Flash Economics

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Donald Trump's policies will make China the world's largest economy

The policies implemented by the Trump administration will clearly harm the U.S. economy. These include:

- The rejection of immigration, while immigrants play a key role in the technological progress of the United States;
- Climate policies, which will result in the U.S. falling behind in all technologies necessary for the energy transition;
- Healthcare policies, which will hinder the development of the U.S. pharmaceutical industry and further deteriorate Americans' health.

The outlook is thus one of a significant slowdown in productivity gains and growth potential in the United States, leading to a situation where, despite the declining population in China, China will continue to grow at a rate higher than that of the United States.

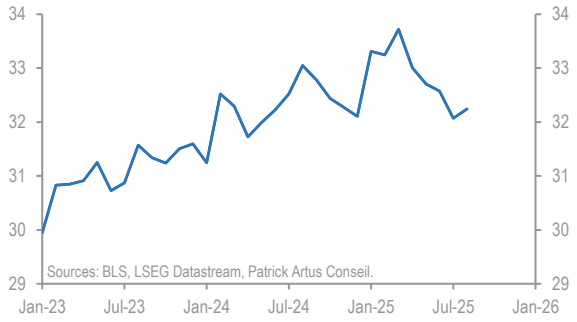
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The first Trump administration policy: the rejection of immigration

Since March 2025, **the number of immigrants in the United States with a job** has decreased by 1.5 million (**Chart 1**).

Chart 1
United States: Foreign-born labour force
(in millions of persons)



Yet, **immigrants are responsible for many business creations, particularly in new technologies**. 29% of entrepreneurs are immigrants (who make up only 15% of the population); 44% of the founders of companies that are now unicorns are immigrants; and 26% of immigrants work in the fields of science, technology, engineering, and mathematics (according to the National Science Foundation).

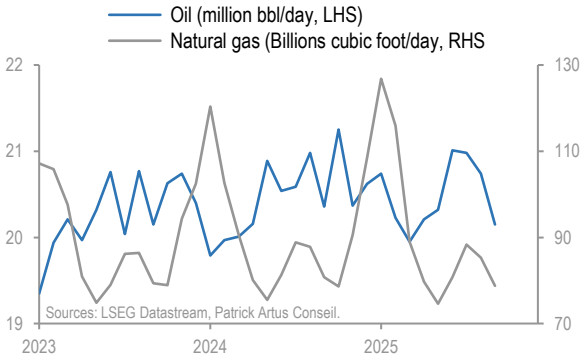
The scientific level and innovation potential of the United States therefore heavily depend on their ability to welcome immigrants.

The second Trump administration policy : support for fossil fuels

U.S. CO2 emissions increased by 4.2% in the first half of 2025 compared to the first half of 2024. This is due to a 14% rise in coal consumption used for electricity generation.

Chart 2 shows the consumption of oil and natural gas in the United States.

Chart 2
United States: Oil and natural gas consumption



There is no increase in these consumption levels compared to 2024, which may be due to the economic slowdown.

The cost of these fossil fuel-friendly policies, which are detrimental to renewable energy (such as the opening of federal lands for coal extraction, the removal of subsidies for renewable energy, and the cancellation of renewable energy projects), **will lead to a significant delay for the United States in the development of renewable energy sectors** (electric batteries, wind turbines, solar cells, etc..).

The third Trump administration policy : healthcare

Health Secretary Robert Kennedy Jr. dismissed 25,000 employees (out of 82,000) from the Department of Health and advocates for fringe and conspiracy-driven theories regarding vaccines, autism, AIDS, COVID-19, and more. The National Institutes of Health saw

its budget cut by 18%. The Trump administration also aims to reduce Medicaid's budget by $610 million over 10 years, which provides health coverage for low-income Americans.

All of these policies will exacerbate the health issues faced by Americans, which have already led to **a decline in life expectancy in the United States** (**Chart 3**).

Chart 3
United States: Life Expectancy at Birth (years)



Summary: Overall, a slowdown in productivity and growth in the United States, which will be overtaken by China

When we combine **the rejection of immigration** (while immigrants play an important role in business creation), **policies that favor fossil fuels and hinder renewable energy** (which will cause the U.S. to fall behind in the technologies needed for the energy transition), and **healthcare policies** (rejection of vaccines, fringe or conspiracy-driven theories regarding the causes of diseases, and cuts to federal health budgets), we realize:

- **The United States will experience a slowdown in labor productivity** (due to anti-science policies, **Chart 4**) **and production** (due to the rejection of immigration and the deterioration of the population's health, **Charts 5A/B**).

Chart 4
United States: Productivity per head (2002.Q1 = 100)

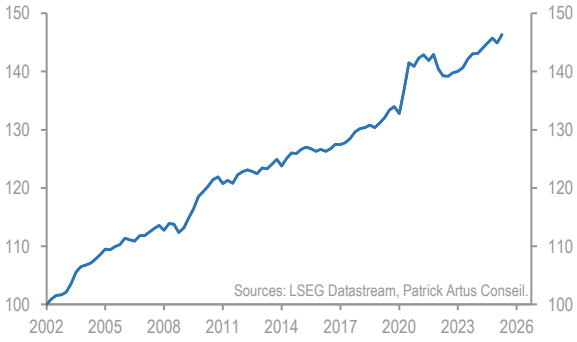


Chart 5A
United States: Real GDP (100 = 2002.Q1)

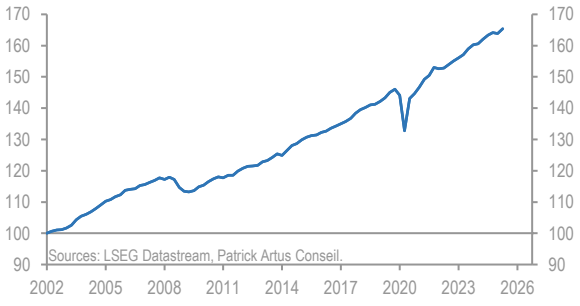
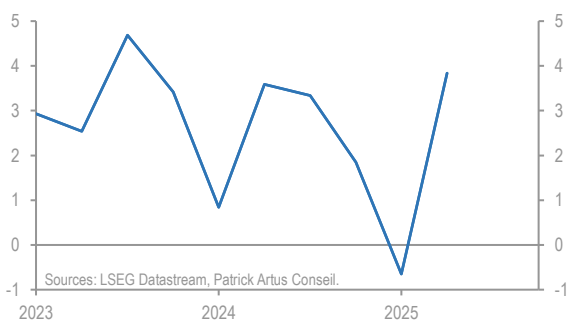


Chart 5B
United States: Annualised quarterly % change in real GDP



- Despite the decline in its working-age population, the size of **China's economy will surpass that of the United States** (**Charts 6A/B**), with significant productivity gains remaining, alongside massive investments in new technologies (electric vehicle batteries, semiconductors, artificial intelligence, etc..).

Chart 6A
Annual GDP (in billion of US dollars)

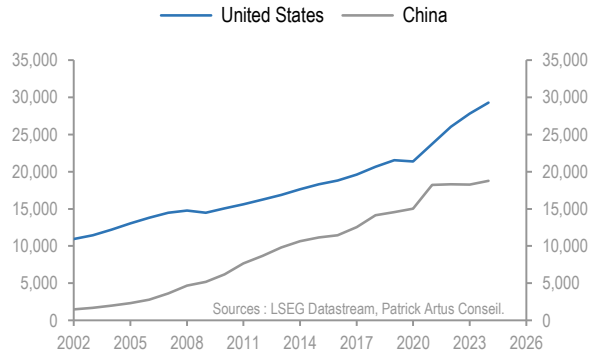
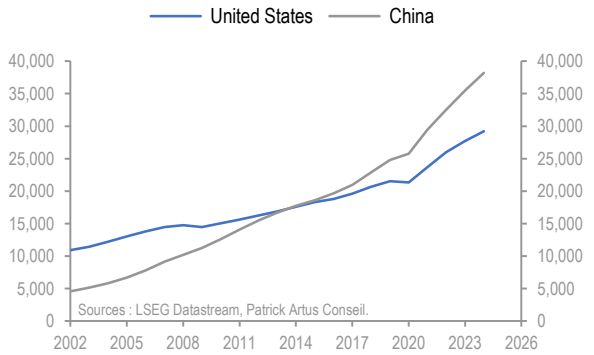


Chart 6B
Annual GDP (in billions of PPP dollars)



Even before the Trump administration's policies were implemented, China had:

- Research and Development expenditures nearly equal to those of the United States (in 2023, in Purchasing Power Parity dollars, $784 billion in the U.S. vs. $723 billion in China);
- A scientific, technological, engineering, and mathematics excellence indicator (calculated by the Center for Excellence in Education) at the same level as the United States.

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