

OPINION

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The US is distracted while Europe is on the brink of economic abyss

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Donald Trump

President of the United States from 2017 to 2021



Trump's legal wranglings are proving a distraction - STEFANI REYNOLDS/AFP via Getty Images

The man who many believe will secure the Republican nomination for the presidency is facing a series of criminal charges.

The wellbeing of the [sitting, octogenarian president](#) is a source of concern, while a scandal over the business dealings of his

son Hunter grows more troubling as more details come to light.

With the presidential election a little more than a year away, the American political system has become intensely dysfunctional, incapable of rational debate, and struggling to choose serious candidates for its highest office.

The trouble is, this turmoil could hardly come at a more perilous moment for foreign policy and the global economy. From driving growth, to “de-risking” from China, to supporting Ukraine, the West needs American leadership more than ever.

The circus that surrounds Donald Trump was back last week. [The former president appeared in court to face a fresh set of charges](#) that he conspired to overturn the result of the 2020 election. To his critics, events of January 2021 amounted to an attempted “coup d’etat” that should disqualify him from ever again holding office.

To his supporters, the charges are politically motivated show trials designed to prevent the people’s champion from running for office.

If he is found guilty, he could face years in prison. But if he is elected president before the trial concludes, he could conceivably call off the prosecution, or indeed pardon himself.

All the while, these charges have done little to dent his popularity within certain sections of the Republican Party. With the campaign of his most prominent rival, the Florida governor Ron DeSantis, slowly imploding, Trump holds a commanding lead.

Meanwhile, many figures within the Democrat Party may have hoped Joe Biden would [gracefully stand aside after the completion of his first term](#), instead of trying for another four years when he is already in his 80s.

There is little prospect of that now. In the background, the scandal over the business dealings of his son Hunter is rumbling, threatening to drag the president into the same legal swamp as his great rival. American politics has rarely been so bitterly partisan. Yet the West desperately needs America to lead. Here’s why.

First, it is a vital driver of growth. Europe remains trapped in a cycle of rising taxes and stagnation. Earlier this year, it was reported

Germany had entered a recession. Despite a €200bn euro package of grants and loans from the EU, Italy’s GDP fell 0.3pc in the second quarter.

In April, [France’s debt was downgraded by Fitch following months of civil unrest](#) and years of chronic overspending. Japan’s demographic crisis is accelerating: its population fell by 800,000 last year.

It is true that much of the \$400bn that Biden is spending subsidising “green energy” and micro-chip manufacturing is likely to end up being wasted, or consume resources which could have been used more productively in the private sector. But in the United States, inflation is coming back under control, and the jobs market is still growing.

The country needs leaders who can control spending, rationalise its tax system, and promote entrepreneurship rather than deploying state subsidies to grow the economy.

Instead, the deficit is getting bigger and bigger, with little political will to bring it under control.

Joe Biden won the US presidency promising a return to consensus policymaking, but there is a risk that, with the Republican Party tied up in electoral and legal wranglings, there won’t be sufficient opposition to his radicalism on issues from stimulus to the regulatory state.

Second, China is becoming increasingly assertive. Its recovery might be spluttering as it emerges from lockdown: its growth missed forecasts in the second quarter of the year, adding to concerns over youth unemployment and a weak property sector. But it is still expected to expand by more than 5pc this year. Importantly, it is pushing aggressively into a whole range of new industries.

BYD is emerging as one of the world’s major auto manufacturers, and [it is commencing a massive export drive](#).

With the domestically designed and built [C919 passenger plane making its first commercial flights](#), Boeing and Airbus may not dominate the aerospace industry alone for much longer.

support Ukraine in its efforts against Russian invasion may weaken.

Already, following these latest charges against Trump, the ratings agency [Fitch has downgraded US debt from triple to double A.](#)



China is pushing to break the Western dominance on planes - Shi Yuge/VCG via Getty Image

From green energy, to engineering to software and consumer goods, China is no longer a cheap manufacturing hub but a direct competitor in many leading sectors, and is forging ahead with attempts to war-proof its economy against possible sanctions and other pressures. Amid mounting concerns over an international disaster in Taiwan, the West must be united in preparing a credible economic deterrent.

Finally, it will take US leadership to stand up to Russian aggression.

There are widespread concerns that the Ukrainian counteroffensive is moving slowly, and “rasputitsa”, or “mud season”, will soon be upon us, making assaults and manoeuvres more difficult. The more the US is absorbed in domestic political issues, the more its resolve to

“Poor governance,” it said, placed a question mark over the long-term viability of its debts.

It was a stark reminder that America’s dysfunctional political system, and its addiction to borrowing and spending, cannot continue forever. Neither Joe Biden, heading into his mid-80s, nor Donald Trump, tied up in legal challenges, are capable of providing that.

We can no longer maintain a false sense of security: the rules-based liberal order is under threat. War has returned to Europe. Economies across the continent are struggling after lockdowns and energy crises. The Western alliance must be kept together, the US must marshal its strengths. Its political turmoil is coming at the worst time.

