

Our View: Corruption Slows Economic Growth; Oil Use Will Be Cut

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The United States has been transformed into a semi-dictatorship led by “King Donald,” the name bestowed on President Trump by *The Economist*.¹ Evidence collected over the years by political scientists and economists reveals that the economies of nations that transition from democracies to dictatorships or autocracies slow down, especially when the autocrats fail to implement tightly focused agendas. Donald Trump’s chaotic handover of the US government and economy to self-interested, possibly corrupt parties dooms the country and the global economy to recession.

Trump’s actions are allowing private enterprise to take over the government, a process known as “state capture,” which University of Sussex Professor of Governance and Integrity Elizabeth Dávid-Barrett defined as follows:

State capture is a type of systematic corruption whereby narrow interest groups take control of the institutions and processes through which public policy is made, directing public policy away from the public interest and instead shaping it to serve their own interests.²

In her *Journal of International Relations and Development* article, Dávid-Barrett noted that firms taking control of governments and institutions change “the rules of the game” under which society must operate, adding that such changes have more long-term impacts than “forms of corruption that simply distort one-off transactions”:

The captor elites are likely to design institutions primarily for the purpose of facilitating extraction, and allocate state resources to narrow groups rather than dispersing more widely, with minority groups particularly likely to be disadvantaged.

Dávid-Barrett outlined the three steps involved in state capture. The first is influencing law and policy, followed by influencing policy implementation. Finally, the captors disable the “accountability institutions”:

Captor elites often seek to disable and undermine the power of key actors in this accountability ecosystem, including the judiciary, law enforcement and prosecution, Supreme Audit Institutions, the media, civil society organizations and academia.

The article described rather well the program being planned by the Project 2025 authors and led by Elon Musk and the Department of Government Efficiency (DOGE) for President Trump. Not

¹ “Donald Trump: the would-be king,” *The Economist*, February 20, 2025 [<https://tinyurl.com/32t7y7vh>].

² Elizabeth Dávid-Barrett, “State capture and development: a conceptual framework,” *Journal of International Relations and Development* (March 2023), pp. 1-21 [<https://tinyurl.com/dsv8nj6b>].

surprisingly, though, no one seems to have thought about the economic consequences of all this. Dávid-Barrett, however, did offer one indicator:

A particular feature of state capture is that economic activity tends to become skewed towards the sectors that the **elite can best control** [emphasis added], reducing opportunities in other parts of the economy and constraining the economic diversification which is generally regarded as important for long-term development. Over time, the economy may become unnecessarily dependent on commodities, for example, which are more easily captured and controlled. An increase in natural resource rents pushes down aggregate income when institutions are subject to state capture.

A paper prepared by Daniel Kaufman titled “State Capture Matters: Considerations And Empirics Toward A Worldwide Measure” provides indexes of the level of state capture for one hundred seventy-two nations.³

Comparing these indexes to data on economic growth reveals that growth slowed when state capture increased, especially in nations whose autocratic leaders lacked a decisive focus. Turkey, for example, has suffered as Recep Tayyip Erdoğan became increasingly dictatorial, corruption mushroomed, and crooked interests captured the state.⁴ Thailand has experienced several rounds of disruption as the conservative military and royal family clashed with elected prime ministers. The latest turmoil occurred in August 2024, when a popular leader was ousted by the constitutional court and the military.⁵ An OECD report shows that corruption and the lack of focus on the part of Thailand’s leaders have hampered incoming foreign investment that would have boosted growth.⁶

Zimbabwe, though, might be the poster child for economic collapse associated with state capture. Per-capita income declined by fifty percent early in the century as the autocrat Robert Mugabe allowed former soldiers to seize the nation’s agricultural industry.⁷ Mugabe slavishly sought to please his supporters without giving thought to the economic consequences. In 2025, President Trump is acting in like manner by expelling millions of immigrants, randomly applying new tariffs on allies, and genuflecting to Russia’s President Putin. Large corporations are cozying up to the new administration and dictating policy to their advantage. Indeed, Apple, Microsoft, Google, Meta, and Amazon’s former CEO Jeff Bezos are already doing so.

The coming economic consequences are predictable. The evidence from the experience of other countries is clear. Consumer expenditures will drop, and US GDP growth will fall well below projected levels. While the president’s sycophants will promise investments and new jobs, they will

³ Daniel Kaufman, “State Capture Matters: Considerations And Empirics Toward A Worldwide Measure,” The Brookings Institution, May 14, 2024 [<https://tinyurl.com/3mstxe6b>].

⁴ <https://www.populismstudies.org/towards-the-fall-of-erdoganism-in-turkey/>

⁵ Orathai Sriring and Devjyot Ghoshal, “Political turmoil threatens prospects of Thailand’s floundering economy,” Reuters, August 15, 2024 [<https://tinyurl.com/mvedhmu7>].

⁶ “OECD Review of Thailand’s Legal and Policy Framework for Fighting Foreign Bribery,” OECD, November 2024 [<https://tinyurl.com/3yp69wk6>].

⁷ Martin Meredith, *Our Votes, Our Guns: Robert Mugabe and the Tragedy of Zimbabwe* (New York: PublicAffairs, 2000) [<https://tinyurl.com/yw9e65xr>].

not be forthcoming. By 2026 the US will be close to or in a recession. The nations that relied on the US market for their exports will be struggling as well.

Oil markets will drop from projected consumption levels of at least two million barrels per day.

The collapse in oil and LNG prices may provide the greatest stimulus yet to the global energy transition. In twenty-five years, historians may note how the Trump administration's incompetence expedited the world's move away from fossil fuels.