



Donald Trump's return to office: Ten consequences

by Charles Grant, 28 March 2025

Donald Trump's second presidency is shaking up the geopolitical landscape. Most of the consequences are harmful, but some are beneficial.

In every lifetime, there are a few events that mark turning points in history, such as the fall of the Berlin Wall in November 1989, al-Qaeda's attack on the World Trade Centre in September 2001 – and now Donald Trump's return to the US presidency in January 2025. Though he has been in office less than three months, Trump's words and actions are already creating tectonic shifts in geopolitics. Many of these changes are likely to endure: we should not expect the world to return to 'normal' after four years, because Trump and his acolytes represent a powerful current in American society. By my count, Trump's return has led to seven negative consequences, and three positive results. Let us start with the negatives.

1. Trump has damaged the liberal international order. That phrase implies respect for international law, and the sovereignty and integrity of all countries, including small ones. It also means supporting multilateral institutions and their rules. The US and its allies have not always lived up to these ideals: the long-lasting and unsuccessful US-led wars in Afghanistan and Iraq undermined their authority, as did the 2008-09 financial crisis. But Trump is the first US president to openly share Vladimir Putin's contempt for the principles of the rules-based order. They both believe that great powers should enjoy spheres of influence in their neighbourhood, and think that smaller countries should kowtow to the local hegemon. They share a penchant for strongman authoritarian leaders – such as Xi Jinping, Narendra Modi and Recep Tayyip Erdoğan.

Trump's belief in spheres of influence, veering towards old-fashioned 19th century imperialism, makes it natural for him to seek territorial expansion into Canada, Greenland and parts of Central America. Putin and Xi observe that and smile, seeing that the US is now much less likely to oppose their own schemes for territorial aggrandisement.

I do not know whether Trump has read Thucydides but if he has, he probably agrees with these oft-cited words by the Greek historian: “The strong do what they can and the weak suffer what they must.” In other words, might is right. Trump seems utterly indifferent to international law and organisations (including those effectively run by the US, such as NATO), to alliances with key European and Asian partners, and to whether a country respects democratic norms and human rights.

Trump personally has made a huge difference, but with hindsight it is evident that the liberal order has been eroding for much of this century. Countries with little or no respect for the Western-led order, such as China, India and Russia, have been rising. India and China accept some role for multilateral institutions, but recent years have not been good for the United Nations, the World Trade Organisation (WTO), the COP process for tackling climate change, and many other bodies such as the World Health Organisation. Trump’s return to power has given a severe kicking to a liberal order that was already sickening.

- 2. Trump has weakened America, economically and politically.** His policies are creating serious problems for the US economy. For example, both tariffs and mass deportations of irregular migrants who take the jobs that Americans will not do are stoking inflation. The frequent chopping and changing of policy creates uncertainty, harms investment and has a negative impact on market sentiment. The defunding of large areas of scientific research risks undermining the innovation that has given the US a consistently higher growth rate than Europe; America is ceding the leadership of many green technologies to China. Furthermore, a country that [expels](#) visitors, confiscates their electronic devices for criticising the president and [detains](#) international students engaging in protest will be less attractive for international business and academic exchanges.

The world can also see how Trump is eroding the checks and balances of the US political system, through his attacks on the federal government, his criticism of the courts (and his non-compliance with some of their decisions), his hounding of political opponents and his sidelining of Congress. The decisions to virtually abolish institutions like USAID and Voice of America have done a lot to undermine US soft power – and American global influence. A nationalist and unpredictable America is less attractive as an ally and as a trading partner. The damage Trump is doing will be hard to repair.

- 3. The US’s reputation in developed countries has taken a severe hit.** In many European, Asian and other democratic countries – like Canada and Australia – generations of politicians, officials and businesspeople have grown up wedded to the idea of American global leadership. For many of them, the US security umbrella has been crucial. But Trump’s words make many US allies, and especially those that feel threatened by Russia or China, insecure. Leaders in these countries worry that America may not stand by its commitment to their defence. Some of them, for example Poland and South Korea, are seriously considering whether they should build their own nuclear weapons, given the uncertainty over whether they can count on the protection of America’s nuclear deterrent.

A lot of allies wonder what happened to the democratic values that American leaders have preached for generations; Trump and his close advisers seldom talk of them – and some are overtly hostile. Even if in four years’ time, a more internationalist president sits in the White House, which is far from certain, America’s reputation in the developed world will have taken a massive hit.

Few countries in the global south are much bothered by the weakening of the West in general, and of the transatlantic alliance in particular. One opinion poll – for which the polling was done just before Trump took office – showed that [Trump is relatively popular in many developing countries](#). Big countries that are democratic but do not believe foreign policy should reflect democratic values – such as Brazil and India – are fairly relaxed about a US president who shares their ultra-realist approach to international relations (as long as he leaves them alone – which he has not done in the case of South Africa). Many governments in poorer countries dislike being lectured by Western governments or the EU on human rights, and they welcome the fact that Trump – like the Russians and the Chinese – does not do that. However, huge numbers of people living in developing countries, whose living standards and health have benefited from US-funded NGOs, are paying a terrible price for Trump's second presidency.

- 4. China is a big winner.** The Chinese have been trying for years to prize the Europeans away from the Americans, and now Trump has done much of their work for them. Chinese leaders have wanted to see the emergence of a multipolar world and now there is a chance that Europe will become some sort of self-standing pole. Like Putin and Trump, the Chinese believe in spheres of influence, and they will see that a Trumpian US is unlikely to stand in their way, should they choose to take over Taiwan. There are also questions about how much the US would support other allies in China's neighbourhood, such as Japan, South Korea or the Philippines – and that may encourage Beijing to be more high-handed in its dealings with them.

Of course, the Chinese could lose from the trade war that Trump has started against them. But they probably care more about excising US influence from their part of the world, and in any case they can always hope for a deal with Trump on tariffs – as with the '[Phase One](#)' trade agreement in his first term. More generally, when the US's reputation is tarnished, as it has been in many parts of the world, China is content.

- 5. Ukraine faces a much more ominous future.** At the time of writing, the outcome of the war in Ukraine, and Trump's attempts to broker a ceasefire, are unclear. But with his public criticism of President Volodymyr Zelenskyy, combined with zero criticism of or pressure on Putin, Trump does not pretend to be an even-handed mediator. It appears that Trump shares Putin's view that Ukraine should succumb to being in Russia's sphere of influence. This makes it less likely that Ukraine will emerge from the war with its honour, integrity and sovereignty intact, unless its European and other supporters step up their assistance considerably. If the Europeans did try and boost their aid for Ukraine, it is possible that Trump would seek to sabotage their efforts.
- 6. The Palestinians and Israel will both be worse off.** For the Palestinians, Trump is very bad news. He has never displayed much sympathy for their plight, or seemed bothered by their lack of a state. Since returning to office Trump has aligned the US with Benjamin Netanyahu's far-right Israeli government, which strongly opposes any kind of Palestinian state. He has also suggested removing the Palestinians from the Gaza strip, so that it can be rebuilt. He has given Palestinians no reason to believe that diplomacy and negotiation can improve their condition.

But I would also argue that Trump is bad for Israel, too. American military, diplomatic and economic support for Netanyahu encourages him to keep working with his extreme-right coalition partners. The Netanyahu government thinks it can get away with its policy of zero rights for Palestinians, and semi-constant war against them. This is not in Israel's interests: in the long run it will face a much

harder form of international isolation than it does today – and there will be continued tensions with its Arab neighbours. Furthermore, future generations of Palestinians will be radicalised and turned towards violence. Israel's armed forces cannot on their own secure a long-lasting peace.

7. **The world economy will be smaller than it would otherwise be.** The post-World War II trading system was built on the principle that predictable rules should prevail over political interventions. This encouraged investment, specialisation and globalisation. But in the current century this rules-based system has been faltering. Successive Republican and Democrat US presidents have failed to appoint judges to the WTO's Appellate Body, thereby preventing it from resolving disputes, and undermining its authority. The Covid pandemic, the war in Ukraine and worries about China's export prowess have led to concerns about the security of supply chains, and thus to their shortening – and sometimes to unabashed protectionism. Joe Biden continued the protectionist policies of Trump's first administration and added some of his own, such as 'Buy American' provisions. With Trump's second administration dramatically escalating this trend, it now seems highly unlikely that the US will ever again accept the authority of the WTO. It is up to Europeans and like-minded countries to salvage what they can of the rules-based trading system.

The economic consequences of Trump imposing punitive tariffs on the likes of Canada, Mexico, the EU, the UK and China will be considerable. Most of those countries are hitting back with their own tariffs. Tariffs push up inflation. Trade wars inevitably reduce trade and thus curb economic growth, while the uncertainty over further trade-hindering measures is dampening confidence. Furthermore, the US's own economic problems, already referred to, will be a drag on the global economy.

And now for some positive consequences of Trump's second term.

8. **Trump is promoting European unity.** The EU tends to integrate during crises. The eurozone crisis led to the creation of bail-out funds, the centralisation of bank supervision and new tools for the European Central Bank to use. Covid led to the pan-European procurement of vaccines and a first EU eurobond issue. Now Trump's efforts to devalue the transatlantic security relationship, combined with fears of Putin's Russia, are leading not only to the growth of national defence budgets but also to more EU involvement in defence.

All EU governments back the broad thrust of the European Commission's ReArm Europe/Readiness 2030 programme. This includes new fiscal rules to facilitate more spending by member-states on defence, as well as [a €150 billion facility at EU level that will lend to national governments for defence projects](#). The new programme comes on top of changes in the past few years that have included the creation of a European Defence Fund, the appointment of the first commissioner for defence and space, and the proposed European Defence Industry Programme (still under negotiation).

It was not self-evident that the EU would hold together in the face of Trump's antics. After all, hard-right parties that are sympathetic to Trump hold office in Hungary, Italy, Slovakia and the Netherlands, and are influential in many other member-states. But so far no government has sought to block the EU's moves towards defence integration – or retaliatory measures against Trump's tariffs (though Giorgia Meloni, Italy's prime minister, has criticised those measures, while Hungary is refusing to support either further aid for Ukraine, or its EU accession process).

Of course, the current unity on defence is fragile. In the long run, the gravitational pull of Trumpism may impact European political systems. EU leaders will have to work hard to maintain unity. And there are questions as to how long it will take for decisions in Brussels to translate into real war-fighting capabilities, and on the precise role of the EU in defence, vis-à-vis the member-states. Nor is it clear how many countries are really willing to contribute to a force that would help to keep the peace in Ukraine, if a ceasefire is struck. But the direction of travel is clear: the EU and its governments are taking on more responsibility for their own defence.

Ever since he became French president, Emmanuel Macron has been preaching about the need for European strategic autonomy – meaning that Europe should free itself from dependency from the US for defence, and from all superpowers for key technologies. He took a lot of criticism from Atlanticists in Central Europe and in Germany, who feared that taking steps towards autonomy could undermine NATO. But no longer. Friedrich Merz, the incoming German chancellor – and a lifelong Atlanticist – has said that Europe needs to win its independence from the US.

9. **Germany seems set to restore its leading position in the EU.** In recent years Germany has pulled back from its usual, central role in the EU. Chancellor Olaf Scholz was weakened by both having to focus on the squabbles among his coalition partners in Berlin, and his apparent lack of interest in the EU. But Trump's return to the presidency has shocked Germany's political class – which is extremely Atlanticist – and jolted it into action.

Merz, the incoming chancellor, has exploited the sense of shock to change the constitution. Germany's debt brake is being modified to facilitate the spending of hundreds of billions of euros on defence (as well as €500 billion on infrastructure). It is early days and Merz is not yet chancellor, but it looks like Germany may soon have a leader who is tough, decisive and willing to stand up for European interests.

10. **Britain is moving closer to Europe.** Trump is not popular in the UK. It so happens that many of the leading Brexiteers are either close to Trump or big fans of his – for example, Boris Johnson, Nigel Farage and Liz Truss (she voted Remain but behaves like a hard-line Brexiteer). Their argument that, freed from the shackles of the EU, Britain should nestle up close to the US, is losing credibility. Trump has helped Britons and citizens of EU countries to realise that they have much in common. In the UK, public opinion and most political leaders are strongly behind Ukraine, so there has been little opposition to Keir Starmer's efforts to solidify European support for Kyiv.

Starmer's patient work – shuttling between Zelenskyy, Trump and the Europeans – has impressed EU leaders. They had been getting rather fed up with his [not appearing to know what he wanted from the putative UK-EU reset](#). But now they are warming to his low-key, modest style. They like his lack of grandstanding and – for the time being, at least – indulge his line that the UK should not have to choose between Europe and America. So the UK has earned goodwill.

There are still difficult issues concerning defence industrial collaboration. The French and the Commission do not want companies that are not based in the EU to be able to benefit from EU defence funds, such as the new €150 billion loan facility. But a majority of member-states want more open rules, and even the Commission would allow British firms to benefit from that new facility, once the UK and the EU have concluded a defence partnership. That could happen soon, for example at

the UK-EU summit on May 19th, though France is saying no defence partnership unless the British give them the agreement they want on fish.

But these are short-term problems, which can easily be solved. Many of the ideas currently floating around Brussels, like that for a new defence investment bank, do include the British. Trump has put a booster rocket under UK-EU co-operation. In the coming years it will become closer, though how fast and how far it goes, remains to be seen.

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