

TECTONIC UPHEAVAL

At the dawn of 2025, the world casts its watchful gaze upon America, for the new – yet familiar – president remains a figure to whom many struggle to acclimate. The majority of soothsayers had grievously misjudged the outcome. Only a few had predicted such a decisive victory for Donald Trump. The “Juste Milieu”, that self-righteous, self-appointed political elite on both sides of the Atlantic, persists in clinging to the vain hope that this all might yet dissipate like some terrible nightmare.

Yet it will not. Trump has already made significant appointments and defined key issues. The influence of entrepreneurial maverick Elon Musk grows more apparent with each passing day. One must prepare for fundamental change, regardless of how obstinately the dinosaurian US administration might resist. Already, however, discernible contours are beginning to emerge.

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The new US administration appears intent on swiftly reversing the zeitgeist of “wokeism” and the perceived excesses of diversity advocacy. It finds itself buoyed by the support of the masses – including, intriguingly, societal groups historically disadvantaged. Donald Trump benefited from their votes, as they had become disillusioned with the Democrat-dominated elites at US universities. However, the departure from politically correct thought and expression will not be painless. The majority of the media remains ideologically opposed, and vast sums have flowed – and continue to flow – into NGOs and institutes devoted to these themes. Such lucrative terrain will certainly not be relinquished without a fight, particularly as battles waged in the name of “the disadvantaged” are rhetorically potent. Tectonic shift, first fault line: universities.

A second fault line stems from the projected fiscal and economic policies. On one hand is a stated ambition to economise on the administrative side – a goal for which Elon Musk has been strategically positioned early. On the other hand, the administration seems intent on resurrecting a traditional industrial policy, one that prioritises domestic production over cheaper imports. Tariffs (and non-tariff barriers) are poised to lend weight to realising this Trumpian imperative. The problem: inflation, which has only just been tamed, may rear its head once more. The tectonic rift here lies between the government and the Federal Reserve, between Trump and Powell. If Powell loses, which seems likely, a more compliant governor may further relax monetary policy. This, in turn, would have the potential to disrupt bond markets.

The third fault line is the US dollar itself. Over recent years, successive administrations, regardless of political stripe, have increasingly weaponised the dollar to achieve geopolitical objectives. Sanctions with capital flow restrictions here, freezing previously sacrosanct assets there, and transaction controls everywhere: the global currency with monopoly status has been increasingly used – or, if you will, misused. The stakes are now higher, as the new Trump administration – with Elon Musk and, by extension, much of Silicon Valley whispering in its ear – appears inclined to allow cryptocurrencies to flourish. Yet, state-controlled money as an instrument of coercion and free-market alternative currencies are inherently contradictory. To date, the most steadfast principle of US policy has been the determination to preserve the dollar’s global monopoly. Only so can the enormous US deficit be financed.

Liberal political systems tend to enforce a measure of equilibrium. This, indeed, is why I admire such tectonic disruptions. They compel pragmatic responses, even from a government as seemingly resolute as Trump’s. The everyday realities will be another matter entirely.

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