

## Will Middle East war trigger economic shock?

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The conflict in the Middle East is not just a military crisis. It is rapidly becoming a global economic shock.

With the Strait of Hormuz disrupted, vital supplies of oil, gas and industrial inputs are at risk. That means rising energy prices, inflation, supply chain disruption and political instability around the world.

But the deeper issue is political. Wars like this often emerge when leaders under pressure seek external conflict to avoid accountability.

In this video, I explain why this conflict could last far longer than politicians admit, why the economic consequences could be severe, and why the politics driving it matters as much as the missiles.

We also need to ask a deeper question: can politics return to a politics of care rather than fear?

<https://www.youtube.com/watch?v=oFyQ0O8dhQ0?si=pqWIYEGN10xYPz7m>

This is the audio version:

[https://www.podbean.com/player-v2/?i=4n2fd-1a637ce-pb&from=pb6admin&share=1&download=1&rtl=0&font=Arial&skin=f6f6f6&font-color=auto&logo\\_link=episode\\_page&btn-skin=c73a3a](https://www.podbean.com/player-v2/?i=4n2fd-1a637ce-pb&from=pb6admin&share=1&download=1&rtl=0&font=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a)

This is the transcript:

We are facing a long-term war in the Middle East now, and it is not just a military event, even though, in itself, that would be disastrous. What is developing is a massive economic shock, and it is being driven in large part by fascist leaders who thrive on fear, division, and impunity, and it is incredibly hard, as a consequence, to understand what they are trying to achieve. The result is that we are living with a state of uncertainty, which is very largely previously unknown to most people now alive.

What we know is this. The USA and Israel have commenced what is universally agreed, except by them, of course, to be an illegal attack on Iran.

Iran has exercised what it claims to be its right to self-defence, but they have interpreted that very broadly. So as a consequence, they are now attacking a wide range of states in the Gulf region in ways that were unanticipated, I suspect.

The USA has also extended the theatre of war to the international high seas, and this means that this is now more than a regional conflict.

It has global supply chain consequences built into it. And those supply chain consequences arise because Iran has closed the Straits of Hormuz. That means that supplies of key products are at risk, including oil, gas, ammonia, and other essential industrial inputs. And this matters because the West relies on these flows. China and India rely on these flows, and many countries in the Gulf also rely on the Straits being open because there are imports that they make through them, including water and foodstuffs, that are essential for their ongoing survival.

The immediate consequence, as far as the UK is concerned, arises with regard to gas prices. Around the globe, it appears that gas reserves are low. Storage capacity is limited where it exists, and very little is being used because gas supplies are so low, and the UK does, anyway, have remarkably little ability to store gas. The consequence is that price shock is not just a possibility now; it is the default outcome if disruption continues as everyone now thinks to be likely.

Our politicians are talking about this going on for weeks. I think we should be talking about it going on for many months at the very least. That price shock feeds directly into inflation, household bills, business costs, and political instability.

But let's be clear. We should not be only thinking about the impact of this on the UK economy. There is a developing crisis in the Middle East itself, which could be very much worse. If desalination plants are attacked in Israel, Saudi Arabia, and elsewhere then large cities could be left without water. The consequences would be dire. There could be an immediate humanitarian crisis, forced migration at short notice, and conflict over scarce essentials, and remember, food and water supplies for countries like Kuwait and Qatar rely heavily on the Straits of Hormuz. They are at particular risk.

But let's also stand back and look at the military aspect, and here is the crux issue.

Nobody knows when the missiles will run out. Nobody knows when the drones will run out, and nobody knows when the defensive interceptors will run out, and when I say nobody knows, I mean that nobody knows on which side these things will happen first.

So there is a game going on, a game of logistics because modern war is largely about logistics, and the question is, which side is going to see its armaments depleted first? We simply don't know. So the outcome of this conflict is highly uncertain, as many military commentators are saying. It is literally unknowable who will win this war, and some people are seriously suggesting it could be Iran, and that would be something unprecedented in modern military history, where the US has become used to declaring victory after assaults of this type.

There is another issue that we need to worry about. Truth is always the first casualty of war. We do not know what is going on precisely at present. More importantly, there is uncertainty everywhere, and by uncertainty, I mean we cannot confidently list the full range of outcomes from this conflict or apply probabilities to them. As a result, we cannot price the future with confidence, and I know that sounds terribly mechanical and economist-like, but we need to price war because otherwise uncertainty only increases, and the extent to which markets and governments are prone to panic will increase. We have to know what's going on, but the truth is, we don't: we have no way of knowing when this conflict might end.

So that means we have to stand back and ask the real question of, why did this begin, and why now? There is a political-economic explanation for this. Leaders under pressure often seek external conflict. War then becomes a cover for their domestic failure, and war becomes a route to avoid accountability. What we know is that Trump and Netanyahu are both in situations where they seek these things. Neither wishes to face the consequences of their actions within their domestic environments. Both of them are most definitely seeking to avoid accountability. Netanyahu faces trial. Trump faces the Epstein files. They have manufactured a war, which they can then use as a mechanism to suggest that dissent is a representation of disloyalty to them, and that is the oldest authoritarian trick in the book.

And we need to be frank about what's happening as well. Those people who are running this war are creating havoc. They're doing so because they could benefit from creating mayhem with little or no consideration of the cost. They are not worried about the full consequential cost of their actions because they know it will be borne by others. I think all of these things are the characteristics of a range of fascists seeking to oppress people whilst pursuing their own interests, and in that group of fascists, I would include the leadership of Iran.

I've long argued that the USA and Israeli administrations are fascist in nature. Israel now claims that Iran does have a fascist leadership. I've heard their official spokespeople say it, and frankly, I now see little reason to disagree with them.

So what we are now seeing is a range of authoritarian fascist leaders on all sides of this dispute, all competing for power while populations pay the price. This is what the toxicity of intolerance produces.

And let's be clear, fascism is not just a political pathology; it has an economic logic to it as well. It relies on permanent fear, permanent mobilisation, and permanent enemy narratives, and it delivers a diversion of resources to conflict and towards corruption and cronyism, whilst there is repression of dissent and a shrinking space for democracy. Economically, it means inflation risks rise, investments become impossible to plan, and public purpose is replaced by private power.

All of that is dangerous, and let me be clear. I do not believe that life is meant to be like this. This is probably my key point in this video, and I apologise if it has taken time to get to it, but the key point is this. Tolerance is key to human well-being. Even when we disagree, we must show respect to each other and to the right to differ because that is what is essential if violence is to be avoided. The goal should never be, inside politics, to eliminate the opposition; the goal is to find common ground for coexistence.

A politics of care, which is something I talk about a lot, would mean governments existing to uphold the well-being of people and not the impunity of leaders, which is what we're seeing now. It would mean respect for the fact that not all people are homogeneous, and that differences must be both respected and upheld as valid. And democracy must also be protected, and the politics of care would do that. Both at home and across borders, democracy matters.

This is crucial. Trump, Netanyahu and the Iranian leadership do not have needs in the normal human sense. What they share is something else. They have a desire to avoid accountability, a desire to retain power, and a desire to accumulate advantage for themselves. What they're promoting is not the politics of care, but the politics of hate and division. This is the politics of accumulation at deliberate cost to others, and I mean, this is true in each of these territories: I am not differentiating between the two sides. Both are pursuing a politics of destruction.

My question then is, is it possible to have leaders who do something different? I believe it is. The USA has had them in the past. Let's be clear. They weren't perfect, but they were a lot better than where we are now. I'm thinking of people like Eisenhower, who turned from war leader to the leader of the USA in the 1950s, and who was quite successful and even called out the military industrial complex because he understood that it was of harm to the people of the USA. There were people who understood this in the UK, too. We had post-war politicians who had lived through armed conflict. They knew that there was something better to achieve. My question is, have we forgotten that? I fear we have.

So what we need is a totally different approach to conflict. If there's one thing that is going to come out of this war, and very little that is good can possibly do so because of

the way in which it has started, the way in which it's being conducted, and the way in which the costs are being spread to innocent people, the one good thing that might come out of this war is hope.

Now, let me be clear, hope is not a slogan. Hope is what we have when all else fails. Hope is the basis for tolerance, the foundation for common ground, and the refusal to accept that violence is inevitable. Hope is the thing that we have to hang onto because it is always ours to claim, and we can do so at this moment. This is what gives us the courage to carry on when everything is going to look quite bleak for a while.

My conclusion is we must reject the politics of fear. We must reject leaders who seek impunity through conflict. We must insist on their accountability. And we must rebuild politics around care, democracy and human wellbeing. Hang on to your hope because you're going to need it. That's what I think. What do you think? There's a poll down below.

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Poll

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