

We are living in a dangerous moment. We need a new econ.

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As [Gillian Tett notes](#) in an article in the FT this morning, when discussing the chaos created by Trump and the economic shifts beginning to become apparent within them:

[T]he key point to understand is that a shift in economic philosophy is emerging that is potentially as profound as the rethinking unleashed by John Maynard Keynes after the second world war or that pushed by neoliberals in the 1980s. As Greg Jensen of the Bridgewater hedge fund recently quipped, paraphrasing Milton Friedman: “We are all mercantilists now.” Don’t expect that to be reversed any time soon.

I do not have time to create a summary of what mercantilism is at this moment, but Chat GPT offered this, and I think it is fair:

A **mercantilist** is someone who follows or supports the principles of **mercantilism**, an economic theory that was dominant in Europe from the 16th to the 18th century. Mercantilists believed that a nation's wealth and power were best increased by accumulating precious metals (gold and silver) and maintaining a **favorable balance of trade**—exporting more than importing.

Key ideas of mercantilism include:

1. **Government Control** – Strong state intervention in the economy, including tariffs, subsidies, and monopolies.
2. **Colonialism** – Establishing colonies to provide raw materials and serve as markets for finished goods.
3. **Protectionism** – Restricting imports to support domestic industries.
4. **Accumulation of Wealth** – Belief that wealth is finite, so nations must compete to gain the largest share.

Mercantilists often supported **high tariffs on imports, subsidies for exports, and strict regulations on economic activities** to enhance national power. The system

declined with the rise of free-market economics promoted by thinkers like Adam Smith in the late 18th century.

All of those traits are apparent in what Trump is doing. None of the will work out well.

But as the **FT notes this morning in another article, there is a tangent to this little discussed so far, and that is that there may be a new consensus emerging within the Trump administration to force the value of the dollar down. As is noted by the FT:**

Before winning his second term, Trump last year said he thought dollar strength against the Japanese yen and Chinese renminbi had been a “tremendous burden” on US industry and an obstacle to America becoming a “production economy”.

They added:

JD Vance, now vice-president, had previously argued that while the greenback had been “great for American purchasing power”, that had come at a cost to US manufacturing.

There is some truth to this. As the world reserve currency, the value of the dollar is over-inflated. US exports are expensive as a result. Imports are cheap. This is the finance curse in play. It is why the US has been in a fortunate financial position and a world power, all of which Trump wants to change.

Trump has pushed the value of the dollar down right now. That, though, is not the result of policy, unless chaos is called policy. That is the consequence of mismanagement.

What will happen if this policy continues?

The euro might become over-inflated. So, too, might sterling be.

More likely, new patterns of trade in and between other countries may emerge. That would be no bad thing. Oil does not, for example, need to be traded in the dollar. The world's international financial institutions do not need to make dollar loans to countries in the Global South.

But, the transition will not be easy, especially if the world moves towards mercantilism, separation, aggression, and so division.

We are living in a dangerous moment. We need a new economic order, but mercantilism is not it.