

Trump has crashed again

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Donald Trump says the ceasefire with Iran is over. Military action has resumed, the Strait of Hormuz is once again at the centre of the conflict, and the economic consequences could be profound.

In this video, I explain why wars are never just military events. They are always economic events too. They reshape trade, disrupt supply chains, drive up commodity prices and create inflationary pressures that spread throughout the global economy.

The Strait of Hormuz carries a huge share of the world's oil and much of its jet fuel. More sustained disruption affects not only energy markets but also trade in fertilisers, industrial chemicals, and critical manufacturing supplies. Businesses will respond by delaying investment, consumers will become more cautious, and financial markets will become increasingly volatile.

I've argued for months that the greatest danger from this conflict would be economic rather than military. If this escalation continues, as seems likely, the risk of recession rises significantly, not because markets will panic overnight, but because the resulting uncertainty will steadily undermine confidence and investment.

Wars are always about economic power, control over resources and the revenues they generate. This one is no different. Trump just can't let go of a prize he cannot have, and so he's at risk of crashing the world economy again.

<https://www.youtube.com/watch?v=mClj9KmAjg?si=GX3RZqjnGy7-pwVg>

This is the audio version:

<https://www.podbean.com/player-v2/?i=5cdjr-1b09c67-pb&from=pb6admin&share=1&>

The Debate Ammunition for this video is available [here](#).

This is the transcript:

Trump has announced that the ceasefire with Iran is over. The war is back on. Hostilities have been resumed. He says that's because Iran has been striking ships sailing through the Strait of Hormuz. The US has, however, also been lobbing missiles into Iran, and the conflict has, as a result, entered a new phase. The economic risks have increased as a consequence.

I've been talking for some time about the risks of a recession as a consequence of this conflict in the Middle East, and it looks as though that risk has just gone up, again.

The Pentagon says it is now begun to re-strike Iranian targets. The US is talking about the Strait of Hormuz as if it is a conflict zone again, and Washington is escalating military activity. But it is also tightening economic sanctions. And let me be clear about what the war in the Middle East is about.

Almost every war in history has been about the control of one of two things. One is economic resources. The other is potential tax revenues. That is what wars are always about. One government wanting to enrich itself at cost to another government and its population. In this situation, the war is about the control of oil in the Middle East, and it is about the control of the potential revenues that flow from it. Trump saw Iran as a weak opponent who he could subdue and who he could control. He believed the Strait of Hormuz and its oil traffic could be controlled for US benefit. And what we now know is that is not true. Military action and economic warfare now go together, but they always have done, it's just now more apparent, and we need to talk about the consequences of that.

As I've said many times on this channel, the Strait of Hormuz is vital to world trade. Much of the world's oil passes through it. 40% of all jet fuel goes through it, and there is already a shortage of jet fuel in the world. Any disruption pushes up energy prices, and that is true not just with regard to oil. It's also true for gas. It's true for fertiliser. It's true for other critical raw materials like carbon dioxide and sulfuric acid. These are core supplies that are essential to much of the world's industry. They're essential to the AI industry that is growing so fast in the US and elsewhere.

And inflationary pressure is now going to grow again because it is very clear, as I've

always said, that there is no solution to this conflict. The ceasefires are a sham, and Trump has no desire to end the war whatsoever. But that means all the economic consequences of everything that I've been talking about over time will now continue to flow.

I always said that the summer was the time when things would get worse. The time when energy costs would, in fact, get worse. I know they've come down heavily at the moment. Oil has fallen to a price of \$70 per barrel for Brent crude from the peak of \$120 a barrel not long ago. But if Trump really means that the ceasefire is over, watch that price go up again. It will rise, as will the price of all those other commodities that will no longer be flowing through the Strait of Hormuz.

Businesses will delay investment as a result. Inflation might rise. Consumers might cut spending. Markets will become more volatile. Confidence will fall across the economy, that is almost inevitable, and recession becomes more likely.

There's already a risk that, in real terms, many parts of the economy are in recession. It is obvious that people feel flat. They feel fearful. They're worried about their future well-being. They're not spending. Those are the preconditions for recession. A war just tips us into it, and war always has economic consequences.

Foreign policy shapes those consequences, and conflict creates inflation and uncertainty, always, and as a matter of fact. And ordinary people bear most of the cost; something we should note in the context of Trump. He doesn't care about that. What that means is that peace is an economic necessity, but not one which Donald Trump recognises. Politics and economics cannot be separated, then, and I've warned about this for ages. We have this real risk of recession, and renewed fighting only strengthens that argument.

I said that as the autumn progressed, these impacts would become more obvious. My fear is now revived. We're only in early July. This war is at most only four months old. It has a long way to run now. We could be seeing it continue for many more months. There isn't the political momentum at the moment to change and take the parties back to a ceasefire agreement, so I believe that all the supply consequences already seen will continue to have an impact.

The world has not got oil reserves now. It has not got gas reserves now. Fertiliser supplies are now constrained. We could go on. But the real risks of things like food shortages, those things that aren't talked about directly in the news media, are very real, and governments should therefore be preparing for a dangerous environment in which instability is highly likely.

We need diplomacy at this moment. We do not need an escalation in this conflict, but Trump has gone back to the battlefield, or rather, Trump has sent US troops back to the battlefield because, as we know, Trump always avoided military action, including in

Vietnam, where he escaped the draft.

The point is this: a rich man with an agenda which is purely about self-gratification and self-enrichment is taking the world down a very dangerous route. Can we stop him? I don't know. At the time that we're recording this, NATO is meeting in Turkey. But Trump is making dangerous noises, and it appears that the 31 other nations in NATO have no idea how to stop him doing so. And Israel is still a dangerous party in all these actions, refusing to create a ceasefire in Lebanon.

The tinderbox around the Gulf still exists. We face massive potential economic consequences. Nobody should pretend otherwise. Trump has crashed again. That's the point. Remember it, because we need to plan for the consequences of that, and the plans involve how we manage the risk of recession and even depression.

Do we need a new economic narrative to manage that?

Do we need a new world order to manage that?

Those are the questions at the moment. They're ones that I will almost inevitably be coming back to time and time again on this channel because this issue is not going away, however much the world's financial markets like to pretend it might.

That's what I think. What do you think? There's a poll down below. Please share your comments. Let us have your likes, if that's what you do with regard to this video, and please, if you'd like to support us, these videos do cost money to create, and your donations help. Thank you very much.

Poll

[poll id="449"]