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New Fears Unlocked:
What Trump's Federal
Retrenchment Means for the World
by
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July 2025

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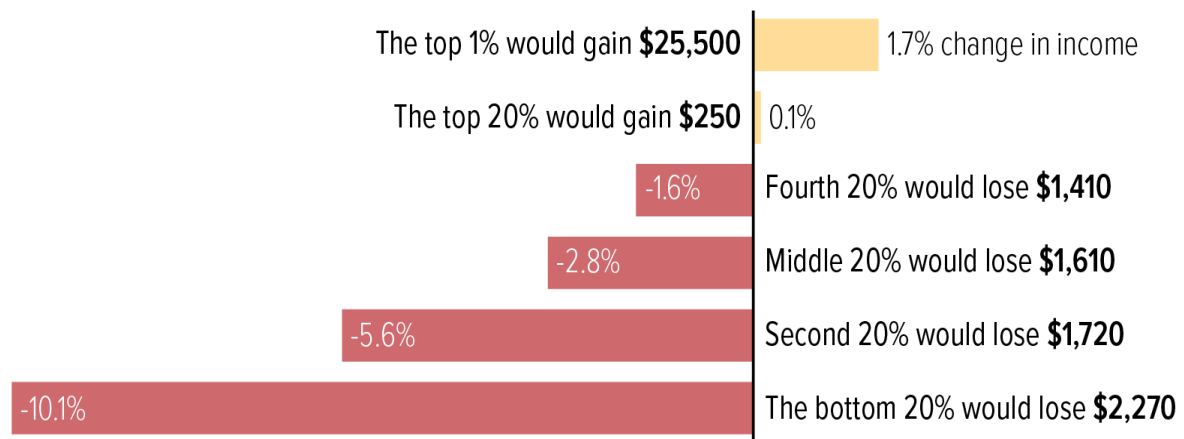
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Executive Summary

- ✦ Current retrenchment is masked under the American First Investment Plan, of which its effects juxtapose the stated intended outcomes, causing billions in lost revenue for the US economy.
- ✦ The impact of institutional losses will be felt across all aspects of American life. Rollbacks on food quality standards, health research, climate and energy advances, and foreign aid will have direct consequences for American national security.
- ✦ Trump is employing similar tactics to those used during his first term in office. Although exaggerated in comparison, this term presents an opportunity for China to expand its influence in political arenas that the US has now abandoned.
- ✦ US leadership is in jeopardy, but its military forces are reaching the stars – even as the global community grapples with an uncertain planetary future.

Key Picture: Trump Administration Combination of Tax Cuts, Program Cuts, and Tariffs Would Hurt Most Families Across the U.S

Annual percent and dollar change in after-tax income, 2026



Note: Upper limits for each group are: Bottom 20%, \$13,840; Second 20%, \$38,065; Middle 20%, \$67,185; Fourth 20%, \$125,010. Top 20% is all incomes above \$125,010 and Top 1%, all incomes above \$646,875. Transfers include SNAP and Medicaid cuts signaled in budget resolution; tax impact includes making expiring provisions of the 2017 tax law permanent. Tariff policies include all new tariffs announced by the Trump Administration as of April 15, 2025. Distributional assumptions similar to Clausing and Lovely 2024.

Source: [Budget Lab at Yale Analysis on Center on Budget and Policy Priorities](#)

Overview

On his first day in office, President Donald J. Trump announced a federal hiring freeze that swept across all agencies. Within 30 days, his Department of Government Efficiency, or DOGE, was determined to decrease the federal workforce by 10%, which amounted to an estimated 240,000 jobs. Agencies including the US Agency for International Development (USAID), the US Department of Agriculture (USDA), the National Institutes of Health (NIH), the Department of Energy, and the Department of Education¹ were most impacted initially.

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By early June, almost 300,000 people were flagged for layoffs and deferment,² jeopardizing billions in revenue, research, aid, and especially growth to the US economy.

The widespread federal retrenchment was part of Trump's America First Investment Policy. Core principles under this agenda include an emphasis on nationalism and protectionism as well as a lessening of globalisation.³ Outlined on the White House website are the strategic objectives. They emphasize the use of foreign divestment to facilitate foreign investment in the US. The expectation is that allies will use foreign capital to grow the American economy, even though the administration will rescind its commitments, especially to allies.

1. Effects

1.1 At the National Level

A total of 260,000 personnel, or roughly 8.7% of federal employees, have been made redundant, accepted a buy-out, or retired early as of May.⁴ Nearly 60,000 people have lost their jobs, totalling 2% of total federal employees,⁵ while those who accepted deferment exceeded those fired. Approximately 75,000 staffers accepted deferment, including 5,500 personnel at NASA, which may see further cuts in 2026,⁶ 17% of the National Nuclear Security Administration workforce, and 20,000 individuals at the IRS.⁷ However, a precise figure cannot be calculated as agencies like the Pentagon have yet to release official numbers. Federal retrenchment has cost the US \$10 billion in economic activity and hindered \$26 billion in funds to the US taxpayer⁸ and \$500 billion in lost revenue.⁹

The Environmental Protection Agency and the Department of Energy also experienced close to a 10% decrease in the workforce, cutting thousands of jobs across various offices. Grants for energy and climate projects have been stymied, or funding has been revoked. Taxpayers are footing the bill for upwards of \$3.7 billion USD in cancelled energy projects¹⁰ and potentially an additional \$14 billion, as Trump cited a lack of thorough oversight during his predecessor's administration. He also proclaimed that the terminated projects will be transformed into taxpayer savings¹¹, but has yet to clarify how Americans should expect to see or receive these savings.

1.2 What's Felt by The Public

The well-being of the American public has largely been neglected by the devastating cuts. Immediate impacts from the DOGE agenda have unsurprisingly resulted in a litany of issues.

Public and federal programs face delays in services and communication. In one month alone, 700,000 people were dropped from Medicaid¹² while an additional 15 million low-income people are at-risk of losing it as new income caps and employment restrictions are currently up for consideration in Congress.¹³

Universities across the nation lost nearly \$1 billion in federal education spending. This triggered cuts to admissions numbers, loss of research funding, laboratories closing, and obstruction of necessary research.¹⁴

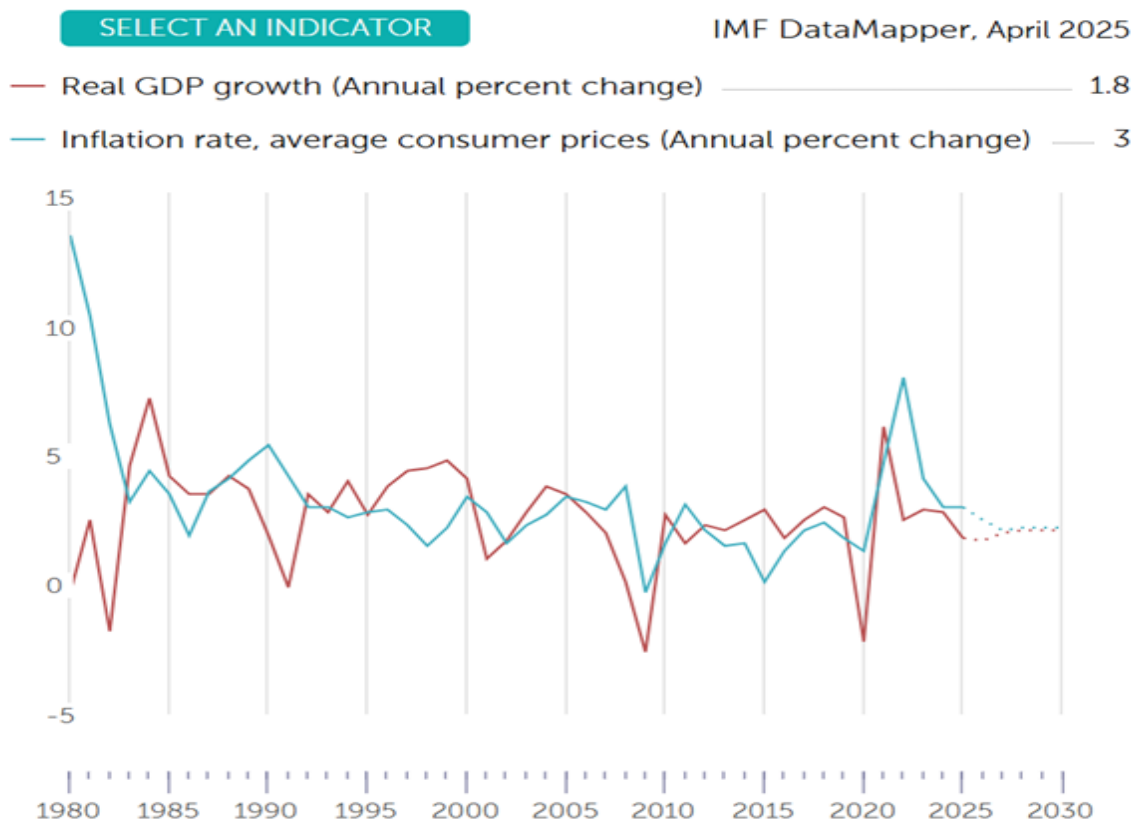
Food quality and safety standards have also been neglected. Between May and June, six national food recalls have been announced by the Centers for Disease Control and Prevention (CDC)¹⁵, of which included the bird flu, which cost the poultry industry \$1.4 billion.¹⁶ Awards granted to research programs at the CDC must also undergo additional review in addition to the already extensive reviews in place. This effectively halts critical funding for meaningful work. Research gutted by DOGE is not limited to studies on STI/ STD and hepatitis labs, sexual assault, opioid overdose, gun injuries, birth defects, violence prevention, and more.¹⁷

The National Institute of Health (NIH) is also experiencing cuts to research. Economic impacts of NIH awards for medical research generated \$94 billion USD in 2024 and support 407,000 jobs. However, the NIH was allotted a

budget that exceeded just over half of the economic output of the previous year. NIH economic activity could lose an estimated \$10 billion USD and 44,000 jobs in 2025. In addition, the administration is set to also phase out support for HIV clinical guidelines¹⁸ and proposes to cut \$18 billion from the budget.¹⁹

Furthermore, Trump also imposed global tariffs, targeting top US trading partners (e.g., China, Canada, Mexico, and the European Union). The culmination of Trump's policies hits Americans especially hard. IMF economic projections for the US have decreased by one full percentage point²⁰ while the OECD forecasts even slower growth of 1.5% for 2026.²¹

Fig. 1: Graph of historic and projected US real economic growth.



Source: IMF. 2025.

Wary of imminent recession amid volatility within the economy and job market, Americans are now saving more and spending less. Lead economists at U.S. Bank and JP Morgan recently placed the probability of recession at 40%.²² Forced into a precarious economic positioning, Americans are cutting expenses and saving 15% their income, which also negatively impacts economic growth.

1.3 Global Impact

As contradictory (and perplexing) as Trump's policies are, the administration uses historic precedent to justify its actions. The American First Policy Institute, founded by the now US Secretary of Agriculture, Brooke Rollins,²³ references historic events and partisan talking points to justify the necessity for a hard-lined agenda.

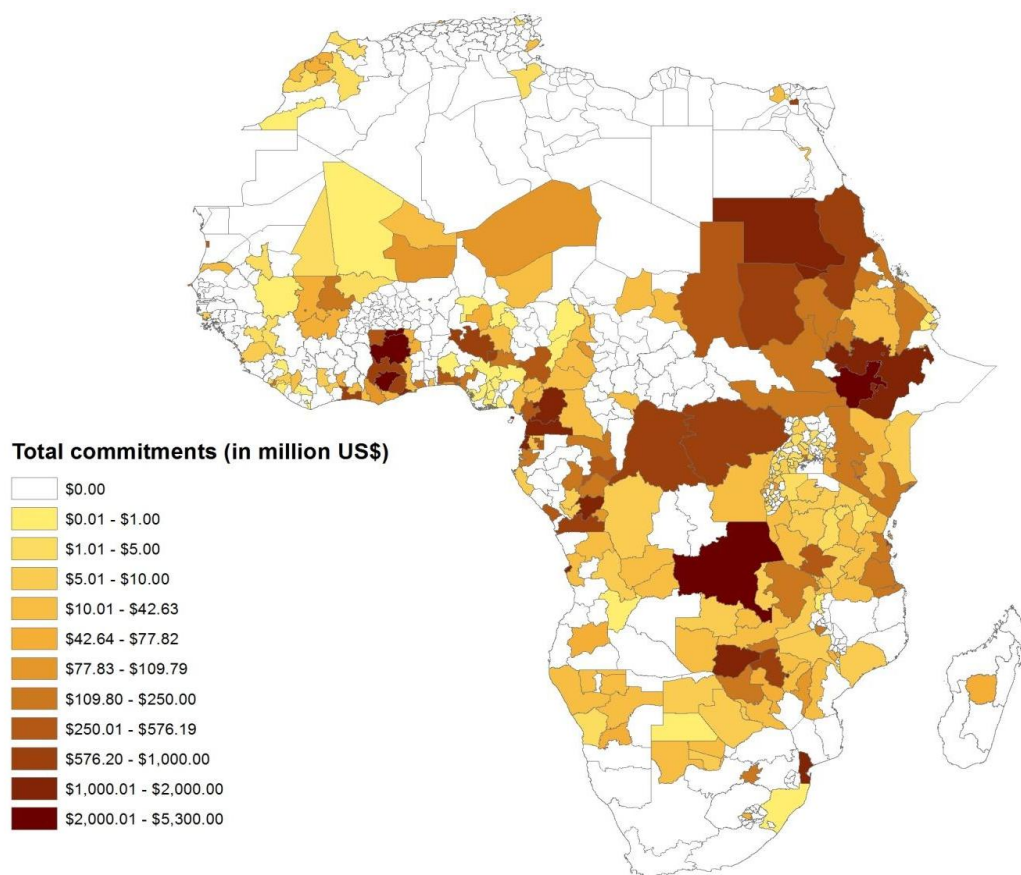
The website mentions that only one-third of NATO members have successfully contributed the agreed 2% of national GDP before the war in Ukraine. It further recommends a potential full withdrawal from NATO, a revamping of foreign aid distribution to partnerships with a local presence, another renegotiation or possible withdrawal from the USMC (or NAFTA 2.0), and further militarisation of Space Force²⁴ - just to name a few. In essence, its advisory services allude to dedicating resources that can be traced to a direct and immediate benefit to the United States, and Trump's marketing positions.

Moreover, more than 80% of USAID programs have been cut, posing severe consequences across the world. This aid supports research, security infrastructures, economic development, social progression, humanitarian assistance, foreign jobs, and job training. Immediate cutbacks directly impact the countries receiving aid, the global community, and the United States.²⁵

This problem is exacerbated in Africa as Trump has removed the African region from the US Department of State's major pillars. The ramifications of these policies were felt immediately. These programs provided a pathway for teenagers in the at-risk population to escape from sex work, kidnappings, and poverty. In some countries, such as Kenya²⁶ and eSwatini²⁷, the girls are now at heightened risk of contracting and spreading HIV. Compounded by the ruinous hit to national research and USAID programs, HIV projected rates will likely rise by 2030 despite its current downward trajectory in Africa.²⁸

Lastly, complete removal of an African pillar opens a power vacuum for China to lead.

Fig. 2: This Map Shows The Amount Of Chinese Development Finance Given To All Subnational Administrative Regions Within Africa.



Source: Aid Data via [IGC](#)

The US and its allies rely heavily on Africa for critical minerals, necessary resources, educated and young prospective talent, and countering China. Africa is one of the many battlegrounds where the US v China chess match plays out.

For decades, China has displayed true smart power tactics in Africa through its Belt and Road initiative. Xi Jinping has ensured billions in investments across the continent to provide and update vital infrastructure, construct intra-continental offices, and facilitate international development collaboration. China's influence and appeal to African leadership supersedes that of the American approach. African leaders prefer working more closely with China as economic growth can be traced back to China's influence²⁹ while American influence is widely regarded as dangerous and is regarded for causing large-scale humanitarian crises,³⁰ government coups d'état,³¹ and other atrocities.³²

2. Implications

The fact is simple - no one can predict what the Trump administration will do next. The world (and especially his voter base) has now seen him renege on his promises and cause unforeseen chaos twice. This is indisputable.

Major arenas to hold a keen eye towards moving forward are:

1. Further Militarisation - and into Space
2. Climate Change and Climate Action
3. International Relations & Studies
4. China
5. Another world-stopping, once-in-a-lifetime phenomenon

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2.1 Further Militarisation

Trump is expanding military use domestically and across the globe. His approach to military action has received criticism on both sides of the political aisle. His recent undiscussed strikes on Iranian nuclear facilities have drawn condemnation from the global community as well. However, his highly contentious conflicts and use of the military to carry out unjustifiable, unilateral strikes are reminiscent of his first term.

This term is different. Trump's proposal for a Golden Dome missile defence program will be space-based. In effect, he is weaponising space. Though space exploration was inevitable, Trump's approach addresses new political and ethical concerns.

Space is the new frontier. It is plentiful with ubiquitous critical resources, enables the superpower to intercept and disengage satellites, and expand capabilities that incorporate new-age scientific advances. This moment brings many new opportunities and challenges – challenges the world has yet to consider, similarly to the atomic bombs.

2.2 Climate Change and Climate Action

Trump's reversal of Biden-era climate and energy projects is a devastating hit to climate action. 2024 was the first year on record that global temperatures exceeded the 1.5°C target set out by the Paris Agreement.

The future is increasingly looking bleak. The current administration has stripped any climate-related programs from the US Department of State's ambitions. But, as the world's superpower and second largest polluter, the US has a responsibility to tackle climate change and lead the global community in developing effective innovations and changing social dynamics so that the Earth is fit to preserve life for the future.

However, the level of responsibility is not considered in the Trump agenda. No one is leading. And the world is waiting to see the effects of crossing this critical point.

2.3. International Relations. Future International Studies.

There have been too many "world's first," "historic," and "life-changing" moments this past decade. Unfortunately, more infamous, momentous events are likely to occur during this presidential term. Not least of which will come from the nations neglected by the Trump cuts.

2.4 Rise of the East

US allies no longer believe the US is a dependable state and leader. In his first 100 days, Trump effectively damaged trust in America with allies and the global economy. Numerous allies of the PM of Canada³³ to leadership at the UK Royal United Services Institute³⁴ have made remarks on such.

China is taking the lead in the power vacuum. The world can expect China to become the next superpower. Its multiprong approach to global governance enables it to continue supporting the Global South, a leader in renewable and nuclear energy innovation, advances in nuclear fusion, and to interconnect major economies with its own.

The US needs to reassess its positioning in global influence and likability. Because, as Trump cuts, displeases, and jeopardizes world stability, discontent for the US rises.

The global community is effectively restructuring to survive without the US. But the world cannot continue without China.

2.5 What's Next?

The COVID-19 pandemic occurred in the last year of Trump's first term in office. His epic mismanagement of resources and miscommunication likely led to higher mortality rates.³⁵

The US is the largest contributor of most positive worldly initiatives, contributing trillions each year to research and development and to fortify necessary institutions and infrastructure. Cuts to national and international institutions will dilute the progression of research, but also the response time if a catastrophe occurs. It impacts health outcomes, effective communication, economic stability, and economic recovery.

But as the US economy stalls and the Trump cuts could affect revenue losses in the trillions, the nation's ability and willingness to contribute sustainably to these projects is diminished.

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