



PROGRESSIVE YEARBOOK 2026







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FOREWORD

Europe beyond the shock

In 2025, even at the centre and on the right side of the European political spectrum, many references to Antonio Gramsci were made. The great Italian anti-fascist thinker wrote in his prison notebooks: “The old world is dying, and the new world struggles to be born: now is the time of monsters”.

When a handshake between Donald Trump and Vladimir Putin becomes the symbol of this monstrous period, it is not at all clear what kind of new world wants to be born. What was clarified in 2025: the transatlantic alliance is broken, and the departure of the United States from the common platform of international law and liberal values will have a great impact on how peace will be restored on our continent and what kind of economic and social model we can maintain and develop in the foreseeable future.

With so many unexpected twists and turns, 2025 was a year when the resilience of EU policies was thoroughly tested. EU leaders found themselves in a maze, not always knowing when a policy action would serve a MAGA or a MEGA objective. MAGA has become the code name for the new American nationalism and unilateralism, while MEGA could refer to an agenda to deepen EU integration with economic prosperity and social justice at its heart, and make a decisive move towards European sovereignty. MAGA and MEGA would not have been contradictory some decades or even years ago, but now, the new era of hostilities threatens basically everything the EU member states have built since the end of the Cold War.

In this seventh edition of the FEPS Progressive Yearbook, we are looking back on this rollercoaster year. The challenge to our democratic polity and social market economy has not been limited to external factors. In 2025, the true consequences of the recent European Parliament elections became apparent, and the pro-European centrist bloc has been systematically undermined by a flirtation and occasional collaboration between the centre right and the far right. The seriousness of this should not be underestimated.

What was a skirmish last spring, became a full-scale attack on European democratic values, regulatory autonomy and the integrity of the EU single market. If, under such circumstances, the EU decides to adapt and remain ‘constructive’, it risks backsliding in all possible areas: climate policies; consumer rights; and even gender equality. In this situation, the question is not only how to resist but also how to develop and uphold a progressive alternative that is both principled and practical.

If 2025 was a ‘Year Zero’, 2026 must be the beginning of the recovery, developing a new strategy and mobilising intellectual resources. The chronology of 2025 enables readers to look back, and the predictions at the end of the volume stimulate further thought about

the next stage. In this phase of reconstruction, it is also the role of progressive think tanks to draw attention to outstanding academic achievements, which we have also connected with the choice of the Progressive Person of the Year.

The exact prediction of how political, economic, social and cultural developments will unfold in 2026 is not possible. The point, however, is that the EU cannot just be a witness; it must be the creator of the new era, starting with Eastern Europe, where peace and reconstruction appear at the heart of the agenda. It is not enough to just repeat as a mantra that the EU needs to become a defence actor; we also need a genuine strategy to reconcile the construction of European sovereignty with the strengthening of social cohesion and environmental sustainability.

Thematically focused chapters on the big issues of our time, policy and specific country studies structure this yearbook, as well as the assessment of the highlights of EU politics that help us move forward against the strong headwinds of this turbulent period. With such reviews of scholarly investigation and detailed stocktaking, we want to make analysis more sophisticated and policies sounder, ensuring that all this can make a difference when it comes to political practice.

The congress of PES in Amsterdam in 2025 announced mobilisation (in Europe and beyond) to be the focus of our collective ambition and action in the coming period, and this needs to gain momentum in 2026. Thanks to the authors of this yearbook, we can reflect on the necessities, clarify opportunities and sharpen the arguments to face the struggles that lie ahead.



LOOKING
BACK

European chronology 2025

January

- 1 Poland takes over the presidency of the Council of the European Union (EU) under the motto “Security, Europe!”.
Bulgaria and Romania become full members of the Schengen area.
Austria, Finland and Sweden celebrate the 30th anniversary of their accession to the EU.
Liechtenstein legalises same-sex marriage, becoming the 37th country to do so.
- 10 The European Copernicus Climate Change Service reports 2024 as the hottest year ever, exceeding 1.5 °C warming.
- 12 Zoran Milanović (Social Democratic Party) wins a second term in Croatia's presidential election.
- 20 Donald Trump takes office as the 47th president with James David Vance as vice president. On this same day, the new president issues a number of executive orders to halt all foreign aid programmes and to cut equity, diversity and inclusion initiatives throughout the federal government. He also withdraws the US from the World Health Organization and the Paris Agreement on Climate.
- 24 Over 60,000 people protest across Slovakia against Prime Minister Robert Fico's policies.
- 28 Serbian Prime Minister Miloš Vučević resigns, following nationwide protests over the deadly collapse of a railway station canopy in Novi Sad.

February

- 2 The first measures of the Artificial Intelligence (AI) Act enter into force, strictly regulating the use of AI in Europe.
- 4 The EU-UK Summit takes place in Brussels, focusing on post-Brexit relations.
- 5 Israel withdraws from the United Nations Human Rights Council.
- 6 Justin Trudeau resigns as prime minister of Canada.
- 9 ‘Patriots for Europe’ (the European party that includes, among others, the *Freiheitliche Partei Österreichs*, *Rassemblement national* (RN), Fidesz, Lega and Vox) hold a rally in Madrid under the theme “Make Europe Great Again”.

- 10-11 France co-chairs, with India, the Artificial Intelligence Action Summit in Paris, attended by 1000+ participants from over 100 countries.
- 12 Konstantinos Tasoulas (New Democracy) is elected president in Greece's presidential election.
- 14 US Vice-President JD Vance delivers a confrontational speech against Europe at the Munich Security Conference.
- 15 After 15 months of conflict, the Israeli government and Hamas negotiate a ceasefire deal that includes the exchange of prisoners. The ceasefire enters into effect four days later.
- 16 Mahamoud Ali Youssouf is elected as the chairperson of the African Union Commission.
- 18 US and Russian officials meet in Saudi Arabia and agree to 'normalise' relations between the two countries.
- 19 Croatia completes the process of joining the European Economic Area.
- 23 In the German federal election, the conservative CDU/CSU bloc emerges victorious, while the *Alternative für Deutschland* (AfD) secures a historic second place, leaving the SPD third.
- 28 A press meeting in the Oval Office between US President Donald Trump and Ukrainian President Volodymyr Zelenskyy ends in a fierce dustup.

March

- 1 After weeks of mutual accusations of breaching the ceasefire, the first phase of the ceasefire between Israel and Hamas expires without agreement on a second phase.
- 2 During the London Summit on Ukraine, the UK and France announce they would provide security guarantees in Ukraine, led by a European 'Coalition of the Willing'.
- 3 After complex negotiations following September 2024 elections, a three-party government coalition is formed in Austria; SPÖ leader Andreas Babler becomes vice-chancellor and Minister for Housing, Arts, Culture, the Civil Service and Sport.
- 8-17 The 2025 Special Olympics World Winter Games are hosted in Turin, Italy.
- 11 Ukraine carries out its largest drone strike on Moscow since the beginning of the war.
- 12 Romania's Constitutional Court confirms the ban on far-right candidate Călin Georgescu for the presidential race.
- 13 Rodrigo Duterte, former president of the Philippines, is taken into custody following an arrest warrant issued by the International Criminal Court (ICC) for crimes against humanity.

14 Huawei lobbyists are banned from entering the European Parliament's premises following bribery accusations against MEPs of various political groups

15 Tens of thousands of protesters gather in Belgrade in a major anti-government demonstration.

The US unlawfully deports Kilmar Ábrego García, a Salvadoran immigrant who had irregularly entered the country in 2011 but had since received protection under federal law. His wrongful deportation triggers a legal battle and he is eventually brought back to the US.

18 The German Bundestag votes in favour of an amendment of the Basic Law that will allow the reform of the infamous debt brake. The reform is primarily aimed at facilitating large-scale rearmament. The Bundesrat votes in favour three days later. Israel launches a widespread airstrike on Gaza, killing at least 591 people, including children. The attack ends the ceasefire agreement reached in January.

19 The EU High Representative for Foreign Affairs and Security Policy presents a "White Paper for European Defence – Readiness 2030", aiming to provide a framework for the ReArm Europe Plan and to outline a new defence strategy.

Istanbul mayor and presidential candidate Ekrem İmamoğlu, from the Republican People's Party (the main opposition party in Turkey), is arrested on corruption and terrorism charges. Widespread protests begin throughout the country.

22 FEPS' Call to Europe takes place in Warsaw.

31 Marine Le Pen (RN) is banned from running for political office for five years, after being found guilty of embezzling EU funds.

April

2 President Donald Trump announces a broad package of import duties ('Liberation Day').

3 Hungary announces its intention to withdraw from the ICC during a state visit by Israeli Prime Minister Benjamin Netanyahu, despite an outstanding ICC arrest warrant.

3-4 The first EU-Central Asia summit is held in Samarkand (Uzbekistan).

13 In the Finnish regional elections, the Social Democratic Party emerges as the largest party nationwide.

Mario Vargas Llosa dies at age 87.

14 The EU unveils a €1.6 billion, three-year aid package to 'stabilise' Gaza and the West Bank.

21 Pope Francis dies at age 88 on Easter Monday, after leading the Catholic Church since 2013.

28 A massive blackout hits the Iberian Peninsula, causing extensive power outages across Spain.

Federal elections take place in Canada following Justin Trudeau's resignation as prime minister in March. Mark Carney (Liberal Party), former governor of the Bank of Canada, becomes the new prime minister.

30 US Treasury Secretary Scott Bessent and Ukrainian First Deputy Prime Minister Yulia Svyrydenko sign a minerals deal, establishing the US-Ukraine Reconstruction Investment Fund.

May

2 Germany's domestic intelligence agency, *Bundesamt für Verfassungsschutz*, lists the AfD as a right-wing extremist organisation.

6 Federal elections are held in Germany. Friedrich Merz (CDU) is elected chancellor to replace Olaf Scholz (SPD). Lars Klingbeil (SPD) becomes vice-chancellor and Minister of Finance in the new grand coalition.

7-8 Cardinal Robert Francis Prevost is elected pope, taking the name Leo XIV, becoming the first North American pontiff and the first one with a PhD degree (in Canon Law).

9 French President Emmanuel Macron and Polish Prime Minister Donald Tusk sign a treaty on security and cooperation.

11 In the Albanian parliamentary election, the incumbent Socialist Party led by Edi Rama is re-elected and retains a majority government.

13-17 The Eurovision Song Contest 2025 takes place in Basel, Switzerland. The contest is won by Austria with the song "Wasted Love", performed by JJ.

16 The sixth meeting of the European Political Community is held in Tirana, Albania.

18 In the Portuguese legislative elections, the centre-right coalition of the Social Democratic Party (PSD) and CDS-People's Party (CDS-PP) wins the most seats. In Romania's presidential election, Bucharest mayor Nicușor Dan (pro-EU, centrist) wins, defeating the far-right candidate George Simion (AUR).

Russia launches 273 drones at Ukraine; its largest drone attack since 2022.

20 The European Council adopts a 17th round of sanctions against Russia. The Hungarian parliament approves a bill to initiate the country's withdrawal from the ICC.

23 Russia and Ukraine begin their largest prisoner exchange since the start of the war, involving 1,000 prisoners each over three days.

US President Donald Trump announces 50% tariffs on EU imports starting 1 June.

25 Parliamentary elections are held in Venezuela. President Nicolás Maduro's United Socialist Party of Venezuela (PSUV) retains its majority in the National Assembly. Many opposition politicians, including María

Corina Machado, call for a boycott of the election in response to the fraudulent results of the July 2024 presidential vote.

June

- 1 In the second round of Poland's presidential election, conservative nationalist Karol Nawrocki (Law and Justice (PiS) party) is elected president, defeating the centre-right Warsaw mayor Rafal Trzaskowski (Civic Platform).
Ukraine launches hundreds of drones from deep inside Russian territory, targeting long-range strategic bombers at Russian airfields.
- 3 Bahrain, Colombia, the Democratic Republic of Congo, Latvia and Liberia are elected as non-permanent UN Security Council members for two years.
- 6 Protests erupt in Los Angeles in response to Immigration and Customs Enforcement (ICE) arrests and deportations of undocumented immigrants.
- 9 The Israeli Navy seizes the Gaza Freedom Flotilla's flagship vessel and detains its occupants (including Swedish activist Greta Thunberg and MEP Rima Hassan).
- 10 Ten people are killed and more than 30 others are injured after a gunman opens fire at a school in Graz, Austria.
- 13 Israel launches a short war against Iran, targeting nuclear facilities, scientists and key military leaders, without a legal basis (codename: Operation Rising Lion).
- 14 The so-called "No Kings" protests against Donald Trump's authoritarian policies take place in many US cities, as well as Canada, Europe, Japan and Mexico.
- 16-17 The 51st G7 summit takes place in Kananaskis, Canada.
- 24 Zohran Mamdani, a member of the Democratic Party and of the Democratic Socialists of America, wins the Democratic primaries ahead of the New York City mayoral election.
- 24-25 A NATO summit is held in The Hague.
- 28 Budapest Pride takes place, despite facing political pressure and bans by the government, with massive participation and international solidarity.
- 29 Over 140,000 people protest across Serbia, demanding the resignation of President Aleksandar Vučić.
- 30 The Fourth United Nations Conference on Financing Development starts in Seville (Spain).

July

- 1 Denmark takes over the presidency of the Council of the EU under the motto "A strong Europe in a changing world".

The Trump administration dismantles the US Agency for International Development (USAID).

- 8 The European Council and the European Parliament accept Bulgaria's request to adopt the euro.
- 10 The European Parliament rejects a motion of censure tabled by the European Conservatives and Reformists (ECR) against the European Commission president (175 votes in favour, 360 against).
- 10-11 The Fourth Ukraine Recovery Conference is held in Rome.
- 14 The French Legion of Honour is awarded to Gisèle Pelicot for her courage in testifying in the case about her decade-long sexual abuse.
- 16 Ursula von der Leyen presents the Commission's proposal for the new Multiannual Financial Framework for the 2028-2034 period to the European Parliament.
- 23-24 Antonio Costa and Ursula von der Leyen visit Japan and China and discuss trade relations and global imbalances.
- 24 Earth Overshoot Day: the date at which humanity uses more natural resources than Earth can regenerate in a year.
- 27 EU and US agree on a trade deal in Scotland, with a baseline 15% tariff for European exports to the US, leaving in place a 50% tariff on steel and aluminium. Von der Leyen also promises to boost Europeans' investment in the US by \$600 billion and spend more on military equipment and energy.
- 28-30 The High-Level International Conference for the Peaceful Settlement of the Question of Palestine and the Implementation of the Two-State Solution is held in New York under the auspices of the United Nations.

August

- 4 Over 10,000 European hotel owners sue Booking.com for blocking lower prices on their own sites, seeking compensation for the period 2004-2024.
- 5 Rimantas Šadžius (Homeland Union – Lithuanian Christian Democrats) is appointed acting prime minister of Lithuania after Gintautas Paluckas' government collapses.
- 6 Karol Nawrocki (Law and Justice) becomes president of Poland, succeeding Andrzej Duda.
- 8 Armenia and Azerbaijan sign a peace deal during a ceremony held at the White House by President Trump. The deal should put an end to 37 years of hostilities regarding the Nagorno-Karabakh conflict, but a comprehensive settlement is still missing.
- 15 Russian President Vladimir Putin travels to Anchorage (Alaska) to meet with US President Donald Trump to discuss ending the war in Ukraine and cooperation between the two countries.

- 18 European leaders (Ursula von der Leyen, Keir Starmer, Alexander Stubb, Volodymyr Zelenskyy, Emmanuel Macron, Giorgia Meloni, Friedrich Merz and Marc Rutte) visit Donald Trump in the White House to discuss the situation in Ukraine and further support.
- 22 Famine is confirmed in Gaza.
- 26-28 Members of the European Parliament and members of the EU national parliaments meet in Copenhagen for the Inter-Parliamentary Conference on CFSP/CSDP to align on EU foreign, security and defence policies.

September

- 1 Chinese President Xi Jinping hosts a leader-level meeting of the Shanghai Cooperation Organization attended by Vladimir Putin (Russia) and Narendra Modi (India), among others.
- 2 US forces strike civilian boats operating near Venezuela. The administration justifies the attacks, asserting that the targeted craft were being utilised for smuggling and terror operations.
- 3 China celebrates the 80th anniversary of the end of World War II in Asia with a massive military parade in Beijing's Tiananmen Square.
- 4 The Coalition of the Willing meets in Paris to discuss security guarantees for Ukraine.
- 8 In the Norwegian parliamentary election, Prime Minister Jonas Gahr Støre's Labour Party-led coalition retains its majority.
The Bayrou government in France collapses after losing a no-confidence vote.
- 8-9 The Gen Z protest in Nepal, fuelled by economic dysfunction and widespread youth disillusionment, turns into a political crisis.
- 9 In her speech on the State of the Union, Ursula von der Leyen proposes a reparation loan for Ukraine.
The 80th UN General Assembly opens in New York City, during which the UK, Canada, Australia and France recognise Palestine.
Israel attacks the Hamas leadership in Doha, Qatar.
Russian drones breach Polish airspace during a large-scale attack on Ukraine.
- 10 Charlie Kirk, an American right-wing activist, is assassinated during an event in Utah.
- 11 Brazil's Supreme Federal Court convicts former President Jair Bolsonaro and sentences him to 27 years in prison for his involvement in the 2022 Brazilian coup plot.
- 16 A United Nations commission of inquiry declares that Israel has committed genocide against Palestinians in Gaza.
Robert Redford dies at age 89.

- 17 The EU outlines a set of sanctions against Israeli Prime Minister Benjamin Netanyahu and urges EU member states to freeze European assets and ban inter-EU travel.
- 25 Former French President Nicolas Sarkozy is sentenced to five years in prison for criminal association.
- Lithuania's parliament approves Inga Ruginienė (LSDP) as the new prime minister.
- 25-26 The Global Progress Action Summit is held in London, co-hosted by IPPR, CAP and Labour Together.
- 28 In Moldova's parliamentary elections, Maia Sandu's pro-European PAS secures over 50% of the votes.

October

- 2 The seventh meeting of the European Political Community takes place in Copenhagen, Denmark.
- 3-4 In the Czech parliamentary elections, the Action of Dissatisfied Citizens (ANO) party, led by Andrej Babiš, wins the most votes (35%). The Social Democrats (SOCDEM) fail to return to parliament.
- 4 During the local elections in Tbilisi, Georgia, protestors attempt to storm the Orbeliani Palace.
- 6-10 Spanish Prime Minister Pedro Sanchez convenes the Open Government Partnership (OGP) Global Summit in Vitoria-Gasteiz, calling on reformers to defend democracy amid rising threats.
- 7 The European Parliament upholds the parliamentary immunity of MEPs Péter Magyar (EPP), Klára Dobrev (S&D) and (narrowly) Ilaria Salis (The Left), rejecting requests from Hungarian authorities to lift it.
- 9 Israel and Hamas reach an initial Gaza agreement, moving closer to a ceasefire nearly two years into the conflict.
- Ursula von der Leyen emerges 'strengthened' after another motion of censure (put forward by The Left group) is defeated in the European Parliament.
- 10 The Nobel Peace Prize is awarded to the Venezuelan liberal activist María Corina Machado.
- 11 Diane Keaton dies at age 79.
- 13 Leaders from 30 countries and major international organisations meet in Sharm El Sheikh to discuss the next steps in implementing the Gaza peace plan.
- 16-18 PES Congress takes place in Amsterdam. Delegates welcome one new full member (Place Publique, France), and two new associated members (Party of Freedom and Justice/SSP, Serbia, and Vetëvendosje/LVV, Kosovo), but also expel Slovakia's SMER party.

19 Items from the French crown jewels are stolen during a robbery at the Louvre in Paris.

25 Independent left-wing candidate Catherine Connolly wins Ireland's presidential election.

29 A general election is held in the Netherlands after the collapse of the Dick Schoof cabinet; Democrats 66, led by Rob Jetten, emerges on top. Frans Timmermans' GL-PvdA comes fourth, keeping 20 seats in the 150-member House of Representatives (down from 25).

30 Italy's Senate approves a sweeping judicial reform, advancing Prime Minister Giorgia Meloni's flagship constitutional overhaul, despite fierce opposition from magistrates and the centre-left opposition.

Buckingham Palace announces that Prince Andrew will be stripped of all titles and evicted from the Royal Lodge due to his association with Jeffrey Epstein.

November

4 Zohran Mamdani wins the New York City mayoral election (defeating former Governor Andrew Cuomo, among others).

7-8 The first EU-Ukraine Progressive High-Level Conference of PES, S&D & the PES Group in the Committee of the Regions with Ukrainian and European parties is held in Kyiv.

10-21 The COP30 summit takes place in Belém, Brazil.

11 The European Court of Justice confirms the validity of the 2022/2041 'minimum wage directive' (with minor corrections).
Istanbul Mayor Ekrem İmamoğlu faces a potential sentence of several centuries after Turkish prosecutors filed 142 charges against him. The move is widely condemned as a politically motivated crackdown on the opposition.

13 The European People's Party (EPP) teams up with ECR and far-right Patriots for Europe to pass a law to simplify corporate sustainability reporting and weaken due diligence requirements, inviting criticism across Europe, including from Chancellor Friedrich Merz, who labels the rightward turn of the EPP "a fatal mistake".

18 The governing Social Democrats suffer heavy losses in the Danish local elections.

22 A 28-point peace plan for Ukraine is tabled by Washington DC after exchanges with Moscow; this is criticised as far too favourable to Russia (especially regarding territorial concessions).

22-23 The G20 leaders meet in Johannesburg, South Africa.

25 The European Court of Justice orders all member states to recognise same-sex marriages and ensure equal treatment for same-sex couples.

- 26 The European Parliament calls for a social media ban on under-16s (while countries such as France, Germany, Greece, Italy and Spain are considering such restrictions).
- 28 President Zelenskyy's powerful chief of staff and closest ally, Andriy Yermak, resigns following exposure of a high-level corruption network.
- 29 FEPS' Call to Europe takes place in Copenhagen, Denmark.

December

- 1 Canada commits to participating in the EU's Security Action for Europe initiative.
- 3 The 25th edition of the Silver Rose Awards takes place in Brussels; awards are given to former MEP Agnes Jongerius (Lifetime Achievement) and La Via Campesina (Just Transition Award) for advancing social and green justice.
- 4 The US releases its new National Security Strategy, with a harshly anti-European tone, and reviving the Monroe Doctrine.
Former HRVP Federica Mogherini resigns as rector of the College of Europe following fraud accusations.
- 8 The European Parliament and EU member states reach an agreement on the Omnibus I simplification package aimed at "reducing complexity and enhancing efficiency".
- 11 Prime Minister Rosen Zhelyazkov's government resigns after less than one year in office over corruption claims and fiscal reforms and following mass protests in the country.
- 14 Far-right Jose Antonio Kast wins Chile's presidential election, leveraging voter fears over rising crime and migration, defeating leftist candidate Jeannette Jara.
- 15 Czech President Petr Pavel appoints a government led by Andrej Babiš (ANO), including the far-right Freedom and Direct Democracy (SPD) and Motorists' parties.
- 16 The European Parliament supports the "My Voice, My Choice" initiative, calling for safer and more accessible abortion care across the EU.
- 17 The Council of the EU and the European Parliament, with the backing of right and far-right lawmakers, reach a provisional agreement on EU legislation, which will tighten the Union's migration policies, including the revision of the 'safe third country' concept and the controversial 'return hubs' in non-EU countries.
Thousands of Lithuanians protest against a law to expand government control over the state broadcaster.
- 19 The European Council agrees to lend Ukraine €90 billion through joint borrowing (with three countries opting out) and rejects the idea of using immobilised Russian assets.

23 President Zelenskyy unveils a 20-point peace plan with security guarantees and an EU accession path for Ukraine, while the Ukrainian army fully withdraws from the crucial Donbas city of Siversk.

24 The US State Department sanctions five European citizens, including former EU Commissioner Thierry Breton, accusing them of efforts to censor speech on social media.

28 President Zelenskyy meets Donald Trump in Florida to discuss a peace framework (a Trump-Putin phone call takes place afterwards, while Zelenskyy briefs some European leaders).
Albin Kurti's centre-left ruling party (*Vetëvendosje* or Self-Determination, LVV) wins Kosovo's snap election with 50% of votes.
Brigitte Bardot dies at age 91.

30 Denmark becomes the first country in the world to end letter delivery.

BRUNO JEANBART

Democracy without comfort: The 2025 European realignment

Electoral dynamics in six European Union countries in 2025 are analysed, highlighting a deep political realignment termed 'Democracy Without Comfort'. Contrary to fears of apathy, the year is characterised by civic engagement and record voter turnout, demonstrating the enduring commitment of voters to democratic processes. Paradoxically, however, this mobilisation acts as a harsh sanction against incumbent governments, which have been weakened by inflation and geopolitical instability. This illustrates the 'burden of power'. The study also reveals that populism is now firmly rooted in the political landscape, having evolved from a mere protest vote into a pivotal force capable of dictating the political agenda and building coalitions. This phenomenon is rooted in a common matrix of economic and identity insecurity. In conclusion, Europe is entering a phase of demanding democracy, in which citizens use their vote as a means of sanctioning the loss of control over their destiny.

The year 2025 did not feature a single, unifying European-level election comparable to the European Parliament elections of 2024. Yet, taken together, the national elections held in six countries of the European Union (EU) in 2025 form a quite coherent political picture.¹ These contests – from Germany's snap federal election to Portugal's repeated legislative instability and Central Europe's decisive electoral shifts – paint a picture of a continent undergoing deep political realignment rather than episodic protest.

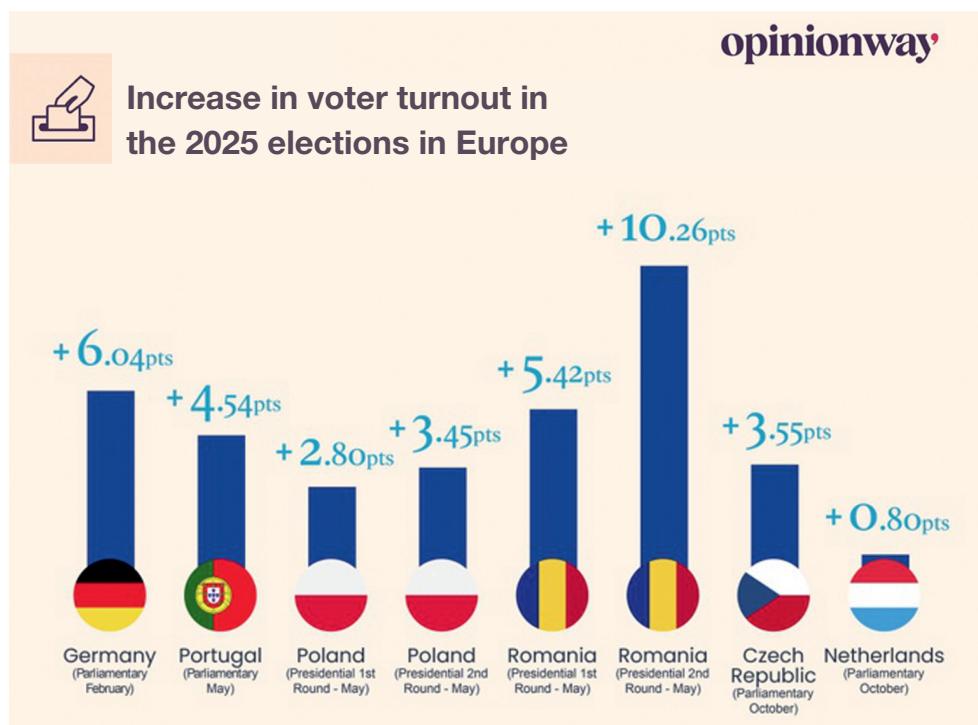
At first glance, the outcomes appear fragmented. Different electoral systems, political traditions and national contexts produce varied governing coalitions and institutional consequences. However, beneath this diversity lies a common structure of political tensions: weakening trust in mainstream governance, weariness with outgoing government coalitions, the normalisation of radical alternatives and rising electoral volatility. In most of

¹ Parliamentary elections in Germany (February), Portugal (May), Czech Republic and The Netherlands (October), Presidential elections in Poland and Romania (May).

these countries, the issues at stake in the election remained focused on the cost of living, but the shadow cast by the war in Ukraine and transatlantic relations also crept into the political debate.

The civic upsurge of 2025: A contested but vibrant democracy

One of the most striking lessons to be learned from the 2025 European elections is the significant increase in voter turnout. While the dominant media narrative focuses on the ‘crisis of democracy’ or the rise of extremes, the raw figures tell a different story: that of renewed electoral engagement. Far from the apathy or abstentionism that often characterises tired democracies, Europeans turned out *en masse* to vote, using the ballot paper as a weapon of sanction or protection. In all six countries, turnout was higher than in the previous election.



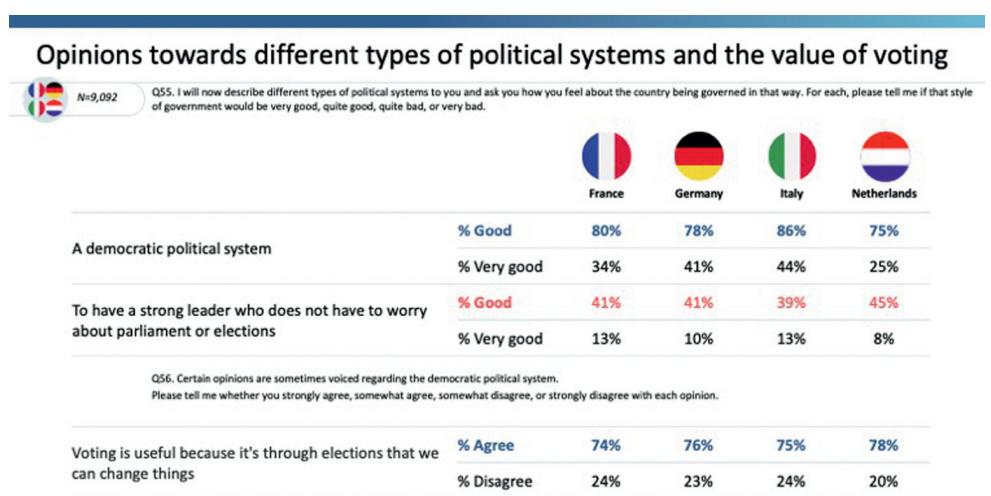
Source: elaboration by the author based on OpinionWay data.

In Germany, for example, the turnout of 82.54% not only represents a significant increase of +6.04 points compared to the 2021 election, but also a historic result, as the highest turnout ever recorded was in 1998. Similarly, the second round of the Polish presidential

election attracted 71.63% of voters, the highest turnout ever recorded for a presidential run-off in that country, and +3.45 points higher than in 2020. Lastly, the second round of the Romanian presidential election saw a spectacular turnout of 64.72%, a jump of more than 11 points from the first round and 10 points from 2019. Only in 1996 was a higher turnout recorded in a second presidential round in this country.

This increase in voter turnout means that talk of the ‘death of democracy’ needs to be qualified. Voters may contest the elected representatives and policies in place, but they do not reject the electoral mechanism; instead, they may even invest in it to their advantage for various reasons. Political fragmentation and the rise of radical parties (AfD in Germany, Chega in Portugal, ANO in the Czech Republic) have had the paradoxical effect of reviving public debate. These new parties are succeeding at both bringing back to the polls voters who had tended to desert them and sometimes also mobilising others against their potential victory. In Romania, civic electoral mobilisation defeated the far right in the second round, proving that the electorate remains the ultimate safeguard.

This attachment to democracy is reflected in the annual data from our survey on political confidence carried out in several European countries. In the four countries included in the 2025 survey,² between 30 and 46 points more people think that “having a democratic political system” is a good thing, rather than “having a strong man at the head who doesn’t have to worry about parliament or elections”. Similarly, between 74% and 78% agree with the idea that “it is useful to vote because it is through elections that things can change”.



Source: OpinionWay for SciencePo: political trust barometer/wave 16 February 2025.

2 Political trust barometer Cevipof/OpinionWay wave 16 (2025) survey in France, Italy, Germany and the Netherlands.

The burden of power: The difficulty of incumbents

The 2025 election year proved to be a difficult one for governments in power. To begin with, three of the four legislative votes were early elections, resulting from a government coalition failing to hold on to power (Germany, Netherlands) or being unable to escape censure because it was in a minority in the outgoing assembly (Portugal). At the same time, three of these coalitions were defeated at the end of the election, with only the party of the outgoing Portuguese prime minister managing to emerge victorious (although without securing an absolute majority to guarantee its survival). In the current European context, marked by inflationary and security crises linked to the conflict in Ukraine, the exercise of power increasingly appears to be a political handicap. This is particularly striking in Germany, where the SPD has recorded its worst federal result in history (16.41%), the Greens are down by more than three points and the FDP has disappeared from the Bundestag. But the same can be said of the Netherlands, where the, in reality incumbent, Geert Wilders' PVV (the driving force behind the coalition, even though the prime minister was independent) was punished for causing instability. After bringing down the government it supported on the migration issue, the PVV lost its gamble. It slipped to second place with 16.75% of the vote and lost 11 seats. The other coalition partners, the VVD (liberals) and the BBB (farmers), also stagnated or fell back. By calling early elections, the incumbents opened the door to a constructive opposition force (D66) that embodied stability. From a certain point of view, the victory of the PiS-backed candidate in the Polish presidential election over Rafal Trzaskowski, a year and a half after the changeover of government, also symbolises the difficulty for the powers that be to maintain themselves in the next election.

The rejection of incumbents thus appears to be a structural condition of European politics in the 2020s. Voters tend to regard any majority in power as being responsible for a 'permanent state of crisis', regardless of its political colour.

Populism takes root and normalises

If 2025 is marked by political fragmentation, it is above all the year in which populism has taken structural root in Europe. It is no longer a simple 'wave' of protest, but a political force capable of winning elections, blocking institutions or redefining the media agenda, even in the event of defeat. Although they have taken different forms in different countries, all of these elections confirm their lasting place in European political life.

Populists are no longer just noisy opponents, but also dominant forces capable of winning the day and finding allies. Andrej Babiš and his ANO party crushed the legislative competition with 34.52% of the vote and 80 seats (+8 compared to 2021). Like Victor Orbán, he has transformed a liberal party into a sovereignist and illiberal formation, claiming allegiance to Donald Trump and opposing the Green Pact and military aid to Ukraine. At the same time, the election of Karol Nawrocki (supported by the PiS) to the Polish presidency with 50.89% of the vote confirms the resilience of Polish conservative populism.

In a different form, the two leaders succeeded in forming a coalition that secured a majority. Karol Nawrocki benefited from a massive carryover of votes (87%) from far-right libertarian candidate Slawomir Mentzen to win, reuniting the various radical right-wing parties at the ballot box. Unlike in 2021, Babiš then managed to forge alliances that gave him hope of forming a government, by joining forces with Tomio Okamura's extreme right-wing party (15 MPs) and the new 'Motorists for themselves' group (13 MPs) focused on defending the internal combustion engine.

At the same time, these elections confirmed the deepening roots of populist forces in Germany and Portugal. With 20.8% of the vote (+10.5 points) and 152 seats (+69), the AfD has become the country's second political force and the leading opposition party. The AfD has managed to capitalise on insecurity (knife attacks) and inflation, while benefiting from outside support, such as that of Elon Musk, who described the party as "the last ray of hope". Despite a *cordon sanitaire* maintained by the CDU, the AfD is dictating part of the agenda, forcing the traditional right to take a much harder line on migration. In Portugal, Chega obtained 22.56% of the vote (+4 points), now hot on the heels of the Socialist Party. This result confirms the end of the 'Portuguese exception' in terms of right-wing populism. With 58 MPs, Chega holds the key to parliamentary stability, forcing the centre-right minority government to navigate a perilous course. And although down seven points in the Netherlands, the PVV remains the country's largest party, with 26 seats, in a tie with D66 (centre-left).

Romania offers another example of populism taking root, in a matter of months and under exceptional circumstances. On one hand, unprecedented digital influence operations (aided by Russian interference via TikTok) propelled Calin Georgescu to the top of a first



Source: elaboration by the author based on OpinionWay data.

round, which was finally cancelled at the end of 2024, with almost 23% of the vote. On the other hand, a fusion of populist votes around the AUR candidate, George Simion, occurred after Georgescu's exclusion from the new ballot in May 2025, with Simion securing almost 41% of the vote and a 20-point lead over the runner-up. All this was indirectly supported this time by the comments of US Vice-President JD Vance, who saw the cancellation of the first election as a sign of the decline of "electoral freedom" in Europe. Even though George Simion hit a glass ceiling in the second round and was beaten by Nicușor Dan, the moderate mayor of Bucharest, thanks to a massive civic mobilisation, the AUR has meanwhile become the second political force in Romania's parliament.

More than ever, populism is no longer an anomaly in the European landscape; in many countries, it has become the main alternative or a pivotal force in political life.

Insecurity in the broad sense as a matrix for the populist vote

In recent European elections, exit polls and post-election surveys have told the same story. Populism is rooted in a common matrix: economic insecurity; identity insecurity; mistrust of traditional parties; and the impression that only a breakaway vote will finally make people listen.

Immigration and asylum are a divisive issue everywhere: it is the number one issue cited by voters in right-wing populist parties (PVV, JA21, FvD, AfD, Czech SPD, Chega), while at the aggregate level it never comes top but is outranked by economic issues, peace or health. Immigration is therefore at the heart of the identity of populist electorates, linked to the powerful feeling of parties or candidates who defend 'people like me'. This confirms the data we collected in four European countries in 2024:³ anti-immigration attitudes are strongly correlated with political affiliations. When controlling for voter demographics, the highest levels of opposition to immigration are found in the RN and Reconquête in France, the AfD in Germany (all above 90%), the Italian Lega (80%) and Fratelli (86%), and Law and Justice (69%) and Konfederacja in Poland (66%), which confirms the strong resonance of immigration in the populist radical right. In all four countries, anti-immigration attitudes are most prevalent among populist radical voters, making them significantly different from the rest of the electorate, and such attitudes generally follow a monotonic left-right distribution.

But the strength of populists lies in their ability to take a broad view of economic concerns and the destabilisation they cause among Europe's populations. In the Netherlands, housing was one of voters' priorities during the election, and surveys show that this was almost as much the case for Wilders voters as for D66 voters. Chega voters in Portugal also made housing one of their main reasons for voting. Similarly, in the Czech Republic, Babiš was able to tap into economic discontent and the feeling that the Fiala coalition was not doing enough to protect living standards.

3 Political trust barometer Cevipof/OpinionWay wave 15 (2024) survey in France, Italy, Germany and Poland.

The 2025 election year also confirms that the geography of the populist vote often follows the same pattern: an overperformance in rural outskirts and small towns, compared with metropolises that tend to be held by the centre and the left. In Portugal, for example, Chega is gaining ground in a number of rural or semi-rural inland districts, such as Beja/Alentejo, historically a left-wing stronghold, but also in the tourist areas of the south (Algarve), where there is a housing crisis, insecure jobs and an influx of new residents. Here too, the gains are mainly being made at the expense of the traditional parties (PS, sometimes PSD), which seem incapable of responding to the deterioration in living conditions. In the Czech Republic, ANO scored best in structurally weak regions: Karlovy Vary, Ústí nad Labem and Moravia-Silesia often exceeded 40% for Babiš, far ahead of Prague, which is more affluent and educated, where the centre-right (Spolu) remains strong. The AfD is now the leading force in most of the eastern *Länder*, particularly in sparsely populated industrial regions in decline, where ageing, the departure of young people and weakened public services are fuelling a feeling of abandonment that is making people feel insecure. In contrast, the major cities of the West (Rhineland, Hamburg, Munich, West Berlin) remain largely dominated by the CDU/CSU, the SPD and the Greens.

These areas suffer from a combination of economic insecurity (low wages, insecure jobs, restricted mobility, and limited access to healthcare and services) and identity insecurity (resulting from a feeling of abandonment and misunderstanding on the part of urban elites), which are perceived as further threats to their already fragile way of life.

The erosion of consensus in the face of the conflict in Ukraine

The 2025 election year also raises the question of the consensus on support for Ukraine, which seemed to be the norm on the European continent. In Germany, the AfD and the BSW party (radical left) campaigned for ‘peace’ (in other words, an end to support for Ukraine). The AfD has a very clear line: opposition to NATO; an end to arms supplies; the opening of negotiations with Russia; and the resumption of Russian gas purchases. In the Czech Republic, Babiš criticised aid to Kyiv. In Poland, the issue of Ukrainian grain strained relations, and the PiS candidate played on a ‘Poland first’ sentiment. Although he adopted a very tough stance towards Russia, he was also much more critical of Kyiv and congratulated Donald Trump on his ‘peace’ efforts. In Romania, George Simion’s anti-war rhetoric has taken him to new heights. Europe now seems divided between leaders who stay the course and a fringe of the electorate that is more reticent about the cost of war. Admittedly, none of these elections resulted in a pro-Russian, anti-NATO majority coming to power. But the intensity and cost of support for Ukraine often became a campaign issue. Populists have developed several ways of challenging support for Ukraine:

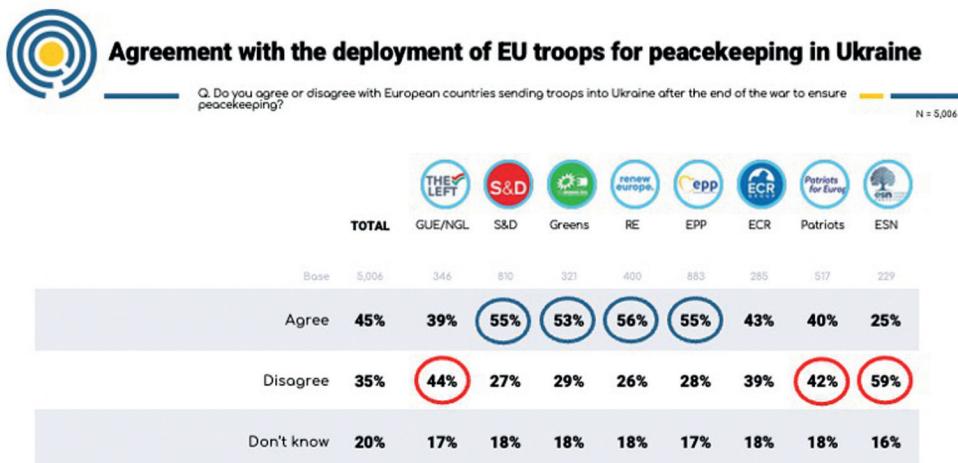
- a ‘pacifist’/‘pro-peace’ register that refuses arms deliveries in the name of peace and neutrality;

- a ‘domestic’ register: ‘our citizens first’ – money, housing, services for nationals before Ukrainians; and

- a ‘sovereignist’ register: denunciation of the ‘diktats of Brussels’, sanctions and asylum quotas, where Ukraine is one issue among others symbolising an overly intrusive EU.

Their electorate is not insensitive to this, as underlined by a Polling Europe survey we carried out in March 2025: 42% of voters of the parties making up the Patriots group and 59% of those forming the ESN are against sending European troops to Ukraine to maintain peace after the conflict.⁴

Russia is a player in these recompositions through its suspected interference in the electoral process. The Romanian case shows direct interference (digital campaign in favour of an extremist candidate, massive cyberattacks), with the political effect of strengthening the forces contesting support for Ukraine.



Source: polling Europe, March 2025.

Taken as a whole, the 2025 polls suggest that Europe is entering a phase of ‘democracy without comfort’. While citizens remain attached to democratic procedures, they are growing less tolerant of economic insecurity and the widespread feeling of losing control over their own destiny.

This new situation is not the result of a single shock – whether it is the war in Ukraine or the energy crisis – but rather the cumulative effect of a series of successive crises: the pandemic and its effects; geopolitical instability; and inflationary shock.

In this context, the rise of the far right should not be reduced to a purely cultural revolt, nor should it be seen as a simple wave of protest destined to subside. It is one of the

4 Polling Europe survey among citizens of the EU, March 2025.

possible responses – and undoubtedly the most structured today – to a profound crisis of economic and democratic expectations.

For progressive forces, there are three imperatives to avoid new forms of democratic erosion. Firstly, we must regain the initiative on the economic front by making positive and tangible offers on wages, housing and public services. Secondly, to neutralise rather than ignore the challenges of migration by combining control and humanity within a coherent narrative. Finally, to consider the worried middle classes as a central audience in their strategy, rather than a residual variable.

The future of European democracy will depend on the ability of political actors to construct credible narratives that link material conditions and symbolic anxieties. It is a question of offering genuine protection and reimagining a shared horizon, without tipping over into exclusion or resentment.

LÁSZLÓ ANDOR

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.



PROGRESS IN EUROPE

ANIA SKRZYPEK

To be the antithesis is not enough

In 2025, it became clear that a new world is emerging, and that the European Union will not be able to stand tall in this new world by merely trying to patch diverse wounds while holding onto nostalgic images of old partnerships. Instead, the situation calls for a new type of doctrine, a compass to leave the standstill, get out of the defensive trenches and navigate the way forward. The time has come to present a realistic and forward-looking project. Not an antithesis to anything or anyone, not one that aims to object and defend, not one based on being shocked and responding, but one that can energise and encourage. It is a complicated yet necessary task.

Readers with an interest in biographies and progressivism were delighted in 2025. Memoirs by three extraordinary leaders were published, each of whom has broken some historical records and been followed with much admiration by a broad international audience. These are evidently the former prime ministers of New Zealand, Finland and Sweden: Jacinda Ardern; Saana Marin; and Magdalena Andersson, respectively. And while their memoirs are very personal accounts of what these brilliant women leaders have aimed for and what they believe to be their driving forces now, in these complex and not infrequently depressing times, they also impart some common lessons to readers. One of them was most explicitly articulated by Jacinda Ardern in the context of her experiences as the head of government during the period overlapping with Donald Trump's first presidential mandate. She wrote that she had the impression that people often saw her as his antithesis, which may have brought her attention, but was not enough of a credential to design and implement progressive politics successfully. The political creativity in finding solutions to people's and global problems should not be seen as a response to these, but rather to what other politicians are doing. The strength to persevere and fulfil the programmatic promise must come from within the politician and political movement themselves.

This is a very insightful observation, especially for progressive Europeans. Yes, it is understandable to revolt against the vicious words of the US president, who claims that the European Union (EU) is clueless and weak. Indeed, there is reason to feel compelled to prove him wrong. There is also a sense of obligation to do so publicly. Evidently, while not

many are familiar with what the European treaties state or what is in the new Multiannual Financial Framework, it seems that almost everyone is aware of what the US National Security Strategy outlines and has an opinion about it. However, as one hears current leaders yet again express frustration, calling it all “shocking” and “the last wake-up call”, one cannot resist having the impression that this is insufficient for Europe to re-emerge as a powerful force amid tectonic geopolitical shifts.

Now, as anyone who plays competitive sports knows, once you give in and start playing someone else’s game, you will be beaten at it, regardless of how great individual players are and how many things the team has championed thus far. And that is even when the conditions of fair play are sustained. This wisdom also applies to politics, of which an infinite number of proofs can be found in history. It is truly perplexing to see that Europe has been in defence for a long time, with the most chastening moment possibly being in the summer of 2025, when the trade agreement between the EU and the US was presented. It was terrible from a PR standpoint (at President Trump’s golf resort), unacceptable from the position of those in favour of international institutions and the multilateral world order, and demeaning economically and politically. In fact, except for the vague argument that this allowed us to move on from the topic, as coined by European Commission President von der Leyen, who on the occasion promised deliverables that still remain in the sole power of member states, there is literally nothing positive that a progressive pro-European can say about this arrangement. And here one has to say, echoing the brilliant title of René Repassi’s FEPS Progressive Page: *submission is not a strategy*. Providing a proper strategy instead requires going beyond some cognitive dissonance regarding EU-US relations and accepting that what the past was is gone. There is no need to resort to phrases like “it is complex” when the transatlantic relationship has visibly deteriorated. A new world is emerging, and the EU will not be able to stand tall in it, trying to patch diverse wounds while holding onto nostalgic images of old partnerships. Instead, the situation calls for a new type of doctrine, a compass to leave the standstill, get out of the defensive trenches and navigate the way forward instead. And here progressives should sense the momentum that they can still be the ones to provide.

We have a choice

The reader may argue that the need for a progressive doctrine of European integration has been there since Robert Schumann presented his declaration in 1950. However, while conservatives often claim that the legacy of the establishment of the Communities and subsequent steps of unification were the achievements of their representatives, the progressive contribution to the process must not be overlooked or depreciated. It was social democrats who forged a new way of thinking about the European decision-making process; one that would not be confined to narrow national perspectives but instead represents the broader political view. The vote that saw Paul Henri Spaak become the first chair of the Common Assembly was an example of it. Another was the concept of Social Europe, which

was first coined at the Confederation of Socialist and Social Democratic Parties' enlarged congress in Bonn in 1973, allegedly by Willy Brandt himself, to help unite the socialist family. At that point, there were still several sceptics of European integration, seeing it as a market-driven, and hence, liberal-imposing process. And then, yet another example of the centre-left's contribution was the Lisbon Strategy, which was the first attempt on that scale to focus the Union on its responsibility for full employment, providing quality jobs for all, and empowering and activating citizens for the new chapter of globalisation. These initiatives underpin the claim that several successful attempts have already been made to push Europe's unification onto a trajectory that aligns with social democratic programmatic priorities.

However, they also demonstrate that there are no times so dire that one cannot attempt to think big or even consider what at first glance may appear impossible. In fact, excuses about the harshness of the times are insufferable and have been disempowering enough, of which the best example is not even recent pandemics or the accumulation of challenges under the label of polycrisis, but the Financial Crisis and how progressive parties went from seeing that as an opportunity to adhering to the belief that welfare states were no longer affordable and austerity was the only path. The effect of this rationale resonated in the polls and was potentially the cause of the movement's current electoral and organisational state, more so than the ideological shifts and disagreements of the 1990s. One thing is to continue lamenting about the scale of difficulty, which only fuels the feeling that so many citizens already have about things slipping from everyone's control. The opposite is to follow the memorable words of Spanish Prime Minister Pedro Sánchez from this year's PES Mobilisation Congress in October in Amsterdam, who said instead that we always have a choice.

To depart from that liberating notion, one can ask about the nature of the choice today, and perhaps the first thing that comes to mind is to try to move from a debate on what is appalling today to what could be appealing in the future. Social democrats have effectively mastered the narrative based on ideas to defend and protect values, rights, public goods, the democratic system, the world of labour, minimum standards and more. However, if anything, this makes them part of the status quo, and through a certain intellectual and political shortcut, they appear not as part of a solution, but as part of the issue that many voters perceive as a broken system and consequently vehemently oppose. So, while they criticise the radical right-wing and illiberal forces for successfully selling an idealised dream of a possible return to the 'glorious' past, they themselves stick to what they know and believe in today, with a clear fear that this may soon be destroyed or otherwise gone. This is not a forward-looking approach and misses the positive story that the EU brings and will become in the future.

The positive story

Of course, in the current context, one can say that this is all easier said than done. However, the problem lies precisely in the fact that nothing of note is being said that would sound like a common European story worth engaging in. The EU lasts more than anything by

repeating that it stands firmly on its values, it will actively continue to support Ukraine until peace is restored in Europe and it will boost its defence capacities. From one summit to the next, the impression is that the number of problems and frictions is growing, beyond the ones caused regularly by Hungarian Prime Minister Orbán. And that the solutions being patched appear to follow the credo “desperate times call for desperate measures” rather than being a well-deliberated strategy, alienating rather than allying member states.

What may be paradoxical in this context is that the Eurobarometer and other surveys continue to point to the fact that the level of trust among Europeans in the EU and its institutions remains at an unprecedentedly high level (having also bounced back from a slight drop noted in spring 2025). Three quarters of respondents believe that their countries benefit from EU membership, and still, six in ten are optimistic about the EU’s future. These results may be trivialised by those who try to imply that these numbers seem even more elevated as confidence in national-level politics declines, but such an approach appears cynical. The tendency that has been showing the rise of trust has been stable, ever since the pandemic, at least, whereby the awareness about the EU seems to have grown and the notion “we are in this together” seems to resonate with Europeans. But the same surveys also demonstrate that, while Europeans understand that the EU must gain new capacities to protect itself in the era of international conflicts and confrontations, and it must ensure peace and stability in the short term, they still believe that the main issue which the Union, their respective states and policymakers should ensure is that financial means are spent first on employment, social affairs and public health; then on education, training, youth and culture; and only then on defence and security. This is what voters mean when they say that the EU must be economically stronger (83%), more assertive and stable. And this would suggest two conclusions. Firstly, Europeans do not see an unavoidable trade-off between warfare and welfare; perhaps it is also time for politicians to cease denoting one. And secondly, the fashion for debating secessions from the Union has passed. Perhaps the UK has served as a cautionary tale; perhaps there have been other factors at play. But if one accepts this hypothesis, one quickly faces a rather disturbing question: is it possible that EU citizens are nowadays more decisive and clearer about the Union they want than politicians in their thinking about how to arrive there?

It is not impossible, as the tendency for political elites to claim conservatism in their societies is not new and has been used frequently. Sometimes it has served as an actual excuse, as evidenced by questions of civil liberties and freedoms, and the way they have been rejected and legislated against in several countries in Central and Eastern Europe. However, what has made it even worse at the EU level recently is the sense of an era coming to an end; one shaped by the so-called grand coalition of conservatives and Christian democrats on one hand, and social democrats on the other. One can sarcastically say “be careful what you wish for”, as there have been countless debates concluding with the same claim that this grand coalition is what has been preventing real political debate on the future of Europe – with that European *pax politica* consuming the mainstream and leaving no space to distinguish between centre-left and centre-right. Those who claim that the previous arrangement was faulty must certainly despise the emerging one even more.

The division of the so-called top jobs and portfolios within the College was the first signal, but recent votes in the European Parliament (on deforestation law and on the Omnibus package) has led one to believe that a new front is emerging that spans from EPP to the fringes of the right. The centre-left and left have been very busy exposing it, elaborating on it and explaining in exhaustive detail why it is a disaster, while perhaps missing the point that this storyline puts them not only in the political defensive trenches but also appears as a decomposing political entity. It is a risky strategy with an unclear endgame, as this narrative is unlikely to scare off those who already vote for these parties under the motto, “shame on you, look what you have done”. And even if this would make them appear somewhat antithetical to the right-radical right block, as mentioned in the introduction, it is still not enough to succeed here.

Indeed, social democrats are not a majority in the Council, the Commission (of which the College has become very politicised in the last two mandates, regardless of the literal reading of the treaties) and in the European Parliament. What is new is that they are also not in the majority, which represents a qualitative change. One way to approach this is to act as a watchdog and a whistleblower. This has not brought much thus far. The other option is to propose an alternative, truly positive vision – disturbing the mantra, distracting from the exclusive focus on the hard right, and defining the new grounds on which the clash between democratic and illiberal models could actually be won.

A new horizon

With attention to the word limit and the fact that two claims have been made – one about progressives having a choice and the other about them needing an alternative positive story to liberate themselves from the proverbial trenches of the defensive discourse – at this culminating point of the text, I shall take responsibility and propose something tangible. Namely, how to frame such new, progressive, concrete terms.

The starting point is about setting a new horizon. Progressives have already made all possible deselection speeches, elaborating on which kind of Europe they do not want and what compromises they will never accept. This sets minimum benchmarks but is far from an ambition that could indicate progressives’ readiness to take on leadership. What is the EU that they want in the 21st century? What kind of generational project is that to be? What does this translate to when it comes to anticipating the challenges resulting from grand transformations – digital, ecological, demographic? What is the common agenda for social progress for all that can counterbalance the centrifugal forces between the regions and countries, as well as within societies? What should the rules be for the economy, and how should the budgetary means be spent to reflect a moderate version of a social contract? These may seem like questions that are not too innovative, but while they have been repeated so many times, haven’t they also been answered with lengthy documents that mostly boil down to the answer “it is complicated”? It would be unreasonable to claim that the challenges of contemporary times are not complex, but the mid-term of the EU’s

current legislative period is already next year; perhaps it is time to become somewhat bolder. At the perception level, conservatives offer a simplification in Europe that works, while the right-wing radicals' freedom within the Union of sovereign states is a valid point. Therefore, the competitive advantage of progressives is not an illegitimate question.

This is the key to unlock the potential that the already mentioned PES Congress in Amsterdam in October 2025 accumulated. It had been a long time since a gathering raised so many expectations and hopes, especially amid the electoral results in 2025. These saw social democratic parties falling behind the right-wing radical ones (as was the case in Portugal), as well as being eliminated from the parliament yet again, and the entire political system shifting to offer only the choice between right and radical right (as was the case in the Czech Republic). These gloomy results often outweigh the prospects that show there are also countries in which social democrats may return to power soon, and where, while in power and facing a challenging context, they still manage to reform internally and implement progressive policies. In that sense, coming together and participating in the launch of the brand-new 'global mobilisation' was reassuring and encouraging.

But for that drive to continue, it is time to discuss and decide. Not only what kind of Europe this generation of social democrats wants to build (and not only defend), but also what it should stand for when it comes to its role in the rest of the world. Peace, sustainable development, multilateralism – these are certain, but what does it mean in practice? What shall peace and security in Europe look like when one needs to think about it in broader terms than just the absence of armed conflicts? What shall the 'new partnerships' that all the talk is about be anchored in? When can the next enlargement take place, with whom and what will that mean for neighbouring countries? What about the concept of an open Europe, when defining migration, aid and trade policies? Each of these is a strategic question, on which the European movement continues to encounter frictions, making it even harder to imagine the promised broadening of the movement.

While the political momentum is there – and many wish to avoid becoming history, but rather make history instead – the time has come to present a real, forward-looking project. Not one that is an antithesis to anything or anyone, not one that aims to object and defend, not one based on being shocked and responding; it is complicated. But one that can energise and encourage. This is the time to make European progressivism a real doctrine – a concept with substance, promise and hope.

Progressive Person of the Year 2026

In politics, the year 2025 was characterised by a shift towards the right and 'backslicing' became a common expression in numerous policy fields. In the realm of economic policy, this meant a relapse to old-fashioned interpretations of competitiveness, focusing on deregulation and financialisation. Important reforms to revamp the Economic and Monetary Union and build a common fiscal capacity have stalled. And the European economy is not performing well.

Luckily, a great tradition in economic thought and, more broadly, in social sciences challenges the simplistic approach to the division of labour between states and markets. On the shoulders of 20th century authors like John Maynard Keynes, Joseph A. Schumpeter or Karl Polányi, progressive thinkers of our time outline not only how to attain more growth in GDP terms, but also how to build a different economy, which better serves social needs and environmental sustainability: how to think about capitalism in the 21st century and what is the way beyond are questions hiding behind the daily struggles of European politics and governance today.

Among contemporary economists, **Mariana Mazzucato** stands out as a voice of reason, as well as a tremendously inspirational writer and speaker. Ever since she published her seminal

Mariana Mazzucato is a professor at University College London, founding Director of the UCL Institute for Innovation and Public Purpose and author of *Mission Economy: A Moonshot Guide to Changing Capitalism*.



work on *The Entrepreneurial State*,¹ debunking public versus private sector myths has been her trademark. In the intellectual desert left behind by the neoliberal era, she has been a ray of hope, guiding young academics and older policymakers on how to avoid pitfalls and to find forward-looking solutions to complex problems of governance. Her latest book, *The Big Con*,² hammers home the argument about the crucial role modern public administration can play in economic governance as opposed to self-serving consultancy companies.

Very importantly, Professor Mazzucato is not an academic living in an ivory tower. Already ten years ago, she was a member of the Progressive Economy Scientific Board and keynote speaker of the Progressive Economy Forum organised by the S&D Group in the European Parliament, under the stewardship of then MEP Maria João Rodrigues. She then joined efforts to upgrade the European Union's research and innovation policies.

In 2025, she addressed the PES Congress and the industrial policy conference of the Italian PD. She has promoted progressive analysis and policies alongside South Africa's president and Albania's prime minister. Her voice has been heard in discussions on climate action, digital transformation and geopolitical resilience. For FEPS, she was the Progressive Person of the year 2026.

1 Mazzucato, M. (2011) *The Entrepreneurial State* (London: Demos).

2 Mazzucato, M. and R. Collington (2023) *The Big Con* (London: Allen Lane).

LÁSZLÓ ANDOR
interviews MARIANA MAZZUCATO

Economics on the left side

László Andor: *First of all, I would like to congratulate you, as we choose a progressive person once a year. This time, we not only want to highlight your academic contributions but also your involvement in the political debate. Recently, for example, we welcomed your video message at the PES Congress. You also addressed the Italian Partito Democratico conference on industrial policy, and I could list others. So, my first question is, what motivates you to be more active in politics than many of your fellow professors?*

Mariana Mazzucato: You know, there's a wonderful radio show called *Desert Island Discs* at the BBC, where they interview, in theory, famous people; they ask them to talk about their life and to choose eight songs. One of the songs I chose was *Which Side Are You On?* Because I think that's the point: we economists and academics like to pretend that we always have to be objective. But how we do our research, which assumptions underlie our theory, that's never objective. It's always subjective. Economics is a social science; it's not a physical one. So there are all sorts of different assumptions. Many of the problematic issues out there stem from the inability to take the climate crisis seriously, as well as our lack of reflection on how to design better solutions, rather than relying on parasitic public-private partnerships. I believe we have parasitic, not symbiotic, public-private partnerships.

These are decisions we make. There's nothing inevitable. And so, for me, the challenge is to convince policymakers that they need to better understand that economics has embedded within it very problematic assumptions, which then determine what happens on the ground. It's very hard to have better results – whether it's on inequality, on climate change, on the financialisation of the economy – without new economic thinking and vice versa. At my institute, we take working with policymakers seriously and strive to apply the lessons learned on the ground to theory. We call this practice-based design. I'm just as interested in the theory as I am in the policy, practice and politics. However, I think the dynamic between the two will make both better.

LA: Is it too simple to say that progressive politics requires progressive economics? And I'm asking this because a lot of people consider economics a very technocratic, politically neutral science. So, how do you envision the scope for progressive economic policy in today's market systems?

MM: First of all, the word progressive economics, I think, has led to lazy economics. It doesn't really mean much. What we want is a progressive result. Economics has to be the theory of how we understand how the economy works. It's not necessarily progressive or non-progressive. The question is, what do we do with it? What do we do with those economic tools to render the world, the planet, our cities, our regions or our nations progressive in the sense of more sustainable or inclusive? So, less inequality and more productive investment, rather than just financialised assets being bought and sold. And of course, tackling the biggest problems of our time, from water to biodiversity to climate. So, the term 'progressive economics' – I actually think it's part of the problem. But what does the state do? And in the capitalist economy, is it fixing market failures or is it actively shaping the market? That's not a normative point. You can shape markets in a terrible way, so that they end up creating all sorts of problems. The theory is about fixing versus shaping. According to the traditional theory, the public sector can, at best, mitigate a market failure. Whereas my work, drawing on the one by Karl Polanyi, is more about shaping. To shape markets instead of fixing them, leading to progressive outcomes, you need very specific tools, instruments and designs of public-private relationships.

Another issue, I think, is that young people in the movement for rethinking economics have gone overboard by saying that economics is technocratic. They say that there's too much mathematics. However, my point is that there's wrong mathematics. There's mathematics from Newtonian physics that should be mathematics for biology.

Of course, we also need case studies. It can't just be mathematical or technical. Of course, we need qualitative studies, but it shouldn't be just an accusation of 'Oh, they have too much maths and we need to bring it back to something more user-friendly', because you can have all the problems of the theory that I and others have highlighted, even in non-mathematical economics.

So I don't really buy the technocratic bit either. I try my best to both nurture new students through the PhD program and the master's program, to work with policymakers to bring the lessons to the ground. And what we learned, for example, is how to design a development bank in a way that can actually foster a green transition, to the theory of development banks, to the theory of public finance.

So, the arrows go both ways: using new economic understanding and new economic thinking to drive a progressive economy. And on the ground, when you open the can of worms, whether it's the Chips Act in the US, whether it's what Lula is trying to do with the ecological transition, and in particular, the use of a very active public bank in Brazil, bringing those lessons back to the theory.

That's about the dynamic and static aspects of economics, bringing a lived experience from the policymaking side back to make the theory itself better.

LA: I would like to draw your attention to the EU policy debate, specifically the Draghi report, as the EU has been focusing on competitiveness over the last year or so, perhaps to the point of obsession. And I really wonder, what do you think about this discussion about the Draghi report, and how exactly the EU leadership has been using it?

MM: Good point. So the reason I wrote *The Entrepreneurial State* back in 2013 was to combat the false myths that, in some ways, have come back into the Draghi report, which is we need to spend more on research and development, to have a unified also demand, because, when you have the US Department of Defense using its procurement budget to allow start-ups to scale up, that's much more than we have in Europe, where we're all divided up into our little markets. The assumption is that we just need more venture capital. What I tried to show is that, ironically, the US ecosystem has, in fact, been guided by a much more visible hand, not an invisible one, than in Europe. Not only because they had much more research and development spending. But the institutions they have across the whole innovation chain, from the upstream basic research to the midstream applied research, to the more downstream public venture capital funds. In-Q-Tel, which is the CIA's very large public venture capital fund, has been central to providing patient long-term finance, and the SBIR program, which means that every department in the US government has to spend 5% of its budget on procuring innovations from small and medium enterprises and also other demand-side policies. All of these have allowed US companies to grow and benefit from huge amounts of public sector innovation spending, including in the life sciences, where they spend \$40 billion a year in the US on life sciences funding for innovation.

So 75% of new molecular entities, with priority rating, which are their radical drugs, trace their research back to the National Institutes of Health. We don't have that level. Think of the missions and the mission-oriented research that I wrote about for the European Commission – on the back of which now there's the missions instrument. The total amount of money that we put into all five missions in Europe is about €33 billion for the whole Union. The US, for health-related spending alone, spent \$40 billion. The massive difference in the public sector, where proactive innovation has historically crowded out private sector innovation, particularly in the military, is notably absent in Europe. And what my work has said is why just the military? Why don't we know how to be more ambitious in terms of energy sustainability, health outcomes and so on? I think that there's a lot of good stuff in the Draghi report. However, the problem is that it doesn't dismantle one of the biggest myths in Europe, which is that southern Europe was spending too much money and needed to tighten its belt. Southern Europe has been much, much weaker. Italy's public bank is much weaker than Germany's. In Italy, there is no vocational training for working-class learners. What we need is a proper report that actually unveils this kind of granular information about institutions in European countries.

What have we learned works better? Italian nursery schools are some of the best in the world. There are Italian high schools, which I think are actually very good in terms of the critical mindset they provide for students in philosophy and similar subjects, much better than an American high school. So it's not about US versus Europe. It's even more granular;

the truth behind European competitiveness is that, actually, the problem in southern Europe is that they invest too little. They didn't spend too much. They invested way too little in research and development for active and smart public bank loans that were strategic and mission-oriented, particularly in the food hall, to foster science-industry linkages.

And so the problem is that by not highlighting that irony, in Europe, even after the financial crisis, all the loans to southern Europe were conditional on austerity. Instead of being conditional, you must start in these areas that will render you more competitive. We haven't gotten rid of that logic. We have, of course, the NextGenEU program now in Europe. However, that didn't really transform the capacity of governments at the member state level to implement smart programs. Everyone can come up with projects related to climate and digital, which is the condition for receiving the money. But you don't know what to do with those projects, where the sum is not bigger than the parts. It doesn't lead to transformation unless you have active industrial strategies – I think mission-driven industrial strategies – which ensure that we transition from projects to a portfolio program. Which again, if you look back to the US, they've always had portfolio programs around their particular priorities.

LA: And even the NextGenerationEU has not been stabilised. So, they are essentially phasing it out without replacing it with a comparable fiscal capacity.

MM: Yeah, exactly. Fiscal capacity continues to be driven by old economic principles, which do not actually focus on investment.

LA: Exactly. Having mentioned old economics, I think many people struggle to think deeply about this. They reduce the whole concept of competitiveness, on the one hand, to trimming the administrative burden and, on the other hand, especially in the Eastern European countries, to relying on a low-tax, low-wage regime. This is the mentality of semi-developed countries, which just do anything and everything for foreign direct investment. And they don't realise early enough that they are actually in a race to the bottom, rather than upwards.

MM: I completely agree, and I've been writing extensively about how these European tax incentives often result in a race to the bottom because they're not even conditional on business investment. It's just trying to attract capital to Europe, given the insecurity complex we have with the US, which is evident in the Draghi report. It makes me think sometimes we need therapy as well as economic analysis. The way to design a smart tax incentive or any subsidy is conditional on the private sector actually doing their job and providing proper investment, investment and with particular characteristics. This is what President Biden did with the Chips Act. The money that went to the semiconductor companies was conditional upon workers getting paid more, improving working conditions, reinvesting profits into the economy instead of just being given out to shareholders and dividend payouts. But that was an exception under Biden. And now, in fact, Trump is destroying it. But there's very few examples of that in Europe and definitely in countries like the UK, where because of Brexit, they are so desperate for capital. But there's also other parts of Europe that are desperate for capital, and to attract capital they do exactly as you said – a race to the bottom. But

this doesn't work because if you attract capital just through tax, it might come and leave because someone else will offer a better tax incentive later. So, actually the challenge is getting dynamic businesses to stick, like in Denmark, which is the number one provider to China of high-tech, green digital services. Examining how Denmark became so competitive in green digital services reveals many valuable lessons.

Copenhagen wanted to be one of the greenest cities in the world. So it had a mission. It had a vision. It had a plan. A lot of the kind of innovation hubs in Copenhagen would have actually amounted to nothing, like most startups amount to nothing, had there not been that vision. These companies started to work in a more dynamic, almost networked kind of way, where the sum is bigger than the parts, working not only with the city of Copenhagen, but also with Vestas, now one of their national champions on renewable energy. These companies, which ultimately also served the city's needs in some ways, were crucial to the development of the green economy. Because, don't forget, sustainable mobility also has a digital side to it. Digital to me is everything! It's the tool we use in the modern world, essentially for the movement of not just goods and services, but also of ideas, and so forth.

Any mission, whether it's a health mission or a sustainability mission, will always have very strong data and increasingly an AI component. And what is particularly interesting is that Denmark had both capacities at the state level, thanks to investments in organisations like Mind Lab, which was similar to Sitra in Finland. These are like units within the government that focus on making it smarter, more agile, more flexible and more willing to experiment. In Chile, they have a *Lobaratorio de Gobierno*. It's like a laboratory inside the government, which helps the government test new methods.

For example, speaking of procurements, there are stupid ways to do procurement, and there are smart ways. So, if you're going to change the law, consider procurement, which is often problematic, and implement mission-oriented procurement. You might start testing it out, for example, with school meals. In Sweden, they did this: healthy, tasty, sustainable school meals for every child. What does that mean for the way that government works between the Department of Agriculture, the Department of Health, the Department of Education, the Department of Finance and the inter-ministerial war room kind of mentality? I say 'war room' because, during Covid and in wars, departments work together, but in normal times they're stupid, and they just work in their little silo using missions like those around school meals; this is what Sweden did. It made their government more effective, enabling them to work in an inter-ministerial manner. That doesn't just happen. You need to invest in the government's capacity to do that. The US is not doing that today. The whole DOGE rhetoric is actually reducing state capacity. And in Europe, in every country, like in Italy, every time we have a reform of public administration, it's just cuts. It's this idea that somehow we have too many civil servants or there's too much red tape; too much bureaucracy; too much planning, as opposed to an agile, flexible, smart, strategic civil service and public service, basically a state that can govern complex processes, understand feedback effects, but especially work well with the private sector to achieve goals. That's what my focus is on: what state capacity we need for that.

It's interesting that the Draghi report doesn't even mention that. It doesn't really mention state capacity in terms of the need to invest in a more able, dynamic civil service. Somehow the report repeated some of the rhetoric that the US is more flexible; it's more agile with more venture capital, forgetting that, without state capacity, you can do nothing.

LA: There is a lot of an inferiority complex at play here. I wanted to mention a previous involvement of yours in EU policy, when you worked with Commissioner Carlos Moedas and Pascal Lamy to boost the research and innovation capacity of the European Union. And that was quite a few years ago. My question is, do you think the EU is learning fast enough?

MM: All the work I did with Carlos Moedas, who is now the mayor of Lisbon, stayed in the innovation ministry (DG). It never went to the centre of the Commission. It should have gone into von der Leyen's Green Deal policy. That's where the mission should lie. That's how you do a Green Deal. Instead, it remained within the innovation ministry, which is the DG Research and Innovation, and this also explains why it has so little money today.

I think we had a kind of schizophrenia, where, in terms of innovation, we became smart only within a portfolio. At the centre, however, we didn't. But it's the centre that matters. I always say that any mission – even the work I do in Brazil, where the ecological transition is actually in Lula's office, not in the Department of the Environment.

So the need to bring an inter-ministerial approach from the Department of Environment, the Department of Health, and the Department of Finance is both true at the national level, but also at the European Commission level. Instead, by putting the missions instrument, which I helped to innovate, and to leave it just in the DG, then they lost an opportunity, because I think the Green Deal is impossible to have without the radical change and how government itself functions both between the DGs, but also, within the member states, again, how they think about their own state capacity, which is what we were talking about before.

By focusing solely on the innovation side, it made it seem as though this was just about innovation, as opposed to a change in how we do government. And that change in government requires investment. That's what's missing from the Draghi report: there's no real indication that we need to invest within the state to become more inter-ministerial and effective, nor at the DG level and in the European Commission. If you examine how the Green Deal was designed, it didn't actually foster the conditions that should have been required for all member states when they access funds like the next-generation EU. It should have been conditional that they actually invest in their capacity, as I said before, to implement.

LA: What do you think is causing the backsliding on the Green Deal? Is it partly due to the fact that it was not emphasised sufficiently that the Green Deal is primarily an investment plan? You just mentioned that you were in Brazil. Is it visible from there that Europe is backsliding on the green policy?

MM: Well, yes. I mean, the biggest problem for all countries in the Global South is that what Europe has done with the CBAM is hindering development, because there are no

provisions for technology transfer and knowledge transfer. So it's just blocking the ability of developing countries to export to Europe if they don't have all those different green conditions.

So, the CBAM treaty somewhat lacks the solidarity element. This is a huge aspect that's discussed in Brazil, as well as in South Africa. In Brazil, the major issue was the so-called Solutions COP.

Solutions COP means there's no point in discussing policy or green deals if we don't invest in practical solutions that are both feasible and dismantle the problematic structures of past solutions. For example, blended finance schemes have been poorly designed. There's very little additionality, very little directionality; there's socialisation of risk, privatisation of rewards.

And what was interesting for me in Brazil last year – at COP, at least – was the focus on understanding why we lack implementation capacity. In Italy, for example, we often end up having to send back the money we receive from European structural funds because we're not going to invest it.

But also, if we do invest in it, how do we know what works, what doesn't? So one of the things that I've been doing, with Brazil is, for example, with the health goals, combining them with the green goals underneath one umbrella called the Health Economy Industrial Complex, where the lessons, in fact, that I was mentioning before from the US military machine, are that they invested, but then they made sure that the soldiers on the battlefield had access to the goods, whereas for the rest of the US economy they invest, but then the people don't have access, right? Similar to the healthcare sector, there is the NIH, which I mentioned earlier, and a relatively weak welfare state. So, as we know, the US is terrible in the rankings of health outcomes. That's also true of many countries in the Global South. People do not have access to the goods, even when the public sector itself is investing, let alone when it's not.

It's interesting that in Brazil, where I've been working, there is a way to bring under one roof the investment side and the demand side, that is also the welfare side. That is, the entrepreneurial state and the welfare state under one roof. What usually happens, however, is entrepreneurship, the Draghi report, biotech, nanotech and AI are discussed in one room. And then, in another room, we find the people who actually care about inequality, poverty and so on. We want an economy that serves people and planet, and to achieve this, we need to define our goals, starting with the SDGs. We need to translate them into actionable targets at the city, regional and national levels. Then we think of an investment plan, which is going to generate solutions for the SDGs, but always with the idea of inclusion at the centre. People must have access to the benefits of, for example, the energy transition and so on. This is what Biden didn't do.

Biden had a whole green plan, but he didn't actually put the distributional effects at the centre. And that's why ultimately he didn't win. Even though, economically, the Inflation Reduction Act had good results, it wasn't designed in a progressive way to ensure that not only the benefits were shared with the more disadvantaged communities but that those communities would feel included. This is where your point of progressive economics is very

important. And this is probably one of the things I'm most interested in now. How do we not work at citizens, but with them? How do we recover the dignity they've lost and the value of their lives?

I see this in London, where the increase in crime is directly related, I think, to many young people falling through the cracks, and their own lives having no value. So your life has no value; I can stab you to death easily if a body, my own skin, has a value or not.

And so how do we as progressives care just as much as, you know, investment-led growth, sustainable transition, Green Deal, but bring it down to the ground so that we work with people to design those very missions, even those that I talk about. So I did that in different places, like in Camden – where I live in London – we worked with people in Camden Council, even in the poorest sections, like where there's food banks; we transform the food banks into food cooperatives – green food cooperatives, where people had dignity with the same amount of food they were getting from the food bank.

However, in a food cooperative, they owned the agenda and governed it. Now they just, they had ownership of basically what was still a food bank, but as a cooperative and that sense of dignity, giving people back dignity that they've lost. I think it's one of the most important things of our time. And if we don't do it, it fuels populism, because then someone else comes along and says, "Oh, but I'll listen to you. All those lefties, they just talk in their nice big debates. But we, we are here to help you, and we understand why you don't have a job, and it's because of the African immigrants", or whatever story is told.

And it's interesting, by the way, in Italy, for example: it was the Communist Party that used to have a real presence on the ground; on the streets now was the Lega, or I mean, this was already 20 years ago, the transformation. The communists stopped having their mutual help organisations on every corner. And it became the Lega Nord, which had that.

So the rise of the right both in the US and Brexit Britain, but also the Lega kind of parties in Italy, have in some ways replaced the left on the streets.

LA: You mentioned before that you were partly inspired by Polányi, specifically in your writing about regulating and shaping markets. The book that you co-edited with Michael Jacobs – I believe the collective also included Stiglitz and others – is not only 'Polányian'. With Stiglitz, there is also a Keynesian tradition, as well as a Schumpeterian one. So, would you encourage the young generation to explore these classics?

*MM: Of course! They're central. But we need to go beyond them, too. Keynes should be considered for all the emphasis on not only countercyclical government but also taking the demand side seriously. As I said, there's no point in having all these policies if you don't also stimulate demand. Minsky for the very important analysis of the financialisation of the economy – this is what I wrote about in my book, *The Value of Everything*. Schumpeter for his emphasis on innovation. My PhD was on Schumpeterian economics.*

All these writers are so important. But I think we need to add the analysis of participatory structures, because that's what the youth want. They are not interested in just the "blah, blah, blah" and technocratic solutions, as you mentioned earlier.

So, how do we ensure that we also incorporate the theories of Paolo Ferreira, from Brazil, regarding community participation? How do we learn from the Commons? My new book, which I've just finished and submitted it to Penguin, is called *Common Good Economics*. And a critique of the public good as just being a correction for something the private sector doesn't do.

When you have non-excludable, non-rival areas, we expect the public sector to invest in clean water, defence systems and basic R&D. So that's really a theory of the private; it's not a theory of the public. If the private sector doesn't do something, we expect the public sector to fill the gap. And then the theory of the Commons, as proposed by Elinor Ostrom, is, I think, very important because it brings the analysis to the community level. But it also is sort of in a failure-fixing mode instead of market failure; it talks about government failure.

Good economics requires us to go beyond merely fixing this failure. In the book I talk about all sorts of different theories, and it is also an accumulation of my own work on mission, market shaping and so on.

But common good economics has to be about an objective, not a correction. And where the how we relate to each other, how we co-create, how we participate, how we share rewards, how we share knowledge and learning, is as important as the what we're trying to achieve. And if you look back at political philosophy from Aristotle, but also Sandel today and his critique of Rawls, there has always been as much attention paid to the how as to the what: to the telos, the goal, and to the polis, the political community.

And I ask the economics community: we don't really have an equivalent of that in economics. And so that's what I try to do in this book; it's divided into parts: theory, policy, practice, spaces and places.

And I hope it will be useful to the world.



BIG ISSUES

GESINE WEBER

Plus ça change? European security and defence between geopolitical shocks and structural limits

Geopolitical awakening, a wake-up call, a watershed moment and historical change – all these terms have been used in recent years to describe the profound shifts in European security and defence cooperation that have occurred since the start of Russia's war against Ukraine. All these terms could also be used to refer to the developments in European security and defence in 2025. Yet, 2025 was different because one of the fundamental principles of the defence of the continent had been challenged in an unprecedented way. With the second election of Donald Trump as US president and Russia's ongoing war against Ukraine, EU member states and their partners on the continent had to respond to the parallel threats of US abandonment and Russian aggression. They have done so through beefing up their security and defence toolkit and legislation, as well as new forms of coordination to convey the European message in Washington DC. Nevertheless, significant structural challenges continue to hamper Europe's capability to live up to its ambitions in security and defence, notably the lack of a coherent European strategy, institutional limits, financial constraints and rising populism in key European states.

“Europe is in a fight”. With these gloomy words, EU Commission President Ursula von der Leyen opened her annual State of the EU speech in September 2025, which served to assess the EU's action over the past year and outline the political priorities for the year to come.¹ The EU itself may not be at war today in the sense that there is no violent conflict on EU territory; however, it is certainly not at peace. In addition to Russia's full-scale invasion of Ukraine, its hybrid attacks on Europe, ranging from interference techniques to drones in the airspace of EU member states, constitute the primary threat to European security.²

1 “State of the Union 2025”. European Commission, 10 September 2025.

2 Baumann, M. and K. Pynnöniemi (2025) “European security in the era of hybrid warfare”. Policy brief. DGAP, 5 November.

Furthermore, China's 'friendship without limits' with Russia has led to a new assessment of Beijing in many European capitals.³ Especially at Europe's eastern flank and in the north, the relationship with China is primarily seen through the lens of Russia's war against Ukraine, leading to increasing perceptions of China as a security threat to Europe. Lastly, in Europe's historically most important ally, the US, leading figures in the Trump administration – as seen in JD Vance's speech at the Munich Security Conference⁴ – have turned openly hostile about the very idea of Europe and the values underpinning the European project. Coercion has become the norm in the transatlantic relationship, with threats of abandonment being a key tool of the Trump administration.

In other words, Europe is not only facing a considerable immediate threat but also a structural risk. As Europe adapts to this new reality, paradigms have shifted, and the EU has adopted a considerable set of new instruments and ways to cooperate. At the same time, it faces the challenges of linking these into a coherent strategy, managing the financial pressures, and navigating an increasingly polarised political landscape in key European states and on the European level.

'Europe alone' is a reality

What made 2025 different from previous years, where security and defence were already top priorities for the EU, is that the security order of the continent now seems questioned in one of its key pillars. Since the end of the Second World War, the security and defence of Europe has been primarily organised through NATO, with US hegemony and US extended deterrence as key organising principles. Both the US and Europe have benefited from the alliance, even in times of European free-riding: security for European states was relatively cheap, and the alliance gave the US a formidable tool of leverage over European states.

2025 might have been the year when even the most transatlanticist governments in Europe had to realise that the calls from French President Emmanuel Macron for more European strategic autonomy – meaning the capability of Europeans to define their objectives based on European interests and pursue them, if necessary, independently – were right.⁵ Over the years, many had seen these calls as a potential threat to the transatlantic bond, afraid that a significantly stronger European commitment to the continent's security might either cause irritation in Washington DC and be perceived as a challenge to US primacy, or because it might incentivise the US to withdraw faster as the key guarantor for European security. Due to the lack of consensus on the future organisation of European security and defence, including the division of labour between NATO and the EU as key organisations,

3 Bachulská, A. and I. Karáková (2025) "Great changes unseen: The China-Russia nexus and European security". Policy brief. European Council on Foreign Relations, 16 September.

4 Franke, B. (ed.) (2025) "Munich Security Conference 2025: Speech by JD Vance and selected reactions". Munich Security Conference.

5 Weber, G. (2025) "It's not enough for France to be right about strategic autonomy". *War on the Rocks*, 14 May.

European states could mostly muddle through and hope for the best, which also prevented them from preparing for the worst.

After the inauguration of US President Trump, Europe witnessed what came close to a worst-case scenario: open threats from the US to abandon Europe; coercion against allies through linking trade and security; and a stance towards Russia's war against Ukraine that could clearly undermine European priorities. This evolution has led to a paradigm shift in European thinking about security and defence. 'Europe alone', and consequently 'Europe responsible', is not just a hypothesis anymore; it has become the reality of the continent. Despite the US commitment to NATO at the summit in The Hague in summer 2025⁶ and ongoing private reassurances, the cracks in trust that Washington DC will ultimately come to Europe's defence if needed, not least because this was historically seen as being in the US's interest, are likely to stay. Given the volatility of President Trump himself on key strategic questions, as well as coercion and hostility as integral parts of the Trump administration's alliance playbook, Europeans realise that relying solely on Washington DC is insufficient to defend against the threat from Russia. While the idea of 'defending Europe with less America'⁷ was still more hypothetical ahead of the elections, it has today become a widely recognised reality, forcing Europe to profoundly rethink its defence from operational questions to deterrence and a long-term strategy.

Panic mode as a catalyst for European defence

Europe's 'home alone' moment has served as a catalyst for European action in terms of political coordination, the development of new instruments and the breaking of intellectual taboos.

A noteworthy development in European security and defence was the creation of the so-called Coalition of the Willing⁸ and the shift towards cooperation beyond NATO and the EU as institutions. When it appeared that the US would abandon Ukraine and forge a deal with Putin, which Europeans feared would have much broader implications for the European security order, European states adjusted their approach. Firstly, a noteworthy Franco-British effort led to the creation of the Coalition of the Willing, an informal gathering of heads of state and government representing over 30 European states and committed to further support to Ukraine. In parallel, they significantly enhanced bilateral diplomatic efforts through a series of visits to the White House, with close coordination to ensure they conveyed the same message to the Trump administration. The level of European cohesion at that time was perhaps unprecedented. More importantly, even the French and British public signalling of willingness to potentially deploy troops to Ukraine as part of a

6 "The Hague Summit Declaration". NATO, 25 June 2025.

7 Grand, C. (2024) "Defending Europe with less America". Policy brief. European Council on Foreign Relations, 3 July.

8 Ebert, N. and C. Major (eds) (2025) "Coalition of the Willing". The German Marshall Fund of the United States, 15 May.

security guarantee⁹ – albeit with strong emphasis on the limited mandate of those troops – demonstrated that Europe was ready to take responsibility for the continent's security. A potential ceasefire or peace deal has yet to materialise;¹⁰ the coalition has not produced any palpable results and mostly remains a political tool to signal European credibility towards Washington DC, Kyiv and Moscow. Yet, its creation outside the existing institution, the Franco-British lead and the more flexible structure of European security cooperation indicate that thinking about the formats and practices of European defence cooperation is evolving. European security initiatives might still need an external shock, but they can also be launched without the US as a constructive catalyst.

The European panic mode has also translated into the creation of concrete instruments to respond to the parallel threats of Russian aggression and US abandonment. As the lack of conventional capabilities¹¹ is perhaps the most pressing challenge in the short term, the EU has adopted a set of measures throughout the year. The “White Paper for Defence – Readiness 2030” outlines clear steps and benchmarks for the European rearmament effort.¹² Furthermore, the European Commission takes a much more active role in defence industrial policy and financing European capabilities. This is most evident in the adoption of the Security Action for Europe (SAFE) instrument, which involves €150 billion in loans for EU member states for joint procurement.¹³ However, Europe's problem remains ambition and scale. The SAFE instrument remains relatively limited in light of the approximately €580 billion increase to bring defence spending of EU member states to an average of 3.5%.¹⁴ And whilst projects like the drone wall¹⁵ or the EU Defence Industry Transformation Roadmap, which aims to bridge deep tech and the defence industry,¹⁶ are important steps of a comprehensive strategy, they cannot even out Europe's significant conventional capability gaps.¹⁷

Most importantly, panic mode has shattered intellectual taboos on European defence. For decades, Europe felt safe under the US nuclear umbrella and barely questioned the US's extended nuclear deterrence. While France and the UK obviously included a nuclear dimension in their deterrence and defence doctrines, a European strategic dialogue, as suggested by French President Macron back in 2020,¹⁸ never materialised. Without the ambition of replacing the US's nuclear umbrella – a sheer impossible endeavour – Europe

9 Francis, S. (2025) “Europe ‘ready to deploy’ troops to Ukraine if ceasefire secured, says Healey”. BBC News, 20 October.

10 At the time of writing, discussions on a new peace plan were still ongoing.

11 Besch, S. (2025) “How must Europe reorganize its conventional defense?” Brookings, 17 June.

12 “White paper for European defence – Readiness 2030”. European Commission, 2025.

13 “Proposal for a Council Regulation establishing the Security Action for Europe (SAFE) through the reinforcement of the European defence industry Instrument”. COM(2025)122 final. European Commission, 19 March 2025.

14 On defence spending, see: Tian, N., L. Scarazzato and J. Guiberteau Ricard (2025) “NATO's new spending target: Challenges and risks associated with a political signal”. SIRPI, 27 June.

15 See Clapp, S. (2025) “Eastern flank watch and European drone wall”. European Parliamentary Research Service, 23 October.

16 “EU defence industry transformation roadmap”. European Commission, November 2025.

17 On conventional gaps, see Besch, S. (2025) “How must Europe reorganize its conventional defense?”

18 “Speech of the President of the Republic on the Defense and Deterrence Strategy”. Elysée, 7 February 2020.

is now more intensely discussing what a genuinely European nuclear deterrent could look like.¹⁹ The fact that Franco-British cooperation on nuclear matters is now supposed to be enhanced demonstrates the more active engagement of European powers with this domain of security and defence.

The 2026 challenge: Managing the lack of strategy, financial constraints and political polarisation

The new instruments, methods of cooperation and approaches to deterrence in Europe are remarkable, but they also present obvious limits and challenges that European policymakers will have to navigate in 2026.

The first challenge is the absence of a strategy. The new toolkit adopted by the EU, measures taken by member states and commitments for future defence spending are certainly a good starting point. Still, the lack of a joint strategy significantly limits Europe's efforts to play a credible role as a security actor. Metaphorically speaking, fancy tools alone will not help you when you do not know what to build with them. The key challenge for European governments and the EU alike today is that most European action is in reality a reaction, and there is no shared vision they aim to work towards. In other words, Europe is now slowly acquiring the means to defend itself, but beyond the shared objective of deterring the threat posed by Russia, it has never formulated clear objectives for European action. The requirement for unanimity on all decisions related to the EU's Common Security and Defence Policy, combined with divergent views among EU member states, leads to a lowest-common-denominator approach rather than ambitious long-term thinking. This shortcoming considerably hampers Europe's ability to craft instruments fit for future challenges.

The second and perhaps most obvious challenge – not least because debates about numbers in defence spending have dominated the news over the last years – is Europe's financial capability to fund its rearmament effort. With a struggling German economy, concerningly high French public debt and deficit, the UK's post-Brexit stagnation and limited fiscal space, and Italy's fragile growth outlook and heavy debt burden, Europe's major powers face significant macroeconomic pressure. As continuous borrowing for defence at the financial markets is unlikely to be a sustainable option, European governments will face tough trade-offs²⁰ if the commitment to 3.5% defence spending is more than lip service. While the EU budget can support these efforts, it will not be enough by far: the current plans for the next Multiannual Financial Framework include €130 billion for defence²¹ – that is less than 15% of the total EU defence spending if all member states achieved 3.5%.²²

19 Ryan, J. (2025) "Should Europe develop its own nuclear deterrent?" LSE, 11 September.

20 On trade-offs, see: D'Aprile, F., M. Koehler, P. Maranzano et al. (2025) "Europe's military programmes: Strategies, costs and trade-offs". LEM Papers Series 2025/25. DOI: 10.57838/sssa/r1fr-jd35

21 "Europe's budget: Defence". European Commission, July 2025.

22 Tian, N., L. Scarazzato and J. Guiberteau Ricard (2025) "NATO's new spending target: Challenges and risks associated with a political signal".

The macroeconomic challenge is directly linked to the third challenge: rising populism and polarisation within European states and across Europe. Given that public support for higher defence spending is high across Europe (numbers), far-right forces might not make claims against higher defence spending, as such, a central part of their campaigns. Yet, it is almost safe to say that there would be little willingness to pursue efforts to strengthen defence in a more integrated European way.²³ Over the medium term, the political landscape in France, the UK and Germany could look very different, with considerably less outlook to the European level. Across Europe, this increased polarisation could therefore manifest in less institutionalised cooperation and catalyse trends for cooperation in smaller, informal groups – which may be suitable for short-term responses but lack the bureaucratic structure and coordination tools for ambitious initiatives in European defence.

Europe is in a race against time in its endeavour to strengthen its defence. It will be critical for European policymakers to seize 2026 to solidify bureaucratic structures, strengthen the instruments within existing institutions and bring bold initiatives along the way if Europe does not want to lose this race.

23 Cliffe, J., T. Coratella, C. Lons et al. (2025) "Rise to the challengers: Europe's populist parties and its foreign policy culture". Policy brief. European Council on Foreign Relations, 12 June.

PAUL NEMITZ

EU digital policy in 2025: From the loss of orientation to reclaiming European leadership in the age of AI

Through landmark regulations like the General Data Protection Regulation (GDPR), the Digital Services Act (DSA), the Digital Markets Act (DMA) and the Artificial Intelligence (AI) Act, and an industrial policy aimed at digital sovereignty through broadening competences and supply of digital resources, the EU has positioned itself as the only continent with an innovative civilisational choice for the primacy of democracy and the rule of law over technology and business models. The year 2025 was to be the moment of consolidation for this genuine European vision of democratic and decentralised digital sovereignty, structurally embedded in EU digital regulation and policy.

Through landmark regulations like the General Data Protection Regulation (GDPR), the Digital Services Act (DSA), the Digital Markets Act (DMA) and the Artificial Intelligence (AI) Act, and an industrial policy aimed at digital sovereignty through broadening competences and supply of digital resources, the EU has positioned itself as the only continent with an innovative civilisational choice for the primacy of democracy and the rule of law over technology and business models. The year 2025 was to be the moment of consolidation for this genuine European vision of democratic and decentralised digital sovereignty, structurally embedded in EU digital regulation and policy.

However, a critical assessment of key developments in 2025 reveals not a coherent strategy, but a landscape riddled with profound contradictions and a growing crisis of credibility. These contradictions are symptoms of a deeper loss of strategic orientation and leadership, threatening to hollow out the EU's ambitious digital rulebook from within, and

thus, undermining democratic achievements and the good functioning of the rule of law, which are essential to a free and innovative society and economy.

The new potential for a majority coalition of centre-right and right-wing extremists in the European Parliament and the return of Donald Trump to the US presidency in late 2024 serve as a brutal catalyst for a new *Zerstörungslust*, a passion for destruction, as the sociologists Carolin Amlinger and Oliver Nachtwey write in their 2025 book with the same title.¹ The symptoms of this *Zerstörungslust* in the US are the application of Elon Musk's chainsaw to the US government; the claim that democratic laws and the United Nations are the 'antichrist' by Peter Thiel, the founder of PayPal and Palantir; and the National Security Strategy of US President Trump, which clearly aims to destroy democracy in Europe by announcing support for right-wing autocratic, populist parties in Europe.

This geopolitical shock coincides with internal moves in the EU, such as the European Commission's Omnibus 'simplification' package, ostensibly aimed at boosting competitiveness by reducing regulatory burdens. However, as applied to digital policy, this risks becoming a deregulatory gambit that weakens the very protections the EU has claimed to champion so far, without, however, providing an impetus for innovation or competitiveness in the common EU market.

Simultaneously, the operational choices of some member states and the European Commission betray its principles. Several European police forces are rapidly expanding their use of Palantir's 'Gotham' software – a predictive policing tool developed by the US company Palantir with deep ties to American intelligence and political figures like Peter Thiel, who aim to undermine democracy in Europe. There is no empirical evidence that crime has been reduced by this software, and many US police forces are already abandoning its use.

The European Commission failed to lead by example. In 2025, rather than using the decision of the European Data Protection Supervisor in 2024, demonstrating illicit data transfers and insufficient control over processing purposes in Microsoft 365 software, as a wakeup call to replace Microsoft with open-source software, as the German state of Schleswig-Holstein and the International Court of Justice are now doing, the European Commission continued the large-scale use of Microsoft. In 2024, it also signed new contracts worth hundreds of millions of euros with Amazon Web Services, thus not increasing digital sovereignty but rather digital dependence on US service providers, although cloud services have now become a commodity readily and reliably available in Europe according to state of the art standards, including AI services.

These contradictions cannot be viewed in isolation. They unfold against the backdrop of a new US global security strategy, which, under the current administration, explicitly frames geopolitics as a zero-sum contest of national interests, sidelining multilateral, rule-based frameworks. This strategy inherently seeks to undermine the aim of a cohesive and democratic EU and promotes a world order where power politics trumps the rule of law. In this context, the EU's internal vacillation and dependency are not merely self-inflicted wounds but strategic vulnerabilities. A coherent, assertive European leadership in digital

1 Amlinger, C. and O. Nachtwey (2025) *Zerstörungslust* (Berlin: Suhrkamp).

policy is no longer just an economic or regulatory preference; it is a geopolitical imperative for the survival of democracy and fundamental rights in Europe. This leadership must be rooted in the recognition, as articulated by Apple CEO Jim Cook at the global data protection summit in 2018 in Brussels, that in the age of pervasive, hyper-personalised AI, stronger data protection and privacy are not obstacles but prerequisites. Only with these robust guarantees can citizens trust the digital ecosystem, and only with trust can democracy flourish.

Therefore, 2025 underscores a pressing need: the EU must move beyond writing exemplary rulebooks and confront the hard task of rigorous, consistent enforcement and technological self-reliance. It must clearly counter a US tendency to bypass legal frameworks with power politics, a concept fundamentally at odds with the European project and a rule-based, peaceful global coexistence. The path forward demands closing the gap between rhetoric and reality, ensuring that its practice of digital policy making and enforcing digital law, as well as its digital industrial policy, is built on the solid ground of integrity and principles of the EU Treaties and the Charter of Fundamental Rights, not the shifting sands of contradiction and opportunistic obedience to arbitrary asks from the US.

The Omnibus proposal and the retreat from rigour: Simplification versus dilution

The 2025 DMA and DSA decisions of the Commission concerning Meta, Apple and X could be seen as honest enforcement efforts, although the fines imposed (between €120 and €500 million) are too small to lead to real change in trillion dollar digital empires.

In contrast, the European Commission's Omnibus simplification package launched in November is a direct response to the Draghi report² and the new US administration. The report's stark finding that the EU relies on foreign countries for over 80% of digital products, services, infrastructure and intellectual property and its loud – but unsubstantiated – critique of EU digital legislation inspired a fast but insufficiently reflective response, catering to vague, general and decades-long repeated claims of overregulation by a small group of activists in Europe, and US wishes for deregulation.

According to Max Schrems of the privacy and data protection non-governmental organisation (NGO) None of Your Business (NOYB),³ the Omnibus package can thus be seen as a reactive, almost panicked, move to ease pressure on European businesses, which, however, has been proposed without a thorough impact assessment and serious prior consultations. In fact, in a pre-implementation consultation round with the responsible Commissioner for Democracy, Justice, the Rule of Law and Consumer Protection, Michael McGrath from Ireland,⁴ none of the proposals for changes in GDPR in the Omnibus

2 Draghi, M. (2024) "The future of European competitiveness". European Commission.

3 "Digital Omnibus: EU Commission wants to wreck core GDPR principles". NOYB, 19 November 2025.

4 Ibid.

package had been asked for by stakeholders, according to Max Schrems and NOYB, who participated in the consultation round.

NOYB identifies several fundamental threats to data protection in the Omnibus package. The proposal would narrow the definition of 'personal data' through new concepts, such as 'pseudonyms' or 'IDs', potentially exempting many companies from GDPR requirements altogether, at the expense of individuals. Critically, the reforms would introduce a 'legitimate interest' exception, allowing companies to use personal data, including some sensitive information, for AI training without explicit user consent. Schrems argues this gives tech giants a blank check to collect European data, noting that users would rarely know their data is being used and would find objections nearly impossible to enforce.

The proposal would significantly weaken protections for sensitive information, including health data, political views and sexual orientation. It would also enable remote access to personal data on devices without user consent. NOYB warns these changes conflict with the EU Charter of Fundamental Rights and established Court of Justice case law.

Despite claims that reforms would help small and medium enterprises, Schrems argues that the opposite is true. The changes primarily benefit large technology companies while creating legal uncertainty that will require expensive legal advice, ultimately increasing market concentration. He notes enforcement is already weak, with fewer than 1.3% of GDPR complaints resulting in fines, and these reforms would make successful enforcement even rarer.

NOYB emphasises that most EU member states explicitly asked not to reopen GDPR, and 127 civil society organisations, alongside major European Parliament groups (S&D, Renew and Greens), have criticised the Commission's approach. The reforms appear, according to NOYB, to be driven by external pressure, possibly from German government influence or American business interests, rather than democratic consensus or genuine evidence of need.

Also, as to GDPR, while the new procedural regulation, which was adopted by the Council in November, is noteworthy, more attention should be given to the fact that the European Commission did not suspend transfers of personal data to the US. The adequacy finding of the Commission with regard to the US relies in great part on the independence of the Federal Trade Commission (FTC) and the Privacy and Civil Liberties Oversight Board (PCLOB), both of which are the target of President Trump's drive to bring all independent authorities within the US governance system under his control. With the new aggressive anti-European National Security Strategy, the time has come for the Commission to suspend data flows, for the same reasons that the US considered data flows to China by Americans a national security problem and because the actions of the US administration with regard to the FTC and the PCLOB in particular clearly no longer provide the guarantees that formed the basis of the adequacy finding.

The key criticisms of the Commission's Omnibus proposal of November 2025, regarding the delayed entry into force of the EU AI Act and the interim codes of conduct adopted in 2025, revolve around two major concerns: the creation of a governance vacuum and the inadequacy of voluntary measures.

Firstly, the 2-3 year delay (pushing full enforcement to 2026-2027) has been widely condemned by consumer protection groups, digital rights NGOs and some member states as a dangerous and irresponsible pause in accountability. Critics argue that this delay grants high-risk and foundation model developers an unwarranted 'grace period' during a phase of explosive technological growth. This regulatory gap, they contend, leaves citizens exposed to potential harms – from biased hiring algorithms to opaque public surveillance systems – without legal recourse. The delay is seen as a major victory for industry lobbyists, prioritising corporate profits over public safety and fundamental rights. It also ignores that both the negotiation time and the time until entry into force have already left corporations enough time to prepare to comply with the AI Act and that there is thus really no justification for delaying the entry into force. In particular, the argument that in the absence of technical standards the law cannot be properly applied, makes the application of democratic law dependent on technical standards, the adoption of which is blocked by industry representatives, which is unacceptable.

Secondly, the 2025 voluntary codes of conduct, intended as a bridge to full regulation, are criticised as being toothless and insufficient. These codes, developed in multi-stakeholder forums but heavily influenced by major tech firms, lack independent monitoring, clear sanctions and meaningful enforcement. Without the binding obligations and hefty fines (up to 7% of global turnover) stipulated in the AI Act, critics argue they function as 'ethics washing', allowing companies to make vague commitments while continuing risky practices. Key elements of the AI Act, such as mandatory fundamental rights impact assessments, conformity assessment procedures and transparency requirements for general-purpose AI systems, are either absent or diluted in these non-binding pledges.

In summary, the criticism is that this combination of delay and weak voluntary codes fatally undermines the EU's proclaimed goal of being a global standard-setter for trustworthy AI. It creates a prolonged period of legal uncertainty where market dynamics, rather than democratic rules, set the pace. Critics warn this approach risks repeating the mistakes of the social media era, where delayed regulation allowed systemic harms to become entrenched before lawmakers could respond.

Reclaiming European leadership in the age of AI

The events of 2025 serve as a critical inflection point. The EU stands at a crossroads between continuing as a fragmented 'regulatory state', increasingly ignored by global powers due to a lack of rigour in enforcing its laws, and transforming into a genuinely sovereign digital power. The contradictions embedded in the omnibus proposal, the Palantir contracts and the Commission's lack of leadership in terms of engagement with open-source and European service providers for its own operating needs are symptoms of a leadership vacuum. To reclaim its role, the EU's outlook for 2026 and beyond must be guided by a coherent, uncompromising strategy built on four pillars:

1) From simplification to strategic enforcement: the EU must abandon a deregulatory ‘simplification’ that weakens substance. Instead, it must invest massively in enforcement capacity. This means adequately funding the European Commission’s DG COMP and DG CONNECT for DMA/DSA enforcement; empowering a unified and well-resourced AI Office; and fostering seamless cooperation between national data protection authorities, digital services coordinators and market surveillance bodies to reduce the costs of fragmentation. The goal must be to make non-compliance more costly than compliance, thereby giving real teeth and incentives to comply with EU law for the lawless players of Big Tech who have a well-known and long track record of lying and breaking the law.

2) From rhetorical sovereignty to technological sovereignty: the EU must match its regulatory ambition with industrial and financial commitment. Initiatives like AI factories; federated digital, data and AI infrastructure; and the proposed EuroStack for digital infrastructures must move from pilot projects to default options for public procurement. EU institutions and member state governments must use their collective purchasing power to create a guaranteed market for European alternatives in cloud services, cybersecurity, public service and public communication platforms, and AI services, consciously phasing out dependencies on firms like Palantir, Microsoft, Amazon Web Services, Google and Meta and systematically advantaging open-source and federated networks.

3) Leading by unassailable example: European institutions must become gold-standard exemplars of compliance and lead market buyers of digital and AI products serving European digital sovereignty. The Microsoft 365 decision of the European Data Protection Supervisor should trigger a full audit of all third-country software dependencies within the EU and member state governments. Procurement rules must mandate verifiable data sovereignty, open standards and interoperability, as well as key principles such as public code and public data for public money, democracy impact assessments and democracy by design in any programme or AI system implemented in public services. Digital policy must become a central part of the defence of democracy, as on the other side of the Atlantic, President Trump aims to use digital tech giants to undermine democracy. Just like Europe must learn to defend itself without US support and US weapons, it must learn to design and regulate its digital and AI environment without dependence on either US or Chinese tech companies.

4) Asserting a democratic counter-vision in the age of AI: in response to a US strategy that often sidelines multilateralism for power politics, the EU must confidently articulate and demonstrate that its model is superior. As Apple’s Jim Cook noted, extreme AI personalisation requires extreme data protection – this is the EU’s foundational insight. The EU must now prove that a world governed by the rule of law, democracy and fundamental rights is not only more ethical but also more innovative, stable and resilient. This means rigorously applying the EU Digital Law and the AI Act’s risk-based framework, banning social scoring and manipulative practices, and ensuring that the ‘human-centric’ promise is more than a slogan. It also means that the adequacy finding with regard to the US must be revoked by the Commission and data flows to the US suspended, both because the US no longer provides guarantees for independent oversight through the FTC, PCLOB and

National Security Courts, but also because the US could use the personal data in its drive to undermine European democracy, in line with the new National Security Strategy.

The US administration's approach makes the need for a strong, sovereign and democratic Europe not a choice but a necessity. The EU's digital policy must become the bedrock of that sovereignty. By closing its credibility gap, enforcing its laws without fear or favour, and building its own technological base, the EU can transform from dependency and obedience to US pressures into a genuine global leader of tech for democracy. Only then can it ensure that the digital age, and particularly the age of AI, strengthens rather than undermines the democratic and common legal foundations upon which it was built.

CÉLINE CHARVERIAT and SOFÍA MARTÍNEZ

Beyond the ‘greenlash’: Building back a better European sustainability agenda

Europe’s current wave of greenlash is threatening to unravel Europe’s green deal. This chapter traces how the promising early momentum behind Ursula von der Leyen’s signature agenda gave way to a perfect storm caused by a populist backlash against climate policies as well as deteriorating fiscal and geopolitical conditions. It argues that progressives must resist the temptation for abdication and instead reconstruct Europe’s sustainability agenda as a new socio-ecological contract, centred on protection, sovereignty and broad-based wellbeing.

An aircraft rarely crashes because of one failure. It takes a chain of mistakes: technical; human; and particularly inauspicious conditions, such as an unforeseeable storm. Europe’s green transition is now experiencing its own multi-layered breakdown. The backlash against climate action – the so-called ‘greenlash’ – is not a spontaneous revolt. It is the result of accumulated institutional missteps, communication failures, political misjudgements and a fertile environment for those eager to dismantle the European Green Deal.

Understanding this moment is essential if Europe is to recover its bearings and avoid a far more damaging crash: a return to external fossil dependency; shrinking competitiveness; and compromised democracy. European progressives must resist the temptation of abdication, and instead, lay the foundations for a new socio-ecological contract in Europe and elsewhere.

Autopsy of a policy crash

The most visible public expressions of greenlash include the *gilets jaunes* protests in France, resistance to green technologies (heat pumps, wind farms and the phase-out of thermal cars) or the large-scale farmers’ protests across Europe. These movements share a rejection

of environmental regulation perceived as too costly or disruptive, combined with anxiety about the future and fear of socioeconomic relegation, as well as territorial inequality and rural-urban resentment. Meant to expose the links between inequality and climate change, the now-familiar contrast between billionaires ‘allowed’ by a broken system to trash the planet through luxury lifestyles and green investments, while ordinary people are asked to sacrifice, also fuelled a perception of double standards. The progressive forces promoting greater sustainability often underestimated the emotional impact of this narrative, which led to a rejection of the green agenda altogether. These images increasingly displaced the earlier imaginaries that gave birth to the Green Deal: the Fridays for Future mobilisations, the momentum of which was first interrupted by Covid-19 and later lost legitimacy in parts of mainstream opinion under negative media coverage and growing criminalisation of non-violent civil disobedience. The youth climate movement’s decision to present opposition to the war in Gaza as integral to the climate struggle also alienated segments of the public, illustrating how the climate movement can unintentionally narrow its audience when it adopts positions that many perceive as unrelated or polarising.

Politically, the greenlash has taken the form of dilution, delay and rollback of key environmental legislation at both the EU and member state levels. Organised resistance crystallised around the Nature Restoration Law, which narrowly passed the European Parliament after months of intense debate. Since the 2024 European elections – which shifted the parliamentary majority to the right – pressure has steadily mounted to slow or water down Green Deal measures by delaying reduction targets, multiplying exemptions and stretching ‘pragmatic’ timelines. The Omnibus ‘simplification’ package is the most emblematic episode. Across sectors, environmental ambition has been quietly diluted: the EU sustainable finance taxonomy, the Corporate Sustainability Due Diligence Directive and the Corporate Sustainability Reporting Directive have all seen their scope or impact reduced. The ambition in nature protection, chemicals, agriculture, buildings and transport was also severely reduced. The EU Deforestation Regulation was delayed, the Green Claims Directive suspended and implementation of the Carbon Border Adjustment Mechanism (CBAM) softened. The shift in discourse and priorities is also visible inside the Commission. The 2026 Work Programme and the 2024 Political Guidelines still mention climate and environment, but their symbolic and strategic weight has clearly declined. ‘Green’ is no longer the backbone of the project; it has become one priority among many, subordinated to competitiveness, defence, migration management and regulatory ‘simplification’. The Draghi report,¹ the EU Competitiveness Compass and the Letta report² accurately diagnose Europe’s economic weaknesses and the urgency of reindustrialisation, highlighting the importance of innovation, investment and strategic autonomy. Yet they primarily treat green policy as an instrument of competitiveness, rather than as the structural condition for social development, sovereignty and long-term stability.

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

2 Letta, E. (2024) “Much more than a market – speed, security, solidarity”. European Commission, April.

Populist leaders and parties – supported at times by orchestrated media campaigns – deliberately frame the green transition as elitist, externally imposed and hostile to workers. Far-right and nationalist forces have capitalised on perceptions of unfairness, disruptiveness or irrationality among rural residents, older people and regions dependent on fossil fuels. Even in the absence of evidence, they have successfully linked rising living costs, sluggish growth or deindustrialisation to ‘green red tape’, marketing the rollback or dilution of environmental rules as a silver bullet. More deeply, they have inserted green policies into a broader culture war, presenting them as urban impositions against rural or industrial traditions, or even as ‘woke’ attacks on masculinity and heritage. The 2024 EU election manifesto of the Dutch Party for Freedom is emblematic, portraying climate policy as Brussels elites attacking everyday choices: eating meat, flying or driving petrol cars are cast as decisions that “belong to ordinary people, not Brussels”, while EU climate rules allegedly leave Dutch families “out in the cold” as eurocrats stay warm on high salaries.

This narrative has not been confined to the far right. Fearing being outflanked in national and European elections, the European People’s Party – once more balanced on climate and energy – has increasingly adopted similar frames and voting patterns, aligning with the far right in the European Parliament. Parts of liberal parties have joined the bandwagon, adding ‘green overreach’ to their familiar critique of market regulation.

Media and social media coverage reflected and amplified the greenlash by highlighting stories of individual hardship, energy poverty or local resistance, often exaggerating trade-offs or relaying misinformation. A 2024 investigation by fact-checking networks found that posts piggybacking on farmers’ protests frequently spread false claims, including assertions that the EU was planning to force synthetic meat or insect-based food on citizens.³

From promising skies to a perfect storm

When Ursula von der Leyen pledged in July 2019 to launch a European Green Deal within her first 100 days, she surprised many observers in Brussels. In December 2019, she articulated a vision that responded to scientific warnings and voter pressure: reconciling the economy with the planet and reshaping production and consumption “to make it work for our people”. The policy package promised not only a climate law enshrining climate neutrality by 2050, but also measures on biodiversity, pollution, innovation, public and private finance, a just transition, and trade. Environmental issues were placed at the centre of her programme.

At the end of 2018, the European Environment Agency had sounded the alarm, projecting that two thirds of the EU’s environmental targets for 2020 would be missed.⁴ Public concern was rising. The Eurobarometer ahead of the 2019 elections showed

3 “Disinformation about farmers’ protests keeps growing in February, fueling anti-EU sentiment”. Monthly brief no. 33. EDMO, 15 March 2024.

4 European Environment Agency (2018) “Environmental indicator report 2018 – in support to the monitoring of the 7th Environment Action Programme”. Publications Office of the European Union.

climate and environment as a top priority for citizens, just behind economic growth and on a par with migration. Many voters also recognised the EU's added value in environmental action, thanks to visible successes, such as tackling acid rain, cleaning coastal waters and improving waste management – issues that clearly require cross-border solutions and leverage over reluctant member states. In her 11 December 2019 speech, von der Leyen explicitly invoked these election results: "It is the people of Europe who have called us to take decisive action against climate change [...] It is for them that we are presenting such an ambitious Green Deal for Europe".⁵ Yet this Copernican turn also reflected the political conditions of her appointment. Progressive forces, scarred by their experience with the previous Commission, conditioned their support on a concrete programme with robust green and social elements.

Science, public opinion and electoral incentives appeared aligned. In the first two years of von der Leyen's mandate, the pace and volume of legislation were remarkable by Brussels standards. Several tailwinds helped. In 2019, EU growth averaged around 1.5%, public debt hovered around 78% of GDP and defence spending averaged just 1.3% of GDP, leaving more room for long-term investment. However, the economic and geopolitical context rapidly deteriorated, casting a shadow over the Green Deal. The initial years of legislative success coincided with a period of relatively ample fiscal space (2019 debt around 78% of GDP, defence spending at 1.3% of GDP). Since then, this space has drastically shrunk due to the pandemic, economic stagnation and the energy crisis. Debt ratios have climbed, and defence budgets are sharply approaching 2% of GDP. The geopolitical landscape also changed profoundly: with the invasion of Ukraine, the return of Donald Trump to power and the deepening authoritarianism in the other two superpowers (China and Russia), the stability of borders and norms can no longer be taken for granted. Climate and energy policies now sit at the heart of an ecological cold war between a 'green entente' and a petro-axis. Mass disinformation, turbocharged by digital technologies, became a central weapon, particularly dangerous for democracies, whose policy debates can be easily distorted. These campaigns are amplified by European parties, lobbies and trade associations eager to tilt the conversation to their advantage.

A fateful combination of technical glitches and political errors

A combination of structural flaws undermined the successful launch. The legal nature of the Green Deal was a key mistake: as a Commission strategy, it lacked formal prior approval from member states. The European Council merely 'took note' of it, allowing many capitals to later complain about insufficient consultation. This lack of co-ownership weakened implementation, enabling domestic policymakers to easily blame a 'top-down agenda' from Brussels, thereby fuelling Euroscepticism instead of confronting domestic trade-offs.

5 European Commission (2019) "President von der Leyen in the EP on the European Green Deal". Document code: SPEECH/19/6751. European Parliament, 11 December.

This fragile legal foundation was coupled with a failure in communication. The Commission never convincingly answered fundamental public questions – between whom is this deal concluded? For whose benefit? – and shifted its focus to the post-Covid-19 recovery plan, NextGenerationEU. The under-resourced Climate Pact failed to secure the necessary societal participation, creating a democratic deficit, especially damaging given the Green Deal’s profound implications for the cost of essential goods and services and SME competitiveness.

Furthermore, von der Leyen’s decision to secure support by framing sustainability primarily as a driver of economic growth, the so-called ‘win-win’ approach, forgot the deep, unavoidable trade-offs between sectors, regions and generations that a genuine socioecological bargain required. While Europe’s industrial future must be anchored in innovative, capital-intensive green sectors, structural constraints – such as the absence of a common energy policy and slow progress on renewables – already limit room for manoeuvre.

The weak social pillar and unilateralism

The social pillar of the Green Deal was also weak from the outset. The framing of the Green Deal effectively displaced the broader sustainable development goals (SDGs) narrative, which had a stronger social agenda. The Green Deal focused on a narrow vision of a ‘just transition’, centred on formal job losses in coal regions. The slogan “leaving no one behind” remained vague and modest compared to the idea that the transition should reduce extreme inequalities and correct the perception that burdens are unfairly shared. Debates surrounding the ‘Fit for 55’ package have highlighted the regressive potential of carbon pricing and certain regulations for low-income households, which spend a higher share of their income on energy-intensive goods and services. Divergent electricity mixes and heating systems across member states resulted in significantly unequal impacts. The promised Social Climate Fund arrived late, was limited in scale and fell short of establishing a robust automatic system to recycle carbon revenues to those most affected. In parallel, the progress of the European Pillar of Social Rights was extremely disappointing, reinforcing the impression of a lopsided agenda.

Instead of grounding EU climate and energy policy in the SDG framework, which could have framed the Green Deal as the implementation of a universally agreed agenda, the EU opted for a strongly unilateral approach. Post-Paris disillusionment played a role. The Trump administration’s withdrawal from the Paris Agreement and the faltering of multilateralism made unilateral regulatory power – through the single market – appear more effective. The EU had already used this strategy with REACH and vehicle standards, exporting its norms globally. The Green Deal was conceived in that tradition, as symbolised by the decision to develop a CBAM, a topic that was taboo just a few years before. It was designed with limited consultation of the countries most affected, and early concerns about fairness, capacity and adjustment costs were largely dismissed. This lack of genuine engagement has weakened Europe’s diplomatic standing at a time when it most needs partners.

The way forward: Reclaiming Europe's sustainability agenda

Faced with this setback, the temptation for political abdication is high – especially for progressives. That would be a historic mistake.

Decarbonisation is not a cultural fad or ‘woke’ agenda; it is a pragmatic and strategic approach to security and power for Europe. Fossil dependence carries mounting fiscal and strategic costs, from volatile import bills to exposure to coercion by petrostates. Energy sovereignty, industrial strength, food security and technological leadership all hinge on reducing fossil fuel use and scaling domestic low-carbon capacity. The war in Ukraine exposed the price of complacency, while evolving US policies are only adding to the pressure. Europe must shift the narrative: a completed green transition is not a luxury, but the foundation of long-term security, competitiveness and social stability.

This requires a strategic reframing of Europe’s Green Deal story, away from guilt and technocracy, towards protection, sovereignty and broad-based wellbeing. The transition should be narrated as a pathway to safer, richer lives defined by dignity, security and abundance, with sufficiency framed as ‘positive peace’ and mutual care rather than sacrifice. This, in turn, depends on strong alliances with social partners and local actors and on concrete social preconditions: higher wages; shifting taxation from labour to pollution and wealth; rebuilding care systems; and advancing a richer concept of sustainable prosperity that captures social, ecological, institutional and security dimensions beyond GDP alone.

Greenlash politics rests on a false choice between the environment and prosperity. Parts of the centre have absorbed this framing, but there is no durable growth on a collapsing ecological base. Environmental sustainability is not anti-growth and is perfectly compatible with vibrant economic activity that internalises planetary limits to avoid self-destruction. The core question is not whether Europe can ‘afford’ transition, but whether it can afford to lock-in a fossil-centred economic system that leaves households, firms and regions exposed; entrenches strategic dependence; and fails to meet demands for sustainability and fairness.

Despite the polarisation, citizens continue to rank planetary risks among their main concerns. Yet the ‘deal’ framing reinforces a sense of trade-off between social progress and sustainability and was never backed by a felt contract. A renewed sustainable prosperity agenda must be co-created with citizens and economic actors, drawing on democratic innovations, the conference on the future of Europe and ongoing participatory processes for future generations. This deliberation should be paired with a technical effort to complement GDP with a concise dashboard of indicators that capture 21st century European progress across social, environmental, institutional, peace and security dimensions.

To move from rhetoric to practice, the EU’s next budget must be aligned with this agenda. Resources within the EU budget and external instruments need to be clearly earmarked and shielded from erosion, with funding directed not only to infrastructure but also to care systems, minimum income schemes, public services and rural revitalisation,

so that the transition leads to genuinely fair outcomes, based on a balance between give and take, for all households, sectors, regions and generations in Europe.⁶ New vehicles, such as a pan-European people's sovereign fund channelling savings into social and green investments, should be explored.

Trust also depends on binding political accountability: a clear communication effort tied to milestones for sustainable prosperity and a mandatory mid-term stocktake of all corresponding European key policies. Without such mechanisms, everyone can support the principle of sustainable prosperity while no one owns its implementation. Within this agenda, environmental sustainability must be felt as an everyday material improvement. Policies should deliver near-term, place-based co-benefits: lower household bills through building renovation; local jobs; cleaner air; community energy and shared-ownership models; and long-term benefits such as reduced health burdens, fewer disasters and lower fossil import dependence.

Clean industrialisation presents a great opportunity to integrate the green and social agendas: it should evolve toward an Industry 5.0 approach that is human-centred, resilient and sustainable, backed by a renewed rural policy that treats vibrant rural regions as core to Europe's sustainable prosperity. Innovative instruments, including green debt swaps enabling agroecological transitions while restructuring farm debts, deserve testing in Europe and beyond. Raising environmental ambition is compatible with institutional reform. Simplification should mean accelerating delivery and improving legal quality, not quietly weakening standards. Large packages warrant rigorous impact assessment and transparent debate, rather than serving as vehicles for deregulation.

Internationally, as post-2030 debates unfold, progressives need to work with partners globally on a framework that reinforces the indivisibility of human development, while recognising that geopolitics cannot be ignored. Earlier retreats from the SDG narrative were a mistake: for all its flaws, it sought to transcend zero-sum thinking between economic, social, environmental and institutional goals. In an era of intensifying conflict between ecomodernisers and petrostates and prolonged struggles over critical resources, only a genuinely global green transition that fairly shares benefits and burdens can deliver greater security, grounded in positive peace, shared prosperity and justice.

The backlash is real, and it must be taken seriously. But retreat would be far more dangerous. In the current phase of the greenlash, European progressives bear a heavy responsibility: prevent further dismantling of the environmental *acquis* while preparing the ground for a renewed acceleration when the Overton window reopens. This will be difficult in a landscape shaped by disinformation and demagoguery. But abandoning the green agenda would be far worse. It would betray those whose lives and livelihoods are already affected by climate destabilisation and environmental degradation, and it would deprive Europeans of sustainable prosperity and positive peace for decades to come.

6 Groupe d'études géopolitiques (2023) "Après la Cop 27: géopolitique du Pacte vert". Green, 3.



NATIONAL
FOCUS

HANS KEMAN

National focus on Dutch politics 2025

The disappointing electoral performance of the social democrat/Green GL-PvdA party merger needs to be reviewed in relation to the changing party system dynamics in the Netherlands. The majority of their voters is moving to the centre and right and away from GL-PvdA. Despite a solid campaign and a suitable policy programme confronting a failed far-right government, the party lost five seats. Conversely, the 'centrist' D66 and CDA gained 30 seats altogether in a situation where trust in politics fell to a record low. The campaigning style and policy programme appeared insufficiently attractive to voters. Furthermore, the changing followership of GL-PvdA tends to represent higher-educated professionals instead of blue-collar workers. A gap between political promises and societal performance is growing, as expressed by a loss of trust driving electoral volatility. GL-PvdA should choose to regain a broader following by developing a programme to target wider representation. This requires vertical and horizontal integration of the new party to organise a solid constituency.

The recent results of Dutch parliamentary elections have been disappointing for the GreenLeft/Labour Party (GL-PvdA), and not expected. In opinion polls, the party hovered consistently around 24-26 seats. Yet, the result turned out to be only 20 seats. This signified that the combination did not enhance its position, despite its progressive-leftish profile and a campaign that continually and severely blamed parties in government for their misconduct during the past 11 months of incompetent governance.

In fact, this outcome demonstrates that the *median* voter appears to have moved incrementally towards a centre-right (or conservative) position within the Dutch party system. It signifies that the new party's constituency is shrinking below the vote share of the populist parties. Table 1 shows that the parties in the centre of the Dutch party system have regained their vote share compared to the results in 2023.¹

1 Huis in 't Veld, T. (2025) "We need to stop apologising for who we are". *The Progressive Post*, 6 November.

Table 1. Parliamentary elections in the Netherlands, 2017-2021.

Year	GreenLeft/ PvdA	Mainstream parties	Populist parties	Voter turnout	Electoral volatility
2017	14.8% (9.1/5.7)	45.9%	14.9%	81.6%	23.3%
Seats	23	71	22		
2021	10.9 (5.7/5.2)	46.5	15.8	78.7	18.1
Seats	17	73	25		
2023	15.8	24.8	25.8	77.8	35.7
Seats	25	38	41		
2025	12.8	42.9	27.1	78.4	27.6
Seats	20	66	42		
Average	13.6	40.0	24.8	79.1	26.2

Explanation: Mainstream parties: CDA (Christian democrats), D66 ('centrist' liberals), VVD (right-wing liberals); populist parties: PVV, FvD, JA21; voter turnout: participation of the total electorate; electoral volatility: percentage of voters switching party since the election before (e.g., on average, 26.4%, i.e., 1 in 4 voters has switched party).

Source: Kiesraad.

What do these outcomes imply for the left in the Netherlands? Is there still a future for left-wing-cum-progressive politics? To answer such questions, one needs to investigate the electoral campaign and explore the fundamental factors to understand the role and position of GL-PvdA. The first focus needs to be on the blatant mismanagement of the previous right-wing government. Secondly, the campaign conducted will be discussed. The remainder is devoted to the underlying factors concerning the 'road' chosen by GL-PvdA.

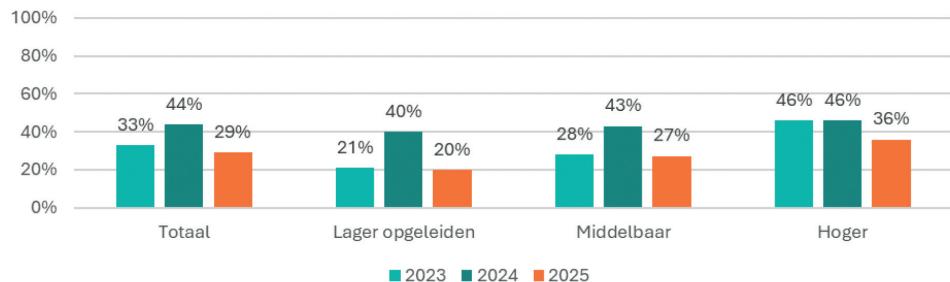
A fresh government and trust in politics

In the 2023 election, the radical right-wing PVV became the largest party in parliament, and two new parties, the centre-right New Social Contract (NSC) and the Farmers Movement (BBB) gained, respectively, 20 and seven seats in the Second Chamber of the parliament. Together with the conservative-liberal VVD and the populist PVV, these parties formed a majority coalition, proudly promising a fresh start and, above all, the development of the "severest policy on asylum & immigration ever". Apart from the VVD, none of these parties had ever participated in a coalition government, nor did the government include persons with political experience to direct a ministry. In addition, the coalition was led by a bureaucrat as prime minister (PM) without any party affiliation.

This government was short-lived (11 months) and characterised by sheer incompetence to govern, causing a policy standstill on most issues considered to be crucial by the population (like the provision of healthcare, building houses, reforming the agricultural sector and climate issues). The first party to leave was the populist PVV, followed soon afterwards by NSC, leaving the Dutch public with a minority government with clipped wings. Not

surprisingly, trust in politics dwindled to a level never seen before: opinion polls found that no more than around 25% of the population trusted politicians, parliamentary politics and national governance. Figure 1 demonstrates this downward development of ‘political trust’, specifying the level of education.

Figure 1. Political trust in government (2023-2025).



Explanation: *Totaal* = the total number of people surveyed; *Lager opgeleiden* = lower level of education (often technical); *Middelbaar* = medium level (professional); *Hoger* = higher educated (tertiary level).

Source: Ipsos – *Prinsjesdagonderzoek 2025: politiek vertrouwen daalt naar niveau van voor kabinet-Schoof* (Opinion Research September 2025: Official opening of the parliamentary year by the King).

Under these circumstances, one could expect that any party in opposition would have a ‘field day’ in campaigning under such conditions. And indeed, two parties – D66 and CDA – did (together they gained 30 seats in the Second Chamber). The former became the largest party (for the first time ever), and the Christian Democrats recovered from their loss in 2023. However, GL-PvdA lost five seats, and all other smaller progressive parties – left, Green or progressive – lost too. But why?

Campaigning for change and against populism

Various explanations regarding the GL-PvdA campaign circulate and some of these are valid. Yet, most of them are ‘short-term’ explanations, ignoring the underlying factors that impact social democracy in the Netherlands.² Among these instant explanations are the campaign itself, the role of the party leader (former EU Commissioner Frans Timmermans), insufficiently tackling populism and blaming mismanagement by the government inadequately. These criticisms are to some extent true, but the party’s manifesto and its financial basis were intrinsically sound³ and safe on ‘welfare statism’; yet, the message was, apparently, not convincing.

2 See: Keman, H. (2022) “The continued decline of Dutch social democracy”, in G. Menz (ed.) *The Resistible Corrosion of Europe’s Center-Left after 2008* (London: Routledge), pp. 148-169.

3 In the Netherlands, most (relevant) parties have their policy programme verified by the Central Bureau of Statistics in terms of its fiscal soundness and potential effects on purchase power parity, economic growth and living conditions. In addition, there are several websites where voters can check their preferences with regard to party programmes. This latter option is used by many, particularly ‘floating’ voters.

Other parties in opposition conducted more or less similar campaigns. The mainstream parties also all excluded PVV from future coalitions. Yet, their campaigns showed (in retrospect) one difference: they represented a younger generation using hopeful language ('Yes, we can') and stressed 'new' politics aimed at a responsible and stable form of centrist governance. They have been more convincing to different publics. Yet, one difference ought to be noted. Both the conservative VVD and the populist PVV demonised Timmermans and accused GL-PvdA, through social media and in debates, of being 'radical': unreliable and unfit to govern in a coalition. This mode of polarised campaigning had an effect on the popularity of GL-PvdA and its leader, who was presented as the next PM by the party.

Altogether, in the 2025 campaign, all mainstream parties denounced governing with Wilders' party and claimed a more centrist attitude to solve urgent problems in a responsive and reliable fashion. In this respect, there was no difference between the mainstream parties: they *all* addressed the diverse electorate in a similar fashion. This development leads to a paradox: considering the high level of electoral volatility (27.6%) and the relatively low degree of issue differences across the mainstream parties, it implies that campaigning meant fishing in the same pond without knowing where to catch which voter. One of the problems with the party combination of GL-PvdA was (and is) establishing a stable constituency across the population.

Secondly, excluding a party from joining the government means the growth of 'strategic voting': selecting the next best option, namely, preventing PVV from remaining the largest party. According to research, it appears that this option has benefitted parties closer to the centre of the left-right and conservative-progressive axes, but not the 'left'.⁴ Altogether, GL-PvdA conducted a decent but also traditional electoral campaign, insufficiently convincing to 'catch' floating (undecided) and swing (non-aligned) voters with respect to the populist barrage. Hence, the urgent question for GL-PvdA is how to *re-align* with lost voters and build a *solid* constituency to gain an electoral position in the near future to carry out its policy programme in a *stable* coalition.

Long-term factors affecting the 'left' in the Netherlands

1. Dutch party system dynamics

Since the political earthquake of Pim Fortuyn's assassination in 2002, government formation has slowly shifted from socioeconomic to sociocultural topics: identity (nationalism versus multiculturalism); universalism (climate control and equality); and distributional concerns (globalism and solidarity). However, these progressive themes remain 'abstract' and do not appear to be connected to the daily concerns of 'ordinary people'. An example of an 'abstract' is the 'Green Deal' developed and pursued by the EU under Timmermans'

⁴ Keep in mind that among the electoral losers were not only the populist PVV but also the right-wing VVD. The party lost (only) two seats but, at the same time, recorded its worst electoral performance since 1972!

leadership. Another contested issue is the treatment of refugees with respect to the concerns of Dutch citizens like housing, healthcare and welfare subsistence.

Both examples are important for progressive politicians and their followers but seem insufficient to convince many blue- and white-collar workers. On the contrary, it is unclear where GL-PvdA stands. And for *whom* it stands. For all citizens or for specific groups in society? *Who is represented* by the left? There are also other questions to ponder: social democratic parties have emerged over time as a movement uniting the working people to improve their labour and living conditions and to enhance opportunities in society. Its success has been amazing in the past, *why?* The essence of this performance has been the capability to recruit large parts of working people around *material* issues, building coalitions with the ‘centrist’ forces within a party system. Examples include the Scandinavian parties and the postwar Benelux countries up to 2002. Yet, this type of party cooperation and policy concertation in a coalition government has disappeared in recent years in the Netherlands.

Political polarisation and populist politics have changed the Dutch party system dynamics. Instead of cooperation resulting from convergent policy agendas, the apparent trend is mutual *exclusion* and *trench warfare*. The result has been fragmented policy formation based on minimalist compromises. This development creates ‘waterbed’ effects and negatively affects ‘trust’ in politics, parliament and government (see Figure 1). The ‘confidence’ of the average citizen in the management of the ‘state’ to carry out policies is waning. The Rutte IV government and the recent right-wing coalition are sad illustrations of a reduced degree of ‘stateness’.

Altogether, it appears that social democracy is in dire straits, given the evolution of the Dutch party system – especially after 2017. In addition, issue formation has shifted from *common* concerns across parties to issues that are either ‘populist’ driven or ‘universal’ and patronising in the view of the electorate. For example, the ‘immigration’ or ‘climate’ are defined as existential problems for society (Nimby effect), whilst at the same time ‘material’ concerns are higher on citizens’ urgency agenda. Yet, *all* parties address these problems, but due to a fragmented and polarised party system, most parties agree to disagree on *how* to solve them!

2. The micro-macro paradox: Representation and stateness

The fissure between electoral pledges and actual policy performance widened in the public eye in the 21st century. In addition, the gap between politics at the political centre and society at large widened further due to the *micro-macro paradox*: public policies neither meet the expectations nor experiences of all citizens. For a social democratic party, the level of stateness is crucial to deliver, if and when it is in government *and* reducing the paradox.

This is one of the reasons for the dramatic electoral loss in 2017: the macro arguments at the time may have been valid; the micro experiences were, however, ignored for many voters, and gave a reason to switch to another party (as the rate of electoral volatility

indicates; see Table 1). The level of ‘stateness’ correlates with the *effectiveness* of public policies affecting trust in society.⁵ The slow decline in electoral support of the PvdA (and GL) in the 21st century, accelerating since 2017, has been below par in representing the ‘material’ concerns of the lower and middle classes: the ‘caring state’ seems to have faded away. This is not only due to the micro-macro paradox but is also affected by demographic factors (age and education) and geographic distribution (rural versus urban) in the electorate. This meant a growing gap between the higher-educated ‘universalists’ (meritocracy) and the traditional core of social democracy: blue- and white-collar workers.⁶

In summary, representation of the traditional social democratic constituency has evaporated and has, to a certain extent, been replaced by the urban, well-educated and higher-salaried professionals. Additionally, the *experienced* level of stateness has disappointed its usual followership. This shift within the social democratic *membership* makes the fusion and eventual merger with the GL doubtful. The questions that cry out for an answer are, therefore, who is represented, and *which* policy agenda can create a solid constituency?

3. Choices for social democracy: Searching the constituency

Although, on one hand, the mission of the ‘left’ remained more or less the same (representing blue- and white-collar workers); on the other hand, the middle- and lower-salaried workers, pensioners, and precariat are experiencing a party that does not respond to their day-to-day concerns (like housing, healthcare, work and income). They feel underrepresented and less recognised by the policy agenda of the fused GL-PvdA. Admittedly, it is a complex challenge, considering, for example, the demographic change and fragmented complexion of the labour market nowadays. Nevertheless, a choice of redirection is inevitable for the new party of the left to regain a solid and lasting following.

Electoral research has shown that recently left-leaning common voters have switched their vote to the (radical and moderate) right. This shift urges us to take up ‘hot’ issues like immigration,⁷ as well as a clear policy stance regarding sustainable ‘welfare statism’, supported by the *efficient and effective* operation of public services and their performance (stateness). An important asset in this respect is to organise the ‘new’ party *bottom-up*. Remarkably, at the local and provincial levels, GL-PvdA is capable of developing effective and responsive policy coordination with contrasting parties where there is a standstill on the national level. The GL-PvdA parliamentary party needs to support such practices and reinforce ‘grass roots’ politics.

Finally, the *internal* procedures within the party ought to be focused upon. On one hand, there is the matter of leadership and the *horizontal* relationship between the party (board)

5 Møller, J. and S.-E. Skaaning (2011) “Stateness first?” *Democratization*, 1(18): 1-24. DOI: 10.1080/13510347.2011.532607

6 Bovens, M. and A. Wille (2017) *Diploma Democracy. The Rise of Political Meritocracy* (Oxford: Oxford University Press).

7 It ought to be understood that the political debate on immigration is simplified by discussing refugees/asylum seekers only, whereas their proportion makes up only 10% of the total.

and the parliamentary party. The current process of merging GL and PvdA is characterised by confusion among the leadership, public perception and membership. On the other hand, there is room for improving the *vertical* integration of members and the diverse publics on the decentralised levels of institutional representation. Leadership is, in this context, an important feature of a *party-cum-movement*. Integrating the members and voters is equally important in view of consolidating, if not developing, a broader and loyal constituency.

Altogether it can be concluded that the PvdA (but not only) has underestimated the changing complexion of society: the shift in society to conservatist and culture-driven issues and populist rhetoric, on one hand; and the waning of ‘stateness’, that is, a trusted and effective public authority carrying out public policies, on the other hand. The issue at hand for a resilient social democracy and the left in the Netherlands is, therefore, to make a choice: either develop a broad Green and left following, or realign and integrate its original support from blue- and white-collar workers in society.

Routes to the future: Dilemmas to ponder

In summary,⁸ Dutch social democracy needs to ponder whether or not the future indeed lies *within* a broad progressive movement containing diverse leftish and Greenish publics, or to reinforce its future by means of its original *mission*: the social democratisation of society for the sake of the ‘ordinary people’ by providing solidarity, welfare and a caring state. This programmatic choice regarding left *and* green issues signifies a recalibration of the mission of *both* the GL and social democracy.

The ongoing process of merging the two parties, therefore, requires a careful definition of which publics are to be represented and targeted as its ‘constituency’. Secondly, the chosen direction needs to be implemented in conjunction with a policy agenda that incorporates the various *levels of stateness* in the Netherlands. This requires *both* vertical and horizontal integration of members, followers *and* voters in particular, to build a lasting constituency nationwide that is able to promote its mission effectively.

⁸ See also: Keman, H. (2024) “Social democracy in the Netherlands”. Next Left Country Case Studies. FEPS, pp. 81-89.

MARIOLA URREA CORRES

Preserving democracy and the rules-based liberal order

The strong growth of the Spanish economy is an exception within the European context, where there are signs of a broad-based slowdown. The challenge for a progressive minority coalition government such as the Spanish one is to ensure that economic growth is also perceived as such by citizens. The sustainability of democracy in Europe partly depends on reducing inequality gaps and providing a hopeful horizon, especially for the most fragile. In addition to this challenge, which is shared with other European states, the Spanish government has proposed a reform to modernise the justice system, the approval of which in parliament is not, however, guaranteed. Neither Spain nor Europe can remain indifferent to the progressive dismantling of the rules-based international order. A more hostile and insecure world requires a more substantial commitment from the European Union and its states to multilateralism. Strengthening Europe's security and defence structures cannot be delayed.

Spain internally: A progressive coalition government without a progressive parliamentary majority

A cohesive progressive coalition government and a fragile legislative majority

The time of absolute majorities in Spain has come to an end. Nor is it common for governments to have iron-clad majorities around an ideologically shared government agenda. The general elections held on 23 July 2023 in Spain allowed Pedro Sánchez to be invested as president of a progressive coalition government formed by the Partido Socialista Obrero Español (PSOE; 121 seats) and Sumar (31 seats). The two parties then comprised a total of 152 members in a parliament of 350.

The political forces in the parliament that facilitated the formation of a progressive coalition government in Spain have never made a strong commitment to governability built

around an ideologically shared agenda. The support of parliamentary partners has been conditional on compliance with the agreements that the government signed with each of them in accordance with their interests. These agreements do not, in themselves, represent a guarantee of support for all legislative initiatives put forward by the government.

In recent times, the parliamentary majority in question has demonstrated its fragility with the rejection of some of its key initiatives, such as those aimed at preventing the processing of the national budget. More than a parliamentary majority supporting the government in Spain, there is a 'negative majority'. This makes governability more difficult, but the existence of such a negative majority cannot be interpreted as an alternative majority capable of ending the legislature. In fact, the political forces of the right (PP) and the far right (VOX) today do not have the support of other important political forces to impose a motion of censure. PP and VOX would be able to form a coalition government if, in hypothetical general elections, they won enough seats to form a majority in parliament.

The parliamentary fragility of support for the government, coupled with the absence of an alternative majority, makes all scenarios possible regarding when the legislature will come to an end. The possible presence of a far-right political force (VOX) in government, a party that denies the consequences of climate change and violence against women and rejects the defence of a liberal rules-based order poses a real challenge to Spain. All surveys indicate consistently growing support for the extreme right-wing party VOX, particularly among young people. The right wing of PP, far from raising concerns about the far right as a governing partner, has agreed to a pact with them. This has been the case in the governments of some autonomous communities – most recently in Valencia.

The welfare state as a shield for the protection of democracy

The Spanish economy is growing robustly and is an exception within the European context, where there is evidence of a generalised slowdown. Estimates from the National Institute of Statistics (INE) indicate an increase of around 3% of Spanish GDP during the first two quarters of 2025. The OECD puts GDP growth at 2.8%. The economy is growing steadily, as shown by indicators on private consumption growth, business investment and public consumption. The external sector has also been one of the pillars of growth since 2023, although, in 2025, exports of goods performed worse than exports of tourism and non-tourism services. The tariffs imposed by Donald Trump on our products are probably the reason for this slowdown. The good functioning of the labour market, with 22 million employees, cannot be ignored among favourable indicators. And, of course, the implementation of NextGenerationEU funds in Spain also has an impact on the good performance of domestic demand. Spain's figures for public deficits (-2.5% of GDP) or public debt (98.2%) are also positive in relation to the figures for European countries. Inflation does exceed the European average, although the differential is narrowed if the energy component is excluded from the calculation.

The data provided by the Spanish macroeconomy should be complemented by an analysis of the less optimistic perception expressed by citizens. The very favourable

performance of the Spanish economy or the improvement in labour market figures coexist with stagnating wages and a significant loss of purchasing power. This reality is not unique to Spain. Since 2022, consumer confidence in the European Union (EU) has been below its historical average. This mismatch between macro- and microeconomics, combined with the worrying numbers of people at risk of poverty or social exclusion, should alert us to the problem of inequality. The difficulties for large groups of society, such as young people, to perceive the positive impact of a robust economy, represent a challenge to the health of democracy. The lack of expectations for the future makes the political promises of a highly populist nature, such as those proposed by the extreme right on immigration, the green agenda or feminism, attractive.

The challenge for governments in a pluralistic society, such as Europe, is to offer a new social contract and strengthen the architecture of the welfare state by safeguarding its universal character. Social democracy must relax its narrative towards those who, without discussing the content and scope of the welfare state, propose discussions to those whom they should be addressed. Thus, the extreme right shapes its policy proposals based on the so-called 'wellbeing chauvinism'. This concept restricts the beneficiaries of public policies and social services to those who meet the criteria of belonging (nationality) and merit (the relationship between what is brought into the system and what is received from it). This new approach to the ideal of a welfare state is not only taking root in far-right political proposals, but it is also present in many initiatives taken by centre-right parties in Europe and in Spain. How can a narrative that corrects these approaches be articulated from the left? The difficulty lies not in the theoretical approach about how important it is to preserve a universal character of the welfare state, but in making it attractive to those citizens in the most fragile situations who find a balm for the uncertainties of the future in 'wellbeing chauvinism'.

Spain and the need to modernise the justice system

In addition to the challenges common to all EU member states, certain countries need to address particular challenges. In the case of Spain, improving the functioning of the justice system and modernising the selection process for judges is a necessity, in addition to a democratic commitment to a progressive government. In this regard, Spain agreed with the European Commission in the framework of the Recovery, Transformation and Resilience Plan to adopt a law on measures on the efficiency of the Public Justice Service that incorporates relevant organisational and procedural changes. Additionally, the government has proposed three major reforms affecting the judicial system, which are currently under parliamentary discussion.

It is, first of all, about designing a new criminal procedure, where investigation is carried out by a public prosecutor, as it is the case in other European countries such as Germany or Italy. Secondly, an initiative to ensure protection against abusive court proceedings, as required by the relevant European legislation, has been launched. Thirdly, a proposal to reform the selection process for judges and prosecutors deserves particular attention. The

current system for selecting judges and prosecutors is outdated, ineffective and does not guarantee equal opportunities. The diagnosis of the weaknesses of the current system is widely shared, but there is strong corporate resistance to change.

The great virtue of the reform to modernise the justice system is that it impacts almost all elements that make up the current system of selecting judges and prosecutors. The written test will increase the competences in legal argumentation and critical reasoning that are essential to select the archetype of democratic judge demanded by complex societies.

Nevertheless, the lack of a strong majority might prevent this reform from finding approval in parliament. This difficulty does not constitute a sufficient excuse to not discuss the initiative to bring the mechanism for selecting judges closer to those existing in other European countries.

An international perspective: A strong voice in the challenges of a new global disorder

Upholding the rules-based order: An imperative for Europe and Spain

The dismantling of the rules-based liberal order is the result of a deliberate political decision by actors such as Russia or the United States. China is also advocating a more 'Chinese-centric' political order and has become the largest donor of funds to emerging and developing countries. The reluctance of major global powers to reform the international system in a way that meets the expectations of countries belonging to the Global South is another important issue. However, Russia's illegal aggression against Ukraine was an abrupt awakening for Europeans to a more hostile world. The United States' tariffs on EU products, as well as the brutal way of negotiating an agreement with Europeans, highlights that our former partner and ally had ceased to be one.

The EU and its member states are witnessing the tragic reality of the erosion of the structures of international relations. At the same time, the bloc still has the will to defend multilateralism and its own role as an international actor. The rules-based order is the right legal and political ecosystem for a secure, independent and stable EU. In this context, Spain has expressed a firm position in leading the recognition of Gaza as a state and in qualifying Israel's actions against the population of Gaza as a crime against humanity. Spain's position is in line with the views of a majority throughout Europe, and it is grounded in a foreign policy faithful to the defence of the values and principles required by the recently adopted *Spanish External Action Strategy*.

In this worrying international context, Europe must reaffirm its rejection of force and coercion as a tool for achieving political goals. The presence of the EU in the negotiation of a peace plan for Ukraine is crucial in moving the scene away from an unacceptable capitulation for Ukraine and for Europeans. Europe's call for our security to be effective requires faster progress in shaping an autonomous and credible defence structure.

Towards a more autonomous European defence: A step forward in political integration within (or outside) the Treaties

Europe's security is a pressing concern for Europeans. We need to answer three questions without delay: what security we want; what security we need; and what security we are ready to pay for. The debate does not deny the value of 'soft power' instruments, but it is necessary to recognise their limitation in an international context without rules. This is why the EU must embrace new approaches to defence that would have been unimaginable years ago.

Having strategic autonomy in the security dimension also requires efforts of a political, budgetary and industrial nature, among others. The challenge for the EU and its states increases if such efforts need to be made without abandoning the commitments made to NATO as a collective defence that ensures deterrence. In this context, Spain unequivocally refused to accept a spending commitment of 5% of GDP at the NATO summit in The Hague in June 2025. This position does not ignore the threats we have to face as Europeans, nor does it amount to reducing the commitment to a collective defence system of which we are part. Quite the contrary. Beyond raising concerns about a decision imposed by someone who is no longer a completely reliable ally, it is also a matter of giving the European defence industry time to absorb the expenditure required to strengthen a more autonomous security architecture. All this without compromising the pillars of the welfare state as an element of European identity.

The decision to achieve a common defence for Europe will require moving forward in the process of political integration of the Union through the reform tools provided for in the Treaties. If this formula cannot be used due to the lack of agreement by some member states, other formulas should be considered that could allow progress, even outside the Treaties. This option has already been used to approve the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union at a particularly challenging time for the European integration process, such as the euro crisis.

Spain's progressive government is developing an ambitious agenda on both domestic and foreign policy. The strong performance of the Spanish economy is an exception in the European context. This is an opportunity to strengthen the foundations of the welfare state, which is integral to our democratic identity and the basis for many people's confidence in the future. Furthermore, Spain has not renounced its firm stance in defence of a more autonomous and cohesive Europe, capable of defending its values and the rules-based liberal order.



GLOBAL
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MAARTEN SMEETS

The trade and tariff war: Implications for the EU and the World Trade Organization's multilateral trading system

The world is marked by geopolitical tensions, trade wars and a significant rise of nationalism driven by 'national economic security' considerations. Creating a competitive environment with new technologies and artificial intelligence requires access to critical minerals, including rare earths. Protectionism is on the rise, with high tariffs, import and export restrictions, foreign direct investment commitments by foreign enterprises, the (forced) relocation of production, limitations in technology transfers (chips) and new industrial policies, including subsidy programmes aimed at creating winners in the high-tech sectors. Nationalistic policies and bilateral trade agreements negotiated by the US with its trading partners, including with the European Union, lead to an increasingly fragmented and polarised world. There is an urgent need to return to a stable, predictable and inclusive trading environment. The world needs more cooperation and coherent approaches, as all policies are interconnected and cannot be solved by one country alone. Individualistic approaches exacerbate fragmentation.

The beginning of a new trade policy era

Following the election of US President Donald Trump in the autumn of 2024, 2025 was marked by major geopolitical tensions and trade wars. As outlined by the US Trade Representative, Ambassador Jamieson Greer, in his *New York Times* op-ed on 7 August 2025, "Why we remade the Global Order", the US Administration pursues the goal of establishing a trade balance with its trading partners. The so-called 'reciprocal tariffs' applied by the US are driven by the motivation and belief that the US has been taken advantage of by its trading partners and that this needs to be rectified. These policies are reinforced and increasingly driven by 'national security' considerations, and in that sense, the US

is not alone: governments, in the interest of national (economic) security, feel obliged to implement policies that secure domestic production and employment in critical sectors of the economy. This need has become more pressing and urgent with the emergence of new technologies and the rapid rise of artificial intelligence (AI), which increasingly determines a country's competitiveness in international markets. Access to critical inputs, especially rare earth minerals, is essential for inputs in the production process and national security. These considerations have also led to the reintroduction of industrial policies, including subsidy programmes aimed at creating winners in the high-tech sectors.

A particular concern for many countries, including the US and Europe, has been the spectacular rise of China on the international scene. Since its accession to the World Trade Organization (WTO) in 2001, it has secured an increasingly dominant position in international trade, especially in high-technology goods. The huge trade surplus it developed with the US is at the origin of geopolitical tensions and the trade war, as well as the corrective measures under Trump I, which were expanded under the Biden administration and significantly strengthened under Trump II. The main concern today is China's fierce competition in many critical sectors, especially in high technology. While subsidy programmes exist on both sides of the Pacific, it is argued that China grants significant amounts of subsidies through its state-owned enterprises to its high-tech industries, distorting competitive conditions. A particular concern for the US is the strict control China exercises over its access to rare earths, especially through export restrictions, which limits the production capacity of foreign enterprises that rely on this critical input for the production of high-technology goods and are considered essential to national security.

While China is the US's main target, all countries are affected by US policies in its attempt to redress its trade (im-)balance. The US has negotiated and concluded a series of bilateral trade agreements with its trading partners, including both developed and developing countries. In addition to tariffs, the agreements include a variety of policy instruments, for example, import and export restrictions; foreign direct investment (FDI) commitments by foreign enterprises into the US; the (forced) relocation of production, often referred to as home-shoring and friend-shoring; and limitations in technology transfers, including chips.

Through these bilateral agreements, the US's trading partners attempt to find mutually agreeable solutions and mitigate the impact of trade measures on their economies. These negotiations are often lengthy, complex and challenging. The negotiations with China, especially, have turned out to be far more complex and challenging, given China's economic power, its near monopoly on rare earths and its capacity to retaliate. On several occasions, the US and China reached an understanding and concluded a deal, which soon became obsolete and was followed by new US trade measures and subsequent retaliation by China. The latest meeting between US President Trump and China's leader, Xi, held in late October in South Korea, led to a new truce, which appears to be holding for now. On the European side, the president of the European Commission, Ursula von der Leyen, signed a framework agreement on behalf of the EU with the US president in late July 2025 during their meeting in Scotland. The agreement does not focus solely on

trade and should be considered in the broader context of a rapidly evolving, multi-polar world.

A tariff war as never seen before

In April 2025, the US president announced 'Liberation Day', which led to a broad range of tariff increases for its trading partners, which remain in place today. Their levels keep fluctuating, even after the conclusion of bilateral deals, as the US president frequently changes his mind on which tariffs to apply to which countries. The process of determining appropriate levels is not rocket science, but it is often opaque. Except China, which faces significantly higher tariffs, for most countries, they broadly range between 10% and 40%, mainly depending on the trade deficit. The American tariffs are legally based on the 'national security argument' in Section 232 of the US Trade and Expansion Act of 1962, as well as on Section 301 (Title III of the Trade Act of 1974), "Relief from Unfair Trade Practices". The tariffs are both broad and sector-specific. While their main goal is to correct the bilateral trade deficit with each trading partner, the tariffs equally pursue non-trade-related goals. In the case of China, one of the initial arguments by the US to apply tariffs was to counter Chinese exports of fentanyl to the US, which is responsible for killing tens of thousands of US citizens every year. These were referred to as the 'Fentanyl tariff' and were initially set at a level of 20%, but were subsequently reduced to 10% following the understanding reached between President Trump and President Xi in South Korea on 29 October 2025. India was charged with an additional 25% tariff on many products, as a consequence of India's continued purchase of Russian oil. In the case of Canada, an additional 10% punitive tariff was imposed on Canadian goods following the Ontario government's controversial TV ad, which featured remarks by former President Ronald Reagan against tariffs.

The evolution of US tariffs applied against China, and the Chinese retaliatory tariffs against the US, is more complex, with their levels fluctuating and frequently changing in response to the outcomes of bilateral negotiations and agreements reached between the US and China. According to a detailed tracking of the tariff history by Chad Bown from the Peterson Institute for International Economics since the trade war was launched under Trump's first administration until today, the tariffs against China reached a peak of nearly 150% this summer. Since then, they have frequently changed, and the rates 'stabilised' at 57.6% of US tariffs against China and 32.6% tariffs applied by China against the US. Most developing countries, as well as some of the least developed, face tariffs between 15% and 30%. This compares with an average most favoured nation (MFN) import duty of around 3.5% in most developed countries and a 6.5% import duty applied by China towards its trading partners and the US, before the trade war. As explained further below, the MFN rate is the WTO's legally binding commitment for its members. Hence, the actual tariff rates far exceed the average legally binding ones.

Developed countries have negotiated different deals: the UK negotiated a relatively good deal with a 10% tariff; Switzerland was initially hit with one of the highest tariffs at 39%,

but in mid-November it managed to bring these down to 15%. In addition, Switzerland will reduce import duties on US goods, and Swiss companies have committed to investing \$200 billion in the US by 2028. The EU concluded a tariff rate of 15%, as discussed further below. While the US maintains its policy of duty-free treatment of products originating from Mexico and Canada under the US-Mexico-Canada Agreement (USMCA), which secures free trade among the three partners, the US applies 25% import duties on goods that do not originate under USMCA. Examples are certain imported and mostly foreign-made vehicles, auto parts and components, steel and aluminium products imported from third countries and not subject to exemptions, semiconductors, pharmaceuticals, and some consumer goods. Also, it has become apparent that the level of the tariff rates was not only determined by the bilateral trade deficit, but to a large extent by the negotiating techniques and skills of the leaders and the president's own judgement. This demonstrates, to some extent, the arbitrary nature of the tariff levels.

The EU-US 'trade agreement'

European Commission President Ursula von der Leyen signed the so-called US-EU 'trade' agreement in Scotland in late July 2025, referred to as the US-EU Framework on an Agreement on Reciprocal, Fair, and Balanced Trade ('Framework Agreement'). The White House issued details on its contents on 21 August 2025. Under the terms of the Framework Agreement, the US tariffs applied against the EU are set at the higher of either the US MFN tariff rate or 15%, comprised of the MFN tariff and a reciprocal tariff on goods originating from the EU. The EU, on its part, intends to eliminate tariffs on all US industrial goods and provide preferential market access for a wide range of seafood and agricultural products. The effect and impact of the tariffs will differ for each sector, with the European automobile industry being one of the most affected sectors.

In addition to tariffs, the Framework Agreement covers a range of other areas, including energy supplies, that is, buying US liquefied gas, oil and nuclear energy estimated at \$750 billion; FDI 'commitments' into the US of around \$600 billion; procurement of military defence; non-tariff barriers; agriculture; environment (Carbon Border Adjustment Mechanism); critical minerals; intellectual property rights; and electronic commerce. Hence, the agreement is not exclusively a trade agreement but encompasses many areas that extend well beyond trade.

Looking more carefully at the so-called 'Trade' Framework Agreement, the language used in the agreement is often non-binding and at times weak. Additionally, it refers in many places to further work that needs to be undertaken, indicating that it is a work in progress. On tariffs, the agreement states that the EU 'intends' to scrap all tariffs on US industrial goods. A key question is whether the EU will apply the MFN principle, thus extending that advantage to all of the EU's trading partners. The word 'intends' is mentioned in many places, including about the EU's intention to procure US liquefied natural gas, oil and nuclear energy products to the amount of \$750 billion. The same applies to the purchase

of \$40 billion worth of US AI chips for its computing centres, and again, the same applies to a \$600 billion investment by EU companies across strategic sectors in the US through 2028. These investments are private sector investments, and hence, cannot be enforced by governments. It is said that these investments are the outcome of consultations with European business leaders and were largely planned in advance.

While the agreement implies significant economic costs – mainly on the European side – on the upside, the agreement certainly creates a more stable and predictable environment in relations between the two biggest trading partners than would be the case without the agreement and guarantees continued market access to both sides of the Atlantic. The agreement will be up for review and refinement as time passes.

While the agreement has led to critical reactions, observations and questions about its contents and the rationale for giving in to US demands, especially from member states that are likely to be the most impacted, including France and Germany, for now the agreement offers stability and predictability in its relations with the US and provides a basis for continued discussions and negotiations. One often-heard, and probably most important, explanation for this deal is the broader EU consideration of maintaining good relations with the US as an ally in the West at a critical juncture in the war between Russia and Ukraine. Moreover, the US is a key trade partner with a significant market, and maintaining close transatlantic economic and trade ties is of mutual economic interest. Harmonious relations between the US and the EU are of the essence, and that is, for now, achieved through the Framework Agreement, despite its shortcomings.

That being said, given the uncertainties in transatlantic trade relations and the costs associated with the implementation of the agreement, the EU should pursue its efforts to expand and diversify its trade relations with other trade partners on all continents, including with Canada, Japan, India, South Korea and countries in Latin America. Efforts to that effect are underway, and in September of this year, the European Commission formally submitted the final text of the EU-Mercosur partnership agreement to the European Council for ratification by its member states.

Bilateralism puts multilateralism at risk and nationalism drives fragmentation

Geopolitical tensions, the tariff and trade wars, and the significant number of bilateral deals they led to put multilateralism at risk. Already, the WTO multilateral trading system has been significantly weakened over the past decades, as its rules have not kept pace with the developments in international trade and are outdated in many instances. Trade patterns have changed drastically following a period of globalisation and with the introduction and rapid evolution of new technologies. The trade rules designed at the time of the Bretton Woods conference shortly after World War II are largely obsolete. Even the WTO, created in 1995 and meant to address the challenges emerging from globalisation, is no longer offering the panoply of rules required in today's trading environment. The new rules meant

to take into account the new patterns of trade following the dynamics of globalisation are no longer adequate. Most importantly, the bilateral deals undermine the fundamental principle of the MFN, which requires each WTO member to apply the same tariff to all its trading partners multilaterally. Even though, according to the WTO, most world trade is still conducted under MFN, this principle is now being eroded. The MFN concept ensures equal treatment between WTO members, securing transparency, stability and predictability. To the extent that tariffs negotiated and contained in bilateral trade agreements exceed the tariff bindings, they are in breach of the MFN principle. It is also noted that tariffs are typically reduced in 'rounds' of multilateral trade negotiations, rather than increased. Exceptionally, they can be increased, which implies a complex and onerous process, involving lengthy negotiations with the main trading partners and providing 'compensation'. These rules are ignored under the newly negotiated bilateral deals, and no compensation in the sense of Art. XXVIII of the General Agreement on Tariffs and Trade (GATT) is discussed. Under the relevant GATT provision, compensation should be offered to any trading partner that is affected by the change in tariff. It is deemed to be covered under bilateral deals, disregarding the rights of third parties.

The sky-high tariffs the world has witnessed have not only not been seen in over 100 years, but they are also in direct violation of the MFN principle. Substituting MFN tariffs with bilaterally agreed duties puts the multilateral trading system at risk. Equally, the ongoing tariff war and proliferation of unilateral economic security policies have eroded trust in global trade and significantly undermined the rules-based framework established under the WTO. The multilateral trading system risks becoming increasingly irrelevant if it cannot restore order. Restoring trust in trade does not happen overnight and requires cooperation and coherence. This will take time.

From an economic angle, and more globally, the significant increase in tariffs also poses a risk for the world economy, triggering inflation, and hence, price increases for consumer goods. Reports by the WTO, International Monetary Fund and OECD underscore that the protectionist measures and policies are already undermining economic growth. The escalation of trade conflicts and a rise of tariffs to peak levels never seen before, followed by tit-for-tat policies, worsens economic prospects, hence the urgency to contain and defuse trade conflicts. The price increases (inflation) that have occurred have most recently led to the US president reducing them on essential consumer goods.

The new, unpredictable and often uncertain policy directions directly affect business and investment decisions. As part of US policies, both American and foreign companies are strongly encouraged to increase their investments and relocate their economic activities to the US, regardless of the efficiency principle. The results are that global value chains (GVCs) are shortened by relocating production nearer to the consumer, a trend often associated with the process of 'de-globalisation' or 're-globalisation'. While it is generally recognised that globalisation has generated economic welfare benefits to society, it is also true that globalisation has not come to the benefit of all, thus leading to a considerable setback. For a better understanding, globalisation mainly consisted of the free flows of trade and investment across the globe, with companies allocating parts of the production processes

where the most economic efficiency gains could be obtained. Through the GVCs, many countries became part of the production process, based on the notion of comparative advantage and leading to the final product. While the efficiency gains obtained in the course of production generated economic benefits for producers and consumers around the globe alike, it also implied delocalisation of production across borders. It is often argued that this led to the loss of jobs domestically and caused the trade deficits. This, in turn, led to governments introducing nationalistic policies aimed at protecting domestic markets, securing national welfare and protecting jobs based on national security considerations. A host of protectionist measures and policies were introduced to that effect, including tariffs, and as shown earlier, many of which are spinning out of control and applied with a total disregard for the rules of the WTO.

From a trade policy perspective, the world has thus entered a period of chaos and uncertainty, which, in turn, affects productive investment and disrupts GVCs. A process of decoupling – de-globalisation – has led to economic fragmentation, a re-orientation of trade and the forming of new alliances along geographic lines. According to UNCTAD reports, it has also led to a significant decline in FDI, as companies are holding back on their long-term commitments. Trade uncertainty affects business decisions, which are based on a long-term vision and require a stable, secure and predictable environment.

That being said, it is also argued that the deep specialisation and breaking up of production processes have shown their weaknesses and vulnerability. While trade integration and specialisation increase economic efficiency, at the same time, they increase the risk factor inherent to a high interdependency between nations. As 'a chain is as strong as its weakest link', the longer the chain, the higher the vulnerability. Both the risks and vulnerabilities were further exposed during and after the Covid-19 pandemic and increased following the geopolitical trade wars. This would then argue in favour of shorter supply lines again.

A revival of industrial policies drives competition in high tech and AI

A major factor changing the economic and trade landscape is the significant and unprecedented rise in technologies, accompanied by a rapid increase in AI. As a result, international competition in trade of goods has fundamentally changed, creating new challenges and opportunities for both production and trade. Access to those technologies is of critical importance in determining comparative advantages and efficiency, and hence, is at the centre of current trade wars between leading trading nations. The production processes require raw material inputs, such as rare earth elements and various minerals, which are predominantly found in certain countries. China holds a near-monopoly position in the inputs that are essential for the high-tech industry. Given the strategic importance of technology in creating a competitive edge, the US, China and Europe are all competing for a dominant position in the high-tech industry.

Limitations in access to critical minerals through import and/or export bans affect supply lines and the very existence of the industries that depend on these inputs. It has been at the centre of the trade war between the US and China, with measures and retaliatory actions taken on both sides of the Pacific. The US measures have direct extra-territorial implications and apply to industries in Europe alike, as European industries were also prohibited from selling technology and chips to China.

This explains why governments increasingly pursue nationalistic policies paired with pro-active industrial policies in support of potential winners. Governments support their industries in various ways, mostly through subsidies. These can be found in different forms on all continents. Governments' industrial policies specifically target high-technology sectors to generate value addition and create a competitive edge. Government support programmes include R&D funding and subsidies to build productive supply capacity. Such programmes are found in the US, China and Europe alike and involve billions of dollars. Subsidies, by definition, distort competitive conditions, thus adding to trade tensions.

The ways forward: Diversification, coherence and cooperation

This leads to the question of how trade should be conducted in an increasingly fragmented and polarised trading environment, taking into account both national security and national and global economic interests. What trade policies offer the most appropriate response to the new economic realities, and what WTO reforms can fix the system, make it relevant again, and contribute to sustainable and equitable development? How can a framework be designed that preserves openness while minimising vulnerabilities? Last, but not least, what role is there for the EU to play? It is time for bold actions, taking into account the new economic realities.

The high trade interdependencies have increased the vulnerabilities of the GVCs and triggered fragmentation in trade and new patterns of trade along geopolitical lines. The rules of the WTO have not kept up to date with the rapidly evolving realities in trade and the emergence of new technologies, which in many cases have made the trade rules irrelevant. Bilateral approaches and regionalism are increasingly becoming the alternative to multilateralism, addressing trade concerns where multilateral trade rules are lacking. Pro-active industrial policies are increasingly pursued by governments, including by providing subsidies in critical sectors of the economy, especially in the high-tech, AI and IT sectors, and significantly distort competitive conditions. A lack of diversification and overreliance on single sectors has proven problematic for many countries. Governments employ various forms of direct and indirect state intervention, indicating a system of friction.

There is an urgent need to return to a more stable, predictable and inclusive trading environment. This requires proactive leadership and a vision for the future. Theoretical and ideological approaches have not been productive. While recognising that the US, for now,

is no longer as actively engaged in the multilateral trading system as it was before, there is a need for leadership, which should not be limited to the main players, that is, the EU, US (albeit unlikely) and China, including the middle grounders and especially the emerging economies.

Achieving more inclusive, resilient and sustainable outcomes requires intensified global cooperation and coherence in economic policies at the global level. This includes coherent and sustainable industrial policies, avoiding subsidy wars and creating new economic opportunities for developing countries in support of their fuller integration into the trading system. Inclusiveness also means a deeper involvement of Africa in trade, which should benefit from trade and investment, especially in the critical mineral sector, and bring them into the GVC.

The business community and civil society have a crucial role to play in rebuilding trust in trade. Business needs to be made more fully aware of the risks, build resilience of GVCs, diversify and innovate. Productive ecosystems need to be built around security concerns in addressing trade and investment policies. Approaches to national security need to be comprehensive and coherent. Vulnerabilities due to dependencies on critical inputs, which are essential for maintaining competitive conditions, including rare earths, need to be mitigated by revisiting GVCs through innovation and diversification.

To conclude, the world needs more cooperation, not less, as all policies are increasingly interconnected and cannot be solved by one country alone. Coherent policies require governments to communicate and collectively address concerns, rather than attempting to address them individually, as this would only exacerbate fragmentation and trade tensions. The EU, through the Commission and its member states, can and should play a leading role in support of a strong and open multilateral trading system, especially with the upcoming 14th WTO Ministerial Conference to be held in March 2026, and when France will host and lead the G7 in 2026.

DANIELA HUBER

The indefensibility of Europe in Gaza: How the EU failed the rules-based order

Despite robust evidence of grave breaches of international law by Israel in Gaza and waves of protests in European public spaces, in the past two years, Brussels has largely continued business as usual with Tel Aviv. How can this be explained? Through a longue durée perspective, this chapter highlights, firstly, that Europeans have never acknowledged the impact of the European history of antisemitism and colonialism on Palestinians. Secondly, it points out that while Europeans, similar to Arabs, had independent agency in the 1970s and 1980s, in the 1990s both moved under the umbrella of the US-led Middle East Peace Process and diverged from their previous focus on international law. Even though the US, in 50 years of mediation, has never provided any peace, neither Europeans nor Arabs have succeeded at proposing an alternative vision to that of the US, as they are weak and divided.

On the eve of the Trump-brokered fragile ceasefire in October 2025 – two years after Hamas’ 7 October attack in which it (and other groups) killed about 1,200 Israeli and foreign nationals – Israel has killed 67,173 Palestinians, of which 20,179 were children,¹ wiping out entire family lines and largely destroying Gaza’s millennial cultural, educational, medical and residential infrastructure. In January 2024, the International Court of Justice (ICJ) put the world on alert of a plausible genocide, issuing a protective order for Palestinians in Gaza under the Genocide Convention.² In July 2024, the Court asserted the unlawfulness of Israel’s continued presence in the Occupied Palestinian Territory.³ In November 2024, the International Criminal Court (ICC) issued arrest warrants against Israeli Prime Minister Benjamin Netanyahu and Defence Minister Yoav Gallant, as well as

1 “Humanitarian situation update #329 Gaza Strip”. UN OCHA, 9 October 2025.

2 “Summary of the Order of 26 January 2024”. International Court of Justice, 2024.

3 “Advisory opinion: Legal consequences arising from the policies and practices of Israel in the Occupied Palestinian Territory, including East Jerusalem”. International Court of Justice 2024.

Hamas officials Yahya Sinwar, Mohammed Diab and Ismail Haniyeh, for war crimes and crimes against humanity.⁴ Despite robust evidence of grave breaches of international law by Israel, as established by central institutions of the international rules-based order, the European Union (EU) appeared unmoved. While it has imposed an arms trade embargo on Russia, an import ban on goods from Crimea, individual sanctions on Russian politicians and cancelled the EU-Russia summit since 2014, in February 2025, EU representatives still met with Israel for the annual Association Agreement (AA) meeting. Only in September 2025, two years into the war, did the Commission propose a light version of the sanctions on Russia: the suspension of certain provisions of the AA; the temporary interruption of bilateral support to Israel; and sanctions against extremist ministers and settlers. An import ban on goods from the settlements or an arms trade ban has never been proposed, but the light version was still contested by powerful member states of the EU, such as Germany.

In light of this colossal failure to respond to daily livestreamed atrocity crimes for two entire years, Aime Cesaire's words from 1950 impose themselves when thinking about the EU today: "What is serious is that 'Europe' is morally, spiritually indefensible".⁵ Clearly, in the eyes of a large part of the world, it is now the EU that appears morally indefensible: the EU defends international law for Ukrainians, but not for Palestinians.⁶ But the malaise goes even deeper, as the EU's behaviour today is also indefensible with respect to its own citizens. The EU's failure to uphold international law in Gaza has not only undermined the EU's global standing;⁷ it has also harmed the rules-based order in which the EU has a vested normative and strategic interest. Not only is international law the water in which the EU can swim, but it also protects EU citizens in the future. In international relation theory, this is known as the shadow of the future, where powerful states have interests to protect the rules-based order in the present, as war might hit them in the future. Surveys have evidenced that the majority of European citizens now also hold unfavourable views of Israel,⁸ and public discontent with European policies in Israel/Palestine has been manifest in contentious politics such as large demonstrations and strikes. However, many European member states have not only ignored what their own citizens think, but some member states, such as Germany and France, are even willing to harm their own constitutional orders, as governmental actors intervene to shut down academic conferences, which problematises precisely their own role in this war. This harms academic freedom and sets a risky precedent in an environment where democracy is already backsliding. It appears that the entire post-World War order

4 Khan, K. A. A. (2024) "Statement of ICC Prosecutor Karim A.A. Khan KC: Applications for arrest warrants in the situation in the State of Palestine". International Criminal Court, 20 May.

5 Cesaire, A. (2000) *Discourse on Colonialism* (New York: Monthly Review Press), p. 32.

6 Huber, D. V. (2025) "Organized hypocrisy and the logic of coloniality. Explaining the EU's divergent response to grave violations of international law in Russia/Ukraine and Israel/Palestine". *JCMS: Journal of Common Market Studies*, 5(63): 1638-1660. DOI: 10.1111/jcms.13737

7 Huber, D., A. Khakee, S. Aydin-Düzgit et al. (2025) "Forum: Global perspectives on democracy support in light of the wars in Gaza and Ukraine". *International Studies Perspectives*: ekaf003. DOI: 10.1093/isp/ekaf003

8 Silver, L. (2025) "Most people across 24 surveyed countries have negative views of Israel and Netanyahu". Pew Research Center, 3 June 3.

in Europe is beginning to look increasingly fragile. How did this become possible? This chapter attempts to dissect this question by shedding light on the current role the EU has played in Israel/Palestine from a longer-term perspective, to highlight both continuities and ruptures in the evolution of EU policies.

After 1948: The lack of recognition

Following the 1948 war, when over 750,000 Palestinians were made refugees, Europeans no longer spoke of two states, as in the Partition Plan (Resolution 181).⁹ In the 1950s and 60s, they referred to the 'Arab refugee issue', implicitly denying Palestinians both their national identity and their right to self-determination. At the same time, the role of the UK and France in the Middle East began to fade. Following Arab independence and the Suez crisis in particular, the US and the Soviet Union became the most powerful external powers, which initially sought to influence what they then called the Arab-Israeli conflict through the United Nations (UN).

Only a few months after the British-French-Israeli invasion of Egypt, the European Community was founded with the Rome Treaty in 1957. Peo Hansen and Stefan Johnson reminded us of the colonial heritage this act came with, as it took place during the Algerian War of Independence, with Algeria being initially associated with the European Community.¹⁰ Western Europe has, however, never grappled with this colonial history.¹¹ On the contrary, while the whole world decolonised, Europe continues to live in a sort of colonial amnesia.¹² However, not only have Western Europeans never really addressed their colonial history, but the move of foreign policy from the European state level to the European Community level has also helped former colonial powers to gain a legitimate foothold in international politics again. The very concrete historical responsibilities that continue to sit at the member state level for the colonial period have become obscured. The European Community, and later the EU, projected an image of a civilian/normative power Europe onto the world, which has distanced itself from the European past without taking actual responsibility for it. Historical responsibility is instead relegated to a distant other. Europeans have slowly taken responsibility for antisemitism and the Holocaust, but the same has not happened for colonial crimes, and, in the case of Palestine, there is no recognition, to date, of the impact that this *European* history of antisemitism and colonialism has had on Palestinians. Germany, which perpetrated the Holocaust, has rebuilt and flourishes as the world's third-largest economy. Palestinians do not have their own state, but live under occupation and in poverty, without civil and political rights.

9 Kamel, L. (2022) "Framing the partition plan for Palestine". *The Cairo Review of Global Affairs*, 2022.

10 Hansen, P. and S. Jonsson (2015) *Eurafrica: The Untold History of European Integration and Colonialism* (London: Bloomsbury Academic).

11 Bhabha, G. K. (2022) "A decolonial project for Europe". *JCMS: Journal of Common Market Studies*, 2(60): 229-244. DOI: <https://doi.org/10.1111/jcms.13310>

12 Pace, M. and R. Rocca (2020) "Imperial pasts in the EU's approach to the Mediterranean". *Interventions*, 6(22): 671-685. DOI: 10.1080/1369801X.2020.1749702

After 1967/73: The short-lived moment of independent European foreign policy

The European non-role in the Middle East became of increasing concern to Europeans in the wake of the 1967 and 1973 wars, which – from a European perspective – raised both security and economic concerns, particularly also due to the oil boycott. Thus, the European Political Cooperation (EPC) on foreign policy was formed in 1970, defining foreign policy primarily on one issue, namely, the Arab-Israeli conflict. The EPC evolved in a context in which in 1973 the US began to monopolise mediation away from the UN, while also introducing the land for peace principle. The latter represented a divergence from the previous US position, which was still centred on international law: during the Suez Crisis, Washington DC had insisted on de-occupation in line with international law. After 1973, however, the US began to demand peace agreements first. This was, notably, opposed to the UN General Assembly, which continued to insist on international law, and thus, on the inadmissibility of the acquisition of territory by force.

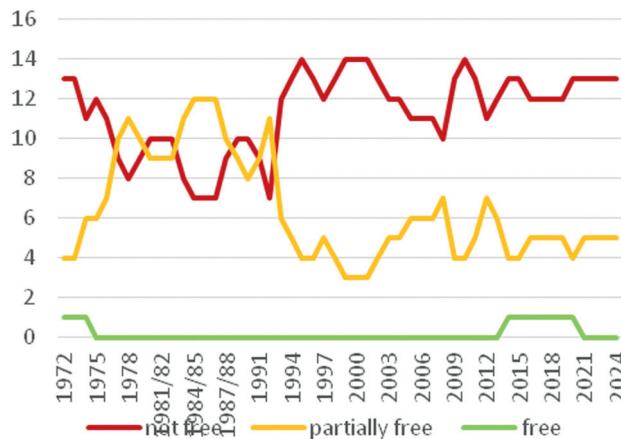
European foreign policy discourse now observed a sea change that could at least partially be explained by the pressure of the Arab League, which at the time acted united with regard to Europeans. In 1973, the European Community member states, for the first time, spoke of the legitimate rights of Palestinians – now acknowledged as a people – and the need to end the occupation in line with international law. Shortly afterwards, Europeans also mentioned a Palestinian homeland. Even stronger was the Venice Declaration in 1980, which evidenced European discomfort with the US-brokered Egyptian-Israeli peace treaty that excluded the Palestine question. The nine insisted on the UN as a guarantor, on the Palestinian right to self-determination, on including the Palestine Liberation Organization (PLO) in negotiations, on the need to end the occupation and on the illegality of the settlement. Europeans therefore acted largely opposed to the US position and in line with the position of the UN General Assembly on everything but Palestinian statehood. The UN General Assembly in the same year, 1980, also determined the Palestinian right to a state, which did not figure in the Venice Declaration.

After 1990: The US (il)liberal moment

The Arab and European positions began to change significantly after the end of the Cold War and the onset of the US unipolar moment and of the so-called international ‘liberal order’. This order has, however, never led to liberty in the Arab world; indeed, freedom in the Arab world actually dropped significantly, as can be seen in Figure 1, where the number of non-free states rises and that of partially free states declines. This evidences a structural context in which Arab governments do not need consent from their populations for their policies, including on the peace process, which continues in its various formations from Oslo to today’s normalisation. Indeed, according to the Arab Barometer survey – as shown

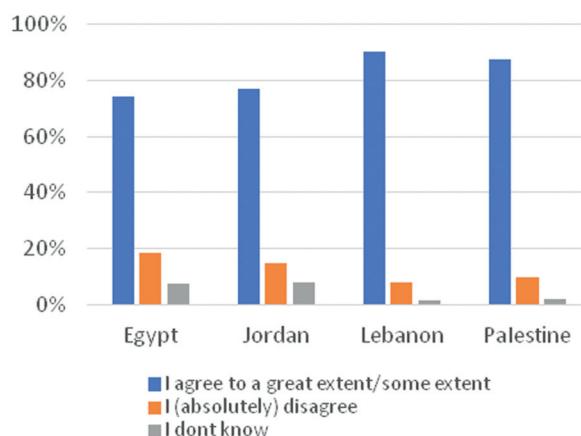
in Figure 2 – a large majority agreed with the statement that the “Arab-Israeli conflict is an obstacle to political reform in your country”.

Figure 1. The number of free or partially free states in the Arab world, 1972-2024.



Source: Freedom House 2024.

Figure 2. Public perception of whether the Arab-Israeli conflict is an obstacle to political reform in their country.



Source: Arab Barometer 2011.

Furthermore, in the Arab world, there was less focus on the pan-Arabism of the 1960s/70s or the Arab regionalism of the 1970s/80s, that is, less focus on Arab unity and more emphasis on state sovereignty; fearing the rise of Iran, most Arab Gulf states moved closer to the US, also militarily speaking. Europeans enlarged the EU, but in an enlarged

Union it is difficult to find consensus, so the move under the US umbrella of the “Middle East peace process” (MEPP) initially ensured coherence amongst Europeans.

US productive power in that moment was preponderant and evident in the MEPP, and in the way the Arab states and the EU have adapted to that, diverging from their own focus on international law, Palestinian rights, the UN and de-occupation. They all began to sign up to the idea that an occupied people needs to negotiate its rights with the occupying power, giving the latter, in reality, a veto over that. This was, for example, evident in the 2002 Arab peace plan: it began to speak of a just solution for Palestine refugees, while the 1980 Fahd plan insisted on the right of return, as enshrined in UN Resolution 194. Europeans, while they continued to insist on the illegality of the settlements, no longer insisted on de-occupation, in line with international law or on the role of the UN. Nowhere was this included in the paradigmatic 1999 Berlin and 2002 Seville declarations. Both spoke of a Palestinian state not as a right but as an option or objective to be achieved through negotiations. Furthermore, after the parliamentary elections in 2006, the EU followed the US’s no-contact policy with Hamas, which reinforced the division of the Palestinian political community. The EU could have set up the same condition for all actors, namely, to comply with international law, which would have strengthened the international rules-based order. But instead the EU requested the recognition of Israel by Hamas, while it has never requested that Israel recognise Palestine. Indeed, many European governments do not even recognise Palestine themselves.

After 2011: The one-state reality

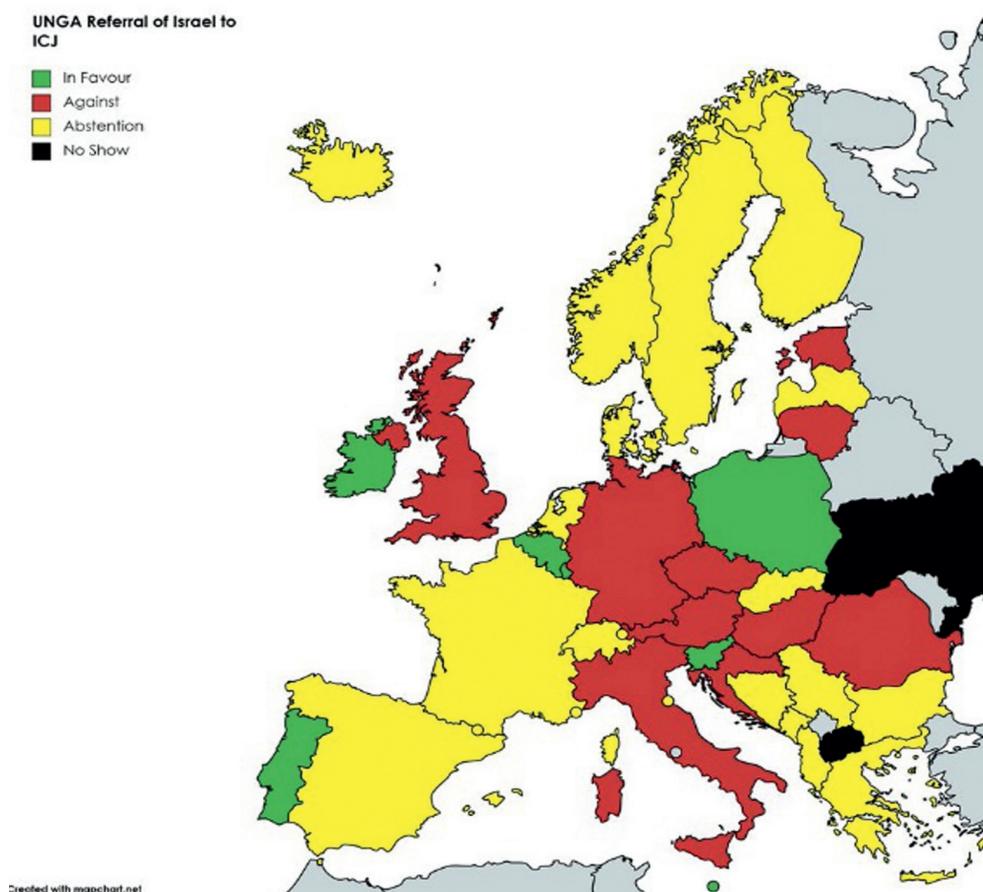
The world entered into a different structural constellation with the 2008 financial crisis, as multipolarity began to evolve. The Middle East changed enormously with the Arab uprisings, which occurred in a region where no multilateral security architecture had been built under US hegemony. The ‘peace process’ has in reality resulted in the entrenchment of a one-state reality, where Palestine figures only in urban enclaves. Tareq Baconi called this the Gazafication of Palestine.¹³ Europeans acknowledge single human rights violations in this reality, but do not acknowledge the structure in which they occur systematically, and which leading international and local human rights organisations have described as a form of apartheid.¹⁴ In other words, Europeans see the trees, but do not want to see the forest. Europeans also lose the compass of international law. In 2022, the UN General Assembly requested an advisory opinion from the ICJ on the legality of occupation in light of the Palestinian right to self-determination. While in 1980 the nine foreign ministers insisted on an end of the occupation and on the Palestinian right to self-determination – which is precisely what the Court was asked to look into – Europeans now are no longer united

13 Baconi, T. (2020) “Gaza and the one-state reality”. *Journal of Palestine Studies*, 1(50): 77-90. DOI: 10.1080/0377919X.2020.1842002

14 “Israel’s apartheid against Palestinians: A cruel system of domination and a crime against humanity”. Amnesty International, 1 February 2022.

and some EU member states think it is better to prevent the Court from inquiring into the violations of Palestinian rights in the first place (see Figure 3).

Figure 3. Votes of European states on UN General Assembly Resolution 77/247, 2022.



Source: UN Resolution ES-10/L.31.

Finally, weak and divided, both the Europeans and the Arabs failed to propose an alternative vision to the US for a just peace in Israel/Palestine. The Saudi-French New York Declaration in September 2025 insists that Gaza is an integral part of a Palestinian state, that the Palestinian Authority (which enjoys no legitimacy amongst Palestinians) should govern Gaza, underlines the indispensable role of the United Nations Relief and Works Agency (UNRWA), proposes a UN stabilisation mission and – in the context of the realisation of a sovereign Palestinian state – suggests the building of a regional security architecture. Only one month later was this proposal sidelined by the Trump plan, which separates Gaza from the West Bank, including East Jerusalem; sets up an external governing body – the

“Board of Peace” chaired by Donald Trump and Tony Blair – reminiscent of League of Nations trusteeships; prioritises Trump’s economic development plan, sidelining UNRWA; and proposes a US-led temporary International Stabilization Force, rather than a UN-led one.¹⁵ A regional security architecture is not envisaged either: Trump continues to invest in a US-orchestrated normalisation deal to deter Iran, which has been a long-standing US policy in the region, rather than thinking about regional security multilaterally as proposed in the New York Declaration. The European and Arab members of the Security Council – Algeria, Denmark, France, Greece, Slovenia and the UK – have voted for the UN Security Council Resolution, which welcomed “the historic Trump Declaration”; Russia and China abstained.

After 50 years of blatant US failure to mediate peace in Israel/Palestine and the region at large, it must be clear to everyone that this newest form of US peace-making will not lead to peace. As long as European and Arab partners do not promote a just solution – centred on international law, ending Israel’s unlawful presence in the Occupied Palestinian Territory, protecting Palestinians from grave violations of international human rights and humanitarian law, realising the right of self-determination of both peoples, and pushing for a regionally led security architecture rather than US hegemony in the Middle East – no one will be at peace. The question of Palestine is a world-order problem.¹⁶ The EU and the Arab states can either continue to fail in the eyes of the world and their own citizens and remain submissive to President Trump, or they can resume the important normative roles they had in the 1970s/80s and invest in world-order-making. It is not a question of might in international affairs, but of political will to play an independent diplomatic role or not.

15 “Resolution 2803”. UNSC, 2025.

16 Daniele, L. (2025) “Infanticide in the name of proportionality: Gaza as a world order problem”. *George-town Journal of International Affairs*, 26 September.

MARIA JOÃO RODRIGUES

The new global order in the making

There is an increasing gap between the current global challenges and the existing global governance capacity to address them. A new political movement is emerging globally, with an inward-looking and retrenchment approach, advocating for national-populist, radically conservative solutions. While all this was happening, a major international process was underway to design, negotiate and adopt a comprehensive agenda for reforming the multilateral system to make it more effective and inclusive. Can progressive forces better coordinate their plans and actions, not only in each country but also across the multilateral system, in global fora such as the G20, in coalitions of the willing, strategic partnerships between macro-regions and a new generation of trade agreements? These questions will be decisive for shaping the new global order in the making.

Last year, the question was still will the current global order survive? Now, the question has begun to shift: what will the emerging global order look like?

To understand this sea change, let us first recall the basic scenarios for the global order, which were being referred to until last year:

- First of all, there was a kind of muddling through scenario, where an ineffective multilateral system was combined with Western leadership and a predominance of a neo-liberal agenda.
- The second scenario on the horizon was an increasing fragmentation of global governance, also marked by the rivalry between great powers, notably the US and China.
- In the third scenario, this trend would evolve into a new Cold War with areas of influence and the decoupling of global value chains.
- The last scenario, as a more progressive alternative, should be based on a larger coalition of forces to reform multilateralism and make it more effective, fair and inclusive.

Also, to understand this sea change, these are the recent key trends reshaping the global order:

- The mounting criticisms about the dominant neo-liberal agenda throughout a sequence of crises: the financial crisis; the climate crisis; the pandemic; the cost of living crisis; and the wealth distribution crisis.

- The mounting tensions between the Global South and the Global North, more specifically, Western leadership, which translated into the divide between the G7 on one hand and, on the other hand, the G77 and BRICS, with China trying to build on this division.
- Major military conflicts, notably in Ukraine, Gaza, Sahel, Sudan and the Democratic Republic of Congo; most of them reviving a Cold War atmosphere and exposing the incapacity of the United Nations (UN) Security Council.
- More recently, the tariff war triggered by the Trump administration and spreading a transactional approach to many fronts of international negotiation, notably access to critical raw materials, the flows of foreign direct investment and the reorganisation of value supply chains.
- A new phase of the digital transformation, spurred by artificial intelligence (AI) developments, is revealing a major re-organisation of all interconnections regarding infrastructures; supply chains; access to knowledge; media ecosystems; and, ultimately, democracy and governance.

Last, but not least, a new political movement is emerging across the world, with an inward-looking and retrenchment approach, pushing for national-populist, radically conservative solutions.

Let us also emphasise that, while all this was happening, a major international process was underway to design, negotiate and adopt a comprehensive agenda for reforming the multilateral system to make it more effective and inclusive. This agenda, adopted under the title of the UN Pact for the Future, comprises a detailed list of reforms across various fronts: sustainable development goals (SDGs); financing for development; social policies; climate and green policies; science and technology; digital transformation policies; security architecture; and forward-looking global governance driven by a future generations approach.

This UN Pact for the Future is now being implemented using the momentum from a sequence of UN summits, which took place throughout 2025, without US participation (for the first time in history): on financing for development in Seville; on social development in Doha; on climate change in Belém; and on the digital transformation in Geneva and New York.

Moreover, the G20, under the leadership of a sequence of Global South presidencies – India, Indonesia, Brazil and South Africa – has been instrumental in better formulating the needs of developing countries, while calling for reform of the multilateral system.

In a nutshell, the basic situation we are in now is as follows:

First of all, it is important to underline that there is an increasing gap between the current global challenges and the current global governance capacity to cope with them.

Facing this, we have three systemic movements shaping the global order:

- 1) The national populist movement neglecting the role of international cooperation, undermining key components of the multilateral system, and disengaging from other forums such as the G20 or even the G7.
- 2) Another movement calling for the respect and re-establishment of the rules-based order.

3) A final movement arguing that a rules-based order is necessary, but it should be based on new rules because the current ones are outdated, ineffective and unfair.

The interplay and relative shaping power between these three movements can bring about four basic scenarios for the global order:

- a scenario of deep fragmentation of global governance and decline of the multilateral system, with insufficient capacity to cope with global challenges and increasing risks of shocks and catastrophes;
- a scenario marked by the emergence of different areas of influence with varying rules of governance;
- a scenario with a variable geometry of coalitions of the willing, focusing on some concrete common challenges and objectives; and
- a scenario of a renewed global governance with a reformed multilateral system.

Against this background, we should ask what a progressive and smart strategy should be to maximise the chances of the last two scenarios. It seems to me that such a strategy should build on the role of the following major institutional components:

- 1) the ongoing process to reform the multilateral system by implementing the UN Pact for the Future agenda, in spite of the many underlying difficulties;
- 2) to stimulate the catalytic role of the G20, as this can be more promising than the current tension between the G7 and BRICS, which are a kind of proxy for the tensions between the West and the rest, even if both of them have many internal divisions;
- 3) the multiplier effect of regional organisations, such as the African Union, CELAC, ASEAN and the European Union (EU), including their strategic partnerships (e.g., recent EU-AU summits and EU-CELAC); and
- 4) to develop a new generation of trade and investment agreements with larger scope, including digital issues and cooperation for better standards, which offer a real alternative to the tariff war approach, as long as the paralysis of the World Trade Organization is not overcome.

We can spell out in more concrete terms some possible steps for such a strategy, building on what has been achieved so far by the UN Pact for the Future and the G20.

We will also indicate the possible role of the EU, particularly if it can reach an acceptable solution for the war in Ukraine and regain the time and political energy to develop its strategic autonomy in many areas, including its external action in the multilateral and bilateral fronts.

- 1) One of the important commitments of the UN Pact for the Future is to hold a bi-annual summit on sustainable development and finance to monitor the implementation of the SDG agenda with more adequate funding solutions. The EU has a long and rich experience in coordinating the implementation of economic, social and environmental policies in articulation with fiscal and financing policies under the term of 'European semester'. The EU can bring this experience not only to UN bodies but also when setting its bilateral partnerships, creating better conditions for all countries to implement the SDG agenda with transformative national plans.

- 2) The Doha agenda for social development was recently adopted to strengthen the social pillar of the UN Pact for the Future in the same way that the European pillar of social rights was adopted to rebalance the EU architecture and economic governance. In the same vein, these new global social objectives should have implications for a new approach regarding economic, green and digital policies. Effective combatting of poverty requires more fiscal space and progressive taxation. Job creation must be supported by an active industrial policy, and better labour standards should be included in trade negotiations. A fair green transition must count on re-skilling workers for new jobs. Managing the digital transformation requires new social rights for digital work. Building sustainable access to social protection for all types of workers is the best way to reduce informal jobs. Care work should be fully recognised as a basic need, as well as an essential sector where workers should be given standard labour rights.
- 3) The Belém conclusions on climate action achieved some progress regarding more ambitious nationally determined contributions and increasing global financing efforts, but they were disappointing regarding the phasing out of fossil fuels. The resistance of the big fossil fuel producers remains a huge stumbling block, but the definition of just transition corridors can help. These corridors should reduce the costs not only of moving to new jobs, but also of transitioning to renewable energy consumption. This requires significantly higher international cooperation in both technological and financial terms. From this viewpoint, the EU needs to do much more to overcome the misunderstandings created by its carbon border tax, the Carbon Border Adjustment Mechanism.
- 4) The Seville compromise could make progress on some hard issues of global financial governance. Still, it was limited by the absence of the US as a significant global player. Further progress is still needed, and the EU should be bolder than usual about these matters. More boldness is needed regarding debt burden reduction, where the alignment with SDG implementation should be used as a more explicit criterion. The same should happen when assessing public debt sustainability. Combatting illicit outflows of capital and loss of public revenue requires much greater international cooperation on taxation, on the basis of the UN Tax Convention. Global public goods, such as climate actions, require global taxation and more generous funding of global facilities to cover investment needs and address shocks. The reform of multilateral development banks needs to go further to provide capital for higher-risk investments. Finally, it is high time to turn the governance of international financial institutions into a more representative and inclusive one in geographic terms. When it comes specifically to the EU, its important financial instrument, the Global Gateway, should be redesigned to better cope with partners' needs and to integrate all the relevant tools from macro financial assistance, export support, energy, transport and digital infrastructures to industrial policies and competitiveness instruments.
- 5) Finally, the UN Global Digital Compact should be used not only to establish basic principles regarding security, access, human rights and relevance for sustainable

development, but also to define a global digital architecture that enables countries and macro regions to have access to imported digital services and to develop their own digital ecosystems, responding to their specific needs and cultural preferences. This will require not only defining regulations, but also building up capacities to provide tailor-made solutions, as the European move towards digital sovereignty is highlighting for the time being. But European digital sovereignty should not be against digital international cooperation. On the contrary, much higher international cooperation should be promoted regarding technologies, skills, infrastructures and new governance models for platforms such as those in digital public infrastructures. This is particularly urgent regarding the avenues to develop the potential of AI.

The time of global politics has arrived. Can progressive forces better coordinate their plans and actions, not only in each country but across the multilateral system, in global fora such as the G20, in coalitions of the willing, strategic partnerships between macro regions and a new generation of trade agreements? This will be decisive for shaping the new global order in the making.

PREDICTIONS



BALÁZS BÖCSKEI

Magyar hope, Hungarian uncertainty

Hungary is preparing for a historic election. Since 2010, this will be the fourth parliamentary election that political commentators and opposition figures have described as “historic”. The word historic itself is not an objective or descriptive term, but rather a synonym for hope, “now or never” or “last chance”. The last expressions are undoubtedly based on a fatalistic view of the worst-case scenario, but what awaits us if we miss this ‘last chance’ is rarely explained. Let us accept that the adjective ‘historic’ now means nothing more than that an election is coming, the result of which could be the removal of Viktor Orbán from office.

We could conclude this much in advance, but there is considerable uncertainty about what follows from this. Although opinion polls suggest that, at the time of writing, there is a realistic chance of the Orbán government being voted out of office, in light of the three elections held so far, we know very little about what Hungary can expect in a post-Orbán era. Here, I am referring not only to the deep socio-economic and legal entrenchment of the Orbán regime – which I will discuss later – but also to the lack of a worldview, and thus a public policy outline, for the alternative government. The TISZA Party, led by Péter Magyar, who defected from Orbán’s Fidesz party after failing to make his mark there, is a formation without any values, the current slogan of which (“a functioning and humane Hungary”) is so empty that everyone (lobbyists; markets; economic backers and, of course, citizens somewhere down the line) can fill it with whatever content suits their interests.

This opposition is very different from any opposition since 2010. Compared to the Orbán opposition to date, Magyar’s politics are characterised by a distinctly technocratic populist habitus.¹ The program we know so far does not include any left-wing ideas about radically changing the redistribution system, rethinking fairer access to social goods or regulating the unrestrained market. On the other hand, on issues such as migration, energy independence, Ukraine and sovereignty (i.e., Orbán’s disputes with the European

¹ Havlík, V. (2019) “Technocratic populism and political illiberalism in Central Europe”. *Problems of Post-Communism*, 6(66): 369-384; Buštíková, L. and P. Guasti (2018) “The state as a firm: Understanding the autocratic roots of technocratic populism”. *East European Politics and Societies*, 2(33): 302-330.

Union, he represents positions that are clearly compatible with Fidesz. If we take the voting behaviour of TISZA representatives in the European Parliament as a basis – and in the case of a politician, what else could we use as a yardstick for their worldview other than their actions – we see that the Hungarian right-wing coalition, namely, Fidesz, Mi Hazánk and TISZA, often vote together.

It is difficult to predict how a potential change of government would impact Hungarian-European relations. There are several reasons for this: Magyar is not currently seeking to embed Hungary's vision for the future in a predictable, realistic, and coherent foreign policy and foreign economic strategy. It is not as if he is alone among European leaders in this regard, but after more than 15 years of disputes with the EU, it would be desirable to know where he would break with Orbán's thinking and where he would go from there. Slogan-like plans such as "restoring V4 cooperation" or "joining the eurozone" are not yet strategies, but merely topoi of mainstream Hungarian foreign and economic policy thinking since the fall of communism.

For many years, the Hungarian opposition has promised to "bring home EU funds". Péter Magyar is no different in this regard. What is different, however, is that he makes no mention of his position on the controversial issue of corruption and other normative issues that contravene EU law, which form the background to the blocking of EU funds. On the issues of Ukraine and integration, as well as relations with Russian energy suppliers, he holds a position almost identical to that of Fidesz. These are currently the most important issues on the European stage. These are the issues that define European value politics.

It should be noted that, on these issues, his opinion is contrary to that of the European People's Party – the European mainstream – and it appears that the European People's Party itself is waiting for the 2026 Hungarian elections with strategic silence. The question is whether the People's Party will tolerate the separate TISZA policy if there is a change of government. Or will it rather submit the bill for immunity after the election? The latter is more likely, given the balance of power between the two parties; this is the order of politics. What causes disorder in this order is that Magyar's current foreign policy thinking does not yet reflect this possible turn of events. The question, therefore, is whether we should expect continuity or some kind of compromise policy in this area.

In the event of Orbán's removal, another phenomenon, already existing elsewhere, contributes to the unpredictability of the Central European region. This is the post-liberal trilemma described by Stanley Bill and Ben Stanley in the summer issue of the *Journal of Democracy*² in connection with the Tusk government after PIS. This means meeting voters' expectations that the illiberal state will be dismantled through quick, effective and legally sound democratic solutions. However, as the Polish example shows, in practice, even in the best-case scenario, only two of the three conditions can be met. This, in turn, could further erode democratic resilience. As the authors emphasise, one of the most important legacies of illiberalism is the legal traps deeply rooted in the institutional system, which are

2 Bill, S. and B. Stanley (2025) "Democracy after illiberalism: A warning from Poland". *Journal of Democracy*, 3(36): 16-32.

very difficult to eliminate without a new government resorting to the same power techniques it criticised in its predecessor. Hungarian expectations are even more uncertain than the already implemented Polish practice, as the forces seeking to change the government have not taken a position on the substantive issues of dismantling illiberalism.

Another worrying development for the region is that, in authoritarian countries, the new political forces that come to power after a transition do not necessarily dismantle the system of their predecessors, but rather co-opt it. In their overview study, Matías Bianchi, Nic Cheeseman and Jennifer Cyr found that nearly 90% of countries undergoing similar changes ultimately failed in terms of democratic principles and were unable to function sustainably based on their intended goals.³

Of course, Hungary's situation is different due to its integration into the EU, but the hybrid regime model,⁴ which is restricted by the EU from the outside, has so far proved to be sustainable – at least it had the mandate of the electorate behind it. It is questionable whether the EU has the capacity to control a possible transition in Hungary, or whether Hungary will by then be so marginalised in European decision-making processes that it will no longer be necessary to work on the Hungarian position and exercise more meaningful control over Hungarian processes. Thus, whether there is a change of government or Orbán remains in power, Hungary's fate will be entirely in its own hands, in a way that no leader of the country would want.

In addition to planning, politics is also characterised by uncertainty. Politicians and voters can live with this. However, with unpredictability outweighing certainty, it is often considered an undesirable situation. But this may be what awaits Hungary. Regardless of whether Orbán wins or Magyar wins, of course, it does matter who wins. After all, one of the stakes of the election is whether Hungary's autocratisation will continue with Orbán, or whether Magyar's victory will interrupt this process. Whether the latter will be just a pause in autocratisation or the beginning of a powerful democratisation will only become clear in the medium term, after the spring elections.

3 Bianchi, M., N. Cheeseman and J. Cyr (2025) "The myth of democratic resilience". *Journal of Democracy*, 3(36): 33-46.

4 Bozóki, A. and D. Hegedűs (2018) "An externally constrained hybrid regime: Hungary in the European Union". *Democratization*, 7(25): 1173-1189.

ANA E. JUNCOS GARCIA

Prospects for peace and reconstruction in Ukraine

2025 promised to be a momentous year for peace in Ukraine, with all eyes fixed on US President Donald Trump, who had promised during his electoral campaign to end the war “within 24 hours” of becoming president. However, the conflict has proven to be more intractable than he had initially suggested, and peace remains elusive in 2026.

Throughout the past year, we have witnessed a series of peace talks, mostly involving the US and Russia, where the American president, driven by his desire to be recognised as the world’s peacemaker, has sought to strike a peace deal, even if this means surrendering to Russian President Vladimir Putin’s demands. The peace negotiations have not only sidelined Europe, but also Ukrainian representatives, and have largely adopted the contours of a *minimalist* version of peace. The 28-point peace plan leaked in November 2025 follows this notion: a quick peace at any price; one that fails to take into consideration Ukraine’s priorities regarding the protection of the country’s sovereignty and territorial integrity. This peace plan has been positively received by the Kremlin, as it is aligned with Russian demands regarding territorial gains, limiting the size of Ukraine’s armed forces and barring NATO membership for Ukraine, among others.

By contrast, a *maximalist* form of peace, supported by European countries – and the previous US administration – has been largely relegated in these peace talks. European leaders, including the president of the European Commission, Ursula von der Leyen, have reiterated the need for a long-lasting peace agreement that protects Ukraine’s sovereignty and have promised to support Ukraine “for as long as it takes”. However, these demands were not duly recognised in the recent peace proposals, with European leaders scrambling to influence US peace negotiators and to secure ‘a seat’ at the table.

At present, Ukraine faces significant challenges, not only on the war front, with Russia making advances in some areas, but also domestically, with President Volodymyr Zelensky dealing with a corruption scandal that has implicated several of his closest political allies. This is all taking place at a time when war fatigue is setting in and European countries are failing to find ways to continue to support Ukraine’s war efforts. Negotiations around the use of Russian frozen assets have stalled due to Belgium’s opposition and despite the urgency to secure these funds.

Ultimately, the prospects for peace on Ukraine's terms remain scant, unless there is a major shift in US policy or Europeans can find the resolve and unity that they have lacked over the past few months. The new US National Security Strategy adopted in December 2025 confirms its new transactional foreign policy towards Russia and that it is in the US national interest to achieve "an expeditious cessation of hostilities in Ukraine, while criticising European states" confrontational attitude towards Russia. This suggests that we can expect to see more of the same minimalist approach to peace in Ukraine in 2026. The chaotic nature of the peace negotiations, with different people being involved at different times, policy reversals, and ultimatums issued and then ignored do not bode well either.

With both parties failing to compromise on key demands, even if Donald Trump were able to mediate a deal, peace would remain very fragile in 2026. In its current form, the 28-point plan fails to address key issues that are necessary for any peace to 'stick' in the medium and long term: credible security guarantees; reparations; and accountability. Without *credible security guarantees* provided by European allies and backed by the US, any formal peace agreement will quickly unravel. Given the failure to deliver on the promises of the 1994 Budapest Agreement, it is not surprising that Ukrainians remain deeply sceptical of Russia's commitment to respect a signed agreement. With any direct US involvement being ruled out, the task of protecting Ukraine will be left to Europeans, as well as to Ukraine itself. The current proposal, however, makes these two options impracticable, as it vetoes the deployment of European troops on Ukrainian soil and introduces cuts to the size of the Ukrainian army (or NATO membership). Support for *economic reconstruction* will also become a key issue in the period post-accord. While Ukraine and Europeans have consistently argued that Russia should bear the main responsibility for the reconstruction effort, the transactional approach adopted by the Trump administration challenges this principle. Instead, the Trump administration seems to prioritise US-Russia economic relations and US profit during the reconstruction phase. In addition to this, any peace agreement that does not credibly address accountability for war crimes, which the current proposals ignore, will be destined to failure, as decades of peace research show.

In summary, even if the US manages to impose 'peace through strength', a peace agreement along the lines of the 28-point peace plan would be deeply flawed, sowing the seeds for future instability and conflict. When it comes to the EU, the way out of this mess is not to relinquish responsibility for a long-lasting peace and to follow the US blindly, but to gain a seat at the table so that it can help Ukraine achieve a just peace. This can only be attained by continuing to financially support Ukraine's right to defend itself and by demonstrating a united front with regard to Russia (and the US). Thus, it is high time to turn the rhetoric of strategic autonomy into a reality.

DANAI KONSTANTINIDOU and
SLAVINA SPASOVA

Towards 2026: What to expect from the first-ever EU Anti-Poverty Strategy?

A long-awaited strategy: Poverty reduction re-enters the agenda

In her 2025 State of the Union address, European Commission President Ursula von der Leyen announced the need for an ambitious EU Anti-Poverty Strategy to help eradicate poverty by 2050, backed by a strong child guarantee. This initiative comes at a moment of persistent poverty and growing political pressure to prioritise competitiveness, defence and security. Despite the EU's commitment to reduce the number of people at risk of poverty or social exclusion (AROPE) by 15 million by 2030 – including 5 million children – compared to 2019, progress remains limited. Eurostat data¹ show that the number of people AROPE increased from 92.3 million in 2019 to 93.2 million in 2024, highlighting the limitations of current policy efforts. Child poverty has followed a similar trend: the number of children AROPE rose from 18.4 million in 2019 to 19.5 million in 2024. This lack of progress reflects the EU's earlier failure to meet its Europe 2020 target of lifting at least 20 million people out of poverty or social exclusion.

Against this backdrop, the forthcoming EU Anti-Poverty Strategy, expected in January 2026, is long overdue and represents a crucial opportunity to reshape the EU's social agenda. However, it is noted that the idea of a European-level anti-poverty strategy is not new. It has its roots in the Community 'Poverty Programmes' of the 1970s to 1990s,² which funded local pilot projects and comparative research. The forthcoming EU anti-poverty strategy should therefore be presented not as a completely new idea, but as the next – crucial – step in this long-standing European effort to act against poverty.

1 Eurostat, EU-SILC (ilc_peps01n).

2 For more information, see: "Key events 3 EU Anti-Poverty Programmes (1975-1993)". EAPN; Pochet, P. (2019) *À la recherche de l'Europe sociale* (Paris: Presses Universitaires de France).

Following the conclusion of the public consultation at the end of October 2025, the Commission is now preparing its proposal, which is expected to be adopted in the first quarter of 2026. Although only limited information is available at this stage, there are some broadly positive indications: the strategy “will reflect on the multi-dimensional nature of poverty and its root causes” and “address poverty through a life cycle perspective, building on the social investment approach”.³ These directions are welcome, but they need to be translated into concrete policy commitments to ensure that the strategy aligns with its scope and ambition.

The Commission has also highlighted that the strategy will address poverty through a life-cycle perspective, building on the social investment approach. This is an important and timely shift, as poverty often accumulates and deepens across different stages of life. A life-course approach requires coherent and continuous support – from early childhood through to adulthood and older age – with a strong emphasis on prevention. Strong child-centred and intergenerational policies; targeted support for young adults transitioning to work or independent living; and investment in public care, education and health services are essential to breaking the intergenerational perpetuation of poverty.

No one left behind: Rethinking poverty protection in a changing Europe

These promising directions should be complemented by a human-rights-based and intersectional approach, recognising that poverty can be both a cause and a consequence of human rights violations. Tackling child poverty and all forms of extreme poverty, including homelessness, requires special attention. The strategy must also avoid treating employment as the only pathway out of poverty. Adequate wages, secure employment arrangements, quality working conditions and access to adequate social protection are critical levers for preventing and reducing poverty.

Several loopholes persist in access to social protection, especially for those in non-standard and precarious work. Many workers in temporary or part-time jobs, including platform workers and those in other atypical forms of employment, face fragmented contribution records, stricter eligibility conditions and weaker effective access to social protection. This undermines income security during labour-market transitions, reinforces work poverty and contributes to the low adequacy of social protection benefits. In this context, the forthcoming EU Anti-Poverty Strategy should explicitly address these issues and call for a further strengthening and systematic monitoring of the 2019 recommendation on access to social protection for workers and the self-employed.

A comprehensive approach centred on quality jobs, fair wages, job security, access to social protection, work-life balance, collective bargaining and well-functioning labour markets is needed.

3 See: “EU Anti-Poverty Strategy”. European Commission.

Moreover, the eco-social transformation is reshaping both the drivers and the experience of poverty, notably, through the growing phenomenon of energy poverty, which affects both winter and summer. While energy and transport poverty are now recognised challenges, climate neutrality will also accelerate labour-market restructuring; deepen territorial divides between ‘winning’ and ‘losing’ regions; and expose gaps in housing, health and social protection systems, with disproportionate impacts on already marginalised groups. A further dimension of this eco-social transformation concerns the intersections between health and poverty. Climate change and environmental degradation act as ‘risk multipliers’ for low-income groups, increasing exposure to extreme heat, air pollution, food and water insecurity, and climate-related disasters, while at the same time straining already under-resourced health and care systems. In this context, the forthcoming EU Anti-Poverty Strategy should not view green policies as an external constraint, but rather as a central structuring factor of social risk, and should seek effective interaction with specific funding tools, such as the Social Climate Fund. Tackling energy poverty and ensuring access to adequate housing should also be seen as part of a broader vision of social protection in the eco-social transition. In this respect, indicators of eco-social risks (such as energy poverty, heat stress and exposure to pollution) should be integrated into the monitoring framework of the strategy. Ensuring strong synergies with other EU initiatives is also essential to avoid fragmentation and guarantee coherence.

Despite these promising directions, the initiative risks facing criticism if it fails to address several longstanding shortcomings in EU social policy making, such as the fragmented approaches to poverty reduction. A significant concern is the potential marginalisation of vulnerable groups: unless the strategy explicitly addresses the realities of undocumented migrants, Roma communities, people with disabilities, older people and people in precarious jobs, it risks overlooking those most affected by poverty and social exclusion.

Ambition needs anchors: Funding and governance that deliver

A potential issue could be the absence of a clear implementation timeline, dedicated budget and stable financing arrangements. In the context of a worrying reduction in anti-poverty funding in the proposed Multiannual Financial Framework, political promises without corresponding resources will inevitably be dismissed as symbolic. Similarly, relying solely on broad EU-wide targets – without concrete action and operational objectives – would risk turning the strategy into an aspirational document. Evaluation and monitoring arrangements are equally crucial to ensure a practical impact on poverty reduction.

Why this strategy must be different – and how it can succeed

As the EU approaches a critical juncture in 2026, the forthcoming EU Anti-Poverty Strategy offers a unique opportunity to reset the EU's social agenda and finally move beyond broad targets toward enforceable action. Its potential lies in providing a coherent and intersectional framework, but its credibility will depend on whether ambition is matched with concrete instruments: adequate financing; clear timelines; minimum standard; and robust monitoring.

Moving beyond monetary or income-based measures requires confronting the structural drivers of poverty and recognising that poverty is not only a matter of lacking financial resources. Discrimination and barriers faced by marginalised groups, labour market segmentation, unequal access to essential services, socioeconomic and territorial inequalities, and gaps in social protection need to be effectively addressed to achieve the eradication of poverty. A multi-dimensional approach must therefore underpin all aspects of the strategy, expanding the definition of poverty beyond income to encompass the broader inability to meet physical, material and social needs due to a lack of resources.

The strategy must provide a realistic roadmap backed by EU financial resources and ensure the systematic involvement of people experiencing poverty alongside relevant civil society organisations. Without firm commitments on funding, governance and accountability, it risks remaining aspirational rather than transformative. Ultimately, to make a meaningful difference, the strategy must translate its intentions into concrete, measurable actions capable of addressing the depth and persistence of poverty across member states, paving the way toward a more just, inclusive and socially sustainable Europe.

EULALIA RUBIO

What will happen with the Multiannual Financial Framework negotiations in 2026?

The Multiannual Financial Framework (MFF) negotiations are often regarded as pivotal events in the EU's political landscape. Yet, looking at the past, one should admit that they rarely result in major changes. Most often, the Commission proposes an updated version of the past MFF, the parliament asks for more funds, frugal countries push for cutting the budget, and net recipients manoeuvre to shield cohesion and agricultural funds from cuts. Major changes have only occurred under exceptional circumstances in which there was strong EU unity around a shared goal (i.e., the 1988 Delors package and the completion of the single market) or in response to major crises (i.e., the 2020 NextGenerationEU/MFF package).

Will the current MFF negotiations be one of those rare occasions? That is certainly the Commission's ambition. Whatever one thinks of its proposal, it undeniably puts forward far-reaching changes in the structure of the budget, the composition of EU spending, and the planning and delivery of EU funds. Yet, since its presentation in July 2025, it has triggered considerable criticism. In the Council, several net contributors have questioned the size of the budget, while prominent recipients have warned against potential cuts to the Common Agricultural Policy (CAP) and cohesion. In the European Parliament, the main political groups have opposed the idea of merging all shared-management funds into a single national plan and have already forced the Commission to modify parts of the proposal.

Admittedly, some criticisms of the proposal are grounded in legitimate concerns. There is room for improvement in the legal bases of the new proposed programmes – some of which seem to have been drafted in haste. There are also conceptual weaknesses in the design of certain programmes. As it has been denounced by many stakeholders, the 'single plans' regulation does not guarantee that member states will pay serious attention to cohesion policy issues when preparing their plans. The role of sub-national authorities in implementing the national plans also merits being reinforced: too much power in the hands of national authorities is not good, not for efficiency nor for political reasons. More

in-built flexibility in the EU budget is welcomed, but too often it comes in form of greater Commission discretion, and it is not accompanied by proper accountability and oversight. Finally, the idea that merging funds and adopting a performance-based approach will bring simplification is questionable. One has the impression that the Commission has over-emphasised the potential simplification gains in an attempt to charm member states currently obsessed with the deregulation and simplification agenda. Yet, the experience with the Recovery and Resilience Facility invites some scepticism. Besides, also importantly, there are enormous transition costs of moving from one system to another that should not be underestimated.

Beyond these specific issues, however, the limited enthusiasm for the proposal reflects a deeper problem. The Commission is effectively proposing a shift from a budget in which most resources are pre-allocated to member states for cohesion and agriculture, and distributed through predictable eligibility rules, to one in which spending is aligned more explicitly with Union-wide strategic objectives – reducing critical dependencies, enhancing competitiveness and strengthening Europe’s defence readiness – and the Union has greater capacity to adjust spending priorities in response to evolving circumstances. For traditional cohesion and CAP beneficiaries, accepting such a shift during a period of economic and geopolitical uncertainty is understandably difficult. The change would be acceptable only if there were strong confidence in the EU budget’s capacity to advance these Union strategic goals meaningfully. However, an increase in EU resources will not suffice to secure Europe’s competitive edge or its technological sovereignty; without other bold EU reforms – that is, to complete the Savings and Investment Union – and much deeper coordination of national economic and budgetary policies, EU-level spending alone cannot deliver.

The problem is compounded by the absence of a shared EU-level vision on how to advance these strategic goals. As illustrated this year on various occasions, member states remain divided on key strategic questions – how far the Union should go to confront Trump, how to respond to China’s unfair trade practices or how to support Ukraine. In short, it is difficult to build support for an objective-driven budget when the objectives themselves remain unclear.

Some claim that there is a common vision, as articulated in the Draghi¹ and Letta² reports. However, upon closer examination, many key questions remain unanswered. The Draghi report notably fails to clarify how competitiveness and cohesion should be reconciled. How can the EU compete with the US and China without replicating their profoundly unequal and territorially imbalanced growth models? How should cohesion policy be reinvented in a context marked by strategic rivalry and trade tensions? These are central questions for the future MFF, yet they are left unaddressed. The Letta report provides more explicit guidance – notably through its emphasis on the ‘freedom to stay’ and measures to mitigate the territorial concentration effects of industrial policy – but even Letta’s proposals have not crystallised into a shared political vision capable of guiding a major budgetary overhaul.

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

2 Letta, E. (2024) “Much more than a market – speed, security, solidarity”. European Commission, April.

Will this change in 2026? This appears unlikely. Changes in government following some crucial national elections may alter member states' stance on specific MFF items. There are also some signs of renewed Franco-German cooperation. However, the political context in many member states will remain fragmented and influenced by nationalistic forces, a configuration that does not facilitate difficult cross-border compromises. In the absence of a major exogenous shock forcing EU member states to take bold action, path dependency and defensive bargaining are likely to continue shaping the negotiations. Ultimately, the risk is that member states converge on a smaller, politically convenient yet largely inconsequential MFF for 2028-2034, while having to rely on impromptu, issue-specific intergovernmental arrangements to address urgent needs. Such a result would reveal, more than anything else, the Union's limited willingness to act together at a time when cohesion and shared investment capacity are most needed.

ALVARO OLEART

A 2026 with more flotillas and fewer double standards

The genocide perpetrated by Israel against Palestinians in Gaza¹ is ongoing and unlikely to stop in 2026. Unfortunately, unlike with the Russian invasion of Ukraine, the EU has overwhelmingly sided with the aggressor: Israel. The asymmetrical response to the two conflicts has exposed the racism and double standards of the EU regarding the defence of international law and human rights, particularly evident in the discourses of EU Commission President Ursula von der Leyen.² Culturally, unlike Russia, which was banned from most international sporting competitions, as well as cultural events such as Eurovision, following the 2022 invasion of Ukraine, Israel continues to be welcome in the international arena. This is despite the November 2024 arrest warrants issued by the International Criminal Court against Israeli Prime Minister Benjamin Netanyahu and former Defence Minister Yoav Gallant, and the ongoing genocide case against Israel put forward by South Africa in the International Court of Justice.

What can we expect for 2026? From the EU institutions, very little. Commission President von der Leyen continues to support Israel, even if, in her September 2025 State of the Union, she proposed a partial suspension of the EU-Israel association agreement – a proposal that was quickly suspended after US President Donald Trump's so-called ceasefire agreement in October 2025. Similarly, most international cultural and sporting events are likely to continue welcoming Israel, starting with the Milano Cortina 2026 Winter Olympics in February. Israel has been confirmed as a participant in Eurovision, although the Dutch, Icelandic, Irish, Slovenian and Spanish broadcasters have already announced their boycott of Eurovision 2026 on the grounds of the participation of Israel.³ Luckily for FIFA, Israel has not qualified for the 2026 Men's Football World Cup, which will take place in Canada, Mexico and the USA. The participation of Israel in cultural and sporting events

1 “Israel/Occupied Palestinian Territory: ‘You feel like you are subhuman’: Israel’s genocide against Palestinians in Gaza”. Amnesty International, 5 December 2024; “Our genocide”. B’Tselem, July 2025.

2 Oleart, A. and J. Roch (2025) “The colonial imaginary of ‘Europe’ in the EU’s asymmetrical response to the Russian and Israeli aggressions: Ukraine as a member of the ‘family’ whilst ‘othering’ Palestine”. *Journal of Common Market Studies*, 6(63): 1685-1709. DOI: 10.1111/jcms.13719

3 O’Carroll, L. (2025) “Iceland becomes fifth country to boycott Eurovision 2026 over Israel”. *The Guardian*, 10 December.

is relevant because it contributes to legitimising its political actions, precisely the argument used by institutions such as the European and global football associations, UEFA, and FIFA to justify the exclusion of Russia in February 2022 from its competitions: "Football is fully united here and in full solidarity with all the people affected in Ukraine". Why is that solidarity selective? Where is the solidarity with the people affected in Palestine?

Where can we find hope, then? Social movements, trade unions, civil society and some governments have successfully mobilised around the world in solidarity with Palestine. The Global Sumud Flotilla brought together nearly 500 activists from dozens of countries worldwide, aiming to break the Gaza blockade and deliver humanitarian aid to Palestinians by sailing through the Mediterranean. The flotilla was intercepted by Israeli forces on 3 October 2025, and there was a wide response, triggering protests across Europe and worldwide, including in Athens, Barcelona, Berlin, Brasilia, Brussels, Buenos Aires, Sydney and Tunis, and Italian unions called for a general strike in solidarity with Palestine. This type of transnational collective action is a source of hope and opens the possibility of imagining a world where democracy, international law and justice prevail over colonialism and racism.

EU leaders are unlikely to break away from their longstanding support for Israel by themselves, but democratic mass mobilisations may change that. Ultimately, if institutions are unable to hold accountable a government that is perpetrating a genocide, it is up to social movements to mobilise across borders to put pressure on institutions to change course, including in the EU. This is relevant not only for Palestine, but for fostering civic space more broadly within and beyond Europe. Indeed, a coalition of European civil society organisations condemned the repression that followed the protests in solidarity with the Global Sumud Flotilla in multiple European countries. The failure of EU institutions and its member states to protect the Palestine solidarity movements "legitimises the criminalisation of non-violent civic engagement and undermines confidence in Europe's genuine commitment to protect human rights defenders consistently, both within and beyond its borders".⁴

Beyond the double standards on Palestine, the von der Leyen II Commission already uses the right-wing majority in the European Parliament, with an important component of far-right MEPs, and a majority of conservative governments in EU member states, to push for a deregulation agenda that may water down existing regulations on climate, workers' rights or digital human rights, as argued by a coalition of 127 civil society organisations in November 2025.⁵

The second Trump presidency is only putting more pressure in this direction. Hence, in 2026, we need political actors to foster collaborations across political parties, trade unions, civil society and social movements to build an internationalist progressive alternative that cuts across both transversally (across different issues, from labour rights and trade unions to Palestine, migrants' rights, gender equality or environmental issues) and transnationally

4 Civil Liberties Union for Europe, EuroMed Rights, European Civic Forum et al. (2025) "Wave of civic activism in support of Global Sumud Flotilla met with shocking repression: EU leaders must uphold right to protest". Joint statement. European Civic Forum.

5 "Joint statement: The EU must uphold hard-won protections for digital human rights". Amnesty International, 13 November 2025.

(across national borders and not only within the EU, bringing activists from the Global North and the Global South together).

We can only hope that 2026 will bring more of the transnational, anti-colonial and democratic energy that fuels the flotillas and less of the deregulatory agenda and double standards.

HALLIKI KREININ

The backlash against green capitalism and the battle for Europe's future

Europe's failure to deliver a socially just green transition has exacerbated insecurity and created an environment conducive to far-right mobilisation. The backlash against climate policy, women's rights, LGBTQ+ communities, refugees and others is fuelled by fear and a rejection of neoliberal individualism. As global crises accumulate, progressive forces have struggled to address the root causes of this anxiety.

The rise of Kris Kärner is an example of this shift. A young Estonian far-right TikToker with a large online following, Kärner recently won a seat in local elections after posting videos in which he called for Social Democrats to be "put against the wall and shot with a pump gun" and declared that women should be excluded from politics. Kärner belongs to the conservative Isamaa party, which has long been a coalition partner of the Social Democrats. What was once dismissed as fringe online extremism has become a pathway to electoral influence in a major party. His success reflects broader European dynamics of austerity, social precarity and politics of fear. Far-right youth movements are proliferating across the continent, from Italy to Finland. In Latvia, the push to exit the Istanbul Convention shows how misogyny has become a symbolic vehicle for anti-liberal revolt.

Neoliberalism and fascism share an underlying worldview that defines human beings by competition and fear. Europe's faltering transition to green capitalism has reinforced this logic. By demanding individual sacrifice while protecting profits, it perpetuates the conditions that legitimise authoritarianism and incite backlash. Market-centred climate policies that emphasise personal responsibility suggest that survival is a private matter rather than a collective endeavour, which is precisely the narrative exploited by far-right movements.

Disinformation networks exacerbate this dynamic by denying climate science and fuelling resentment towards elites, feminists and migrants. The cost-of-living crisis, combined with widespread feelings of humiliation, has created a volatile political atmosphere. Radicalisation

does not arise in a vacuum but thrives in the fractures of a broken social contract where resentment provides fertile ground for reactionary mobilisation.

Authoritarian movements exploit anxieties by promoting a sense of control. Under economic and social strain, rigid norms of masculinity transform fear into anger, which the far-right channels into misogyny, racism, anti-LGBTQ+ sentiment and opposition to climate action. Conservative concerns about same-sex adoption or the ‘breakdown of traditional order’ often reflect deeper insecurities about masculinity and an inability to navigate the structural pressures of neoliberal capitalism individually. When vulnerability is prohibited, and survival is framed as an individual task, fear can only manifest as aggression. These fear-driven conditions nurture authoritarian attitudes and a desire to punish difference. The convergence of anti-feminism and climate obstructionism is no coincidence, as both reject interdependence and a fear of weakness or losing control.

Research by Simone Cremaschi and his colleagues into Italian municipalities that have experienced significant cuts to public services shows that “public service deprivation fuels support for the radical right by generating grievances that align with rhetoric linking declining services to immigration”.¹ When schools, hospitals or train lines close, people feel abandoned by the state. Such communities are significantly more likely to vote for parties such as Salvini’s League or Meloni’s Brothers of Italy. The lesson is clear: rebuilding and expanding public services is not just a matter of social policy; it is also a form of democratic self-defence. Robust public services are also essential for climate policy. Restoring the visible presence of the state in daily life can undermine the narratives of abandonment that fuel exclusionary politics.

The far right appeals to emotions of belonging. However, young progressive leaders, such as Zohran Mamdani in New York, Magid Magid in the UK and Sumaya Kassim in Germany, have demonstrated that authenticity, humour and digital proficiency can galvanise disenchanted audiences without compromising principles. You do not need to throw trans rights under the bus to appeal to the masses, but your main message must be formed around tangible changes to existing material conditions. Mamdani’s campaign, rooted in tangible improvements to everyday life and collective action, offers a template for re-energising democratic politics in Europe.

The social democratic movement must cultivate such voices. Across Europe, many young people are ready to build a new synthesis of justice and hope.

1 Cremaschi, S., P. Rettl, M. Cappelluti et al. (2024) «Geographies of discontent: Public service deprivation and the rise of the far right in Italy». Working paper no. 24-024. Harvard Business School, 1 November.

BIOGRAPHIES



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Daniela HUBER is an associate professor in the Political Science Department of Roma Tre University where she teaches international relations and is Erasmus Coordinator. She is also a scientific advisor of the International Affairs Institute in Rome and co-editor of *The International Spectator*. She has published two monographs, 22 peer-reviewed academic articles, 10 edited volumes and special issues, as well as 12 book chapters on issues pertaining to international and contemporary politics at the interface of Europe and the Middle East. She has also scientifically coordinated the Horizon 2020 Project MEDRESET and been involved as work packages leader or researcher in numerous other European Commission funded research projects.



Bruno JEANBART, Executive Vice President of OpinionWay, is a renowned expert in political and social research with 30 years of experience. A graduate of Sciences Po Paris (1993), he also attended Bath University (UK) for one year of a BSc in economics and politics, as well as completing a master's in sociology at the University of Paris I Panthéon-Sorbonne (1994). Since 2006, he has led OpinionWay to become a French leader in social and political research by pioneering internet-based polling. A specialist in electoral issues, he has been developing forecasting models since 2015 and has expanded his research to cover Europe and Africa. As an influential political analyst, he frequently appears on national and international media outlets. He is author of *The Abnormal Presidency: The Roots of Macron's Election* (2018), as well as numerous papers on shifting political landscapes in France, Europe and the United States.



Ana E. JUNCOS GARCIA is Professor of European Politics at the School of Sociology, Politics and International Studies at the University of Bristol (UK). She is also a visiting professor at the College of Europe in Bruges. Her primary research interest lies in European foreign and security policy, with a particular focus on EU conflict prevention and peace building. She is also known for her work on negotiations in EU foreign policy and populist foreign policy. She is author of *EU Foreign and Security Policy in Bosnia: The Politics of Coherence and Effectiveness* (2013) and co-editor of *EU Conflict Prevention and Crisis Management* (2011). She is currently Editor of the *Journal of European Integration*.



Hans KEMAN (1948) is emeritus Professor of Comparative Political Science at the Vrije Universiteit Amsterdam (VUA). He lives in Friesland, the northern part of the Netherlands. He read political science and contemporary history at VUA. After being at the University of Amsterdam (1975-1982), he moved to the European University Institute. In 1985, he was an associate professor at Leiden University. In 1990, he was appointed full professor and head of department at the VUA; he retired in 2013. Hans has been a visiting fellow and guest lecturer around the world. He has also been co-editor of the *European Journal of Political Research* and *Acta Politica*. Hans is a comparative political scientist in substance and method. His focus is on democracy and the role of social democracy.



Danai KONSTANTINIDOU has been a researcher at the European Social Observatory since October 2025. Her research focuses on social protection, poverty, welfare states, and comparative social policy and policy evaluation. She is in the final stage of her PhD in social policy at the University of York, where she examines the impact of social transfers on income poverty and deprivation in EU member states. Danai has worked as an external collaborator at the National Centre for Social Research (EKKE) in Athens (Greece) and the National and Kapodistrian University of Athens (Greece), where she participated in various research projects and served as the Expert for Greece in the European Social Policy Analysis Network.



Halliki KREININ is a researcher at Tallinn University specialising in ecosocial policy, post-growth welfare systems and structural barriers to sustainability. She is also an active participant in Estonian politics and ran in local elections on the Social Democratic Party of Estonia (SDE) list, advocating for social justice, climate action and a just transition. Her aim is to bring evidence-based perspectives to progressive policymaking.



Sofía MARTÍNEZ is a seasoned expert in energy, climate, resilience, sustainable finance and international cooperation, with over 20 years of experience in policy making and technical assistance across public institutions, international organisations and civil society. She worked at the European Commission (DG INTPA), the Spanish Energy Agency and the Spanish Office for Climate Change. Sofía has also worked in international consultancy and, most recently, as Policy Director at the Green Economy Coalition. Currently, she is a senior advisor for

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Mariana MAZZUCATO (PhD) is Professor in the Economics of Innovation and Public Value at University College London (UCL), where she is Founding Director of the UCL Institute for Innovation & Public Purpose. She is the winner of international prizes including the Grande Ufficiale Ordine al Merito della Repubblica Italiana (2021), the 2020 John von Neumann Award, the 2019 All European Academies Madame de Staël Prize for Cultural Values and 2018 Leontief Prize for Advancing the Frontiers of Economic Thought. She is a member of the UK Academy of Social Sciences (FAcSS) and the Italian Academy of Sciences *Lincei*. In 2025, she was appointed Commander of the British Empire (CBE) in the King's Birthday Honours List. The late Pope Francis appointed her to the Pontifical Academy for Life for bringing "more humanity" to the world. She is the author of *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*, *The Value of Everything: Making and Taking in the Global Economy*, *Mission Economy: A Moonshot Guide to Changing Capitalism* and most recently *The Big Con: How the Consulting Industry Weakens our Businesses, Infantilizes our Governments and Warps Our Economies*. She advises policymakers around the world on innovation-led inclusive and sustainable growth.



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In an eerie manner, 2025 resembled the ‘time of monsters’, which, according to the great Italian anti-fascist thinker Antonio Gramsci, emerges in the liminal time between the death of an old world and the birth of a new one. If the beginning of 2026 offers clues of the world that is to come, the monstrosities of 2025 still need to be analysed in depth. The right lessons will help social democrats turn the current backlash into a new mobilisation. Contributing to this is among the objectives of this year’s FEPS Progressive Yearbook.

Among the outstanding features of 2025 was the break in the transatlantic alliance, with the US swinging to a full nationalist and unilateralist position and dropping from the hitherto common platform of international law and liberal values. When it comes to major debates on global affairs, Europe has been more often on the menu rather than at the table. Just how this happened offers clues for 2026 and the years to come. And for the kind of economic and social model we can maintain and develop in the foreseeable future.

In this seventh edition of the Progressive Yearbook, we offer analyses of the EU’s domestic issues, ranging from defence and digital autonomy to what remains of the previous EU Commission’s Green Deal, as well as on global questions, such as international trade, tariffs and the new world order that is vying for birth. With Mariana Mazzucato, the Progressive Person of the Year 2026, we explore the border area of academia and public policy. All this should help activists and office holders of our political family to develop a new agenda, which aims to deepen EU integration, with economic prosperity and social justice at its heart, and to make a decisive move towards European sovereignty.



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