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Europe between MAGA and MEGA

Donald Trump's return to the White House was the greatest challenge for European politics in 2025. Confusion prevailed. In 2026, EU leaders must find better solutions, turn the page and chart a way forward. This, however, requires a deeper analysis of transatlantic relations than what happened under the shock and resulted in some controversial behaviour and decisions by EU leaders. While we have been witnessing a drift month after month in 2025, the policy community started to outline options and alternative scenarios.¹

Transatlantic Humpty Dumpty

The US wanted to rearrange relations with Europe – this was expressed without ambiguity after the White House handover ceremony in January 2025. In February, the Munich Security Conference became a watershed moment, when US Vice-President JD Vance stole the show by, in reality, cancelling the 80-year-old transatlantic alliance. Two days earlier, US Defence Secretary Pete Hegseth had told NATO allies that Ukraine would not become a member and Europeans would need to take care of Ukraine's security without the US. To double down, Trump's Ukraine peace envoy, Keith Kellogg, who spoke in a 'town hall' meeting in Munich, clarified that neither Ukraine nor the EU will have a seat at the table when the US and Russia discuss the end of the current war.

Such a historic operation without anaesthesia can only cause shock, outrage and trauma. Washington's new line caused tremendous frustration in Europe, since the emerging trend was that the Trump administration wants to exercise power without leadership. Commentators spoke about betrayal when State Secretary Marco Rubio had no time to meet the High Representative of the European Union Kaja Kallas in February. The UK went

¹ See, for example: Alcidi, C. (2025) "Risks and opportunities in evolving EU-US financial and economic relations". CEPS, 12 November.

out of its way to please Donald Trump, who was invited to an unusual second state visit by King Charles in September.

The return of Donald Trump in January 2025 triggered not just tension but an immediate rupture in transatlantic relations. The Trump team's language was so harsh, and their decisions so consequential that, after a few weeks, commentaries started to use the word 'divorce'. To assume that we only need to be strong for four years and the US voters or governmental failure would bring back reason, with or without the Democrats, is not only naïve but wrong.

The change we are witnessing is systemic, and there will be no return to either Obama- or Biden-style alliance policy, even if there might be zigzags in policy and some corrections thanks to democratic pressures. US unilateralism has come back with ever-greater strength, ever since its first edition under the Reagan presidency had reached its peak. The transatlantic bond is broken beyond repair, like Humpty Dumpty after his fall.

Trump, trade and tariffs

Trump wasted no time in declaring hostility towards Europe. He alleged that the EU was created just to take advantage of the US. This is, of course, a lie. Post-war economic integration (which is not well explained for most students of the subject either) was rooted in the way the US arranged post-war reconstruction in Western Europe. Forming the European Coal and Steel Community was a consequence of the Marshall Plan (officially the European Recovery Program, ERP) conditionality, to the extent that the designers of the ERP insisted on economic integration among the beneficiary countries.

While the US played a stabilising role in the post-war period (starting with the ERP), it became a destabiliser from 1971 onwards. The 1970s started with the Nixon shock (1971), which ended US dollar-gold parity, introduced emergency tariffs and ended with the Volcker shock (1979), which was a massive hike of US dollar interest rates. All this spurred deeper (and wider) European integration to offset risks resulting from unilateral US actions, in the form of the European Monetary System and then the Economic and Monetary Union (EMU). The Transatlantic Trade and Investment Partnership (TTIP) in the post-crisis decade (2010s) was the last attempt to create a transatlantic economic cooperation framework on the basis of partnership, that is, between equals. Barack Obama was keen on this, and so was the Christian Democratic-Liberal government in Germany. The first withdrawal from TTIP negotiations took place between the 2013 Bundestag elections and the 2014 European Parliament elections, mainly in view of environmental and social concerns on the European side. But then the process was relaunched – until the first Trump administration killed it, driven by unilateralist instincts.

Trump's fundamental problem with the EU is structural. The EU is by definition connected by rules (internal and external), economic openness and liberal democracy. The Trump team's purpose is to force Europe to abandon these aspects, or perhaps to dissolve altogether. What's worse, there are signs that some European leaders would find it easier

to reconcile with the new conditions Trump sets for transatlantic relations than to stand up for the integrity of the EU. They are working on becoming ‘Trump-compatible’ (instead of Trump-proof) at national and EU levels. This would mean accepting a satellite role (‘special relationship’), just like the UK did in the 1980s. The risk we are facing today is that of ‘Englandisation’, which is a scenario of subordination beyond existing dependencies. The difficulty in maintaining good transatlantic relations comes with the challenge of maintaining strategic cohesion within the EU itself.

Trump's best friend in Europe

The European leader most cordially welcomed in the White House in 2025 (November) was Hungarian Prime Minister Viktor Orbán. Orbán had assumed the role of the black sheep, and a kind of universal troublemaker of the EU, who hinders collective action more often than not. However, he never presents himself as anti-EU, knowing that Hungarian citizens are overwhelmingly pro-EU, and his own voters are also in favour of continued membership. He knows very well that EU membership is vital for the Hungarian economy, so his aim is not quitting but reshaping EU governance according to his preferences. ‘Europe of nations’ is a well-rehearsed Fidesz slogan, and occasionally, they put forward ideas like abolishing the European Parliament.

‘Make Europe Great Again’ (MEGA) was the slogan of the Hungarian presidency² of the Council of the European Union in the second half of 2024. It was partly about trolling EU leaders, who, at the time, except for Viktor Orbán himself, publicly rooted for Joe Biden and later for Kamala Harris to save the White House from Donald Trump and the MAGA movement. But it was also about the propagation of an ultra-conservative agenda, which suggests restoring the strength of Europe by relying on old rather than new solutions. When speaking about the EU, Orbán tends to push a narrative which suggests that, in reality, he defends the EU’s original construct and states that the threat to integration comes from those who insist on adding further, unnecessary or harmful elements, like ‘gender ideology’ or climate policy. While he is now the longest-serving EU prime minister, he never includes himself in the EU elites, but pretends to represent the people, who are by (his) definition culturally conservative. Talking heads of Fidesz never miss an opportunity to stress the need for returning to Europe’s Christian roots. In 2019, Orbán and Fidesz did vote for Ursula von der Leyen to become Commission president, but now they consider her a failure, for giving in to green, gender, rule of law and war ‘ideologies’ in her first mandate, and for supporting Ukraine against Russia all along.

Orbán’s dream is a Europe led by Meloni and Le Pen-type politicians. And, as the recent presidential elections in Poland and Romania proved, he is not without allies and followers in the EU’s Eastern member states. Social democratic parties have weakened in most countries of this region, as compared to at the time of joining the EU, while the

2 On the 2024 Hungarian presidency, see: Rankin, J. (2024) “‘Make Europe Great Again’: Hungary sets scene for its EU presidency”. *The Guardian*, 30 June.

combined strength of parties belonging to the European Conservatives and Reformists Group and Patriots for Europe Group is astonishing (especially if we also include Austria in this geographical area).

Populism and growing far-right influence have been a problem across Europe: from Germany to Italy, and from Sweden to Portugal. But it is the Polish-Czech-Hungarian trio of Central European countries that inherited the British mantle of Euroscepticism. These three countries have remained outside the eurozone, with no plans to join in the foreseeable future, and find it hard to support policies that are needed for a deep and genuine EMU. Donald Trump and JD Vance offer an elevated platform to those who speak against the EU, from Orbán to Farage, and the German AfD in between, practically to undermine the geopolitical ambitions of Europeans.

From ‘Brussels effect’ to ‘EU defect’

Even before the boost for the defence dimension came openly onto the EU agenda, Commission President Ursula von der Leyen had been talking about leading a ‘geopolitical commission’ since 2019. Such expressions carry the promise of greater influence on the international stage. However, in the last year, we have seen the manifestation of the opposite: European weakness. The reason for this is that, from the very start, Ursula von der Leyen built her geopolitical strategy on the assumption of US leadership. But the US was not building this European dependency for no reason. The masterplan is about using the EU as a buyer of US products, which otherwise Europeans would not need. This is necessary for the US because it has been struggling with a chronic trade deficit, which eventually threatens US solvency and the hegemonic role of the US dollar.

Last summer, European leaders – with the notable dissent of Spanish Prime Minister Pedro Sánchez – accepted the US demand to drive up military expenditure to 5% of annual GDP, in the hope that the general tariff level would be just 10%. But Trump, who wants to maximise the gains from this asymmetric relationship, imposed tariffs at the 15% level. Then the EU accepted these 15% tariffs in the hope that perhaps Trump would not walk away from the war in Ukraine.

But then in August, Europeans had to witness Trump not only hosting Vladimir Putin in Alaska, but also blaming Biden, rather than Putin, for the war and dropping the demand for a ceasefire and whole sanctions agenda. The reality is that no genuine trade negotiation took place between the EU and the US. The US did not make any concessions. Even more dramatic is that the EU leadership failed to stand up for multilateralism in the field of international trade and echoed Trump’s false narrative about ‘rebalancing’ instead. Besides, promises were made that European companies would turbo-charge investment in the US, which contradicts the genuine needs of the EU (as outlined by the Draghi report,³ among others).

3 Draghi, M. (2024) “The future of European competitiveness”. European Commission.

For years, we heard about the ‘Brussels effect’ – the power of the EU single market in the world – which is preparing the EU to play a role in international affairs commensurate with the size of its market. What we learned recently is that it is not the size of the EU’s market, income level or population that matters here, but that the EU is dependent, and even subordinated, to the US in several areas.

European dependencies

Leaders of EU countries – especially after joining forces with the UK in geostrategic cooperation – should have exerted greater persuasive power in Washington in all respects: both in trade negotiations and regarding the future of the war in Ukraine. However, it seems that the EU’s economic power cannot be easily converted into global political influence due to various types of dependencies. The EU appears today as a kind of ‘strategic periphery’ for the US, with key dependencies in play on military-security issues, digital services and energy supply. The most visible and current is that Europe is dependent on the US for its security. NATO, founded in 1949, is still a legacy of the Cold War, but it has survived its original mission and continued to expand. This also means that more and more European countries are subordinating their military-security issues to US policy, and now even former neutral countries (Sweden and Finland) have stopped classifying themselves as such. Theoretically, there would be a way for Europe to become independent and emancipated – this was also part of the thinking about ‘strategic autonomy’⁴ for years. But this direction is hampered for many reasons, for example, the importance of nuclear weapons, technological dependence and the need for coordination, which all lead directly to the acceptance of hegemony.

The EU’s dependence on US digital services means that most purchases in Europe now also go through US service providers⁵ (through market research, product search, payment, etc.), which also means that, in most of these digital operations, an American company either receives revenue or useful information. This is no longer a product of the Cold War, but of the period since then, when Europeans thought they could keep up with the rapid pace of global economic change without a meaningful industrial and technological policy. Now the US wants to extend its dominance in this area even further and demands that the EU dismantle its regulation of digital services.

Energy dependence on the US would have been unthinkable a few decades ago, and even five or six years ago we could not have imagined that we would end up where we are right now. The US can export liquefied natural gas, which Europe did not particularly need before the war. If what Ursula von der Leyen promised Donald Trump in Scotland really comes true, the EU will replace its unilateral dependence on the East with a Western one in the area of gas imports.

4 About the development of the concept, see, for example: Beaucillon, C. (2023) “Strategic autonomy: A new identity for the EU as a global actor”. European Papers, 2(8): 417-428.

5 See Fabry, E. (2025) “Over-dependencies in services: A blind spot in the EU economic security strategy?” Institut Jacques Delors, 10 June.

Monetary evolution

To some extent, the EU remains dependent on the US's monetary hegemony as well. European monetary cooperation was intended, from the beginning, to filter out the instability caused by the volatility of American politics. The then 12 EU member states decided at the end of the Cold War to create a currency union to reduce American dependence. But the euro has so far only really functioned internally, with minimal external functions. In the quarter of a century since its creation, the single currency has failed to significantly increase its share of international trade and reserves, which contributes to the EU's structural weakness.

Following decades of US-induced financial instability, the euro was created to provide stable monetary foundations for the single market, but also to push European integration beyond the point of no return. Since its creation, it has been a potential rival to the US dollar in the international monetary system. However, despite European leaders talking the talk occasionally, this potential has not been exploited. In 2018, the European Commission presented ways to further strengthen the euro's global role, but without practical follow-up ever since.

During and after the eurozone crisis, first it was four and then five presidents of various EU institutions who drafted ambitious plans for a reform of the EMU, but most of those proposed measures remained on paper. More recently, in the aftermath of the 'Trump shock', European Central Bank President Christine Lagarde⁶ outlined what measures in finance, trade and security would be needed to really move forward. Hosted by the Jacques Delors Centre of the Hertie School in Berlin (26 May), she explained that the EU could now make a leap towards a greater international role of its currency, which would bring clear benefits materially but also strategically.

Finance (including the 'savings and investment union') is absolutely central for Europe, not simply to become great again but to be able to stand on its own feet. And from this point of view, US policy towards Europe remains a decisive factor. The US financed Western Europe's reconstruction after World War II and remained a stabilising actor until 1971, when Nixon took the dollar off gold parity, and thus, gave a stimulus to European monetary integration. Facing risks of global disintegration, the Obama administration made efforts to support the EU in times of crises (by encouraging collective solutions to the eurozone debt crisis and by discouraging Brexit), but more lately, the Trump and Biden administrations intensified economic warfare against the EU in various forms.

When it comes to the economy, finance and currency, EU leaders should talk with non-US players. And not only Canada and Norway, but also the BRICS countries. In particular, the EU and China could play the necessary stabilising role in monetary relations that could underpin an open trading system, which the rest of the world would most likely appreciate (including half of the USA). However, Europe can only become a stabiliser in the world if it

⁶ See Lagarde, C. (2025) "Earning influence: Lessons from the history of international currencies". European Central Bank, 26 May.

acts consistently and addresses its own external imbalances. This – according to Thomas Piketty⁷ – would require a more active demand management in the single market, and a transition to a social, environmental and equitable growth model.

Strategic ambiguity

The concept of ‘strategic autonomy’ has served as an umbrella term to express the EU’s ambition to match its economic weight with adequate international influence. This development, however, was reversed in recent years, and the EU is becoming a strategic US periphery. If this continues, the trend would lead to a satellite role (‘special relationship’), similarly to the UK’s since the 1980s. The risk the EU is facing today is that of ‘Englandisation’, which is a scenario of subordination beyond existing dependencies. National and EU leaders who demonstrate readiness to appease Donald Trump, to help out the US in its deficit reduction efforts with weapons purchases, and to dilute or shred EU policies in favour of a neoliberal programme (pushing deregulation and financialisation), all serve a MAGA instead of a MEGA agenda at the expense of European strategic autonomy and ambition.

Objectively, what would make the EU great is a progressive agenda for strategic autonomy. The EU should be more united in a commitment to sustainable development internally, but also by assuming a leading role internationally for the same purpose. Preserving and perhaps even improving social and environmental standards, while becoming more influential as a union in the world. Such a program requires deepening (i.e., a much larger common budget and risk sharing), allows for some further enlargement and relies on mutually beneficial cooperation with our neighbourhood, combining development and stability. However, such a program crucially lacks support among EU member states, be they from the West or from the East.

⁷ See Piketty, T. (2025) “Rethinking the world without the US”. *Le Monde*, 15 April.