Trump's War Overreach may be the Straw that Breaks the Back of the West’s Financialised Architecture

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From the streets of Paris to the Strait of Hormuz, Western liberal economies are caught in a trap of their own making



By Alastair Crooke

> Almost everywhere there is a deepening sense that the western Liberal economic project is on the verge of collapsing in very fundamental ways — most obviously, this has been on display on the streets of Paris. But it can be seen too in the US where President Trump’s embrace of the Iran war seemingly has prejudiced the Republican chances in next month’s midterms. No one can guess how Trump will choose to govern, should voters turn against him personally; however an angry, frustrated and erratic Presidency is most likely for the next 2 years.

Perhaps key to understanding today’s European turmoil occurred in 2024: The French electoral cycle had begun with an European Parliament vote, where the Right-leaning, *National Rally (RN)*, led by Le Pen had won a decisive victory. The *RN* won 30 seats (31.37% of the vote) with the *Ensemble* (President Macron's coalition) winning only 13 seats (14.6% of the vote).

Following the severe defeat of his centrist coalition, Macron immediately dissolved the French National Assembly, and triggered a snap domestic election. That snap election resulted in an unprecedented hung parliament divided into three main political blocs, with no single group capturing the 289 seats required for an absolute majority. It was and remained a deadlock

Whilst Le Pen's *National Rally* led the first round of voting, tactical dropouts in the second round by centrist and left-wing candidates shifted the final landscape through a (legitimate) ‘hack’ of tactical voting in seats designed to ensure that *RN* would not win the final round, despite leading in the first round voting.

The recent violent unrest in Paris is linked to those 2024 French election results — The election engineered a fractured, deadlocked parliament that Macron hoped to manipulate. This fueled deepening public anger at the European Ruling elite's refusal to accept accountability for the mistakes that had led to the wider European economic crisis.

Key aspects of France’s crisis — out-of-control immigration, failing public services and growing cost of living pressures — are common to virtually all major liberal economies. In short, though the economic problems associated with western states may appear to each have their unique national characteristics, they all have deeper roots that lie with the financialised western response to the Great Financial Crisis of 2008.

The point now is that these contradictions and tensions are reaching their zenith through the related interlinked conflicts in Ukraine, Iran and Yemen-Saudi that now risk taking the economic crisis to an altogether different level of financial crisis — one that could end in systemic breakdown.

Pushing the crisis to climax arises from the pursuit of two contradictory objectives at the same time — firstly, the maintenance of a costly welfare states, whilst secondly indulging in wars intended to maintain the western place, per Marco Rubio, at the "*head of the world*". It is these wars that - predictably enough - have caused the soaring costs of living that are breaking the budget of most liberal economic states.

Trump’s error of judgment in starting a war against Iran has catapulted cost of living pressures markedly higher, through soaring fuel and energy prices, which, in turn, have put sustained upward pressure on interest rates and the bond market. Trump’s continuing (albeit vacillating hot and cold) with the Ukraine war — and with the funding burden shifted to Europe — has simply bust through European fiscal budget limits.

Fiscal pressures are apparent everywhere, in Europe and beyond, eating deep into other forms of public expenditure, such as education and medical provision. At the same time, great swathes of Europe's industrial heartlands have been laid waste. Unemployment, particularly among the young, has exploded. Germany alone has shed close to half a million industrial jobs in the past six years. Neither Europe, nor the US, is today generally price competitive. Energy inflation has put many global export markets beyond reach.

The political class throughout the western world have legitimacy poll numbers circling the drain. Popular despair and anger are growing. Resentment seethes. It has exploded first in France, but others will experience it next.

The crisis is coming to late fruition. Iran and AnsarAllah have snapped shut their energy trap on Trump. There are no easy or obvious exits to this. In fact, if mishandled through US or Israeli military escalation, war will compound the western economic crisis dramatically, as Iran retaliates against Gulf energy infrastructure. And given the long timelines involved in any re-building of highly complex oil infrastructure, it is certain that a structural fuel shortfall will ratchet into escalating damage to global supply lines. The same applies for AnsarAllah's attacks on Saudi energy infrastructure.

In the case of Ukraine, European habitual misreading of Russia has taken Europe into a trap of their own volition. In 2022, the European leadership embraced Ukraine and Zelensky, seeing Ukraine as a putative norms-based liberal project, potentially giving to Europe the absent meaning and purpose to both NATO and the EU. Of course, the prospect that the European sanctions siege might ultimately dislodge President Putin from power – though misjudged – offered the glittering prospect of opening Russian oil and rare materials to European exploitation.

"The practical effect of all this", writes Aurelien, "*was that Europe became increasingly eager to colonise a political space that had historically been controlled by Russia"* but which would be now folded into the expanding liberal 'space' lying to the West of Russia. Russian hostility towards these explicit European ambitions was attributed tendentiously to Russia's nostalgia for its Empire.

Yet, as *Aurelien* observes, *"Russians didn't see the period after the mid-1990s like that at all. What they saw was loss of control of what had previously been precious strategic space, with no obvious way to recover it". This is why ideas of "cease-fires" and some geographical division of Ukraine haven't got, and won't get, anywhere. The game has moved on, and the stakes are much higher than they were. In 2022, the Russians would probably have accepted a genuinely neutral Ukraine, with no stationed forces and with nationalist extremists excluded from government".*



“There’s no chance of that now, and I interpret the current bombardment of Kiev as part of an operational-level strategy to destroy the country as a viable entity - such that it cannot be used in the future as a base for military operations. Bridges, communication systems, ports, electricity generation and distribution, transport networks, industrial facilities and airports, among others, will be destroyed … There’s no sign the West understands this. They won’t - because they don’t realise that Russian strategy has gone far beyond Ukraine now - and is about banishing the spectre of a potential attack from the ‘space’ to the West of Russia for at least a generation, maybe more”.

This is the trap that exists and which links all the seemingly separate conflicts — the ambition for the West to “*maintain its place at the head of the world*” launched from a reality of decline and ‘bust’ fiscal budgets.

The Ukraine project has hit a wall; not just on the battlefield, but because Europe is financially ‘broke’. There is no way Europe can cough up another $155 billion. Equally, there is no way western liberal welfare economies can survive prolonged war on Iran and the Houthis. Europeans are staring at the economic abyss. Is the West ready to compound the risk of violent revolution simply to escape having to capitulate to Iran or Russia?