

FINANCIAL TIMES – 23 MARZO 2026

America keeps bailing out Trump

di Ruchir Sharma

The writer is chair of Rockefeller International. His latest book is 'What Went Wrong With Capitalism'

Last year America's prowess in AI more than offset the damaging economic effects from Donald Trump's tariffs. Now, different strengths — including energy independence, an army of retail investors and the dollar's safehaven status — are saving the US economy and markets from the worst effects of his Iran "excursion".

Since the war began on February 28, petrol prices have risen more than 20 per cent in the US but much more steeply in many other countries. Natural gas prices have barely budged in the US while surging in the rest of the world. Across Europe and Asia, energy shortages are leading to higher electricity prices, factory shutdowns, shorter work weeks, school closures and corporate insolvencies.

While no country is gaining from the war, economically the bigger losers are outside America. The signal from global bond markets is that they expect the energy shock to drive up inflation faster in countries outside the US. The Trump team is spinning higher oil prices as short-term pain for consumers but overall a positive for a net energy exporter like the US with producers in line to receive a major windfall.

The relative resilience of the US economy is feeding the arrogance of American power, which long predates Trump and permeates the establishment. After all, the Biden administration took the weaponisation of the US dollar to another level in its imposition of sanctions on Russia. Lately, when I ask Silicon Valley and Wall Street leaders about threats to the US economy — from policy unpredictability to declining immigration and record budget deficits — they typically shrug as if to say: "Where else will the money go?" America's huge lead in AI is reinforcing this narrative. Superpowerdom naturally breeds hubris. And no country has ever dominated the financial landscape to the extent the US has in recent years, with a share of global market flows far above its share of the global economy.

One mainstay of the US market is its endless army of retail investors. They keep buying stocks and that enthusiasm has not been dimmed by the grim headlines out of Iran. They have been net buyers virtually every day since the war began, and as a result the US stock market has held up better than international markets.

Though foreigners heap criticism on Trump for a destabilising war of choice, they don't hold the US accountable in financial terms. They keep buying US stocks and there is hardly any "Trump risk premium" visible across US assets.

In fact, the dollar has appreciated this month against every other major currency in the world. This reversed a period of depreciation, which appeared to signal the end of a long dollar bull run. So rather perversely, the Iran adventure has at least temporarily rescued the dollar's role as a haven currency.

The mild domestic impact of the war so far suggests that, once again, Trump is getting bailed out by America's preexisting strengths. The mighty dollar, the dominance of US markets and revolutionary technologies all have roots that predate him.

Trump is layering a haphazard shooting war on top of an ill-conceived tariff war and largely getting away with it, in part because other nations have become too dependent on America — militarily, technologically and, above all, financially. Countries have recently tried to decouple from the US by spending more on defence, or directing central banks to hold fewer dollars in their reserves, or by striking trade deals that don't involve America. But the lopsided economic fallout from Iran shows that they need to do a lot more.

The law of the jungle prevails, and the best way for smaller powers to survive when might makes right is to work in a pack. Nations could form bargaining coalitions to respond to tariff threats, rather than let Trump force deals on one overmatched target at a time. Europeans could focus more on creating a unified military structure and prioritising spending towards establishing energy independence. Many countries could strengthen their own financial markets by encouraging domestic investors and sovereign wealth funds to invest more at home.

Until Trump faces serious domestic blowback from his various wars, he will keep exercising American power in an unbridled way. Ninety per cent of Maga Republicans back the Iran campaign, so other nations can't just hope for his base to revolt. They need to do more to strengthen themselves, collectively and individually, or they will keep suffering more damage from the whims of an erratic US leader.