Where Is the European Economy Headed?

(Translated)

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The question facing Europe is no longer merely about how to restore economic growth rates, lower inflation, or contain energy crises; it has evolved into a much deeper inquiry: How can the continent maintain its strategic security without sacrificing its industrial capacity, and how can it shield its economy from global competition without abandoning the economic model that drove its prosperity for decades?

Since the end of the Cold War, Europe has built its economic model on three pillars: cheap Russian energy, open trade with the Chinese market, and a reliance on the United States for security. This model created an ideal environment for the flourishing of European industry—particularly in Germany, which became the engine of the European economy by combining low-cost energy, vast foreign markets, and the security stability provided by the American umbrella.

However, this equation began to unravel gradually, then collapsed rapidly with the outbreak of the Russia-Ukraine war. Europe lost its primary source of cheap energy, and production costs soared to unprecedented levels. Simultaneously, economic relations with China entered a phase of strategic uncertainty, while the United States shifted from being merely a security ally to an economic competitor seeking to lure European investments and industries to its own shores.

Amidst these shifts, a new challenge has emerged: the need to rebuild European defense capabilities. Years of reduced military spending and reliance on NATO have left many European militaries ill-prepared to face an increasingly volatile security environment. Consequently, European governments rushed to increase defense budgets and launch extensive programs to modernize their militaries and expand military industries.

However, these security imperatives collided with a highly complex economic reality. The continent simultaneously requires massive investments to rescue its civilian industries, support the transition to a green economy, advance technology, foster innovation, and maintain competitiveness vis-à-vis the United States and China. Amidst limited resources, high public debt levels, and slowing growth, defense and industrial spending have found themselves competing for the same financial pools.

Thus, Europe faced an equation it had not encountered in decades: security demands a robust industrial base, and industry requires enormous investment, yet increased military spending drains the resources available to support the civilian economy. At the same time, the continent cannot fully close its markets to China—given its reliance on Chinese products and supply chains—nor can it match the scale of financial incentives the United States offers to attract industries.

This paradox is neither a temporary financial crisis nor merely a direct consequence of the war in Ukraine; rather, it reflects a profound shift in the structure of the global economic system. Competition is no longer decided solely by trade volume or low production costs; instead, it is increasingly measured by a nation's ability to protect its industries, secure its supply chains, and transform the economy into an instrument of geopolitical power. Thus, understanding current European policies requires looking beyond economic decisions in isolation from the strategic environment; instead, one must recognize that Europe has entered a new phase—shifting from the logic of an open-market economy to that of a national-security economy. In this new context, industry, energy, technology, and defense spending have become interconnected elements of a broader struggle to redefine the continent’s position within an international order increasingly characterized by polarization and great-power rivalry.

The days ahead hold many surprises, particularly on the economic and geopolitical fronts; the impending changes will inevitably reshape the prevailing international order. All indicators suggest that this order is losing its legitimacy by the day, showing signs of age and frailty. It awaits only the emergence of an alternative ideology possessing the qualities of leadership to sweep it from the face of the earth.

No ideology is capable of this save the Islamic ideology; it alone can steer the world toward safety and deliver it from the hardship in which it has been mired for decades.

For this ideology to emerge on the global stage and spread its light and justice, it requires sincere men—men who have honored their covenant with Allah (swt) and resolved to resume the Islamic way of life and establish the Khilafah Rashidah (Rightly-Guided Caliphate), thereby fulfilling the glad tidings of the Messenger of Allah (saw), **«ثُمَّ تَكُونُ خِلَافَةً عَلَى مِنْهَاجِ النُّبُوَّةِ» “Then there shall be a Khilafah (Caliphate) on the Method of the Prophethood.”**

O young men and women of the Islamic Ummah, the decision today lies in your hands. If we hold fast to the firmest rope, the Rope of Allah (swt), cast off these traitorous rulers and their lackeys, sever Western control over our lands and resources, and establish the Khilafah (Caliphate), then the Ummah’s honor and glory will—by Allah’s leave—be restored in the very near future. So come, and work with us to establish it, that we may hasten goodness for this Ummah and for the entire world.

Allah (swt) said, **﴿وَأَلَّوِ اسْتَقَامُوا عَلَى الطَّرِيقَةِ لَأَسْقَيْنَاهُم مَّاء غَدَقاً﴾ “And if they had remained steadfast on the path, We would have given them abundant water to drink”** [TMQ Surah Al-Jinn: 16].