



By: *Joseph E. Stiglitz*

# The consequences of Trump's errors are piling up



It is true, as Alexander Pope once said, that to err is human. But while everyone is fallible, some humans are more prone to error than others.

That is a justification for democracy—for subjecting decisions that affect large numbers of people to deliberative processes that include checks and balances.

The history of authoritarian and absolutist political rule is rife with figures whose mistakes proved calamitous not just for themselves but for the societies they ruled.

No decision is more important than waging war against another country. Yet the United States has done exactly that without even a nod to its own system of checks and balances and reasoned deliberation.

Like the kings of old, America's mendacious, impulsive president, Donald Trump, remains unchecked by the legislature and surrounded by sycophants who will tell him only what he wants to hear.

The disastrous result is now clear: America is once again embroiled in a **Middle East war** that has already cost thousands of lives—mostly civilians—and in which it has almost certainly committed multiple war crimes.

## The threat of economic consequences

No one knows how long the war with Iran will last, how many more war crimes will be committed, or how many more innocents will be killed.

But Americans are apparently so inured to Trump's violations of human rights and the rule of law and so overwhelmed by the constant flood of breaking news that they have barely mustered any protest.

Even at our universities, usually hubs of protest and dissent, fear reigns. As under all repressive regimes, the threat of economic

consequences or worse—**losing one's visa** or facing expulsion from the country or a criminal investigation—is achieving its intended effect.

## Even if the war ends quickly, the effects will linger

As an economist, I am frequently asked what Trump's war of choice against Iran will mean for the US and global economies.

The short answer is that the longer it lasts, the greater the damage will be. But even if the war ends quickly, the effects will linger.

## It is not just oil and gas supplies that have been endangered

After all, critical **supply chains** have already been disrupted, and oil and gas production facilities destroyed. Most estimates suggest that repairs will take years.

Moreover, it is not just oil and gas supplies that have been endangered. Unlike the oil embargoes of the 1970s, the fertilizer production on which global food systems depend has been jeopardized as well.

This crisis also comes fast on the heels of other major global economic disruptions—from the COVID-19 pandemic and Russia's invasion of Ukraine to Trump's global tariff war and destruction of the rules-based system of international trade—all of which have contributed to rising inflation and a widening affordability crisis.

Before Trump returned to the White House, inflation was on a downward trend, though still well above central bankers' beloved 2% target.

But the tariffs markedly slowed this trend, and inflation has taken off globally once again.

With many countries, including America, already facing an affordability crisis that US

policies have made worse, the risk now is that central bankers everywhere will either raise interest rates or at least slow the pace at which they were lowering them.

That, in turn, will exacerbate the affordability crisis—because buying a house or paying down a credit card will become more difficult—and slow a US economy already shaken by the trauma of Trump's erratic trade, immigration, and fiscal policies.

### Trump's claim that the US will benefit as a net oil exporter is nonsense

Were it not for the unbridled spending on AI data centers—supporting some **one-third of US growth**—the US economy would be truly anemic.

And with Trump's regressive tax cuts for billionaires and corporations now in force, the US has less fiscal space to buffer the disruptions he has caused and those that AI may bring—from job dislocations to the collapse of the tech bubble.

Trump's claim that the US will benefit as a net oil exporter is nonsense. Yes, Exxon will benefit, but US consumers pay prices that are set globally—and that have risen substantially.

Under such conditions, the US obviously should impose a windfall-profits tax.

But that will not happen under an administration so thoroughly captured by the fossil-fuel industry.

## Reducing Europe's dependencies on US technology and defense

America's erstwhile allies in Europe are also being battered by the Trump-induced increase in energy prices and supply shortages.

If European policymakers tie electricity prices

to gas prices (as they did early in the Ukraine war), they could make matters even worse.



*Between the new cold war with China and the apparent lack of resilience in global supply chains, there is little cause for optimism - Joseph E. Stiglitz*

But if Europe adopts a strategy to restore its sovereignty by reducing its dependencies on US technology and defense, it could strengthen its position now and over the long term.

Regardless of how long the war and the current stagflationary conditions last, the long-run consequences of this episode will be profound.

One hopes the world will recognize that the “variability” of sun and wind power is far more manageable than continued dependence on fossil fuels, which are subject to the whims of erratic authoritarian figures like Trump and Russian President Vladimir Putin.

If Trump's war accelerates the green transition globally, it will have a significant silver lining.

In any case, yet another nail has been added to the coffin of the peaceful, borderless world that our forebearers sought to build after World War II.

Under Trump, the country that laid the foundations of that world is now dismantling it.

Between the new cold war with China and the apparent lack of resilience in global supply chains, there is little cause for optimism.

And with democracy in the US in such a weakened state, the human errors and their consequences are piling up fast.

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