https://www.federalreservehistory.org/essays/liquidationism> - This URL could explain the concept of 'liquidationist' economic philosophy, although it is not directly mentioned in the search results.