

# Trump will launch tariff war to defend dollar supremacy

Nick Beams

1 December 2024

Incoming US president Donald Trump has said he intends to use his ever-expanding threat of a tariff war to ruthlessly defend the position of the dollar as the pre-eminent global currency.

The latest Trump threat came in a Saturday afternoon post on his Truth Social platform in which he said the BRICS group of countries would be hit with a 100 percent tariff on the export of their goods to the US unless they agreed not to try to create an alternative to the dollar.

The BRICS group, which was initially made up of Brazil, Russia, India, China and South Africa, but which has now been expanded to include Iran, Saudi Arabia, United Arab Emirates, Argentina, Egypt and Ethiopia, has been exploring ways of trying to at least lessen dollar dominance for group members to enable them to conduct trade with their own currencies.

In a recognition of the central role the global dollar plays in maintaining the financial hegemony of the US, these moves have brought a furious response from Trump—threatening further instability in global markets and the economy already facing the threat of tariffs of 60 percent against China and 10-20 percent for the rest of the world.

“The idea that the BRICS countries are trying to move away from the dollar while we stand by and watch is OVER,” he wrote.

“We require a commitment from these countries that they will neither create a new BRICS currency, nor back any other currency to replace the mighty US dollar or, they will face 100 percent tariffs, and should expect to say goodbye to selling into the wonderful US economy.

“They can go find another ‘sucker!’ There is no chance that BRICS will replace the US dollar in international trade, and any country that tries should wave goodbye to America.”

The threat is not something that popped into Trump’s head on a Saturday afternoon but has been under

consideration in his entourage for some time—a discussion that made clear that tariff measures could be invoked long before any alternate currency had been established.

Back in April, Bloomberg, citing “people familiar with the matter,” reported that Trump’s economic advisers were considering ways to “stop nations from shifting away from using the dollar—an effort to counter budding moves among key emerging markets to reduce exposure to the US currency.”

The report said that the discussions included “penalties for allies or adversaries who seek active ways to engage in bilateral trade in currencies other than the dollar—with options including export controls, currency manipulation charges and tariffs.”

In a March 11 interview on the business channel CNBC, Trump underscored the significance of dollar supremacy for the global position of US imperialism.

“I hate when countries go off the dollar,” he said. “I would not allow countries to go off the dollar because when we lose that standard that will be like losing a revolutionary war. That will be a hit to our country.”

He accused the Biden administration of losing the dollar as the global standard which would be “like losing the biggest war we’ve lost.”

Such remarks were repeated during his election campaign, including at a campaign rally in Wisconsin and in an address to the Economic Club of New York at which Trump explained that the imposition of tariffs was at the very centre of his economic agenda.

While there is virtually no prospect of the BRICS group establishing a new global currency—its members are divided among themselves and the largest economy, China, does not have the capital and financial markets to sustain it—the moves to lessen dollar dependence are significant because they weaken its global role.

The move away from the dollar, which had been under discussion for some time, was more actively considered in

the wake of the sanctions imposed on Russia at the start of the US-NATO provoked war in Ukraine in February 2022. The US responded by freezing \$300 billion of financial assets held by the Russian central bank and excluded Russia from the SWIFT international payments system.

These actions made clear that any country that crossed the path of US imperialism in its drive for global domination could be subjected to the same measures.

Dollar supremacy, which has long played a vital role in the financing of the US state, is becoming increasingly important under conditions where it is the most indebted country in history—in essence a bankrupt empire.

US national government debt has been on an exponential rise in recent years and is now heading towards \$36 trillion. Such is the level of debt that the annual interest bill on past loans is now running at close to \$1 trillion. One dollar in every seven of government spending is allocated to cover it.

Dollar supremacy, the so-called exorbitant privilege as it has been called, allows the US to do what no other country, large or small can do. That is, it can run up government debt, not least to finance the ever-expanding military budget, in the knowledge that it will be financed by the rest of the world because of the global dependence on the US currency.

If the stability of the dollar is called into question, however, either by the ever-present threat of another financial crisis, or by other countries seeking to shift out of the grip of the US currency, then the US will face a major funding problem—the equivalent of losing a war, according to Trump.

The Trump economic agenda, insofar as it has been announced, entails a major increase in debt.

According to estimates by the Committee for a Responsible Federal Budget, which styles itself as a nonpartisan organisation, Trump's proposals, which include further major tax cuts for corporations and wealthy individuals, would increase the federal deficit by nearly \$7.8 trillion between 2026 and 2035, even when the revenue from the proposed tariff hikes is taken into account.

Tariff hikes will cause major problems because so many goods go back and forth numerous times across the US border as part of the manufacturing process. That will increase the rate of inflation when completed goods come onto the market, despite Trump's assertions that they will be paid for by the exporter.

Various schemes are being floated by sections of the

Republican party to use crypto currency to meet the rising debt problem.

Republican Senator Cynthia Lummis has proposed that a “strategic bitcoin reserve” should be established that would benefit US government finance and that a reserve of one million bitcoins would be used to reduce US government debt.

In other words, the US financial system should be increasingly based on a financial asset which has no intrinsic value and is subject to violent fluctuations. The old saying “those whom the gods are about to destroy, they must first make mad” readily comes to mind.

Commenting on the plan, former IMF chief economist Maurice Obstfeld noted that in introducing unregulated crypto into the financial system Trump has vowed to loosen what regulations there are and to make the US the “crypto capital of the world.” It is a “sure fire recipe for crises, recessions, massive government bailouts and even larger public debts.”

No one, not even Trump himself, knows exactly how his economic and financial agenda will play out, but certain conclusions can already be drawn. The declaration by Trump that he will initiate an economic war against any country or group of countries which attempts to shift away from the US dollar is in essence an admission of state bankruptcy.

The maintenance of dollar supremacy is an existential issue for the US imperialism, and it will undertake international economic and financial warfare, backed by its military power, against friend and foe alike combined with deepening attacks on the working class to try to maintain it.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**