

# Europe's place in the global permacrisis

**Fabian Zuleeg**

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# Table of contents

<b>Executive summary</b>	<b>3</b>
<b>Living in a contested landscape</b>	<b>4</b>
<b>Europe's collapsing foundations</b>	<b>5</b>
<b>Spreading permacrisis</b>	<b>7</b>
<b>Georealpolitik contaminated by ideology</b>	<b>7</b>
<b>Resurgent economic nationalism, weaponised geoeconomics and strategic competition</b>	<b>9</b>
<b>From global rules-based multilateralism to disordered multiplexity</b>	<b>9</b>
<b>Failure to address common global challenges and protecting the global commons</b>	<b>11</b>
<b>Liberal democracy under pressure</b>	<b>11</b>
<b>European leadership</b>	<b>12</b>
<b>Speaking truth with power</b>	<b>13</b>
<b>Fighting for principles</b>	<b>13</b>
<b>Coalitions of the willing</b>	<b>14</b>
<b>A bleak, uncertain future?</b>	<b>14</b>
<b>Endnotes</b>	<b>15</b>

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# Executive summary

The phenomenon of permacrisis is now observable internationally, having been manifest in Europe for almost two decades. Europe's prolonged exposure to it offers a series of warnings and a vantage point for understanding how sustained instability reshapes political and economic systems. This perspective is increasingly relevant beyond the continent, as the global permacrisis culminated in and is accelerated by the second Trump administration's destructive whirlwind of attacks aimed at changing global interactions and norms. Europeans have, by and large, realised the catastrophic nature of Trumpian ideology and actions, given his ambivalent stance on Russia's aggression against Ukraine and European security, aggressive moves on Greenland and assault on global stability – as well as his views on multilateralism and multilateral Europe as an irrelevance or even an enemy.<sup>1</sup> But the rest of the world should be under no illusion. The US

and Israeli war with Iran has further demonstrated that today's crises are interconnected: conflict around a regional power can threaten the Strait of Hormuz, disrupt global oil and gas flows, fuel inflation, weaken growth and intensify insecurity far beyond the immediate battlefield.

Trump's threats to weaken or abandon NATO only add to this volatility, calling into question one of the core institutional foundations of international security at precisely the moment it is most needed. The chaos now being deliberately generated is a negative-sum game for everybody, reducing global prosperity, sustainability and security, making the world a much more dangerous place for the next generations. There is a need to build a new global architecture before it is too late. Europe can play a decisive role, working with willing partners around the world, if it gets its own house in order.

# Living in a contested landscape

Almost five years ago, we noted that Europe, the old continent, has been in permacrisis<sup>2</sup> ever since the onset of the global economic and financial crisis in 2007/2008. The period since then has been characterised by interconnected and constant crisis-level challenges, including the financial and economic crisis, the sovereign debt and Euro crises, migration, Brexit, terrorism, COVID-19, the first Trump administration, war and instability in the Middle East, as well as Russia's ongoing aggressions, including the full-scale invasion of Ukraine.

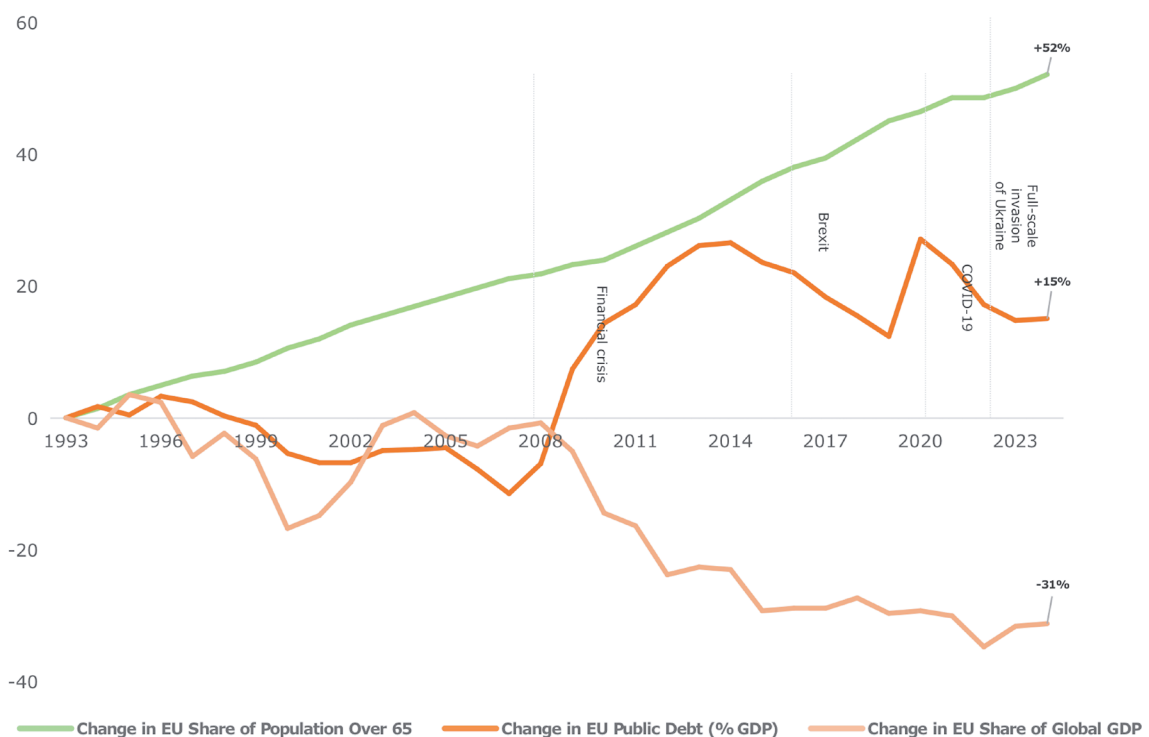
All of this has been happening alongside a constant background challenge of fundamental structural changes, necessitated by climate change, population ageing and the global technological revolution (poly-transition).<sup>3</sup> This has highlighted and accelerated political fragmentation and polarisation within Europe, as seen in the case of Brexit, and the rise of far-right populism, illiberal governments and political leaders. At the same time, geopolitics and geoeconomics have become significantly more challenging, including the rise of China, and the challenge to liberal democracy from within the 'West' following the (re-)election of Donald Trump, as well as the ongoing military aggression of Putin's Russia, which is not only aimed at Ukraine but

at European security as a whole. This perfect storm is threatening to sweep away the political, economic and security architecture which has underpinned (Western) European progress since the Second World War. More broadly, it is undermining a multilateral project which, albeit imperfect, offers the best available basis to pursue prosperity collectively and to coordinate action around goals – such as the green transition – that would otherwise be unattainable.

The signs of this changing world were already on the horizon, for instance, with repeated Russian aggression in 2008, 2014 and 2022. But many did not want to see what was coming. It took the radically changed stance of the United States (US) towards its European allies<sup>4</sup> to shake Europe out of the illusion that, even in an increasingly contested landscape, its foundations were secure. The warning voices should have been heeded in the past – Europe would now be in a much better place if that had been the case. It is important to listen to these voices again today, not only to their warnings but to their recommendations – to make sure that Europe does what is necessary, so that, sometime in the future, this can be seen as the inflection point when Europe started to take back control over its own future.

Figure 1

THREE REFLECTIONS OF THE PERMACRISIS: HOW THE EU'S DEMOGRAPHICS, DEBT LEVELS, AND GLOBAL ECONOMIC WEIGHT HAVE CHANGED SINCE MAASTRICHT (1993-2023)



Source: Visualisation and calculations by Raul Villegas, EPC, based on data from the WHO (HFA-DB), IMF (WEO Database, April 2025), Eurostat (datasets teina225 and tps00028), and OECD (2002). Values represent relative percentage change since 1993.

But this is no longer only a European problem. The fundamental challenge to Europe’s architecture is now replicated at the global level. The world is now in a global permacrisis, triggered by the re-election of Trump as US President and his subsequent actions. His approach, reinforced by his administration and the ideologues in the background,<sup>5</sup> is challenging the global architecture and norms of international behaviour created after the Second World War.<sup>6</sup> It is true that many parts of the world did not share the prosperity and stability of Western Europe over the last eight decades. Even within Europe, much of the East spent more than half of the period since the Second World War under communist dictatorship, and there has also been war in Europe during that period. Globally, there have been many conflicts, and many parts of the world have not shared in the increasing prosperity. But ever since the ‘end of history’<sup>7</sup> following the fall of the Soviet empire, there has been the hope that the end of the Cold War would also usher in a new period of global, mutually beneficial cooperation and progress, including a reform of the international architecture based on fair representation of emerging, small, and middle powers. Trump has shattered this illusion. Instead of an ordered multipolar world, we are now facing an international environment where ‘might is right’, without order and rules<sup>8</sup> – in short, a global permacrisis.

The challenge for Europe will be to convince others that this is indeed a global permacrisis – and not “merely” from a European perspective – a hostile environment. Many are still under the illusion that Trump shaking up the global order will be in their interest, providing them with a way of escaping from American hegemony. Even among those who are now realising the negative impact Trump is having, for instance in relation to global trade or with respect to stability – in the Middle East with first Gaza and then Iran, or Latin America with his actions in Venezuela – they still do not see the pervasive long-term danger and the distinct possibility that the US disengagement from multilateral institutions may long outlive Trump. The war involving Iran has shown how rapidly regional conflict can spill over into global economic instability, with the closure of the Strait of Hormuz putting oil and gas flows at risk. Trump’s threats to weaken or even withdraw from NATO further compound this uncertainty, undermining confidence in the wider security architecture. Rather than ‘wait Trump out’, those who believe in a non-Trumpian global future will have to show what long-term damage and destruction he will cause, while also constructively offering a way forward.

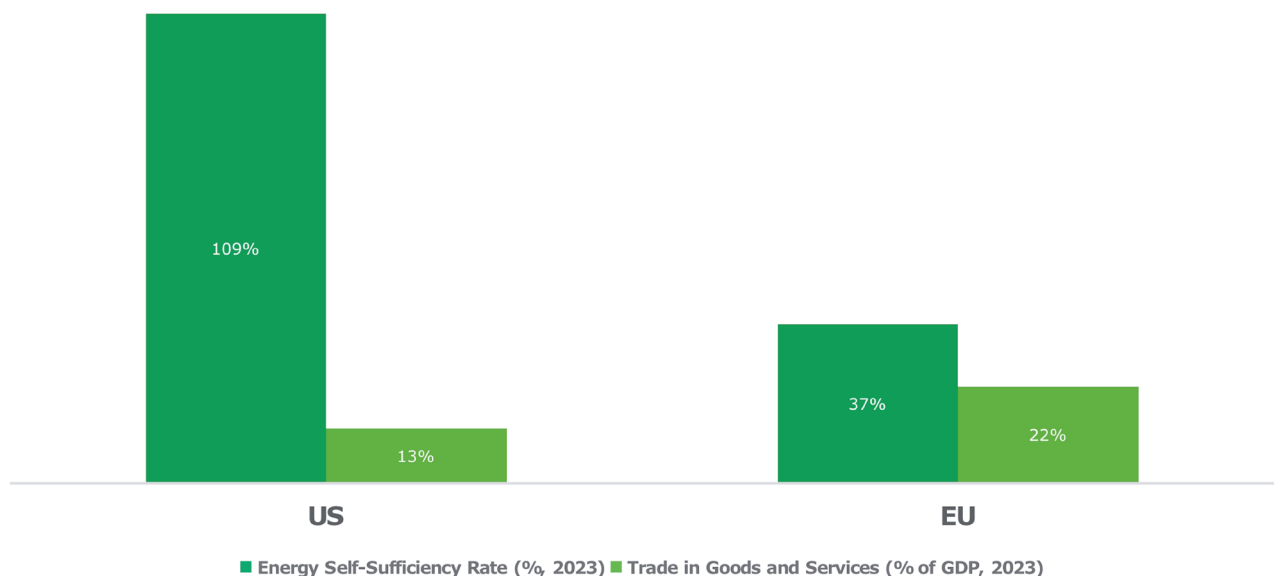
## Europe’s collapsing foundations

For Europe, this more challenging environment comes after a period of relative security, stability and economic progress, which was, in part, facilitated by the creation

and expansion of the European Union (EU) itself.<sup>9</sup> The re-election of Donald Trump poses a significant challenge to the fundamentals of European integration:

Figure 2

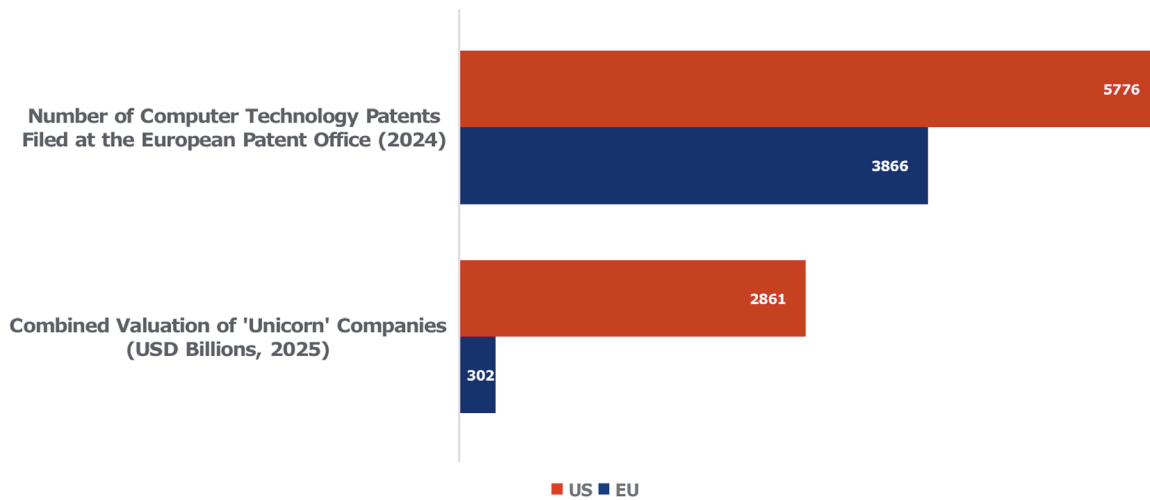
ENERGY SELF-SUFFICIENCY AND RELIANCE ON TRADE: US VS EU (2023)



Source: Visualisation and calculations by Raul Villegas, EPC, using data for the year 2023 from the US Energy Information Administration, Eurostat (dataset nrg\_ind\_id), Eurostat (datasets bop\_eu6\_q and nama\_10\_gdp), IMF (BPM6), and the World Bank (WDI, indicator NE.TRD.GNFS.ZS). Energy self-sufficiency refers to the ratio of domestic energy production to consumption; trade in goods and services is expressed as a share of GDP.

Figure 3

### INNOVATION AND STARTUP SCALE: US VS EU



Source: Visualisation by Raul Villegas, EPC, using data for the year 2024 from the European Patent Office (EPO) and the updated 2025 CBInsights Unicorn Database. The combined valuation of 'unicorn' companies – i.e. privately held companies and startups valued above USD 1 billion – serves as a proxy for innovation and fast access to capital but should not be read in isolation. These valuations are based on expectations of future growth and may also reflect speculative dynamics or bubble risks.

Europe's prosperity, sustainability, security and democracy.<sup>10</sup> This is because Europe<sup>11</sup> is much closer to the US than any other actor, so any change in US direction is particularly impactful, not least since its security architecture depends on it at this moment in time.

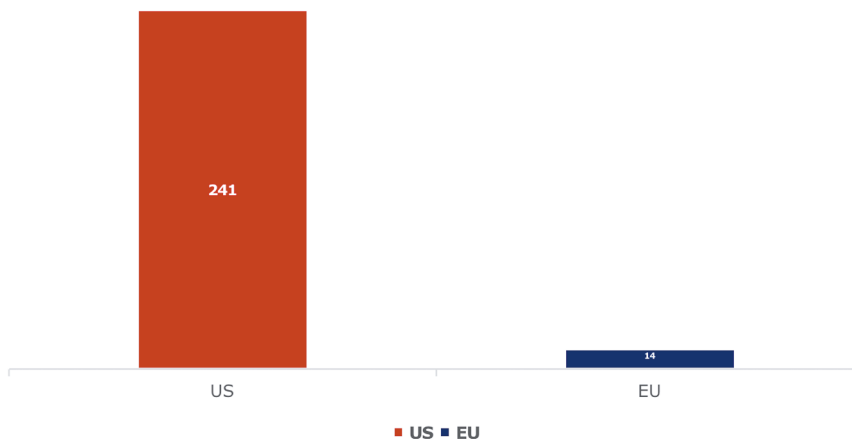
Even without Trump, Europe was, most likely, facing a period of decline, not just relatively but absolutely. Economically, Europe's competitiveness and productivity are challenged, and populations face the very real prospect of future generations being worse off than previous ones. Europe has fallen behind in most key technologies<sup>12</sup>

and has a challenging labour market, particularly given population ageing.<sup>13</sup> Public finances are increasingly under pressure,<sup>14</sup> which will also reduce Europe's capacity to maintain its cherished social model, which is underpinned by the costly provision of public services and an expensive comprehensive social welfare net. Globally, the weight of Europe is declining, affecting its capacity to exercise agency, i.e. to influence global developments.

The cumulative effect on Europe, and the EU in particular, is an increasing difficulty to defend its values, first and foremost liberal democracy and the social

Figure 4

### NUMBER OF YOUNG LARGE-CAP PUBLIC COMPANIES: US VS EU (2024)



Source: Visualisation by Raul Villegas, EPC. The metric is borrowed from the Draghi Report and refers to publicly listed companies under 60 years old with a market valuation above USD 10 billion. This visualisation shows calculations by Andrew McAfee (MIT), with data for the year 2024 from FactSet, where the age threshold for companies is lowered to 50 years.

market economy, protect its interests, internally and externally and fulfil the imperatives of this contested environment, in particular supporting Ukraine and deterring Russian aggression.

The difficulties Europe is facing are, to some extent, mirrored in the West more generally, at least where political developments are concerned. The (re-) election of Trump as US President shows the degree of challenge to liberal democracy as we understand it,

## Spreading permacrisis

Many of the current difficulties of the West, and of Europe in particular, were predictable and, to some extent inevitable, albeit with recent political and economic developments accelerating longer-term trends. But, increasingly, the permacrisis is spreading to the global environment. All countries are now facing a global environment with greater levels of uncertainty, risk and volatility.<sup>15</sup> This includes a trend towards polarised risk, with extreme, radically different scenarios being equally probable. The increased level of risk is imposing significant costs, necessitating costly contingencies and continuous adaptation to a rapidly changing environment. While it is true that there will also be transactional opportunities for some, not least some of those most closely aligned with Trump, overall global welfare will decline, most rapidly for those who already find themselves in weak positions and who do not have the ability to wield power in a similar way.

If seen through the lens of power politics, the decline of the West could be regarded as a 'win' for others, including the BRICS, or the ascendance of the Global South. But this is a hollow victory, as the global impact of the permacrisis is a negative-sum game. Everybody loses as the focus shifts from multilateral principles, development, and cooperation to security and rivalry – all the more when it leads to conflict and war, which have always been among

highlighting the deep divisions within society. However, economically, the US is in a very different position than the old continent, given its much lower dependence on the global economy, technological leadership, affordable and accessible resources and energy, and the younger demographic profile. This adds to the difficulty for Europe, as it struggles to act without the US, including on security, but also not able to economically prosper without the rest of the world.

the most detrimental forces impeding human progress. All aspects of progress (political, economic, social, and environmental) are under threat by these global developments, which will reduce welfare for any country's population and impact negatively on global prosperity, sustainability and security. The current war in the Middle East is a case in point. However, many governments are increasingly not focusing on broader, long-term goals for humanity, but rather being driven by a desire for power and domination or a fear that others might be successful in achieving that desire.

Some could be forgiven for believing that this is a rather European point of view, driven by its own weakness and decline. Trump will disabuse them rapidly of this notion when they start feeling the impact on the global system. We have already seen a disillusionment about the US' actions in the Middle East, with his plans for the people of Gaza,<sup>16</sup> his ongoing support for Benjamin Netanyahu and the war against Iran. His punitive tariff threats and interventions in the trade field will lower global growth and create further problems for the weakest members of the global community, further enhanced by the cutting of American aid.<sup>17</sup> Trump's ideology as an interventionist isolationist,<sup>18</sup> driven by extreme self-interest and a disregard for long-term consequences, is increasingly felt everywhere.

## Georealpolitik contaminated by ideology

The current state of geopolitics is resulting in global security failures that are impacting negatively not only on those directly involved in any conflicts. They have much wider, global repercussions. Ukraine is a clear example of this, but so is the instability in the Middle East. These conflicts are wrapped up in global geopolitics that make them protracted and intractable. Broader repercussions, such as the undermining of global governance, global food and fuel crises, nuclear proliferation<sup>19</sup> and spreading of conflict, are becoming the norm. Even the threat of nuclear war is back on the agenda. It is true that, for most of Europe, the recent period has been exceptional in its lack of conflict, and that many parts of the world have faced security threats

and conflict for a long time. But it is equally true that the situation is deteriorating across the board, affecting more and more countries and not just Europe, and that these conflicts have global implications and repercussions, as well as carrying the danger of uncontrollable escalation.

War is back at the forefront of politics, as seen in Russia's invasion of Ukraine and the ongoing conflict in the Middle East. Increasingly conflicts turn into total wars, involving the mobilisation of societies in their entirety,<sup>20</sup> rather than being more limited military interventions. They often involve non-state actors as well as covert and hybrid warfare at a new scale.<sup>21</sup> Ideology (nationalism in particular)

is back as a core driver of conflict, going hand-in-hand with the dehumanisation of the enemy. No quarters are given, and the aim is to wipe out the enemy, rather than simply winning.<sup>22</sup> 'Might is Right' seems to be the guiding thought of many of the strongest political actors involved, with military power effectively unchallengeable.

Not only for this reason, Russia's invasion of Ukraine should have been recognised as a watershed moment<sup>25</sup> not only for Europe but for the rest of the world, given its egregious breach of international norms and the threat it poses to global security. Rather than a military conflict between neighbours, it represents a war of aggression, with the more powerful country threatening to wipe out the other, much akin to Nazi Germany's war of aggression in the second World War. Back then, in 1938 with the Munich Agreement, there was an attempt to prevent war by appeasing the aggressor; it failed spectacularly.<sup>24</sup> If Russia succeeds, it will similarly encourage further aggression, increasing risks, up to a possible nuclear confrontation with Europe. Prolonged Russian incursions into NATO airspace are a sign of worrying escalation of Russia's aggression.<sup>25</sup> In addition, given that Ukraine gave up its nuclear weapons in return for a security promise and Russia has used the nuclear threat to prevent further intervention from NATO,<sup>26</sup> it will encourage nuclear proliferation not only in Europe but across the globe. Clearly, Russia's war also violates international law, including the protection of sovereignty and territorial integrity of an independent country, as well as norms and laws of international behaviour, with numerous war crimes being committed by Russia;<sup>27</sup> the forced abduction of Ukrainian children deserves a special mention in this context.<sup>28</sup>

Russia's war of aggression has implications for wider global security by putting into question the inviolability of borders. This is also evident in the linkage it has created between the European and Indo-Pacific theatres through North Korea's participation,<sup>29</sup> and in the risks of nuclear proliferation and the example it sets for others – essentially that might-is-right. Russia's continued hybrid and covert warfare against all of Europe shows that interference in other countries' internal affairs is being normalised. This threatens all countries with aggressive neighbours. It further encourages the disregard of global guardrails, be it on targeting nuclear facilities, undermining food and energy security, drawing other powers into ongoing wars, or targeting civilian populations, including abducting children from their families.

Ever since the start of Russia's invasion, many international actors have prioritised calls for an end to the killing. This underestimates President Putin's wish to continue the war but it also does not recognise the changed environment in which the world finds itself. Europe had to realise that Russia's war against Ukraine, and the rest of Europe, does not have a defined beginning or end. Defining peace within such a complex and long-term environment as an absence of hostilities underestimates the driving forces behind such conflict. Any ceasefire that can be achieved will not be a lasting peace but a temporary cessation of hostilities, an interlude in a much longer war with an increased risk of spreading,

and a greater risk of nuclear confrontation. This is why the likely imposition of an unjust and unstable ceasefire on Ukraine has a profound impact not only on Ukraine; it will decrease Europe's, and global, security.<sup>30</sup> This also has implications for many other wars around the world.

In addition, if Russia benefits from this war, for example with permanent territorial gains, it also further undermines the UN Charter, including the commitment for the protection of territorial integrity and sovereignty. Yet, despite this clear breach of international law, many around the world do not want to see Ukraine win. Many countries are accepting and legitimising Russia's actions, for instance, referring to alleged Russian legitimate security interests,<sup>31</sup> accepting the incorporation of Ukrainian territory into Russia after sham and illegal referenda,<sup>32</sup> or refraining from a harder line in international fora.<sup>33</sup> In part this can be out of a fear that the situation could spiral out of control; mistakenly, as the risks are much higher if one tries to appease the aggressor. But there is also a high degree of Realpolitik. Many see this as a Western war, initially led by the US; and would rather not see Ukraine and the West win, implicitly also denying agency to Ukraine which is seen as a pawn rather than an actor in its own right, also demonstrated by the marginalisation of Ukraine in Trump's 'peace' negotiations with Putin. There is also the belief that there needs to be a balance of power, with Russia playing an important role; again, mistakenly, as this kind of balance of power thinking with spheres of influence led to the first World War when it was mixed with nationalism and imperialism, as it is now.

But there is also a clear anti-American agenda, opposing the US' status as a superpower that is able to enforce its values and interests on the rest of the world. The opposition to the US had been accentuated by war and instability in the Middle East. The reluctance by many in Europe to censure the Israeli and the US government, has been seen as a further sign of global polarisation by many, feeding a narrative of double standards and the West Against the Rest. While understandable, this will not help to move the world towards more effective common governance but rather will further cement the use of force as an option for many governments, either openly or in the more covert warfare that is proliferating around the world. Europe's inconsistency will undermine efforts to show how its agenda is relevant for all countries, given also that its motives are questioned in light of its history of colonialism and more recent actions, for instance, with regard to migration.

There was a hope among many countries that Trump would be a force for more peaceful resolution of conflict. But Trump is doing his best to show the world that a Trumpian world is dystopian and full of conflict. Paradoxically, the outsized impact of Trump will help to convince populations that American extraterritoriality is far from over, necessitating a global response where individual countries can't be picked off. Creating a system that can't be dominated by any single player can build a global consensus, but Europe also has to work hard to forge new alliances, recognising other countries' interests and demands.

# Resurgent economic nationalism, weaponised geoeconomics and strategic competition

Conflict and Georealpolitik is driven by a sentiment of 'My Country First', i.e. a resurgence of nationalism that drives a selfish view of the world, where, for my country to win, everybody else has to lose. This is very much what drives the new Trump administration, combining an ideological battle against multilateral principles with economic extortion to produce deals for the US. This environment entails that many countries are now in a strategic competition for global spheres of influence, territory, markets, resources and power, where the end justifies the means. The driver in Trump's and Putin's thinking, beyond personal ambitions to hold on to power, is a common appreciation of new nationalism and domination of others, which is replicated in many other capitals. These strongmen have a disregard for the interests and indeed the lives of others, being solely focused on their own gain.

All instruments are then logically used to serve this broader goal. This is why we are seeing the use of weaponised economics, but also the lack of ultimate effectiveness of economic means such as sanctions when targeted countries are willing to bear the pain in pursuit of broader political goals. Geoeconomic statecraft, as well as attempts to control strategic resources, are at the forefront of policy, with those countries that have the ability exercising their extraterritorial power. The US-Israel war involving Iran has further underscored this dynamic, demonstrating how conflict around strategic chokepoints such as the Strait of Hormuz can rapidly affect global oil and gas flows, inflation and wider economic stability. In response, economics and security have ceased to be understood as separate realities, and most global players (including the EU) have laid out strategies<sup>34</sup> and policies<sup>35</sup> aimed at reducing their vulnerability to geoeconomic warfare.<sup>36</sup>

The nature of economic dependency is shifting. Global market domination is negating the gravity model of trade, where countries trade most with their neighbours, creating systemic asymmetric dependencies, for example, by having a growth model based on exports or profit being dependent disproportionately on one external

market actor. This is why we should no longer speak only of interdependence but of asymmetric vulnerabilities, which depend not only on the material impact but on the political reaction functions of global actors. Interdependence bites for those who care, or have to care, about the well-being of their people.

Globalisation is in retreat, maybe not in volume but in terms of an underlying permissive consensus that by-and-large favoured free exchange, driven by economics rather than politics, involving business rather than governments. States are increasingly perceiving themselves to be in strategic competition with each other, rather than following the logic of free and mutually beneficial exchange. Trade is more and more seen in a mercantilist way, i.e. what can my country win at the expense of others, creating a large dead-weight loss as benefits are appropriated by one country at the expense of others. This entails that governments intervene far more in markets than they have before, and that state intervention will be one, if not the determining factor, in international competition. This reduces economic welfare overall, as it distorts and hinders free trade, but, if even recognised, this is seen as another facet of the price worth paying to put one's own country in a better position relative to another. Rather than interdependence shaping global interactions as stipulated by Keohane and Nye,<sup>37</sup> it is now weaponised by states in the pursuit of power.

This kind of behaviour is, of course, not observed in all states. However, in a global environment characterised by powerful states pursuing such strategies, all countries are forced into behaviour patterns, which, at the very least, provide some resilience against asymmetric vulnerability, reducing overall welfare further. For smaller, less powerful states, it is also impossible to counteract the negative impact on their society and economy from great power rivalry and behaviour, whether they follow the same philosophy or not. It is illusory to believe that any part of global interaction can be shielded or compartmentalised in this era of georealpolitik, also implying that business cannot choose to separate from geopolitics.

## From global rules-based multilateralism to disordered multiplexity

Weaponised geoeconomics is going to spell the end of international economic institutions as they were initially conceived, as they either become a pawn in georealpolitik or are increasingly sidelined or hollowed out, as seen with the World Trade Organisation (WTO).<sup>38</sup> The whole global multilateral system is in crisis, and we might well see its effective demise in the coming years, including not

only the WTO but also global political institutions and mechanisms such as the United Nations (UN) and global cooperation on policies with cross-border effects such as climate change or health. While these are unlikely to disappear completely, they are at risk of further hollowing out, becoming less and less effective.

Many are pinning their hope on multipolarity, genuinely or as a convenient narrative against the hegemony of the US or the emerging bipolar competition between the US and China. But even if multipolarity is an accurate description of the world (or possibly of the future global environment),<sup>39</sup> it is not an ordering principle that leads to a common, effective framework. It is non-stable, fluid, with shifting alliances and alignment. The world is heading to disordered multiplexity, involving state and non-state actors, with different relationships in different areas such as business, culture and security, shifting over time. This is a much more complex, unpredictable and risky world, without common rules. While some believe that such a world gives them more freedom to move, more ability to exercise their sovereignty, the reality is that it leads to limited and constrained sovereignty that will be impinged by many actors if it conflicts with their interests. Multiple alignment does not replicate the reliability of long-term alliances or of a common rules-based system, creating a lower welfare equilibrium as all countries become more isolated.<sup>40</sup>

Already, in many cases, the global system does not produce a commonly agreed way forward, let alone ensures that international agreements, norms and law are enforceable across all countries. Rather the opposite, no country seems to want to be bound by global rules and norms, as witnessed, for instance, by the increasingly critical reactions to injunctions by the International Criminal Court (ICC).<sup>41</sup> While lip service is paid to global mechanisms and rules, it is others that should be bound when their actions do not fit with their own interests. While the accusation of double-standards

and hypocrisy is rightfully levelled at the West, or at least many countries in the West, this is a much more widespread phenomenon.

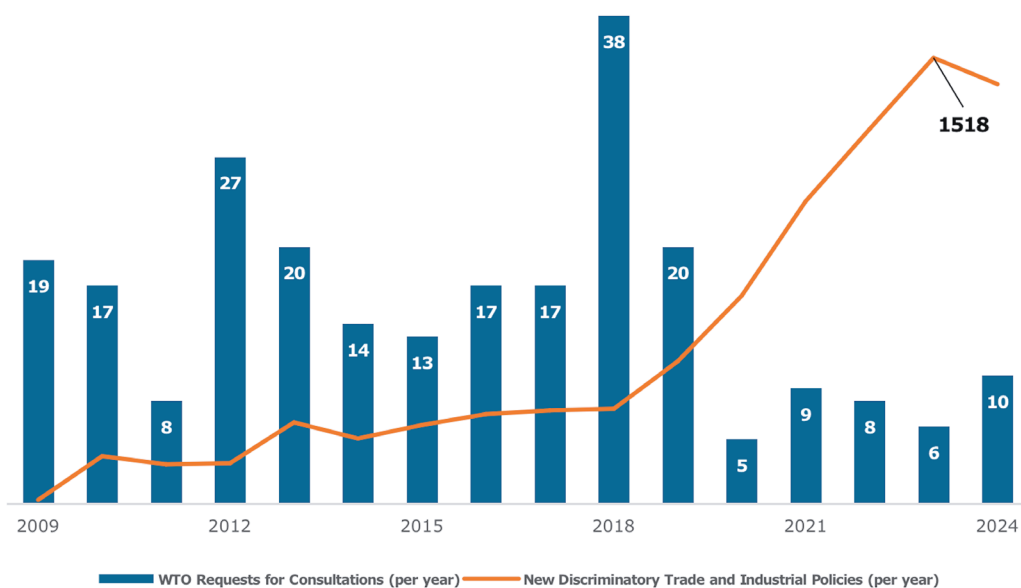
Many of the flaws in the system have been there from the beginning. Set up in the post-Second World War era, the multilateral system reflected the political and economic realities at the time, for instance by creating the Security Council with veto rights for permanent members or by establishing international economic institutions that were shaped and financed by the West and led by the US.

While there have been some reforms over time, the momentous global changes that have occurred since its inception have not been sufficiently reflected in the international system. In particular, the shifting political realities, including decolonisation, and the need to more effectively protect the global commons, including climate change and biodiversity and the Sustainable Development Goals (SDGs), have not led to a fundamental rethink of the global system. In addition, increasingly the US is undermining the global system, given, for example, its extraterritorial reach, its hostile view of the ICC, the refusal to make the WTO work and its breaches of global norms and rules.

Given all these shortcomings, many have called for a reset, for a new world order. But there is no real willingness on the part of the US, or anyone else, to have a functioning global system, which would constrain them and enforce some common global rules. Rather, respect for everyone's sovereignty is the credo, which translates into everybody doing what they want, only

Figure 5

### MULTILATERAL TRADE DISPUTE RESOLUTION GRINDS TO A HALT AND PROTECTIONISM SURGES (2009-2024)



Source: Visualisation by Raul Villegas, EPC, based on data from the WTO (Dispute Settlement Activity, updated 31 December 2024) and Global Trade Alert, showing annual new WTO requests for consultations (the first formal step in disputes) and discriminatory trade and industrial policy measures as tracked and evaluated by Global Trade Alert.

constrained by the resented power of others. In this context, the global commons will deteriorate, with climate action pursued only when profitable and open trade in retreat. Implementing the SDGs or financing collective goods such as climate justice or maritime security will become ever more difficult. In this more conflictual landscape, all will seek to derisk – investing more in defence and economic security at the expense of welfare. It will be a world of second-best outcomes, where right responses bring unintended harms and where keeping to principles carries a growing cost in a system where few do the same. Another country's actions might rebound on oneself, but the conflict is not with the originator of the distortion.

Most likely, then, the outcome of these developments will not be a multipolar world where global challenges

are tackled together but disordered multiplexity and a much more tenuous definition of national sovereignty (wherever this is not backed by overwhelming power). To quote Thomas Hobbes, on what the absence of order and governance implies: it will be “a time of Warre, where every man is Enemy to every man; the same is consequent to the time, wherein men live without other security, than what their own strength, and their own invention shall furnish them withall. In such condition, there is no place for Industry; because the fruit thereof is uncertain; and consequently no Culture of the Earth; no Navigation, nor use of the commodities that may be imported by Sea [...] and which is worst of all, continual feare, and danger of violent death; And the life of man, solitary, poore, nasty, brutish, and short [sic].”<sup>42</sup>

## Failure to address common global challenges and protecting the global commons

The deterioration of the international system also spells the end of effective action to address the depletion of global commons, including the environment or common global challenges, such as maritime security.<sup>43</sup> This does not mean that there will be no action in these areas, for example, finding a group of countries to address a specific challenge, like addressing the actions of the Houthis in Yemen,<sup>44</sup> or decarbonising the economy through national action and global competitiveness in green technologies. But this will not be sufficient to address the global scale and scope of these challenges, leading to a global progress illusion<sup>45</sup> where the linear policies pursued fall behind the exponential nature of the challenge. Fuelled by this ineffectiveness, increasingly countries implicitly act under the assumption that joint action will not work anyway. Many declare that it is ‘not my concern’, becoming more isolationist, or ‘not with my money’, undermining global cooperation. These countries will now have an even stronger narrative, given the unwillingness of Trump to accept any global or historical

responsibilities, expecting others to pay for the damages created by his actions.

The deteriorating geoeconomic environment will also increasingly impact global development, while at the same time increasing the linkage between economic exchanges and power politics, for example, making access to finance, resources and technology dependent on political allegiances. There will be a global challenge of ageing<sup>46</sup> with the exception of Africa (which will struggle to educate its young population) and the US, necessitating a change in economic models to maintain prosperity. New transformative technologies, like Artificial Intelligence (AI), will alter the nature of societies and economies but, as with previous technological revolutions, power and control of such technologies will be unevenly distributed, which will have huge distributional consequences in the absence of a common governance. Protection of individuals from the abuse of such power will be ineffective and patchy.

## Liberal democracy under pressure

These global trends are impacting on liberal democracies in particular.<sup>47</sup> The prospect of future generations being worse off than current ones, and the need to distribute costs rather than benefits, are challenging when needing to maintain electoral support. In democracies, anti-establishment revolutions happen at the ballot box, and the populists and anti-democratic parties can try over and over, even if they have failed in power before. In autocracies, it is possible to put a lid on this kind of protests, but it can also erupt violently, which implies

that we will see more autocracies falling suddenly and quickly, as for example in Syria. But liberal democracy suffers from a negative ratchet effect, where every victory of illiberal forces further undermines the support and effectiveness of liberal democracy.

In part, this is product of a profound change in democratic discourse, with a strong impact of social media, with extremist language and positions becoming normalised,<sup>48</sup> further accelerated by the Trump 2.0

administration. Arguments previously considered unthinkable and unsayable have become publicly acceptable, further radicalising and brutalising debates, and deepening societal divides.

In part, there is deliberate manipulation by those seeking to undermine liberal democracy, both within and outside the country. Anti-democratic forces are also increasingly adept in using the state's power to maintain control, and ultimately to stay in power. The democracies where this happens hollow out, becoming illiberal democracies, which is a contradiction in terms. Democracy needs to be understood as a system that maintains a pluralist environment, where minorities and common interests and values are protected.

This challenge to democracy has also become a challenge for European integration – which remains itself a fraught issue, where there remain unresolved structural challenges and persistent divergence among member states. Cooperating structurally and effectively at EU level requires the pooling of sovereignty, including effective enforcement of common rules and joint instruments to

address cross-border challenges. However, unless in an acute crisis,<sup>49</sup> domestic fragmentation is now hindering progress at the European level, although there might be a possibility to make more limited progress with a smaller number of actors.<sup>50</sup> But liberal politicians are constrained by the success of anti-establishment actors that have also increasingly targeted the EU. Indeed, the EU has increasingly become an easy target and popular 'punch bag' for populists who exploit polarisation and multiple insecurities, framing the political debate around simplistic narratives.<sup>51</sup>

The shift to the far-right and the emphasis on national sovereignty make common action less politically feasible, while at the same time, there is a need to expand common action into more contested policy areas such as defence and security. In addition, Trump is undermining the security element of the European order, necessitating a rethink of the entire architecture.<sup>52</sup> This is not only bad news for Europe and liberal democracy. Rather, it is a world with interference in other countries' internal affairs where economic and political tools are utilised to achieve dominance, at the expense of those at the receiving end.

## European leadership

When the world feels hostile, one possible reaction is to hide away from it, hoping to be safe and to hold on to one's own prosperity. This promise increasingly resonates across electorates in Europe and elsewhere, but it is an illusion. Like many places around the world, because of its geography, its economic model and the makeup of its societies, Europe has no choice but to engage with the outside world. While a reflex to turn inwards looks simple and straightforward at first sight, it would, at best, only prolong Europe's permacrisis, at worst lead to the demise of its political, economic and social model.

It might sound counterintuitive, and perhaps naïve, but the European Union could help to shape a new multilateral system, driven by its political needs and using its clout, but also its clear interest in sustaining a global system, which is not driven by might is right, defending common interests also of smaller countries. Both EU and member states have the experience and resources to play such a global role – and with the assault from Trump being out in the open, there is now a time window to build majorities to rally behind such a vision, very much in line with Mark Carney's speech at Davos, that stipulated "that the other countries, especially intermediate powers like Canada, are not powerless. They have the capacity to build a new order that encompasses our values, such as respect for human rights, sustainable development, solidarity, sovereignty and territorial integrity of the various states".<sup>53</sup> This would give meaning to the concept of like-mindedness, which can be observed on different levels: like-mindedness between those sharing a common commitment to liberal democracy<sup>54</sup> and a wider circle that could encompass a broad range

of countries that value global stability and a set of enforceable global rules that applies to all countries equally. The more like-minded countries are, the more open can they be with each other.

To be able to influence the global environment, Europe will need to get its own house in order. This means going beyond tweaks to the system to try to make it work better; 'muddling through'<sup>55</sup> is bound to fail, given the new global landscape. On the contrary, Europeans committed to supporting multilateralism need to create a new European architecture to supplement, and if necessary, replace, the existing institutions to guarantee security and sustainable prosperity for future generations.

Such a new architecture needs to break down the barriers between different policy domains – high politics, security, economy – while at the same time excluding those who aim to undermine liberal democracy or lack the will to go as far as the situation demands. The separation of defence and security (NATO) and economic and political integration (EU) needs to be overcome, using these institutions if possible but going beyond if necessary. The new architecture needs to build in the need for European strategic autonomy, addressing Europe's vulnerabilities and managing Europe's strategic and security dependence on the US.<sup>56</sup> This can only be achieved if crucial areas of policy are conducted in common, subject to a more effective decision-making system that does not give individual countries blocking power. This new architecture needs to create club goods rather than public goods, which those who choose to remain on the outside cannot free ride on.<sup>57</sup> Only then

can European integration work as an attractive model once again within and outside Europe, which will also give Europe the clout necessary to progress global reform.

The permacrisis and Europe's *Zeitenwende*, Russia's war of aggression against Ukraine, had already led to major shifts in European integration, including (temporary) common borrowing under COVID-19 and a raft of measures following Russia's invasion, including financial and military support for Ukraine, accommodating Ukrainian refugees, sanctions, weaning Europe of its Russian gas dependency and the reinvigoration of NATO and national commitments to defence and security. Trump 2.0 has already proven to be so extreme that it has pushed Europe out of its comfort zone, making policy

leaps that would have previously been unthinkable. The initiative to Re-Arm Europe<sup>58</sup> shows that Europe's governments (with a few regrettable exceptions) have finally understood that much more needs to be done to provide Ukraine with the means to maintain its forward defence of European freedom and to prepare for war to keep Russia in check. Europe has also finally had to understand that its relationship with the US has changed irrevocably, not least given the conflict regarding Greenland.<sup>59</sup> But, so far, this is still being conceptualised within current structures and mechanisms, which will prove to be unable to deliver at the scale and scope that is necessary, giving rise to the progress illusion (positive yet too incremental changes).<sup>60</sup> A new architecture is needed to deliver the paradigm shift in European integration.

## Speaking truth with power

Any vision of a new architecture needs to be concrete and based on a brutal yet realistic assessment of the current situation, the means and options available and the painful trade-offs that will have to be made. This has to be communicated to citizens in a direct and open way, rather than minimising the severity of the situation. Only when citizens realise that free Europe is already under attack, that the future is precarious unless action is taken now, and that free Europe will have to stand together, will there be a chance to create buy-in into a new European architecture.

Policymakers must realise that the current challenges are not the worst-case scenario: the risk of a much wider war, of nuclear proliferation and of the destruction of global cooperation and the global commons is very real indeed.<sup>61</sup> The brutal honesty has to extend to Europe's position in the world and the state of global international relations, with multilateralism and liberal democracy in retreat. Unless those most affected by the decline of multilateralism (liberal democracies first and foremost) grasp the magnitude of the dangers and mobilise accordingly, they could rapidly slip into far darker times.

Think tanks have an important role to play in this new world.<sup>62</sup> They need to not only speak truth to power

but they need to be engaged with decision-makers and political influencers, being clear about their commitment to liberal democratic principles, while at the same time willing and able to work with all sides if it advances the principles and interests they stand for. They have to frame the debate, ensuring that the situation is seen in its stark reality. They have to develop innovative and radical new policy ideas that go beyond what is already in the debate, communicating these effectively informally and in a new public sphere. They need to be politically brave, ambitious and think outside of current constraints. Rather than offering (only) recommendations, they have to be part of the negotiations on how to move forward, for example, in Track 2 settings, overcoming the political economy constraints that hinder politicians, such as the need to seek re-election.

The aim needs to be the re-creation of the European architecture, as well as the reform of the global system as far as possible. This needs to be inclusive of all who want these frameworks to work, while excluding those who have no interest in cooperation. If such a process can produce concrete blueprints, they can then be taken up by politicians and others who are aiming for a better future, not dissimilar to the process of the creation of European integration after Second World War.

## Fighting for principles

Europeans committed to liberal democracy have to realise that they are on the back foot, certainly as long as Donald Trump is in the White House, but potentially much longer than that. They have to step out of the shadow of the US and be present in global debates, forging new alliances and defending their interests. Often, Europe is not even at the table when it comes to global discussions and has consequently been seen as a mere appendage of US policy. Emancipating itself from US policy also means

recognising and serving the interests of others, meaning all external-facing policies need to be engaged and combined in this endeavour.

Forging new alliances and recognising the concerns of others does not imply a naïve approach to global relations – on the contrary. Europeans must address the covert warfare already aimed at them, including interference in domestic political and economic systems. This also entails

a much clearer strategy for dealing with the ‘enemy within’. It can’t be the case that the governments of some countries that aim to undermine liberal democracy benefit from common endeavours and sit at the table and participate in decision-making when strategic issues are addressed.

Liberal democrats also have to recognise that Realpolitik is the order of the day. While risky, to uphold principles in the interaction with those who do not share them is even more dangerous. Reciprocity needs to be a strong guiding

principle. Rather than aiming to create public goods which carry the danger of free riding, the aim has to be to produce club goods that only benefit those who commit to common action.<sup>63</sup> In the political arena, there is a need to fight fire with fire; using new media, communicating more effectively, exposing money flows and scandals needs to be used to spotlight the true nature of the enemies of democracy. In global affairs, that also means retaliating, for example, against Russian actors that are attacking Europe in the cyber domain.

## Coalitions of the willing

In designing a new global multilateral system there are some lessons from European integration that can be applied at the global scale. There will need to be more coalitions of the willing to advance policy in areas where global coordination is insufficient, declining, or absent – for example, in economic security – with participating states legally and politically binding themselves to common decision-making structures and adjudication. This process should follow the notion of a ‘Supra-governmental Avantgarde’,<sup>64</sup> allowing the willing states to progress, while adhering to a clear set of predefined principles. Crucially, this also needs to include mechanisms to expel countries if they no longer are committed to the principles and mechanisms of a particular structure. Any new structure must ensure that there can’t be enemies within to be credible.

Breaching the UN Charter needs to have consequences, including the loss of certain rights and privileges. Of course, achieving this will be difficult, but countries that are willing to proceed down this path need to explore how they can anchor these principles more strongly in their own domestic system or within organisations such as the EU. This will not solve all problems as countries will still be tempted to use their might to circumvent the rules. But at the very least, it will create a more visible demonstration who truly supports multilateralism, including the political costs it entails, and who is only paying lip service, but is, in reality, focused on narrow national interest alone, to the detriment of achieving common global goals.

## A bleak, uncertain future?

The permacrisis has moved from being a European challenge to a global phenomenon, as both the European and the global architecture created after the Second World War are receding. But this does not imply that a new, inclusive rules-based system is around the corner. It is crucial that the world realises that chaos, volatility and risk are the aims of actors like Trump, who believe that in a chaotic world, might is right, and they will be on top. They aim to reduce liberal democrats to a structural minority and curtail the multilateral guarantees to the sovereignty of small, emerging, and middle powers, while

pursuing an interventionist isolationism that maximises their power. The world needs a new architecture to address these challenges, and Europe will have to make a start, putting its own house in order, while in parallel engaging with the world in more flexible and forward-looking ways.<sup>65</sup> This is far from easy, and Europe is far from united. But unless free Europe finds its agency again, as it has at crucial points in the past, and does so in concert with countries with a genuine concern to preserve the multilateral system, security, prosperity, and sustainability will all be on the line.

- <sup>1</sup> As formulated in the US' National Security Strategy of November 2025: "But this [Europe's] economic decline is eclipsed by the real and starker prospect of civilizational erasure. The larger issues facing Europe include activities of the European Union and other transnational bodies that undermine political liberty and sovereignty, migration policies that are transforming the continent and creating strife, censorship of free speech and suppression of political opposition, cratering birthrates, and loss of national identities and self-confidence." The White House (2025), [National Security Strategy](#), Washington, DC.
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- <sup>6</sup> Keohane, Robert O and Nye JR, Joseph S., "[The End of the Long American Century: Trump and the Sources of U.S. Power](#)," *Foreign Affairs*, 2 June 2025.
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- <sup>8</sup> Villegas, Raul, "[The Hegemon's New Clothes: How Trump's Revisionism Will Fracture the World and Weaken America](#)," European Policy Centre, 8 May 2025.
- <sup>9</sup> Fernandes, Meenakshi; Saulnier, Jérôme and Grosse Kohorst, Karla (2025), "[Towards renewed and beneficial EU enlargement](#)," European Parliamentary Research Service, Brussels.
- <sup>10</sup> Emmanouilidis, Janis A. and Zuleeg, Fabian (2025), [Europe's next Watershed – How Liberal Europe Should React to Trump 2.0](#), Brussels: European Policy Centre.
- <sup>11</sup> Europe is a term coined by the EPC. It stands for both the institutional structure of the EU and the broader geopolitical region of Europe. It encompasses the European Union, the European continent, as well as potential alternative forms of cooperation beyond the EU as we know it.
- <sup>12</sup> Marcus, J. Scott and Rossi, Maria Alessandra (2024), "[Strengthening EU digital competitiveness: stoking the engine](#)," RSC Research Project Report, Centre for a Digital Society, European University Institute.
- <sup>13</sup> As of 2023, more than one-fifth (21.6%) of the EU's population was aged 65 years or older. See: Eurostat, "Population structure and ageing", Statistics Explained (accessed 11 June 2025). As it exerts growing pressure on social welfare systems, this ageing trend will also lead to a shrinking of the workforce, with 35 million fewer workers projected to be active by 2050. See: "[Analysis of Labour and Skills Shortages: Overcoming Bottlenecks to Productivity and Growth](#)," *BusinessEurope* (blog), (accessed 11 June 2025).
- <sup>14</sup> Public-debt-to-GDP ratios across member states have steadily increased since the COVID-19 pandemic (Armendariz, Saioa et al. (2024), "[Taming public debt in Europe: outlook, challenges, and policy response](#)," IMF Working Papers No. 181, International Monetary Fund). As Europe bolsters its defence capabilities to deter Russian aggression, joint borrowing and loan instruments may help spread the fiscal burden (Farinha, Fernanda (2025), "[ReArm Europe Plan/Readiness 2030](#)," European Parliamentary Research Service, Brussels.) However, given the limited fiscal space in many member states, trade-offs with other spending areas will be inevitable.
- <sup>15</sup> World Economic Forum (2025), "[The Global Risks Report 2025](#)," Cologny/Geneva.
- <sup>16</sup> Jeff Mason et al., "[Trump Suggests Permanently Displacing Palestinians from Gaza](#)," *Reuters*, 2 April 2025.
- <sup>17</sup> Perry, Jocelyn, "[The Impacts of USAID Cuts: Less Climate Resilience, More Forced Displacement](#)," *Refugees International*, 29 April, 2025.
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- <sup>26</sup> Mills, Claire (2024), "[Russia's use of nuclear threats during the Ukraine conflict](#)," House of Commons Library, London, No. 9825.
- <sup>27</sup> United Nations Human Rights Council (2025), "[Report of the Independent International Commission of Inquiry on Ukraine](#)," A/HRC/58/67, Geneva.
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- <sup>30</sup> Zuleeg, Fabian, "[Calm after the Storm? A Trump-Imposed Ceasefire Means Doing Much More to Protect Ukraine and Europe](#)," The European Policy Centre, 13 February 2025.
- <sup>31</sup> Ministry of Foreign Affairs of the People's Republic of China (2023), "[China's position on the political settlement of the Ukraine crisis](#)," Beijing. The document states: "The legitimate security interests and concerns of all countries must be taken seriously and addressed properly".
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- <sup>36</sup> Predating the European Commission's 2023 strategy on economic security, the EPC has worked extensively to diagnose the economic security challenges facing the EU through its [Economic Security Project](#), and has launched the flagship [Brussels Economic Security Forum \(BESF\)](#) to bring together policymakers, experts and industry representatives to debate the trade-offs and choices required to strengthen the EU's economic security – without undermining openness and while building new global partnerships, including under the concept of an 'Economic Security Alliance' (See: Zuleeg, Fabian (2025), "[The time is ripe for an economic security alliance of like-minded countries](#)," in *Towards open economic security – ten reflections*, European Policy Centre, Brussels.)
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- <sup>48</sup> Zuleeg, Fabian, "[The Normalisation of the Extremes](#)," The European Policy Centre, 11 June 2025.
- <sup>49</sup> Under Article 122 of the Consolidated Version of the Treaty on the Functioning of the European Union (TFEU) (2012 OJ. C 326/47), the Council is empowered to adopt appropriate non-legislative measures in exceptional economic or emergency situations, such as the COVID-19 pandemic, based on a Commission proposal and decided by qualified majority voting. These emergency powers are intended to be temporary and exceptional; however, in a state of permacrisis, there is a growing concern that reliance on such measures risks becoming normalized, potentially undermining confidence in the ordinary legislative process.
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- <sup>52</sup> Spatafora, Giuseppe (2025), [What Could US Abandonment of Europe Look Like?](#), *European Union Institute for Security Studies*, Luxembourg: Brief 5.
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- <sup>54</sup> One possible way of joining forces for liberal democracies is through an economic security alliance, detailed here: Zuleeg, Fabian (2025), [The time is ripe for an Economic Security Alliance of like-minded countries](#), Brussels: European Policy Centre, Brussels Economic Security Forum.
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- <sup>56</sup> Zuleeg, Fabian, Moller, Almut and Emmanouilidis, Janis A. (2024), [Confronting the permacrisis: Time for a supra-governmental avantgarde](#), Brussels: The European Policy Centre.
- <sup>57</sup> Zuleeg, Fabian and Wachowiak, Jannike "[Overcoming the EU's Constitutional Cakeism in Its Relationship with the UK](#)," European Policy Centre, May 19, 2025.
- <sup>58</sup> The ReArmEU initiative – also known as *Readiness 2030* – is the European Commission's flagship plan to strengthen Europe's defence capabilities by mobilising around €650 billion in national defence spending. This is enabled through activation of the Stability and Growth Pact's escape clause, an expanded European Investment Bank mandate covering defence and security projects, and efforts to advance the Savings and Investment Union to attract private capital. Together with the Defence Roadmap – anchored in flagship projects such as the European Drone Defence Initiative, Eastern Flank Watch, the European Air Shield, and the European Space Shield – ReArmEU seeks to close critical capability gaps, reinforce Europe's defence industrial base, and enhance interoperability. The plan also introduces the 150 billion EUR Security Action for Europe (SAFE) loan instrument, adopted by the Council in May 2025, designed to raise funds on capital markets and support investments in priority sectors such as missile defence, drones, and cyber security. Participation in SAFE covers EU Member States and Ukraine, while potential access for strategic defence partners remains under negotiation – though no third country, including the UK after failed talks, has yet joined the mechanism. For more details, see: European Commission, [The Future of European Defence](#), (accessed 12 November 2025).
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